

**ASSESSOR-COUNTY CLERK-RECORDER, RIVERSIDE COUNTY
RECORDS MANAGEMENT PROGRAM
RECORDS TRANSFER LIST, part 1**

1. Work Order #

1. Page — of —

INSTRUCTIONS: Fax completed form to (909) 358-6961 and submit original form to the Records Center with the records being transferred.

DEPARTMENTAL INFORMATION

3. DEPARTMENT Clerk of the Board of Supervisors		8. ORG.#	10. DATE 11/21/2025
4. ORGANIZATION County of Riverside		9. ACCOUNT #	11. MEDIA CODE
5. ADDRESS 4080 Lemon St., Room 127		12. NO. OF BOXES TRANSFERRED	
CITY Riverside, Ca. 92501		13. RECORDS TRANSFERRED BY:	
6. MAIL STOP 1010	7. Name PHONE # FAX# Whitney Mayo 951-955-8092	14. RECORDS COORDINATOR (must be Authorized):	

15. BOX # (Temp)	16. DESCRIPTION OF RECORDS Must be the same as records series title on schedule	17. RANGE OF YEARS	18. DESTRUCTION DATE	19. RECORD SERIES TITLE CODE	20. PERMANENT BOX # (Barcode label)
	IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA TRACT NO. 38332				
	THE FINAL TRACT MAP NO. 38332 (SCHEDULE "A") BEING A SUBDIVISION OF LOT 456 OF TRACT 37439 PER MAP BOOK 491, PAGES 59 THROUGH 79, O.R. IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA				
	Declaration of CCRs of HUDSON AT CANTERWOOD				
	BOS Meeting 11/18/2025 Item 2.5				
	DISTRICT 3				

21. RECORDS RECEIVED BY:		30. REMARKS	
22. TITLE	23. RECEIVED VIA:		
24. DATE RECEIVED:	25. TIME RECEIVED:		
26. BOXES VERIFIED BY:	27. DATE BOXES VERIFIED:		
28. NAME\DATE SCANNED TO HOLDING AREA:			



TRANSPORTATION DEPARTMENT

FORM 11 SUMMARY/ROUTING FORM

2.5

BOARD APPROVAL REQUIRED: Yes No

COUNTY COUNSEL APPROVAL: Yes No

<input type="checkbox"/> AGREEMENT/CONTRACT	NO.:
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REQUESTED BOARD DATE: 11/18/2025	CAN IT GO AT A LATER DATE: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
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<input type="checkbox"/> AMENDMENT	NO.	<input type="checkbox"/> CHANGE ORDER	NO.
<input type="checkbox"/> RESOLUTION	NO.	<input type="checkbox"/> ORDINANCE	NO.
<input type="checkbox"/> AWARD PACKAGE	<input checked="" type="checkbox"/> FINAL MAP	<input type="checkbox"/> ACQUISITION/EDA	<input type="checkbox"/> ADVERTISEMENT PACKAGE
<input type="checkbox"/> OTHER:		SUPERVISORIAL DISTRICT: 3	

PROJECT/SUBJECT:
FINAL TRACT MAP NO: 38332 (Schedule "A")
DESCRIPTION: APPROVAL OF FINAL TRACT MAP AND IMPROVEMENT AGREEMENTS

CONTRACTING PARTY: GINA NESS	W.O. NO.: FTM38332 (TC-SU21)(DBF)
PROJECT MANAGER: GINA NESS	EXTENSION: 5-6711
FORM 11 AUTHOR/CONTACT: GINA NESS	EXTENSION:

FISCAL

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

RECEIVED RIVERSIDE COUNTY
 CLERK/BOARD OF SUPERVISORS
 2025 NOV 13 PM 2:43

ROUTING

SPECIAL ROUTING INSTRUCTIONS (e.g., who receives original agreements, companion item, rush, etc.):
THE FINAL TRACT MAP AND 3 COPIES OF THE IMPROVEMENT AGREEMENTS ARE TO BE EXECUTED BY THE CHAIR OF THE BOARD. COB RETAINS 1 COPY OF THE IMPROVEMENT AGREEMENT AND RETURNS THE 2 REMAINING COPY TO TRANSPORTATION.
THE FINAL TRACT MAP AND ONE COPY OF CC&R'S FOR TRACT 38332 ARE TO BE DELIVERED TO THE COUNTY RECORDER.

MINUTETRAQ (MT) NO:	TRANS TRACKING ID:	DATE RECEIVED:	INITIALS:
29192			

BOARD AGENDA DATE: NOV 18 2025	BOS ITEM NUMBER: 2.5
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DIMS 2025-11-164275

OWNER'S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF THE LAND INCLUDED WITHIN THE SUBDIVISION SHOWN HEREON; THAT WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID LAND; THAT WE CONSENT TO THE MAKING AND RECORDING OF THIS SUBDIVISION MAP AS SHOWN WITHIN THE DISTINCTIVE BORDER LINE. THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: LOTS "A" THROUGH "C" (PINE OAK ROAD, WHITE GRAPE ROAD, GREY WILLOW ROAD), INCLUSIVE. THE DEDICATION IS FOR STREET AND PUBLIC UTILITY PURPOSES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED IN FEE FOR PUBLIC PURPOSES TO THE VALLEY-WIDE RECREATION AND PARK DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA: LOTS 54, 57, AND 59, AS SHOWN HEREON. THE DEDICATION IS FOR OPEN SPACE AND LANDSCAPE MAINTENANCE PURPOSES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES TO THE VALLEY-WIDE RECREATION AND PARK DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA: LYING WITHIN LOTS 19 THROUGH 23, INCLUSIVE, AS SHOWN HEREON. THE DEDICATION IS FOR OPEN SPACE AND LANDSCAPE MAINTENANCE PURPOSES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT: STORM DRAIN EASEMENT LYING WITHIN LOTS 54, 55 AND 57, AS SHOWN HEREON, THE DEDICATION IS FOR THE MAINTENANCE OF FLOOD CONTROL FACILITIES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR THE PUBLIC PURPOSES IN FAVOR OF THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT: ACCESS EASEMENT LYING WITHIN LOTS 54 AND 55 AS SHOWN HEREON. THE DEDICATION IS FOR INGRESS AND EGRESS TO AND FROM STORM DRAIN EASEMENTS FOR THE MAINTENANCE OF FLOOD CONTROL FACILITIES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: "WATER QUALITY AND DRAINAGE EASEMENT" OVER ALL OF WATER QUALITY BASIN LOTS 55, 56, AND 58. THE DEDICATION IS FOR WATER QUALITY AND THE CONSTRUCTION AND MAINTENANCE OF DRAINAGE FACILITIES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES TO THE VALLEY-WIDE RECREATION AND PARK DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA: "WATER QUALITY EASEMENT" OVER ALL OF WATER QUALITY BASIN LOTS 55, 56, AND 58. THE DEDICATION IS FOR WATER QUALITY AND LANDSCAPE MAINTENANCE PURPOSES.

WE HEREBY RETAIN LOTS 55, 56, AND 58, IN FEE INDICATED AS "WATER QUALITY BASIN" AS SHOWN HEREON FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES AND LOT OWNERS WITHIN THIS TRACT MAP.

WE HEREBY RETAIN LOT 60, IN FEE INDICATED AS "OPEN SPACE" AS SHOWN HEREON FOR PRIVATE USE, FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, AND ASSIGNEES.

THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES: TO EASTERN MUNICIPAL WATER DISTRICT ("DISTRICT"), A PUBLIC AGENCY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE MUNICIPAL WATER DISTRICT LAW OF 1911, ITS SUCCESSORS AND ASSIGNS, A PERPETUAL EASEMENT AND RIGHT OF WAY TO CONSTRUCT, MAINTAIN, ENLARGE, RECONSTRUCT, REMOVE AND REPLACE, OPERATE, INSPECT, REPAIR, IMPROVE AND RELOCATE SEWER FACILITIES, ALL AS SHOWN ON THIS MAP WITHIN THE SUBDIVISION AND DESIGNATED "SEWER EASEMENT" HEREON, TOGETHER WITH THE RIGHT OF ACCESS TO AND FROM SAID EASEMENT FOR THE PURPOSE OF EXERCISING THE RIGHTS GRANTED IN SAID EASEMENT. OWNER RETAINS THE RIGHT TO USE THE EASEMENT AREA PROVIDED THAT OWNER SHALL NOT CONSTRUCT OR ERECT BUILDINGS, MASONRY WALLS, MASONRY FENCES AND OTHER STRUCTURES OR IMPROVEMENTS, OR PLANT OR GROW TREES OR SHRUBS, OR CHANGE THE SURFACE GRADE OR INSTALL PRIVATELY-OWNED PIPELINES WITHOUT THE PRIOR WRITTEN CONSENT OF DISTRICT.

KB HOME CAL MANAGEMENT SERVICES LLC, A DELAWARE LIMITED LIABILITY COMPANY

Signature of Scott Hansen, VICE PRESIDENT

NOTARY ACKNOWLEDGEMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA COUNTY OF RIVERSIDE

ON Aug. 28, 2025 BEFORE ME, Judith Micles, A NOTARY PUBLIC, PERSONALLY APPEARED Scott Hansen, 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 LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND AND OFFICIAL SEAL.

Signature of Judith Micles, PRINTED NAME

MY PRINCIPAL PLACE OF BUSINESS IS IN Riverside COUNTY.

MY COMMISSION NUMBER: 2417491 EXPIRES: Sep. 22, 2026

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 38332

BEING A SUBDIVISION OF LOT 456 OF TRACT 37439 PER MAP BOOK 491, PAGES 59 THRU 79, O.R. IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

ACS CONSULTING INC.

MARCH 2022

SHEET 1 OF 5 SHEETS

RECORDER'S STATEMENT

FILED THIS DAY OF 20 AT M. IN BOOK OF MAPS, AT PAGES, AT THE REQUEST OF THE CLERK OF THE BOARD. NO. FEE

PETER ALDANA, ASSESSOR - COUNTY CLERK - RECORDER

BY: DEPUTY

SUBDIVISION GUARANTEE: FIRST AMERICAN TITLE INSURANCE COMPANY

TAX COLLECTOR'S CERTIFICATE

I HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF THIS OFFICE, AS OF THIS DATE, THERE ARE NO LIENS AGAINST THE PROPERTY SHOWN ON THE WITHIN MAP FOR UNPAID STATE, COUNTY, MUNICIPAL, OR LOCAL TAXES, OR SPECIAL ASSESSMENTS COLLECTED AS TAXES, EXCEPT TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES NOW A LIEN BUT NOT YET PAYABLE, WHICH ARE ESTIMATED TO BE \$ DATE: OCTOBER 20, 2025.

MATTHEW JENNINGS COUNTY TAX COLLECTOR

BY: Deputy

THIS CERTIFICATION EXCLUDES ANY SUPPLEMENTAL TAX ASSESSMENTS NOT YET EXTENDED

TAX BOND CERTIFICATE

I HEREBY CERTIFY THAT A BOND IN THE SUM OF \$ HAS BEEN EXECUTED AND FILED WITH THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, CONDITIONED UPON THE PAYMENT OF ALL TAXES, STATE, COUNTY, MUNICIPAL, OR LOCAL, AND ALL SPECIAL ASSESSMENTS COLLECTED AS TAXES, WHICH AT THE TIME OF FILING OF THIS MAP WITH THE COUNTY RECORDER ARE A LIEN AGAINST SAID PROPERTY BUT NOT YET PAYABLE AND SAID BOND HAS BEEN DULY APPROVED BY SAID BOARD OF SUPERVISORS. DATE: 2025.

CASH OR SURETY BOND MATTHEW JENNINGS COUNTY TAX COLLECTOR

BY: DEPUTY

VALLEY-WIDE RECREATION AND PARK DISTRICT

THE VALLEY-WIDE RECREATION AND PARK DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, HEREBY APPROVES THE TRACT MAP BUT DOES NOT NOW ACCEPT THE IRREVOCABLE OFFERS OF DEDICATION MADE HEREON.

DATED: OCT. 15, 2025.

Signature of Dean Wetter, GENERAL MANAGER

EASTERN MUNICIPAL WATER DISTRICT'S ACCEPTANCE STATEMENT

I HEREBY STATE THAT THE EASEMENTS DEDICATED ON THIS MAP TO THE EASTERN MUNICIPAL WATER DISTRICT ARE HEREBY ACCEPTED AND THE DISTRICT CONSENTS TO THE RECORDATION THEREOF BY ITS DULY AUTHORIZED OFFICER.

Signature of Sheila Zelaya, DATE: 09/09/25

SHEILA ZELAYA BOARD SECRETARY OF THE EASTERN MUNICIPAL WATER DISTRICT AND THE BOARD OF DIRECTORS THEREOF.

RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT'S ACCEPTANCE STATEMENT

I CERTIFY THAT UNDER THE AUTHORITY CONFERRED BY RESOLUTION NO. 474, ADOPTED MAY 12, 1961 BY THE BOARD OF SUPERVISORS OF THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, THAT THE DISTRICT ACCEPTS THE OFFERS OF DEDICATION MADE HEREON FOR STORM DRAIN AND ACCESS EASEMENTS, SUBJECT TO THE COMPLETION OF IMPROVEMENTS AND ACCEPTANCE BY THE DISTRICT'S GENERAL MANAGER-CHIEF ENGINEER.

DATE: Sept 18, 2025

Signature of Jason Uhley, GENERAL MANAGER-CHIEF ENGINEER

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF SOG SUN HOLLAND, LLC., A CALIFORNIA CORPORATION, ON MARCH, 2022. I HEREBY STATE THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED OR THAT THEY WILL BE SET IN ACCORDANCE WITH THE TERMS OF THE MONUMENT AGREEMENT FOR THE MAP AND THAT THE MONUMENTS ARE, OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP. THIS SURVEY IS TRUE AND COMPLETE AS SHOWN.

DATE: August 27, 2025.

Signature of Frank A. Artiga, L.S. NO. 8716 EXP. 06/30/26



COUNTY SURVEYOR'S STATEMENT

THIS MAP CONFORMS TO THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES. I HEREBY STATE THAT THIS MAP HAS BEEN EXAMINED BY ME OR UNDER MY SUPERVISION AND FOUND TO BE SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP OF TRACT MAP 38332 AS FILED, AMENDED, AND APPROVED BY THE BOARD OF SUPERVISORS ON JANUARY 23, 2024 THE EXPIRATION DATE BEING DECEMBER 20, 2026, AND THAT I AM SATISFIED THIS MAP IS TECHNICALLY CORRECT.

DATE: 11/6, 2025.

Signature of David L. McMillan, COUNTY SURVEYOR, L.S. 8488, EXP. 12/31/26



BOARD OF SUPERVISOR'S STATEMENT

THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BY ITS BOARD OF SUPERVISORS, HEREBY APPROVES THE TRACT MAP AND ACCEPTS THE OFFERS OF DEDICATION MADE HEREON FOR PUBLIC ROAD AND PUBLIC UTILITY PURPOSES, AND AS PART OF THE COUNTY MAINTAINED ROAD SYSTEM, SUBJECT TO IMPROVEMENTS IN ACCORDANCE WITH COUNTY STANDARDS.

THE OFFER OF DEDICATION MADE HEREON OF THE WATER QUALITY AND DRAINAGE EASEMENT IS HEREBY ACCEPTED AS PART OF COMMUNITY FACILITIES DISTRICT 22-3M, SUBJECT TO IMPROVEMENTS IN ACCORDANCE WITH COUNTY STANDARDS.

DATED: November 18, 2025.

COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Signature of V. Manuel Perez, CHAIRMAN OF THE BOARD OF SUPERVISORS

ATTEST: KIMBERLY RECTOR CLERK OF THE BOARD OF SUPERVISORS BY: Deputy

ENVIRONMENTAL CONSTRAINT NOTE:

ENVIRONMENTAL CONSTRAINT SHEET AFFECTING THIS MAP IS ON FILE IN THE OFFICE OF THE RIVERSIDE COUNTY SURVEYOR. IN ECS BOOK 45 PAGE 39. THIS AFFECTS ALL PARCELS/LOTS.

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 38332

BEING A SUBDIVISION OF LOT 456 OF TRACT 37439 PER MAP BOOK 491, PAGES 59 THRU 79, O.R. IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

SHEET 2 OF 5 SHEETS

SURVEY PROCEDURE AND SHEET INDEX

"POINT 1"
NW COR SEC 8

30' ROW DEDICATION PER INST. NO. REC.

HOLLAND ROAD

ACS CONSULTING INC.

MARCH 2022

(N89°43'45"W 2590.02')

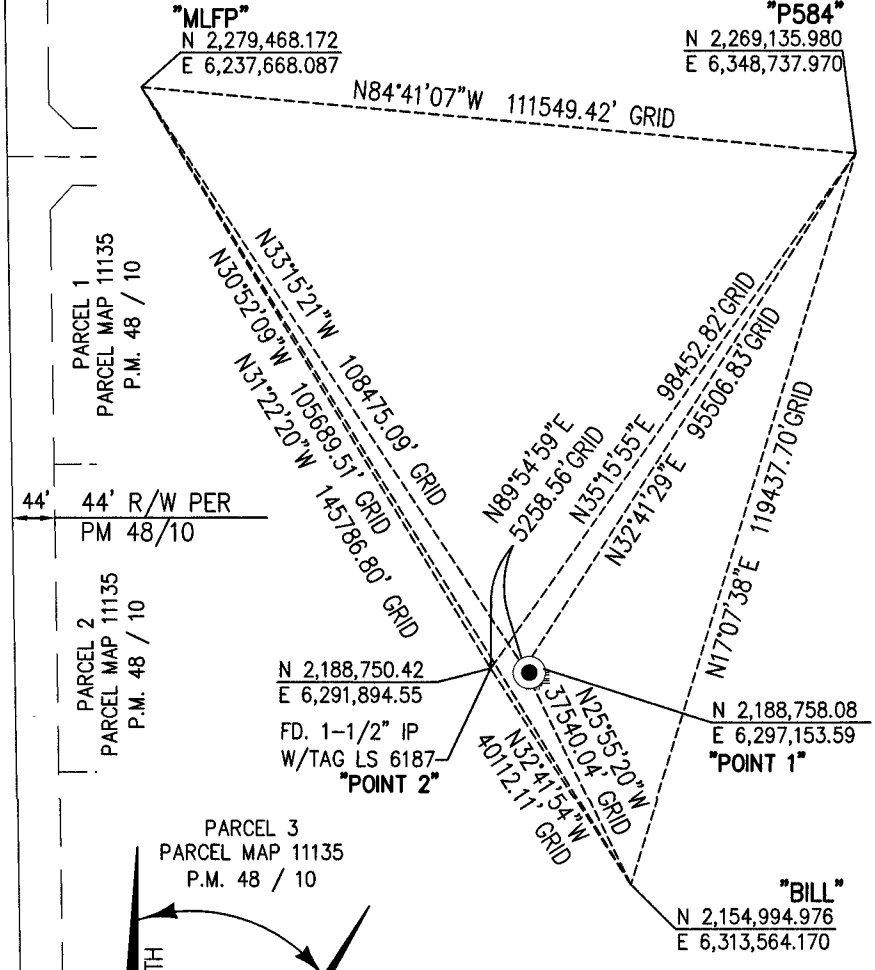
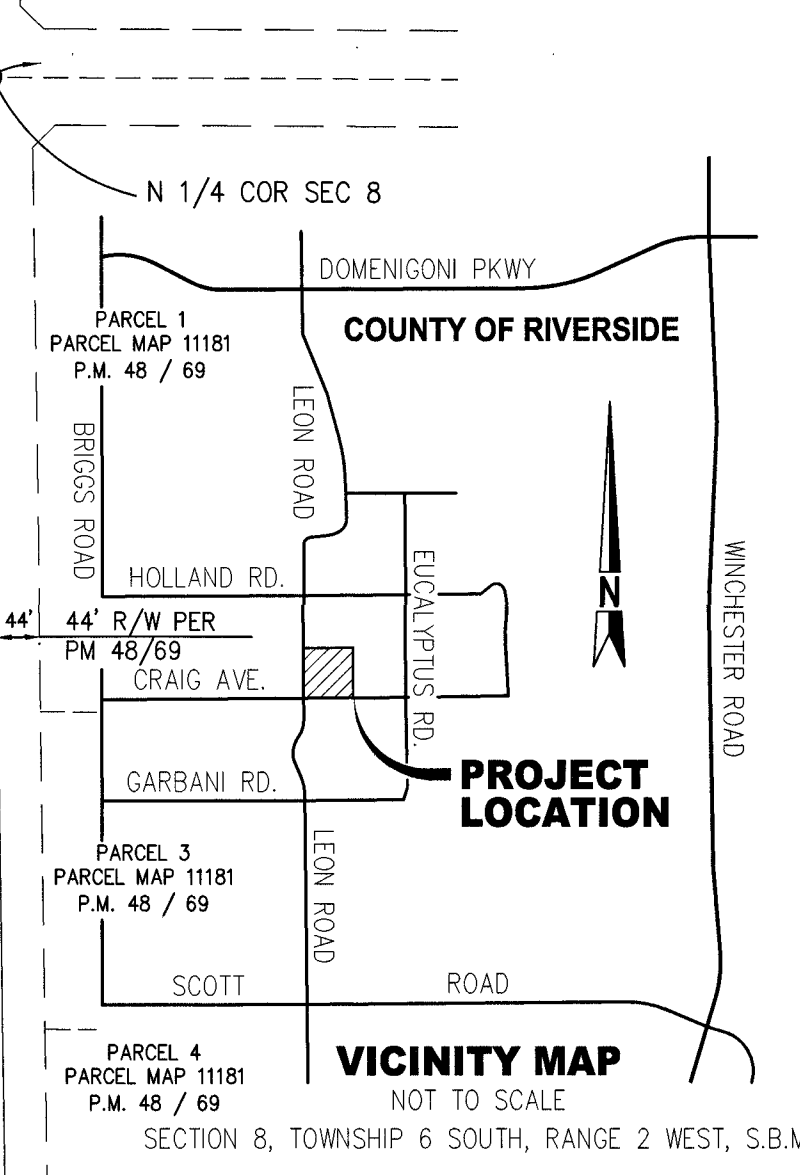
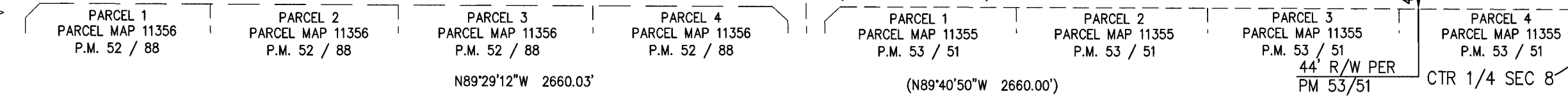


NO.	BEARING	DISTANCE
L1	(N39°21'11"W)	(21.96')
L2	(N47°41'38"W)	(48.89')
L3	(N45°41'37"E)	(36.82')
L4	(N00°06'52"W)	(68.90')
L5	(N59°33'58"E)	(20.00')
L6	(N29°13'01"E)	(30.94')
L7	(N09°57'59"E)	(41.21')

LOT 60 - OS SHEET 5
A POR. OF LOT 456 TR 37439 MB 491/59-79

WHERE () IS SHOWN, MEASURED AND RECORD ARE THE SAME

NO.	RADIUS	DELTA	ARC	TAN
C1	(48.00')	(57°54'40")	(48.52')	26.56'
C2	(84.00')	(49°49'28")	(73.05')	39.01'
C3	(100.00')	(10°02'18")	(17.52')	8.78'



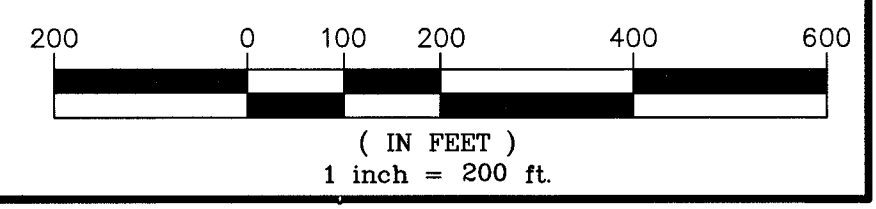
SURVEYOR'S NOTES

"THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CALIFORNIA STATE PLANE COORDINATE SYSTEM, CCS83, ZONE 6, BASED LOCALLY ON CONTROL STATIONS "BILL", "P484", AND "MLFP" NAD 83 (NSRS2011) EPOCH 2010.00 AS SHOWN HEREON. ALL BEARINGS SHOWN ON THIS MAP ARE GRID. QUOTED BEARINGS AND DISTANCES FROM REFERENCE MAPS OR DEEDS ARE AS SHOWN PER THAT RECORD REFERENCE. ALL DISTANCES SHOWN ARE GROUND DISTANCES UNLESS SPECIFIED OTHERWISE. GRID DISTANCES, MAY BE OBTAINED BY MULTIPLYING THE GROUND DISTANCE BY A COMBINATION FACTOR OF 0.9999076534. CALCULATIONS ARE MADE AT "1" WITH COORDINATES OF: N: 2,188,758.084 E: 6,297,153.589, USING AN ELEVATION OF 1441.175'.

- INDICATES FOUND 1" IRON PIPE 18" LONG WITH PLASTIC PLUG STAMPED "LS 8716". FLUSH, PER MB 491/59-79.
 - ⊙ INDICATES FOUND 1-1/2" I.P. W/BRASS CAP ILLEGIBLE, FLUSH, NO REFERENCE. ACCEPTED AS N.W. CORNER SEC. 8. PER C.R. 15/599
 - DENOTES SET 1" IRON PIPE 18" LONG WITH PLASTIC PLUG STAMPED "LS 8716", FLUSH. SET 1" IRON PIPE 18" LONG WITH PLASTIC PLUG STAMPED L.S. 8716, FLUSH, AT ALL REAR LOT CORNERS AND ANGLE POINTS IN SIDE LOT LINES. SET NAIL AND TAG "L.S. 8716" ON TOP OF CURB AT AN OFFSET OF 9.75' FOR 56 FOOT ROW; 10.75' FOR 66 FOOT ROW; 10.75' FOR 66 FOOT ROW; 14.75' FOR 74 FOOT ROW MEASURED RADIAL OR PERPENDICULAR FROM THE ROW TO THE CURB AT ALL FRONT LOT CORNERS, ALL ROW BC'S, EC'S, PCC'S, PRC'S AND CORNER CUTBACKS, UNLESS OTHERWISE NOTED. ALL MONUMENTS SET PER RIVERSIDE COUNTY ORDINANCE 461.11 AND THE MONUMENT AGREEMENT FOR THIS MAP.
- THIS TRACT CONTAINS 27.31 ACRES, GROSS.
DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.
() DENOTES RECORD DATA PER MB 491/59-79, UNLESS NOTED OTHERWISE.
/// INDICATES RESTRICTED ACCESS.
O.S. DENOTES "OPEN SPACE" LOT.
CC&Rs RECORDED _____ AS INST. NO. _____
W.Q.B. = WATER QUALITY BASIN

EASEMENT NOTES

- ① WATER QUALITY EASEMENT AND DRAINAGE EASEMENT, DEDICATED HEREON.
- ⚠ A PERMANENT EASEMENT AND RIGHT OF WAY IN FAVOR OF SOUTHERN CALIFORNIA EDISON TO CONSTRUCT, USE, MAINTAIN, ALTER, ADD TO, ENLARGE, REPAIR, REPLACE, INSPECT AND/OR REMOVE, AT ANY TIME AND FROM TIME TO TIME, ELECTRIC LINES, CONSISTING OF POLES AND TOWERS MADE OF VARIOUS MATERIALS, "H" FRAME STRUCTURES, GUY WIRES AND ANCHORS, CROSSARMS, WIRES AND OTHER FIXTURES AND APPLIANCES AND COMMUNICATION CIRCUITS WITH NECESSARY APPURTENANCES, BOTH OVERHEAD AND UNDERGROUND, FOR CONVEYING ELECTRIC ENERGY TO BE USED FOR LIGHT, HEAT, POWER, TELEPHONE AND/OR OTHER PURPOSES AND INCIDENTAL PURPOSES, RECORDED JUNE 2, 2021 AS INSTRUMENT NO. 2021-0334258, O.R.
- ⚠ A TEMPORARY, NON-EXCLUSIVE EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON FOR CONSTRUCTION-RELATED PURPOSES AND INCIDENTAL PURPOSES, RECORDED JUNE 2, 2021 AS INSTRUMENT NO. 2021-0334259, O.R.
- ⚠ "SEWER EASEMENT" IN FAVOR OF EASTERN MUNICIPAL WATER DISTRICT FOR MAINTENANCE OF SEWER FACILITIES, PER MB 491/59-79
A CONDITIONAL QUITCLAIM OF SAID EASEMENT, RECORDED 05/24/2025 AS DOCUMENT 2025-0133391 O.R., WILL BECOME EFFECTIVE WHEN THE IMPROVEMENTS ARE COMPLETED AND THE STREETS ARE ACCEPTED.
- ⑤ STORM DRAIN EASEMENT, DEDICATED HEREON.
- ⑥ OPEN SPACE, LANDSCAPE MAINTENANCE EASEMENT DEDICATED HEREON TO VALLEY WIDE RECREATION AND PARK DISTRICT.
- ⑦ "SEWER EASEMENT" DEDICATED HEREON TO EASTERN MUNICIPAL WATER DISTRICT WITHIN LOT 59.
- ⑧ ACCESS EASEMENT FOR INGRESS AND EGRESS TO AND FROM STORM DRAIN EASEMENT, DEDICATED HEREON.

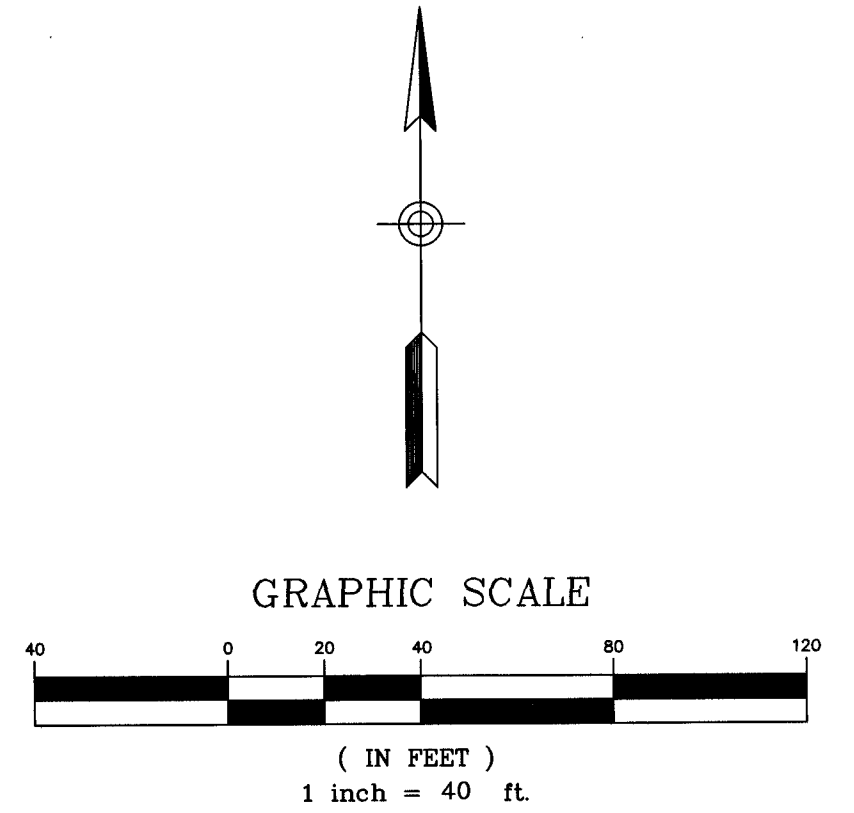
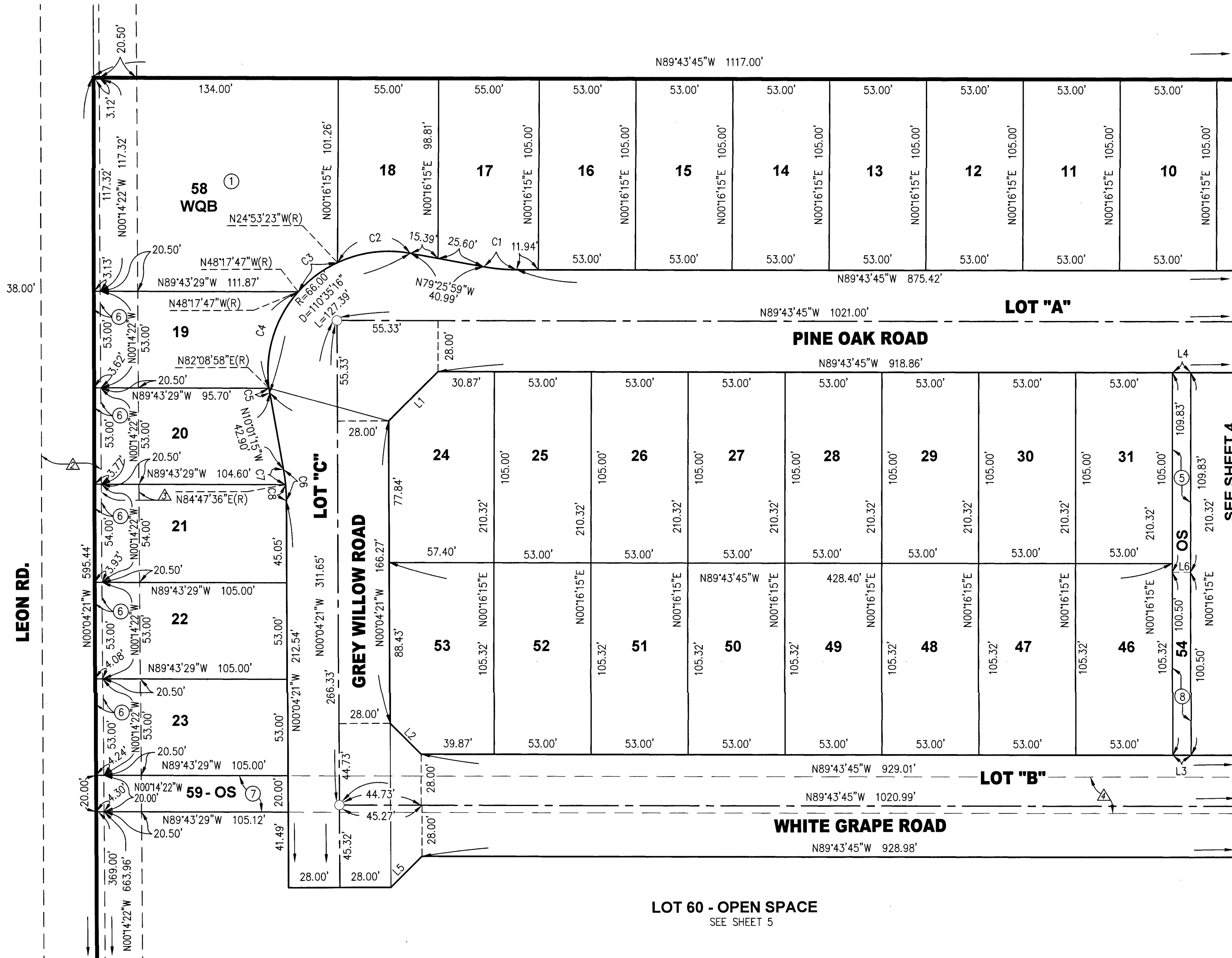


TRACT NO. 38332

BEING A SUBDIVISION OF LOT 456 OF TRACT 37439 PER MAP BOOK 491, PAGES 59 THRU 79, O.R.
IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

ACS CONSULTING INC.

MARCH 2021



LINE DATA

NO.	BEARING	DISTANCE
L1	N45°05'57"E	38.30'
L2	N44°54'03"W	23.97'
L3	N89°43'45"W	10.00'
L4	N89°43'45"W	10.00'
L5	N45°01'06"E	24.15'
L6	N89°43'45"W	10.00'

CURVE DATA

NO.	RADIUS	DELTA	ARC	TAN
C1	100.00'	10°17'46"	17.97'	9.01'
C2	66.00'	35°27'24"	40.84'	21.10'
C3	66.00'	23°24'24"	26.96'	13.67'
C4	66.00'	49°33'15"	57.08'	30.46'
C5	66.00'	02°10'13"	2.50'	1.25'
C6	100.00'	09°56'53"	17.36'	8.70'
C7	100.00'	04°48'50"	8.40'	4.20'
C8	100.00'	05°08'03"	8.96'	4.48'

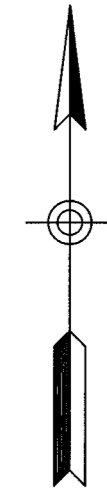
LOT 60 - OPEN SPACE
SEE SHEET 5

TRACT NO. 38332

BEING A SUBDIVISION OF LOT 456 OF TRACT 37439 PER MAP BOOK 491, PAGES 59 THRU 79, O.R.
IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

ACS CONSULTING INC.

MARCH 2021



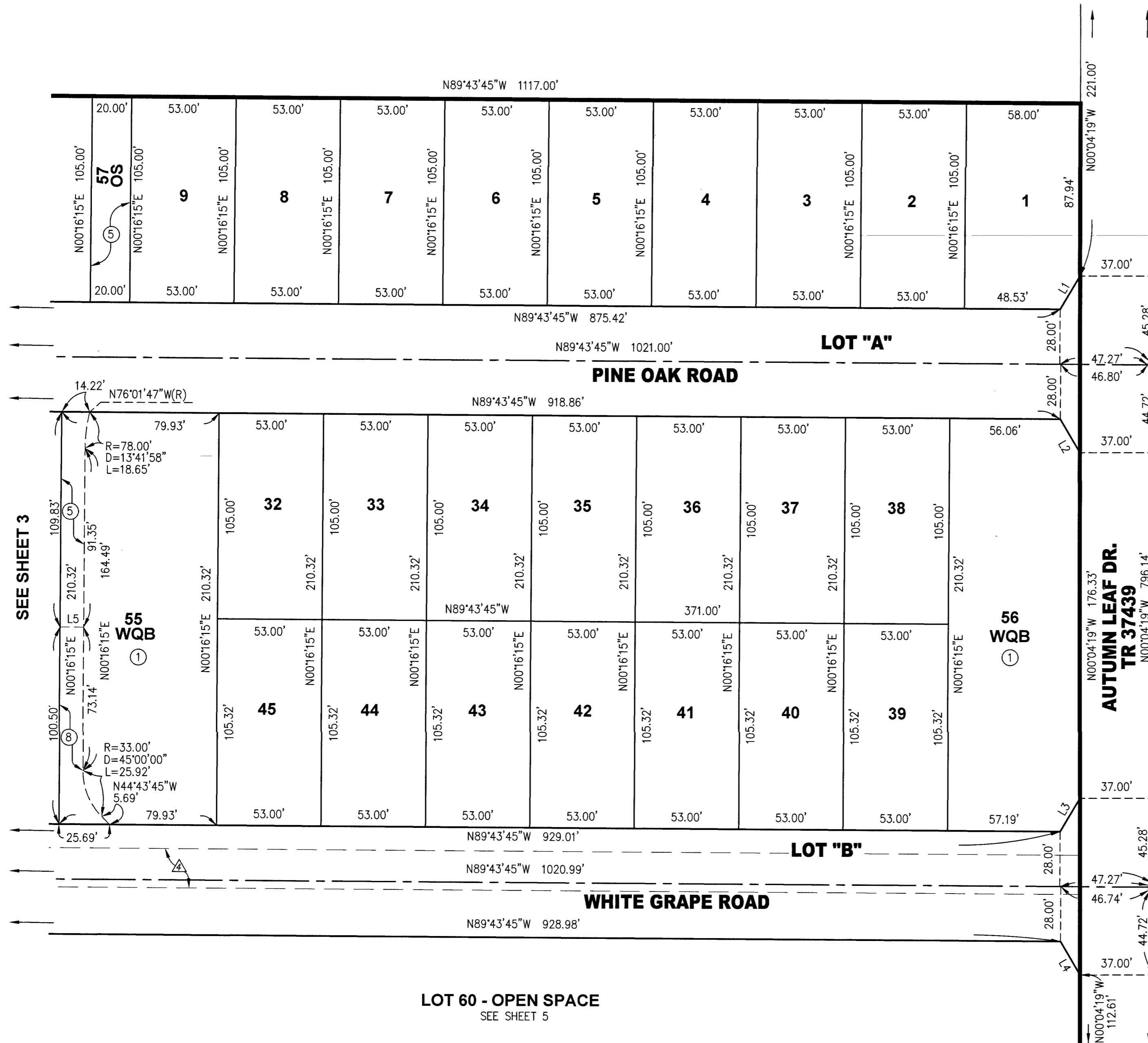
GRAPHIC SCALE



(IN FEET)
1 inch = 40 ft.

LINE DATA

NO.	BEARING	DISTANCE
L1	N30°38'54"E	19.77'
L2	N30°27'45"W	19.71'
L3	N30°38'53"E	19.77'
L4	N30°18'45"W	19.68'
L5	N89°43'45"W	12.00'

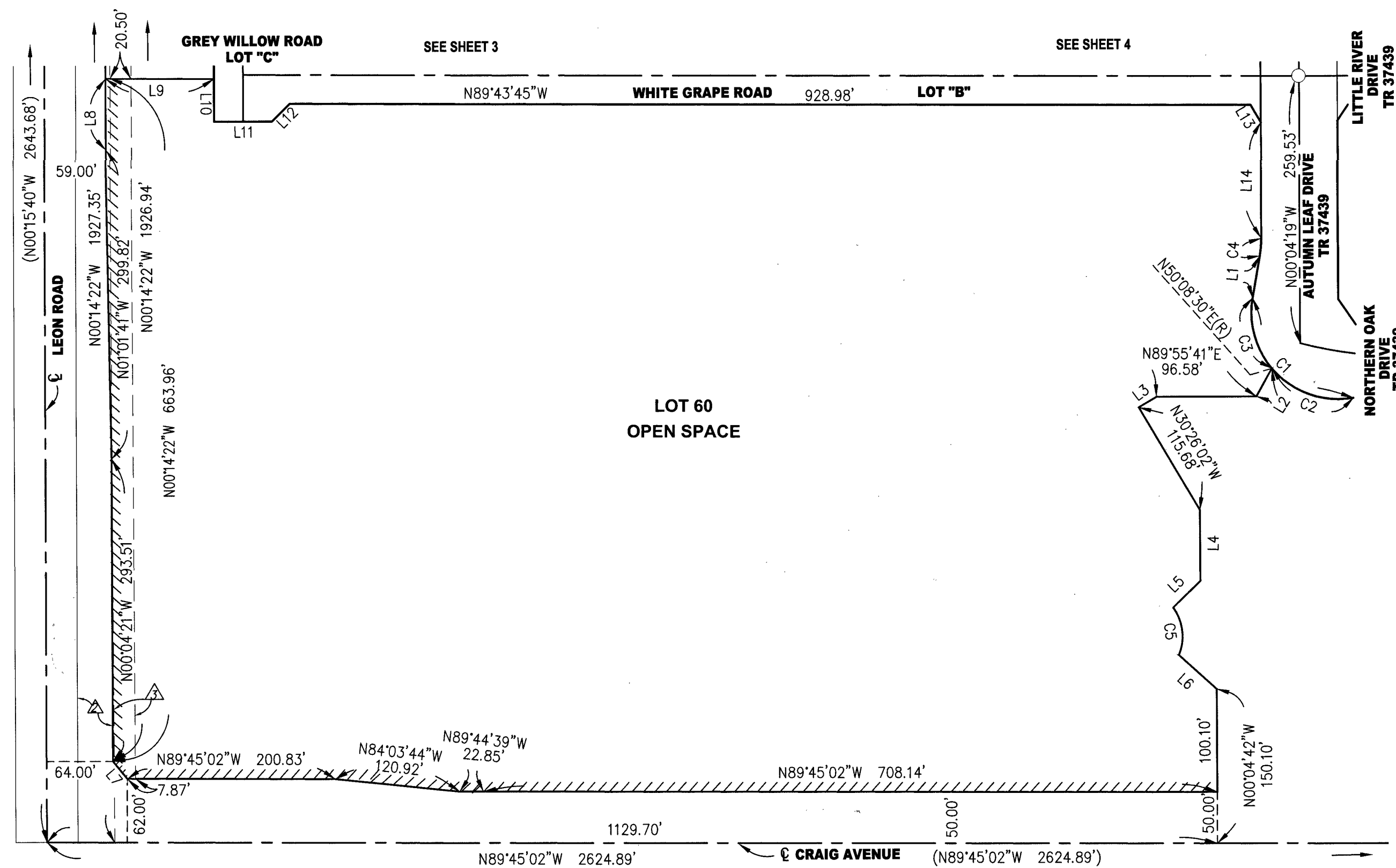


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MARCH 2021

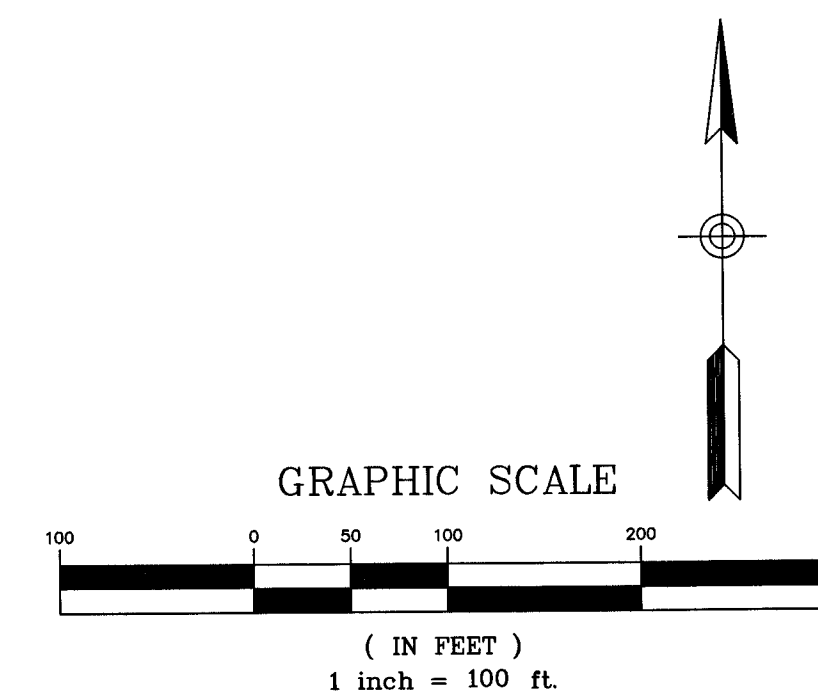


LINE DATA

NO.	BEARING	DISTANCE
L1	N09°57'59"E	41.21'
L2	N29°13'01"E	30.94'
L3	N59°33'58"E	20.00'
L4	N00°06'52"W	68.90'
L5	N45°41'37"E	36.82'
L6	N47°41'38"W	48.89'
L7	N39°21'11"W	21.96'
L8	N00°04'21"W	69.19'
L9	N89°43'45"W	105.00'
L10	N00°04'21"W	41.49'
L11	N89°55'39"E	56.00'
L12	N45°01'06"E	24.15'
L13	N30°18'45"W	19.68'
L14	N00°04'19"W	112.61'

CURVE DATA

NO.	RADIUS	DELTA	ARC	TAN
C1	84.00'	109°44'55"	160.90'	119.41'
C2	84.00'	59°55'27"	87.85'	48.42'
C3	84.00'	49°49'28"	73.05'	39.01'
C4	100.00'	10°02'18"	17.52'	8.78'
C5	48.00'	57°54'40"	48.52'	26.56'



RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

KB HOME
36310 Inland Valley Drive
Wildomar, CA 92595
Attn: Project Manager

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HUDSON AT CANTERWOOD
(Tract 38332)**

NOTICE: A MASTER DISPUTE RESOLUTION DECLARATION FOR HUDSON AT CANTERWOOD IS BEING RECORDED CONCURRENTLY HERewith IN THE OFFICIAL RECORDS. THE MASTER DISPUTE RESOLUTION DECLARATION REQUIRES THAT ANY DISPUTES BETWEEN DECLARANT AND AN OWNER BE RESOLVED BY THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURES SET FORTH THEREIN INCLUDING MANDATORY BINDING ARBITRATION. THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURES DO NOT UTILIZE A JURY AND INCLUDE A CLASS ACTION WAIVER.

DORMANT ASSOCIATION: THIS DECLARATION DESCRIBES THE HUDSON AT CANTERWOOD COMMUNITY ASSOCIATION. IT IS INITIALLY A DORMANT ASSOCIATION WHOSE FUTURE FORMATION AS A CALIFORNIA NONPROFIT MUTUAL BENEFIT CORPORATION MAY OCCUR UNDER CERTAIN CONDITIONS DESCRIBED HEREIN. CERTAIN PROVISIONS OF THIS DECLARATION APPLY ONLY IF THE DORMANT ASSOCIATION IS INCORPORATED.

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
HUDSON AT CANTERWOOD**

(Tract 38332)

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HUDSON AT CANTERWOOD (“Declaration”) is made this 17th day of April, 2025, by KB HOME Cal Management Services LLC, a Delaware limited liability company (“Declarant”) 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 Within Hudson at Canterwood. The real property encumbered by this Declaration consists of the real property more particularly described on Exhibit “A” attached hereto (“Covered Property” or “Property”). Declarant currently owns fee title to the Property.

B. Development of Property. Declarant intends to create a “subdivision” as defined in Section 11000 of the California Business and Professions Code, and to impose mutually beneficial restrictions under a general plan for subdividing, maintaining, improving and selling the Residential Lots in the Property for the benefit of all the Residential Lots.

C. Dormant Association. As of the date of recordation of this Declaration, it is contemplated that the County of Riverside (“County”), or another public entity or district, will own fee simple title to and will maintain certain basins, paseos and/or other public areas within the Community, as designated on Exhibit “B” (“County Maintenance Areas”) The County Maintenance Areas will be maintained by Valley-Wide Recreation and the County. If in the future Valley-Wide Recreation and Park District and/or the County, as applicable, are unable to maintain these County Maintenance Areas, then the County has the right to require the Owners to form the Association in accordance with Article 3 below. Upon formation of the Association, the County shall transfer fee title and any easement rights necessary for the Association to perform maintenance of the County Maintenance Areas and the Association will thereafter manage and maintain the Association Property, as described in this Declaration.

D. Activation of Dormant Association. Prior to its incorporation as provided in Article 3 of this Declaration, the Association shall not exist in any form, either incorporated or unincorporated, and no Person shall have any obligation to carry out the duties of the Association set forth in this Declaration. Further, unless the Association is incorporated and Association Property and/or easements for maintenance are conveyed to the Association by the County, each provision of this Declaration that pertains to the powers, rights and obligations of the Association, including without limitation all or portions of Articles 2, 3, 4, 5, 8, 11, 12, and 14, shall have no effect. If formed, the Association shall be formed as a nonprofit mutual benefit corporation to which shall be delegated and assigned the powers and obligations of the Association under this Declaration and the other Governing Documents, including maintaining and administering the Association Property, collecting Assessments, and enforcing the covenants, conditions, restrictions and equitable servitudes under this Declaration and any Supplementary Declaration.

E. **Annexable Property**. All or any of the real property described on Exhibit "C" attached hereto and incorporated herein ("Annexable Property"), may be added to the Property and made subject to this Declaration as described in Section 14.6 below.

F. **Master Dispute Resolution Declaration**. A separate Master Dispute Resolution Declaration will be or has been recorded against the Property and will set forth, among other matters, Declarant's binding alternative dispute resolution procedures for the resolution of all Claims by an Owner involving Declarant or a Declarant Party, including without limitation, Construction Defect Claims. Each Owner shall be bound by the dispute resolution procedures set forth in the Master 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 5.12.1.

1.2 "**ADU**" shall mean an Accessory Dwelling Unit or Junior Accessory Dwelling Unit as defined in Section 66313(a) and (b) of the California Government Code, respectively.

1.3 "**Annexable Property**" means any or all of the real property described on Exhibit "C" and any real property identified in a Supplementary Declaration as Annexable Property.

1.4 “**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.

1.5 “**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.

1.6 “**Articles**” means the Articles of Incorporation of the Association, as they may from time to time be amended, which shall be filed in the Office of the California Secretary of State upon the date the County requires activation of the Association. The Articles of Incorporation shall be in substantially the form attached hereto as Exhibit “D”.

1.7 “**Assessments**” means the assessments which are levied upon the Association Activation Date 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.

1.7.1 “**Capital Improvement Assessments**” means the Capital Improvement Assessments that are levied by the Association pursuant to Section 5.6.

1.7.2 “**Compliance Assessments**” means the Compliance Assessments that are levied by the Association pursuant to Section 5.7.

1.7.3 “**Regular Assessments**” means the Regular Assessments that are levied by the Association pursuant to Section 5.4.

1.7.4 “**Special Assessments**” means the Special Assessments that are levied by the Association pursuant to Section 5.5.

1.8 “**Association**” means the Hudson at Canterwood Community Association, a California nonprofit mutual benefit corporation, and any successor entity, formed to govern the Community upon the Association Activation Date.

1.9 “**Association Activation Date**” means the date that both of the following have occurred (i) the Articles of Incorporation of the Association are filed with the California Secretary of State and (ii) the County has transferred ownership and/or easements of any County Maintenance Areas to the Association and has notified all Owners within the Community in writing of the County’s requirement that an Association be activated pursuant to the requirements of Article 3 below.

1.10 “**Association Maintenance Areas**” means any and all portions the County Maintenance Areas located within a Residential Lot or located outside of the Community, which the Association, upon the Association Activation Date, is obligated to maintain pursuant to the Governing Documents or to comply with the Community Entitlements.

1.11 “**Association Maintenance Guide**” 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.

1.12 “**Association Property**” means any and all portions of the County Maintenance Areas owned in fee by the Valley-Wide Recreation and Park District, and/or the County, as applicable, which the Association upon the Association Activation Date owns in fee title from time to time.

1.13 “**Association Rules**” means the rules and regulations adopted by the Board from time to time.

1.14 “**Board**” means the board of directors of the Association.

1.15 “**Budget**” means the budget for the Association which sets forth all of the Common Expenses to be allocated among the Owners. The budget for the Association shall only apply after the Association Activation Date.

1.16 “**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 upon the Association Activation Date. The Bylaws shall be in substantially the form attached hereto as Exhibit “E”.

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

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

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

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

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

1.17.5 expenses incurred to cover due but unpaid Assessments;

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

1.17.7 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;

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

1.17.9 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;

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

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

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

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

1.17.14 taxes and assessments paid by the Association;

1.17.15 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

1.17.16 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.

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

1.19 "**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.

1.20 "**Conditions of Approval**" means collectively, the Conditions of Approval imposed by the County for Tract 38332.

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

1.22 "**County Maintenance Areas**" means, collectively, the real property which shall at all times prior to the Association Activation Date be owned and maintained by Valley-Wide Recreation and Park District and/or the County, as applicable, as set forth on Exhibit "B" which is attached hereto and incorporated herein by reference.

1.23 "**Declarant**" means KB HOME Cal Management Services LLC, a Delaware limited liability company, and shall include those successors and assigns of KB HOME Cal Management Services LLC, a Delaware limited liability company 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.

1.24 “**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.

1.25 “**Declaration**” means this Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Hudson at Canterwood as said Declaration may from time to time be amended or supplemented.

1.26 “**DRE**” means the California Department of Real Estate and any successor agency.

1.27 “**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.

1.28 “**Emergency**” means any situation, condition or event which threatens substantial imminent damage or injury to Person or property.

1.29 “**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**”).

1.30 “**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 Residential Lot line adjustments to such maps.

1.31 “**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.

1.32 “**First Mortgagee**” means the Mortgagee of a First Mortgage.

1.33 “**First Purchaser**” means the Owner of a Residential Lot who acquired the Residential Lot under authority of a Public Report from Declarant.

1.34 “**Fiscal Year**” means the fiscal accounting and reporting period of the Association selected by the Board.

1.35 “**Governing Documents**” means collectively this Declaration and any Supplementary Declarations, and upon the Association Activation Date shall include the Articles, Bylaws, Design Guidelines, and Association Rules for the Association.

1.36 “**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.

1.37 “**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.

1.38 “**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.

1.39 “**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.

1.40 “**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.

1.41 “**Lease**” means each lease whereby a Person acquires rights to use or occupy a Residential Lot for a specified term.

1.42 “**Lessee**” means any tenant or lessee occupying a portion of the Property with a Lease.

1.43 “**Limited Warranty**” means the Limited Warranty provided by Declarant to an Owner and/or the Association.

1.44 “**Maintenance**” or “**Maintain**” whether capitalized or not means maintain, repair and replace unless otherwise specified in this Declaration.

1.45 “**Maintenance Obligations**” means each Owner’s obligations to perform and the Association’s obligations upon the Association Activation Date: (a) all reasonable maintenance consistent with the terms of the Owner Maintenance Guide and the Association Maintenance Guide, 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 Owners or the Association 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 Residential Lots and Association Property, as applicable; and (d) any maintenance obligations imposed by the Governing Documents or any Governmental Agencies.

1.46 “**Master Dispute Resolution Declaration**” means any Master Dispute Resolution Declaration executed by Declarant which is recorded in the Official Records against any portion of the Property. References to the Master Dispute Resolution Declaration include any subsequently recorded amendments or supplements thereto. There may be more than one (1) Master Dispute Resolution Declaration at any given time; each may apply to different Residential Lots or portions of the Community. The Master 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 Master Dispute Resolution Declaration can be obtained from the County Recorder of Riverside County.

1.47 “**Member**” means every Person who holds a membership in the Association.

1.48 “**Mortgage**” means a recorded mortgage or deed of trust encumbering a Residential Lot in the Community.

1.49 “**Mortgagee**” means a mortgagee under a Mortgage as well as a beneficiary under a deed of trust.

1.50 “**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.

1.51 “**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.

1.52 “**Official Records**” means the official public records of the County Recorder of Riverside County.

1.53 “**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.

1.54 “**Owner Maintenance Guide**” 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 Guide may also be referred to as the “**Homeowner Manual**” or “**Homeowner Maintenance Guide**” in other related documents.

1.55 “**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.

1.56 “**Property**” means all of the real property described on Exhibit “A” and any other real property which may be annexed hereto, pursuant to Article 14. 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.

1.57 “**Public Report**” means the final subdivision public report issued by the DRE for the Community.

1.58 “**Residence**” means each residential dwelling and any other improvements situated within a Residential Lot.

1.59 “**Residential Lot**” means a subdivided Residential Lot shown on a Final Map upon which a Residence has or will be constructed.

1.60 “**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.

1.61 “**Solar Rights Act**” shall mean California Civil Code Sections 714, et seq., and any successor statutes.

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

1.63 “**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.

1.64 “**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 or Annexable Property) to do any or all of the following: (a) annex any Annexable Property and impose additional covenants and restrictions on such Annexable Property or 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) identify or modify County Maintenance Areas; (d) activate the Association to maintain the Association Property and Association Maintenance Areas, (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.

1.65 “**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.

1.66 “**Valley-Wide Recreation and Park District**” means Valley-Wide Recreation and Park District, and includes its departments, divisions, employees and representatives responsible for maintenance of those areas designated for maintenance by Valley-Wide Recreation and Park District on Exhibit “B” to this Declaration.

1.67 “**Voting Power**” means the voting power of the Association set forth in Section 4.2.

ARTICLE 2 OWNERSHIP AND EASEMENTS

2.1 Ownership of Residential Lots. Title to each Residential Lot shall be conveyed in fee to an Owner. Ownership of each Residential Lot shall include any exclusive or non-exclusive easement or easements appurtenant to such Residential Lot which are of record or apparent, including without limitation, the easements described in this Declaration, the Final Map and the deed to the Residential Lot. Each Owner, by acceptance of a deed for the conveyance of a Residential Lot burdened by such an easement, understands, acknowledges and agrees not to interfere with, disturb, erect, place, maintain or remove any structure, appurtenance or other Improvements, or to otherwise act in any manner to impede access to or impair use of the easements set forth herein, or otherwise of record or apparent.

2.2 Ownership of Residential Lots After Association Activation Date. Commencing upon the Association Activation Date, ownership of each Residential Lot within the Community shall include fee title to a Residential Lot as set forth in Section 2.1 above, and (i) a membership in the Association; and (ii) 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.

2.3 Easements for Encroachments. Declarant hereby creates and reserves for itself, and its successors and assigns, valid easements appurtenant to each Residential Lot on, over and across contiguous Residential Lots for the purposes of accommodating any natural movement or settlement of common walls or fences and appurtenant foundations and footings, and for minor engineering errors, errors in construction, reconstruction, repair, support and accommodation of any portion of said common walls and fences and for the maintenance thereof. The rights and obligations of an Owner shall not be altered in any way by such encroachment, settlement or shifting.

2.4 Easements for Utilities. The rights and duties of the Owners with respect to utility easements shall be governed by the provisions set forth below.

2.4.1 Utility Easements Shown on Final Map or Otherwise of Record. Easements have been or will be created and reserved on the Final Map or other recorded instrument for the construction, installation, maintenance, operation, repair and replacement of electric, telephone, cable television (or CATV service), water, gas, sanitary sewer and drainage facilities ("Utility Facilities").

2.4.2 Maintenance of Utility Facilities. Each Owner shall maintain those Utility Facilities located upon such Owner's Residential Lot which are not maintained by the respective utility company or agency.

2.4.3 Entry Rights. Wherever Utility Facilities are installed within the Covered Property and it becomes necessary to gain access to such Utility Facilities through a Residential Lot owned by someone other than the Owner of the Residential Lot served by said Utility Facilities, the Owner of the Residential Lot served by said Utility Facilities shall have the right, and is hereby granted an easement only to the extent reasonably necessary, and only upon prior notice, except in the case of an emergency, in which case prior notices will be required to be given as soon as reasonably practical under the circumstances, to enter upon such other Residential Lot or to have

the utility companies enter upon such other Residential Lot to repair, replace and generally maintain said Utility Facilities.

2.5 Easements for Drainage. There are hereby created, granted and reserved nonexclusive easements appurtenant to each Residential Lot for drainage according to the patterns for drainage created by the grading plans for the Property which have been reviewed and approved by the County, as well as according to the actual, natural and existing patterns for drainage.

2.5.1 No Obstruction of Drainage. Each Owner covenants and agrees not to obstruct or otherwise interfere with the concrete drainage swales, yard drains, catch basins and other area drains and related facilities (collectively, the "Drainage Facilities") installed by Declarant pursuant to the approved grading plans for the Property, nor shall such Owner obstruct, redirect, alter or otherwise interfere with, in any manner whatsoever, the established drainage patterns for such Residential Lot, or regrade or otherwise reconstruct such Owner's Residential Lot in any manner which will result in the alteration of the established drainage pattern or in any way redirect, impede or otherwise impair the flow of drainage waters across such Owner's Residential Lot without obtaining the proper permits or approval by the County for such Improvements. Each Owner shall regularly inspect and, if necessary, clean out any Drainage Facilities located on such Owner's Residential Lot. If it is necessary to alter said drainage pattern for the protection and use of such Owner's Residential Lot, the Owner will make adequate provisions for proper drainage in accordance with the appropriate governmental grading ordinance.

2.6 Easements for Construction, Sales and/or Leasing. Declarant hereby reserves nonexclusive easements for access, ingress and egress on, over under, through and across the Property as necessary to construct the Residences and all other Improvements within the Property, and to carry on normal sales or leasing activity, including, without limitation, the operation of model homes and sales or leasing offices, and the display of promotional signs, banners, flags, balloons and exhibits and other promotional activities in connection with the sale or lease of Residential Lots in the Property or for other projects being marketed and sold by Declarant.

2.7 Easements for Common Walls and Fences. There are hereby created, granted and reserved nonexclusive easements appurtenant to each Residential Lot for the placement and maintenance of all common walls or fences, where such walls or fences were originally installed by Declarant, regardless of whether such walls or fences are located precisely upon the boundary separating two (2) Residential Lots. Those Owners who have a common wall or fence which adjoin their Residential Lots and effectively creates the boundary line between such Residential Lots shall equally have the right to use such wall or fence, and each shall have the exclusive right to the use of the interior surface of the wall or fence facing such Owner's Residence. No Owner shall drive nails, screws, bolts or other objects more than half way through any common wall or fence, interfere with the adjacent Owner's use and enjoyment of the common wall or fence, or impair, in any way, the structural integrity of the common wall or fence. In the event that any portion of such wall or fence, except the interior surface of one (1) side, is damaged or injured from any cause, other than negligence or willful the act or omission of either party, it shall be repaired or rebuilt at the Owners' joint expense. Where damage to the wall or fence is caused by the negligence or willful acts or omissions of one party, the general rules of law regarding party walls and liability for property damage shall apply. Each Owner shall be solely responsible for maintaining the interior surfaces of the party wall or fence facing such Owner's Residence.

2.8 Easements for Cluster Mailboxes. To the extent there are cluster mailboxes installed within any portion of the Covered Property, there are hereby reserved and granted for the benefit of the Residential Lots serviced by such cluster mailbox, an easement for use of such cluster mailbox.

2.9 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.

2.10 County Maintenance Areas.

2.10.1 Valley-Wide Recreation and Park District. The County Maintenance Areas within and/or adjacent to the Covered Property include those areas designated for maintenance by Valley-Wide Recreation and Park District on Exhibit "B" attached hereto ("Valley-Wide Maintained Areas"). An easement has been or will be recorded granting the Valley-Wide Recreation and Park District any easements necessary to carry out such maintenance. In no event shall any Owner modify or remove any Improvements installed or maintained by the Valley-Wide Recreation and Park District within the Valley-Wide Maintained Area.

2.10.2 Riverside County. The County Maintenance Areas also include those areas within and/or adjacent to the Covered Property shown as "County Maintained" on Exhibit "B" attached hereto. An easement has been or will be recorded granting the County any easements necessary to carry out such maintenance. In no event shall any Owner modify or remove any Improvements installed or maintained by the County within such County Maintenance Areas.

2.11 Amendment to Eliminate Easements. Any attempt to modify or eliminate this Section shall require the prior written approval of Declarant, so long as Declarant is the Owner of a Residential Lot. Failure to gain such prior written approval shall render any such amendment void and without legal effect.

2.12 Association Easements Upon the Association Activation Date.

2.12.1 Easements Over Association Maintenance Areas to Perform Obligations. Declarant hereby reserves to itself and grants to the Association, upon the Association Activation Date, non-exclusive easements over, upon, through and across the Covered 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.

2.12.2 Easements for Drainage and Runoff. Declarant hereby reserves to itself and grants to each Owner and, upon the Association Activation Date to the Association, non-exclusive easements for drainage through the established system of drainage pipes and facilities over, through and the Community. Such easements shall be subject to the restrictions set forth in Section 6.26.

2.12.3 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.

2.12.4 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.

ARTICLE 3 THE ASSOCIATION UPON THE ASSOCIATION ACTIVATION DATE

The provisions set forth in this Article 3 shall apply only upon the Association Activation Date.

3.1 The Organization. The Association is a nonprofit mutual benefit corporation formed under the nonprofit mutual benefit laws of the State of California. Upon the Association Activation Date, 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 Lot of 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. Notwithstanding the foregoing, in no event may the Association borrow money to fund any litigation by the Association relating to the Community or the Improvements unless the consent of a majority of Class A Members or than Declarant is obtained.

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, neither Declarant nor any shall have 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.

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 Association Maintenance Areas shall be determined by Declarant, in its sole discretion. The Association shall accept title and/or 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 Guide. 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 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 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.*

3.4.8 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.

3.4.9 Maintenance Guides. The Association shall maintain at the offices of the Association a copy of the Owner Maintenance Guide(s) provided by Declarant to the Owners and shall make available to every Owner upon request a copy of the Owner Maintenance Guide 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 Guide. The Association shall also comply with provisions of the Association Maintenance Guide provided by Declarant to the Association. The Association may, from time to time, make appropriate revisions to the Association Maintenance Guide 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 Guide requirements and issues is included on the agenda of each meeting of the Board; (ii) ensures that the Association Maintenance Guide is brought to each regular meeting of the Board; and (iii) ensures that the Association Maintenance Guide is updated with all inspection reports for the Association Property or other Association maintained areas.

3.4.10 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.

3.4.11 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 California 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; 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 13.9; 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 such as the Professional Community Association of Managers designation from the Community Association Institute.

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 UPON THE ASSOCIATION ACTIVATION DATE

Upon the Association Activation Date, 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 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 covered by the most recently issued Public Report for the Community; or

(b) The fourth anniversary of the first conveyance of a Residential Lot covered by the original Public Report for 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 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 UPON THE ASSOCIATION ACTIVATION DATE

Upon the Association Activation Date, 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 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 5.14, 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. If the Association Activation Date occurs during the period of time Declarant owns any Residential Lots in the Community, the Regular Assessments shall commence as to all Residential Lots subject to this Declaration on the first day of the month following the conveyance of the first Residential Lot to a First Purchaser or such earlier date as may be selected by Declarant for the commencement of Assessments. Notwithstanding the foregoing, Declarant may elect to commence to pay Regular Assessments prior to the conveyance of a Residential Lot to an Owner under authority of a Public Report and, in such case, Declarant shall have the voting rights as to the Residential Lots pursuant to Section 4.2. If the Association Activation Date occurs when Declarant no longer owns any portion of the Community, Regular Assessments shall commence as to all Residential Lots within the Community upon the Association Activation Date.

5.11 Adoption of Budget After Association Activation Date. Within thirty (30) business days of the Association Activation Date, the Board shall cause to be created, by a licensed professional management company with at least three (3) years' experience in preparing budgets for associations, a budget for the Association based upon the then current obligations of the Association as required by the County. The Board shall cause such Budget to be approved by a unanimous vote of the Board members and notice of the approved budget shall be provided to the Owners in accordance with the requirements set forth in Section 5.12 below. Thereafter, all future increases to the Board adopted Budget shall be subject to the limitations set forth in Section 5.8 above.

5.12 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.*

5.12.1 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.

5.13 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.

5.14 Collection of Assessments; Liens.

5.14.1 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 5.14.5 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.

5.14.2 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.

5.14.3 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.

5.14.4 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.

5.14.5 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.

5.14.6 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.

5.14.7 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.

5.15 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.*

5.16 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.

5.17 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 of a First Mortgage, or pursuant to the remedies provided in the 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 acquiror of a Residential Lot obtains title to the same pursuant to judicial or non-judicial foreclosure of a First Mortgage or pursuant to the remedies provided in the First Mortgage, 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.

5.18 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.

5.19 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.

5.20 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.

5.21 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.

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

5.23 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.

5.24 Association Property Improvements. If the Improvements to be installed by Declarant on the Association Property have not been completed prior to the issuance by the DRE of a Final Subdivision Public Report, 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 Declarant Exemption. None of the restrictions set forth in this Article 6 shall apply to Declarant, except those restrictions required by Applicable Laws.

6.2 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 9 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. Notwithstanding any term or provision to the contrary herein, (i) occupancy of or any leasehold rights or real property interest in any ADU does not confer upon such occupant, tenant, lessee or other interest holder any Membership rights including, without limitation, voting rights, and (ii) any ADU, or any portion thereof, may not be conveyed, sold, or otherwise transferred in any fee simple or life estate to any third-party separate from the primary residence which such ADU is appurtenant thereto or forms a portion thereof, as the case may be.

6.3 Residential Uses. Each Residence shall be used as a private dwelling and for no other purpose. No business, commercial, manufacturing, mercantile, storage, vending or industrial operations of any kind shall be conducted in or upon any Residential Lot or within any Residence. Notwithstanding the foregoing, this Section shall not preclude activities required to be allowed pursuant to Applicable Law or activities which do not create any external evidence thereof, including, without limitation, any increased impact on parking, provided that such activities are conducted in conformance with all Applicable Laws and are merely incidental to the use of the Residence as a single family dwelling.

6.4 Rental of Residential Lots. An Owner shall be entitled to rent the Residence subject to the restrictions contained in this Declaration, and any other restrictions of record applicable to such Owner's Residential Lot and all Applicable Laws. The Owners shall, at all times, be responsible for their tenant's or lessee's compliance with all of the provisions of this Declaration. No Owner may lease such Owner's Residence for hotel, motel or transient purposes.

6.5 Further Subdivision. Except as otherwise provided in Section 6.6 below, 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 6.4 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 City 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.

6.6 Restrictions on Subdivision. In the event an Owner of a Lot seeks to further subdivide such Owner's Residential Lot pursuant to an ordinance adopted pursuant to California Government Code Section 66342, the Owner shall first obtain the consent of all members of the Board. In the event the Board unanimously approves such subdivision, then prior to approving such subdivision, the Association shall be required to obtain the consent of seventy-five percent (75%) of the Members prior to formally approving such subdivision. The restrictions set forth in this Section do not apply to subdivisions by Declarant.

6.7 Signs. Subject to the provisions of California Civil Code Sections 712 and 713, as same may be amended, from time to time, no sign of any kind shall be displayed to the public view on or from any Residential Lot, except one (1) "for sale," "for lease" or "for exchange" sign of reasonable size on any Residential Lot, which shall be permitted to include directions to the Residential Lot, the Owner's or agent's name, and the Owner's or agent's address and telephone number, and one (1) sign indicating that the Residential Lot (and Residence) is protected by a security alarm system. All signs permitted under this Section shall conform to all Applicable Laws.

6.8 Animals. No animals, fowl, reptiles, poultry, fish or insects of any kind ("animals") shall be raised, bred or kept on any Residential Lot, except that a reasonable number of dogs, cats or other household pets may be kept; provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable numbers nor in violation of any applicable local ordinance or any other provision of this Declaration. As used herein, "unreasonable numbers" shall mean any number in excess of the maximum number of animals of a particular kind permitted by the County to be kept and maintained on a Residential Lot. Animals belonging to Owners, occupants or their licensees, tenants or invitees must be either kept within an enclosure, an enclosed yard or on a leash or other restraint being held by a person capable of controlling the animal. Furthermore, to the extent permitted by law, each Owner shall be liable to each and all other Owners, their families, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or by members of such Owner's family, tenants or invitees. It shall be the absolute duty and responsibility of each such Owner to clean up after such animals.

6.9 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, newspaper, plywood or any other contrasting material) are permitted for a maximum period of three (3) months after the Residential Lot is conveyed by Declarant to an Owner. Except as specifically provided in the proceeding sentence, 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.

6.10 Nuisances. No Owner shall commit or permit any nuisance within the Property or commit or suffer any illegal act to be committed thereon. No noxious activities or excessive noise shall be permitted within the Property.

6.11 Compliance With Applicable Laws. Each Owner shall comply with all Applicable Laws and all applicable requirements of the Community Entitlements. No Owner shall permit anything to be done or kept in such Owner's Residential Lot that violates Applicable Laws, including any laws, ordinances or statutes pertaining to the use or storage of any Hazardous Materials.

6.12 Exterior Painting. No Owner shall paint the exterior of the Owner's Residence or any other exterior Improvements within unless the paint color is consistent with the applicable code standards and in substantial conformance with the original design so that the Residence is architecturally and aesthetically compatible with the surrounding color scheme of the Property.

6.13 Repair and Reconstruction. In the event of damage or destruction to a Residence or other portion of a Residential Lot ("Damaged Improvement(s)"), the Owner shall promptly, after the damage or destruction (a) commence to restore, repair, rebuild or reconstruct such Damaged Improvement(s) and diligently pursue such reconstruction to completion, or (b) clear such Owner's Residential Lot and maintain the same clear of all debris, weeds, rubbish and other unsightly and unsafe materials. If the Owner elects to rebuild, all repairs and restoration shall be completed in a good and workmanlike manner, consistent with Governmental Requirements and in substantial conformance with the original design so that the Residence is architecturally and aesthetically compatible with surrounding Improvements.

6.14 Parking, Vehicular Restrictions and Garages.

6.14.1 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 pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Property intended for parking of motorized vehicles; however, no Owner may park a vehicle in a manner which either restricts the passage of pedestrians or vehicles over driveways, streets or sidewalks within the Property or extends beyond the limits of the space where the vehicle is parked.

6.14.2 Prohibited Vehicles. The following vehicles are "Prohibited Vehicles": (a) recreational vehicles, motor homes, travel trailers, camper vans, boats and the like (b) commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, semi-truck tractor, 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) semi-truck tractors, (f) trailers, (g) inoperable vehicles or parts of vehicles, (h) aircraft, and (i) any other vehicle not classified as an Authorized Vehicle. Prohibited Vehicles may not be parked, stored or kept on any public or private street in, adjacent to or visible from the Property except for brief periods for loading, unloading, making deliveries or emergency repairs.

6.14.3 Garages. Garages shall be used only for parking Authorized Vehicles, and shall not be used for storage, living or business purposes, or any other purpose which prevents the storage of the number of vehicles for which the garage was assigned. Garage doors shall be kept closed at all times, except as reasonably required for ingress to and egress from the interiors of the garages and the Residence and other temporary purposes. No pad or space adjacent to the Garage, or any other portion of a Residential Lot, other than a driveway, shall be used for the parking of any vehicles whatsoever.

6.15 Temporary Structures. No trailer, mobile home, tent, shack or other outbuildings shall be kept upon any Residential Lot, or in any street within the Community, except in connection with work or construction diligently pursued.

6.16 Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted by any Owner upon or in any Residential Lot nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels,

or mineral excavations or shafts be installed upon the surface of any Residential Lot or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted by any Owner upon any Residential Lot. No Owner shall use a Residential Lot to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind. 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 whipstocked or directionally drilled wells, tunnels and shafts within or beyond the exterior limits of the Community.

6.17 Solar Energy Systems. Except for those Solar Energy Systems originally installed by Declarant, no Solar Energy System may be installed on a Residential Lot unless and until the Owner provides the Association (if activated) 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. 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). A Solar Energy System shall be appropriately certified and shall comply with the requirements for such systems as set forth in the Solar Rights Act.

6.18 Solar Shade Restrictions. After the installation of a Solar Energy System on a Residential Lot, the Owner of an adjacent Residential Lot shall not 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 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.

6.18.1 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.

6.18.2 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.

6.19 Antennae and Satellite Dishes. No Owner shall install any antenna, satellite dish, or other over-the-air receiving device that is of a size larger than is permitted under Title 47

U.S.C. §§ 1 et seq., 47 CFR § 1.4000 and any other Applicable Laws or rules or decisions promulgated with respect thereto.

6.20 Trash. No trash may be kept or permitted upon the Property or on any public street abutting or visible from the Property except in containers located in appropriate areas screened from view. Such containers may be exposed to the view of neighboring Residential Lots only when set out at a designated location for a reasonable period of time (not to exceed twelve (12) hours before and after scheduled trash collection hours).

6.21 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, by accepting a deed to a Residential Lot, acknowledges that any construction or installation by Declarant, or by other Owners may impair the view of such Owner, and each Owner hereby consents 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.

6.22 Water and Sewer Systems. No individual water supply system, water softener system or sewage disposal system shall be permitted on Residential Lot unless the system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water district and any applicable Governmental Agencies.

6.23 Unightly Articles. No unsightly articles, including woodpiles, garbage cans, storage boxes, tools and equipment shall be permitted to remain on any portion of a Residential Lot which is visible from any street or from any other Residential Lot within the Property, unless such items are obscured from view by a fence or other appropriate screen. All garbage cans put out for collection shall be exposed to the view of neighboring Residential Lots for only a reasonable period of time. Clotheslines shall be permitted, provided that such clotheslines are located within the back yard area of the Residential Lot.

6.24 Hazardous Materials. Any Hazardous Materials within the Property shall be disposed of in compliance with Applicable Laws. Owners are encouraged to consult with the Governmental Agencies and the refuse hauler in the area of the Property concerning the proper disposal of any Hazardous Material. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, anti-freeze, solvents, paints, paint thinners, wood preservatives and other such fluids shall not be discharged into any public street or any storm drain or storm-water conveyance system within the Property. Use and disposal of pesticides, fungicides, herbicides, insecticides, fertilizers and other such chemical treatments shall meet Federal, State, and County requirements as prescribed in their respective containers. Owners shall indemnify, defend and hold harmless any other Owner, including Declarant, and any other Owner's tenants and invitees,

from all damages, losses, causes of action, liabilities, costs and expenses, including remedial costs and attorneys' fees incurred or sustained in connection with any damage, or damage resulting from Hazardous Materials kept, maintained or released on the Property.

6.25 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.

6.26 Drainage. There shall be no interference with the established drainage pattern over the Property. For the purpose hereof, "established drainage" refers to the drainage that exists at the time of conveyance of the Residential Lot to an Owner by Declarant, or that is shown on any plans approved by the County. Each Owner shall maintain the drainage situated within any Residential Lot free of debris and any other material that may impede the flow of water. Roof drains may not drain directly into hard pipe systems; any such roof drains must drain into grass areas before entering into any storm drain system. If such Owner fails to maintain such drainage and, as a result, imminent danger to person or property may result, then the County shall have the right of access onto the Residential Lot for the purpose of clearing debris and other material so as to not impede the flow of water. This right of access shall be exercised only for the purpose of preventing damage to persons and property and the entering party shall use reasonable care so as to not cause any damage to the Residential Lot. The Owner shall reimburse the County for any costs and expenses incurred in clearing such debris. In addition to the foregoing, Owners shall maintain drainage, at all times, to prevent water from seeping under the structure. Owners shall "greatly" restrict surface water near structures and slabs-on-grade. Measures to restrict surface water may include, without limitation, the following: (a) selecting landscaping that requires little or no watering, especially within three (3) feet of structures, slabs-on-grade, or pavements, (b) using low precipitation sprinkler heads, (c) regulating the amount of water distributed to lawn or planter areas by installing timers on the sprinkler system, (d) providing surface grades to drain rainfall or landscape watering to appropriate collection systems and away from structures, slabs-on-grade, or pavements, (e) preventing water from draining toward or ponding near building foundations, slabs-on-grade, or pavements, and (f) avoiding open planting areas within three (3) feet of the building perimeter. Any Owner who violates the restrictions relating to drainage shall indemnify, protect, defend and hold each other Owner and Declarant harmless from any claims.

6.27 Compliance With Requirements Regarding Storm Water Pollution. **References in this Section 6.27 shall only apply to the Association upon and after the Association Activation Date.** 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.

6.27.1 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. All storm water facilities located within the Association Property and required to be maintained by the Association shall be inspected, and if required, cleaned no later than October 15th of each year. The costs of the Association's portion of such maintenance, if any, shall be treated as a Common Expense.

6.27.2 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 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.

6.28 Dig Alert. Each Owner acknowledges that a voluntary organization called "Dig Alert" provides information regarding the presence of utility lines and offers other precautionary advice prior to digging or excavating any real property to Owners and other residents in the County. Additional information is available at <http://www.digalert.org/home.html> or by calling 811. Each Owner shall cooperate with the guideline established by "Dig Alert" for so long as such program remains in effect.

6.29 No Easements for View Purposes; Disclaimer. Neither Declarant, nor any of Declarant's employees or agents, have made any representations whatsoever concerning the view, if any, that a particular Residential Lot or other Improvement thereon will enjoy. There are no express or implied easements whatsoever appurtenant to any Residential Lot for view purposes, or for the passage of light and air across any other Residential Lot or any real property not within the Property, regardless of whether such Residential Lot is owned by Declarant. Each Owner, by accepting a deed to a Residential Lot, hereby expressly acknowledges and agrees

that walls and fences constructed by Declarant, and further construction, development and growth of landscaping, both within the Property and in the immediate vicinity of the Property may impair the view from such Owner's Residential Lot, and each Owner hereby expressly consents to any such impairment.

6.30 County Maintenance Areas. Each Owner shall be prohibited from: (a) placing, maintaining, constructing or planting any Improvements within on any County 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 County Maintenance Area in any way. Each Owner shall have the right to access any County 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, provided such access is not restricted by the County. In no event shall any Owner do anything that would impede access by the County to the County Maintenance Areas. In no event shall any Owner install any Improvement on landscaping within any County Maintenance Areas.

6.31 Landscaping Restriction. Owners shall not install water intensive landscaping. Low water use landscaping shall be installed within the Community in accordance with the requirements of Ordinance 859 (as adopted and any amendments thereto) and the County of Riverside Guide to California Friendly Landscaping.

6.32 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; (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.

ARTICLE 7 MAINTENANCE RESPONSIBILITIES OF THE OWNERS

7.1 Maintenance of Residential Lots. Each Owner shall maintain such Owner's Residential Lot (other than landscaping within any County Maintenance Area), including, any portions of the Residential Lot located outside of any fence or wall, and all landscape and irrigation improvements in the yards within the Residence, in a neat, clean, safe, sanitary and attractive condition at all times, at such Owners sole cost and expense. All slopes located within a Residential Lot shall be kept and maintained so as to prevent erosion and ensure the proper drainage of each Residential Lot in accordance with grading plans originally approved by the County, unless such slopes are designated for maintenance by the County. Each Owner shall comply with all requirements of the County with respect to street tree and parkway maintenance.

7.2 Performance of the Maintenance Obligations By Owner. Each Owner will perform and comply with the Maintenance Obligations and each Owner is further obligated to provide a copy of the Homeowners Maintenance Guide and other materials describing the Maintenance Obligations to any successors in interest and/or subsequent purchasers of such Owner's Residential Lot.

7.3 Installation and Maintenance of Landscaping. Each Owner shall be responsible for the maintenance and upkeep of landscaping and irrigation within all portions of such Owner's yard. Yards shall be maintained free of all weeds, rubbish, trash and debris at all times. Plans and specifications, including the nature, type and kind of all proposed landscape and irrigation Improvements, and the dimensions thereof, must be submitted for approval, in accordance with Article 9 of this Declaration. Landscaping plans shall include native and drought tolerant plants where appropriate. Unless Declarant installs landscaping on a particular Residential Lot, all portions of a Residential Lot which are improved with a Residence, except for Residential Lots owned by Declarant, shall be landscaped by the Owner thereof on or before a date which is six (6) months from the original conveyance of such Residential Lot by Declarant to an Owner under authority of a public report issued by the California Department of Real Estate, subject to the provisions set forth in this Declaration regarding architectural and landscaping approval.

7.4 Walls and Fences. Each Owner whose Residential Lot, or portion thereof, is improved with a block wall or fence, or a combination thereof, which borders the perimeter of the Property, as required in the conditions of approval for the Property, shall be responsible for maintaining the interior of the wall (unless maintained by the Valley-Wide Recreation and Park District as described on Exhibit "B"). In the event the County does not perform graffiti removal, the Owner of the Residential Lot on which such fence or wall is located shall be responsible for repairing and replacing that portion of the block wall or fence in good condition at all times. If replacement of the wall is required, the Owner(s) shall replace the wall with a substantially similar wall.

7.4.1 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 9. 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.

7.4.2 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.

7.4.3 Fencing or Walls Between Residential Lots and Association Property. If any interior fence or wall separates a Residential Lot from Association Property, the Owner shall maintain the surface of the fence or wall facing the Owner's Residential Lot and the Association shall maintain the surface of the fence and wall facing the Association Property. The Association shall repair and replace the fence or wall.

7.4.4 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.

7.5 Drainage. Unless otherwise set forth in this Declaration, all drainage devices, including, without limitation, drainage swales and area drains, located on each Owner's Residential Lot shall be maintained by said Owner free and cleared of any weeds, rubbish, mud, silt or other debris. In the event said Owner does not comply with this maintenance responsibility and the drainage devices impact the adjoining Residential Lots, the Owner(s) of said Residential Lot(s) is/are hereby granted, upon reasonable advance notice to the Owner of the Residential Lot on which the drainage device is located, a nonexclusive easement appurtenant across the adjacent Residential Lot as necessary to maintain, clear and repair the drainage devices to ensure proper drainage. The reasonable costs incurred in connection with such maintenance, clearing and repair shall be the responsibility of the Owner on whose Residential Lot the drainage device is located.

7.6 Graffiti Removal. Owners should promptly remove graffiti from any areas required to be maintained by such Owner pursuant to this Declaration.

7.7 Storm Drain Facilities. Each Owner shall maintain any storm drain facilities on such Owner's Residential Lot and shall replace such filters as required in conformance with all Applicable Laws, including, without limitation, the requirements and obligations set forth in Section 6.26. Any privately owned catch basins located within an Owner's Residential Lot shall be maintained by such Owner and such Owner shall be responsible for inspecting the catch basin and, if required, cleaning the catch basin no later than October 15 of each year.

7.8 Compliance with Maintenance Guide. Each Owner is required to comply with all of the Maintenance Obligations and any other requirements set forth in any Owner Maintenance Guide provided by Declarant and each Owner is further obligated to provide a copy of such Owner Maintenance Guide to any successor purchaser of such Owner's Residential Lot.

ARTICLE 8 MAINTENANCE RESPONSIBILITIES OF THE ASSOCIATION UPON THE ASSOCIATION ACTIVATION DATE

8.1 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 Association Property and Association 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. The Association shall maintain all landscaped areas within the Association Property and Association Maintenance Areas in a healthy and thriving condition (including fertilizing and irrigating as necessary), free from weeds, trash and debris and shall replace injured and diseased trees and other vegetation within the Association maintained areas and plant trees, shrubs and ground cover as the Association deems necessary to comply with the Maintenance Obligations and County requirements. In addition, the Association shall maintain any areas designated on Exhibit "B" to be maintained by Valley-Wide Recreation and Park District.

8.2 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 Guide. The Association's obligations to perform such maintenance shall commence on the date Regular Assessments commence on Residential Lots. Until commencement of Regular Assessments against Residential Lots, the Association Property, Association Maintenance Areas, and other areas to be maintained by the Association 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.

8.3 Maintenance of Fences and Walls. Except as otherwise provided in this Declaration, fences and walls in the Community shall be maintained in a good condition of maintenance and repair, and replaced if necessary with a substantially similar fence or wall. The Association shall be responsible for maintenance, repair and replacement of 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. In addition, the Association shall maintain any areas designated on Exhibit "B" to be maintained by Valley-Wide Recreation and Park District.

8.4 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.

8.5 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.

8.6 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 Guide and this Declaration.

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

8.8 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 9 ARCHITECTURAL APPROVAL

9.1 Architectural Approval. Until the date which is twelve (12) months after the conveyance of the last Residential Lot in the Property to an Owner from Declarant under authority of a California Department of Real Estate issued Public Report, no Outdoor Improvements shall be installed upon a Residential Lot until the plans and specifications therefore showing the nature, design, kind, shape, height, width, color, materials, and location have been submitted to and approved by Declarant in accordance with the procedures set forth in Sections 9.2 and 9.3 ("Plans"). To the fullest extent permitted by Applicable Laws, Declarant shall not be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any act, omission of negligence in connection with the approval, conditional approval or disapproval of Plans. Declarant may, in its discretion and at any time, waive its approval rights granted under this Article 9, subject to such terms and conditions as Declarant may impose.

9.2 Submittal of Plans. The initial address, until otherwise changed, for submission of Plans is:

Architectural Review – Hudson at Canterwood
c/o KB HOME
36310 Inland Valley Drive
Wildomar, CA 92595
Attn: Hudson at Canterwood Project Manager

Any Owner desiring to install any Outdoor Improvement requiring approval shall submit Plans either: (a) by nationally recognized overnight courier with receipt for delivery, or (b) by United States certified or registered mail, postage prepaid, return receipt requested. All Plans for Outdoor Improvements requiring a County permit shall have been prepared by an architect, engineer or designer licensed or certified by the State of California, or by such other person, including an Owner, as may be approved in writing, by Declarant.

9.3 Architectural Approval - Review of Plans. Declarant shall have the right, but not the obligation, to promulgate reasonable guidelines ("Design Guidelines") against which to examine any request made pursuant to this Article 9 in order to ensure that the Plans are in conformance and harmonious with the exterior design and existing materials of the buildings in the Property. No Outdoor Improvement shall be commenced by an Owner until the Plans have either been (i) approved in writing by Declarant, or (ii) deemed approved by Declarant pursuant to the procedures set forth below.

Until receipt by Declarant of any information as may be required herein, Declarant may postpone review of any Plans submitted for approval. Any application submitted pursuant to the provisions of Section 9.2 above shall be deemed approved, unless written disapproval or a request for additional information or materials by Declarant shall have been transmitted to the applicant within forty-five (45) days after the receipt by Declarant of all required materials.

9.4 Submittal to County - Right of Declarant to Review Changes. Upon obtaining the written approval of Declarant, the Owner shall thereafter submit Plans to the appropriate Governmental Agency, if the proposed Outdoor Improvements require the issuance of a building permit or other approval. If the approvals of the Governmental Agency are not obtained or the Outdoor Improvements are not installed within six (6) months from the date of approval by Declarant, Declarant shall have the right, but not the obligation, to review all previously-approved Plans. In addition, if the Governmental Agency requires modifications to the Plans previously approved by Declarant, the Owner shall submit to Declarant all such modifications and Declarant shall have the right, but not the obligation, to review and to impose further conditions on the modified Plans.

9.5 Approval of Governmental Agency. Approval of any Outdoor Improvement by Declarant shall not be construed to warrant or represent in any way that the Outdoor Improvement meets Governmental Requirements. Similarly, approval of any Outdoor Improvement by the Governmental Agency shall not be construed to constitute approval of such Outdoor Improvement by Declarant.

9.6 Conflicts Between Governmental Requirements and Declarant's Requirements. In the event of any conflict in the Governmental Requirements and Declarant's requirements for the proposed Outdoor Improvements, the more restrictive requirements shall be controlling. Nothing herein shall limit Declarant from imposing requirements which are more restrictive than requirements imposed by any Governmental Requirements.

9.7 Construction of Improvements. Any work approved pursuant to this Article shall be performed in accordance with the provisions set forth below.

9.7.1 Performance of Work. Except in the case of an emergency, all work shall be performed during reasonable daylight hours. All persons performing such work shall use their best efforts to minimize the duration of the work and the inconvenience to other Owners. All

work shall be performed in a neat and orderly manner, and all reasonable safety precautions shall be taken during the performance of such work.

9.7.2 Indemnification. The Owner of any Residential Lot upon which any work for any Improvement is being performed shall save, indemnify and hold harmless Declarant and every other Owner from and against any and all liability arising out of or otherwise resulting from any negligent or intentional act or omission relating to the performance of such work.

9.8 Approval Not Waiver; Enforcement. The approval or disapproval by Declarant of any Plans for Outdoor Improvements shall not be deemed to constitute a waiver by Declarant of its right to object to, or approve of, the same features or elements embodied in Plans submitted for approval for use on any other Residential Lot.

9.9 Non-Liability for Approval. If Declarant approves any Plans, such approval only constitutes approval of the architectural design and does not constitute approval of: (a) engineering design, (b) compliance with Applicable Laws, (c) compliance with regulations of any public utility, or (d) any easements or other agreements affecting the applicable Residential Lot. By approving such Plans, Declarant assumes no liability or responsibility therefor, or for any defect in any Outdoor Improvement, or for any obstruction or impairment of view caused or created as a result of any Outdoor Improvements. Each Owner, by acceptance of a deed to a Residential Lot, agrees (i) that Declarant shall not be responsible for any damages or injuries that may result from the installation or maintenance of Outdoor Improvements by such Owner; and (ii) to indemnify and hold Declarant harmless from and against any and all liabilities, claims, damages, costs, losses, proceedings, and causes of action, including, without limitation, attorney's fees, arising from such Owner's construction, installation, demolition, repair or use of Outdoor Improvements.

9.10 Prohibited Actions. Owners shall not modify or otherwise alter any wall or fence originally constructed by Declarant. Notwithstanding the foregoing, if any wall or fence originally installed by Declarant is damaged or destroyed, the Owner of the Residential Lot or Residential Lots upon which the damaged or destroyed fence or wall is located, shall reconstruct said wall or fence to the same style and appearance as when originally constructed by Declarant, at such Owner's sole cost and expense.

9.11 Owner Acknowledgement. Each Owner understands and, by acceptance of a deed to a Residential Lot, acknowledges that this Declaration does not provide for the formation or maintenance of an architectural review committee of homeowners in the Property. The formation of such a committee would require an amendment to this Declaration. Each Owner further understands and, by acceptance of a deed to a Residential Lot, acknowledges that until the Association Activation Date, the Property is not considered to be a common interest development, as more particularly defined in California Civil Code Sections 4000 et seq. Consequently, if an amendment to this Declaration is made for the establishment of an architectural review committee by the Owners, any Owner who serves as a member of such architectural review committee is not protected under any liability insurance or directors' and officers' insurance coverage that might customarily be purchased by a homeowners association in a common interest development, nor are such committee members indemnified from and against any loss, cost, liability and expense that may be imposed upon such members in connection with any claim, action, suit or proceedings, or threat thereof, made or instituted, in which such members may be made a party by reason of an action alleged to have been taken or omitted as a member of such architectural review committee.

ARTICLE 10 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.

10.1 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.

10.1.1 Access. Declarant, and its respective agents, contractors and subcontractors shall have the right to obtain reasonable access over and across the Community 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 respective contractors and subcontractors shall have such rights of access over and across the Community for purposes of satisfying any obligation of Declarant that Declarant has secured by a bond in favor of any Governmental Agency.

10.1.2 Construct Improvements. Declarant and its respective contractors and subcontractors shall have the right to erect, construct and maintain on the Property 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.

10.1.3 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.

10.2 Size and Appearance of Community. Declarant shall not be prevented from increasing or decreasing the number of Residential Lots that may be within the Community or from changing the exterior appearance of 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.

10.3 Marketing Rights. Declarant shall have the right to:

10.3.1 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;

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

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

10.3.4 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;

10.3.5 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;

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

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

10.3.8 make reasonable use of the Community for the sale of any Residential Lots; and

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

10.3.10 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.

10.4 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.

10.5 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.

10.6 Declarant Representative. If the Association Activation Date occurs when Declarant still owns a Residential Lot or Association Property within the Community, then until Declarant no longer owns any Residential Lot, 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"). 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.

10.7 Declarant Exemptions. None of the covenants, restrictions and limitations set forth in Article 6, Article 9 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 9.

10.8 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 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 and upon and after the Association Activation Date, Supplementary Declarations may be recorded by the Association for any of the purposes for which Supplementary Declarations may be recorded.

ARTICLE 11 INSURANCE UPON THE ASSOCIATION ACTIVATION DATE

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

11.1 Association's Insurance Obligations.

11.1.1 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 10 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 at all times meet or exceed the minimum requirements of California Civil Code Section 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.

11.1.2 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 Section 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.

11.1.3 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.

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

11.1.5 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.

11.1.6 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.

11.1.7 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.

11.1.8 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.

11.2 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.

11.3 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 11.1 of this Declaration without respect to depreciation.

11.4 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 12 DESTRUCTION OF IMPROVEMENTS AND CONDEMNATION UPON THE ASSOCIATION ACTIVATION DATE

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.

12.1 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 12.

12.2 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).

12.3 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.

12.4 Insurance Trustee. All property insurance proceeds payable to the Association under the policy described in Section 11.1.2, subject to the rights of Mortgagees under Article 13, 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.

12.5 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.

12.6 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).

12.7 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 after the Association Activation Date as provided herein.

12.8 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 13 RIGHTS OF MORTGAGEES UPON THE ASSOCIATION ACTIVATION DATE

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

13.1 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.

13.2 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.

13.3 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.

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

13.4.1 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;

13.4.2 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;

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

13.4.4 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;

13.4.5 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

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

13.5 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.

13.6 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.

13.7 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.

13.8 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:

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

13.8.2 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);

13.8.3 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;

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

13.8.5 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

13.8.6 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.

13.9 Self-Management. The vote or approval by written ballot Lot 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.

13.10 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.

13.11 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.

13.12 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.

13.13 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.

13.14 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.

13.15 Loan to Facilitate. Any Mortgage given to secure a loan to facilitate the resale of a Residential Lot under 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.

13.16 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.

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

13.18 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.

13.19 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 14 AMENDMENTS, SUPPLEMENTARY DECLARATIONS, ANNEXATION AND DEANNEXATION OF PROPERTY

14.1 Amendments Prior to Association Activation Date. Prior to the conveyance of a Residential Lot to a member of the public, Declarant shall be entitled to amend, modify, remove and/or restate this Declaration by an instrument executed by Declarant and recorded in the Official Records. Subsequent to the conveyance of a Residential Lot to a member of the public, this Declaration may be amended only by the written assent of the Owners of at least sixty-seven percent (67%) of the Residential Lots. This Section shall not be amended to allow amendments by less than a majority of the Owners. So long as Declarant is the Owner of one (1) or more Residential Lots in the Property, no amendment, restatement or revocation of any provision of this Declaration shall be effective without the prior approval of Declarant, which approval shall be evidenced by Declarant's written consent to the recordation of such an amendment, restatement or revocation. An amendment made in accordance with the provisions of this Section shall be effective when it is set forth in writing, executed before a notary public by the requisite number of Owners and recorded in the Official Records. Upon such recordation, the amendment shall be binding upon all Owners and all mortgagees, regardless of whether such Owner or such mortgagee consented to such amendment.

14.2 Amendment Upon the Association Activation Date. Amendments 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.

14.2.2 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 Lot 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 Lot 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 Lot in accordance with the procedures set forth in California Civil Code Section 5100 and the rules adopted by the Board after the Association Activation Date 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 Lot 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.

14.3 Approval of Material Amendments. In addition to the requirements of Section 14.2, 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 Section any amendments to provisions of this Declaration governing any of the following subjects:

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

(b) Assessments, collection of assessments, assessment liens and subordination thereof;

(c) The reserves for repair and replacement of the Association Property and Association Maintenance Areas;

(d) Maintenance Obligations;

(e) Casualty and liability insurance or fidelity bond requirements;

(f) Reconstruction in the event of damage or destruction;

(g) Rights to use the Association Property;

(h) Reallocation or conveyance of any interests in the Association Property;

(i) Voting;

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

(k) Expansion or contraction of the Community or the addition, annexation or withdrawal of property to or from the Community, other than the deletion of the Property;

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

(m) 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.

14.3.2 Additional Approvals.

(a) **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.

(b) **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 1.45, 7.2, 15.5 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.

(c) **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.

14.3.3 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.

14.3.5 Conflict With Article 13 or Other Provisions of this Declaration. To the extent any provisions of this Article conflict with the provisions of Article 13 or any other provision of this Declaration, except those contained in this Section 14.3.5, the provisions of Article 13 shall control.

14.3.7 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.

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

14.4 Supplementary Declarations. A Supplementary Declaration may be recorded by Declarant for any of the purposes described in Section 1.64, without the consent of the Owners and by the Association as described in Section 10.8.

14.5 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.

14.6 Annexation of Annexable Property. Upon activation of the Association, if all or any portion of the Annexable Property, is (a) conveyed in fee title to the Association, or (b) the Association is granted easements for maintenance of all or any portion of the Annexable Property, such Annexable Property shall automatically be annexed to the Community and made subject to this Declaration.

14.7 De-Annexation. Declarant may delete all or any portion of the Property from the coverage of this Declaration or 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; (b) obtains the consent of the County for any real property to be de-annexed from this Declaration, and (c) 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

The provisions of this Article 15 relating to the Association and Member shall only apply upon and after the Association Activation Date.

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 (after the Association Activation Date), 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 (after the Association Activation Date) 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 5.14.

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 5.24.

15.5 Disputes Involving Declarant. The procedures set forth in this Section 15.5 shall be used to resolve Disputes or Claims 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 Master 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 Residential Lot, Association Property or Association Maintenance Areas, the agreement between Declarant and Owner to purchase the Residential Lot 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 recorded a Master Dispute Resolution Declaration which sets forth the procedures that shall be used to resolve Disputes with Declarant for any Claims asserted by an Owner and/or the Association. The Master 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 Master 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 Master Dispute Resolution Declaration which require the Dispute to be mediated or arbitrated. Each Owner and the Association acknowledge and agree that the terms and provisions set forth in the Master Dispute Resolution Declaration are covenants running with the land which are binding upon the Owners and the Association and successor Owners.

15.5.3 AGREEMENT TO ARBITRATE. THE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE MASTER DISPUTE RESOLUTION DECLARATION, INCLUDE AN ARBITRATION PROVISION. DECLARANT, EACH OWNER AND THE ASSOCIATION AGREE TO HAVE ANY DISPUTE DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT, DECLARANT, EACH OWNER AND THE ASSOCIATION ARE GIVING UP ANY RIGHTS DECLARANT, EACH OWNER AND THE ASSOCIATION MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. DECLARANT, EACH OWNER AND THE ASSOCIATION ARE GIVING UP JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE PROCEDURES SET FORTH IN THE MASTER DISPUTE RESOLUTION DECLARATION. IF DECLARANT, ANY OWNER OR THE ASSOCIATION REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, DECLARANT, SUCH OWNER OR THE ASSOCIATION MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. DECLARANT'S, EACH OWNER'S AND THE ASSOCIATION'S AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

15.5.4 CLASS ACTIONS WAIVER. PURSUANT TO THE MASTER DISPUTE RESOLUTION DECLARATION, THE ASSOCIATION, OWNERS AND DECLARANT HAVE AGREED TO ARBITRATE DISPUTES UNDER THE FEDERAL ARBITRATION ACT DUE TO THE MUTUAL ADVANTAGES OF ARBITRATION OVER BRINGING AN ACTION IN COURT TO RESOLVE A DISPUTE. IT IS ACKNOWLEDGED THAT CLASS ACTION CLAIMS ARE INCONSISTENT WITH ARBITRATION UNDER THE FEDERAL ARBITRATION ACT. ARBITRATION OF A CLASS ACTION DESTROYS THE ADVANTAGES OF THE ARBITRATION PROCESS SUCH AS SPEED, EFFICIENCY, AND LOWER COSTS DUE TO THE COMPLEXITIES INVOLVED IN A CLASS ACTION. FOR THESE REASONS, THE ASSOCIATION, OWNERS AND DECLARANT MUTUALLY AGREE TO WAIVE THE RIGHT TO BRING A CLASS ACTION CLAIM IN THE ARBITRATION, INCLUDING WITHOUT LIMITATION, CLAIMS BROUGHT AS A CLASS REPRESENTATIVE, CLASS MEMBER, REPRESENTATIVE ON BEHALF OF OTHERS OR PRIVATE ATTORNEY GENERAL ON BEHALF OF THE GENERAL PUBLIC. IF IT IS JUDICIALLY DETERMINED BY A COURT THAT THIS CLASS ACTION WAIVER IS UNENFORCEABLE, THEN THE CLASS ACTION

CLAIM SHALL BE LITIGATED IN A COURT OF COMPETENT JURISDICTION IN LIEU OF ARBITRATION GIVEN THAT ARBITRATION IS NOT WELL SUITED FOR CLASS ACTION CLAIMS.

15.5.5 Relinquishment of Control. Notwithstanding any other provision in the Declaration, any Supplementary Declaration or the Master 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.

15.5.6 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.

15.5.7 Notification to Prospective Buyers. In the event that the Association commences a Claim pursuant to the Master 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.

15.5.8 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.

15.5.9 Conflict. In the event of any conflict between the provisions of this Section 15.5 and the Master Dispute Resolution Declaration, the terms of the Master Dispute Resolution Declaration shall control.

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.

ARTICLE 16 COUNTY REQUIRED PROVISIONS

16.1 County Required Provisions. Pursuant to the Community Entitlements, the following provisions are included verbatim:

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

The Property Owners' Association (POA) established herein shall, if dormant, be activated, by incorporation or otherwise, at the request of the County, and the POA shall unconditionally accept from the County, upon the County's demand, title to all or any part of the 'common area', more particularly described on Exhibit 'B', attached hereto. The decision to activate the POA & require the association unconditionally accept title to the 'common area' shall be at the sole discretion of the County. In the event that the 'common area', or any part thereof, is conveyed to the POA, the association shall own such 'common area', shall manage & 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 or the County's successor-in-

interest. The POA 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 Director 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 & the Articles of Incorporation, the Bylaws, or the POA's Rules and Regulations, if any, this Declaration shall control."

ARTICLE 17 GENERAL PROVISIONS

17.1 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.

17.2 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.

17.3 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.

17.4 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, or upon and after the Association Activation Date, by any Member of the Board, manager, or the Association.

17.5 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.

17.6 Access to Books. The provisions of this Section 17.6 shall only apply upon and after the Association Activation Date. 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.

17.7 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.

17.8 Mergers or Consolidations. The provisions of this Section 17.8 shall only apply upon and after the Association Activation Date. 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.

17.9 Notification of Sale of Residential Lot. The provisions of this Section 17.9 shall only apply upon and after the Association Activation Date. 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.

17.10 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 Master Dispute Resolution.

17.11 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.

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

17.13 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.

17.14 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.

17.15 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.

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

DECLARANT:

KB HOME Cal Management Services LLC, a Delaware limited liability company

By: _____
Name: Scott Hansen
Title: VP, Forward Planning

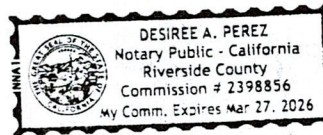
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

On 4-17-25, before me, Desiree Perez, a Notary Public, personally appeared Scott Hansen, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]

LIST OF EXHIBITS

EXHIBIT "A" Description of Property
EXHIBIT "B" County Maintenance Areas
EXHIBIT "C" Annexable Property
EXHIBIT "D" Pro-Forma Articles of Incorporation
EXHIBIT "E" Pro-Forma Bylaws

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Lots 1 through 53, inclusive, of Tract No. 38332, in the unincorporated area of the County of Riverside, State of California, filed in Book ____, at Pages __ through ____, inclusive, of Maps, in the Office of the County Recorder of said County.

EXHIBIT "B"

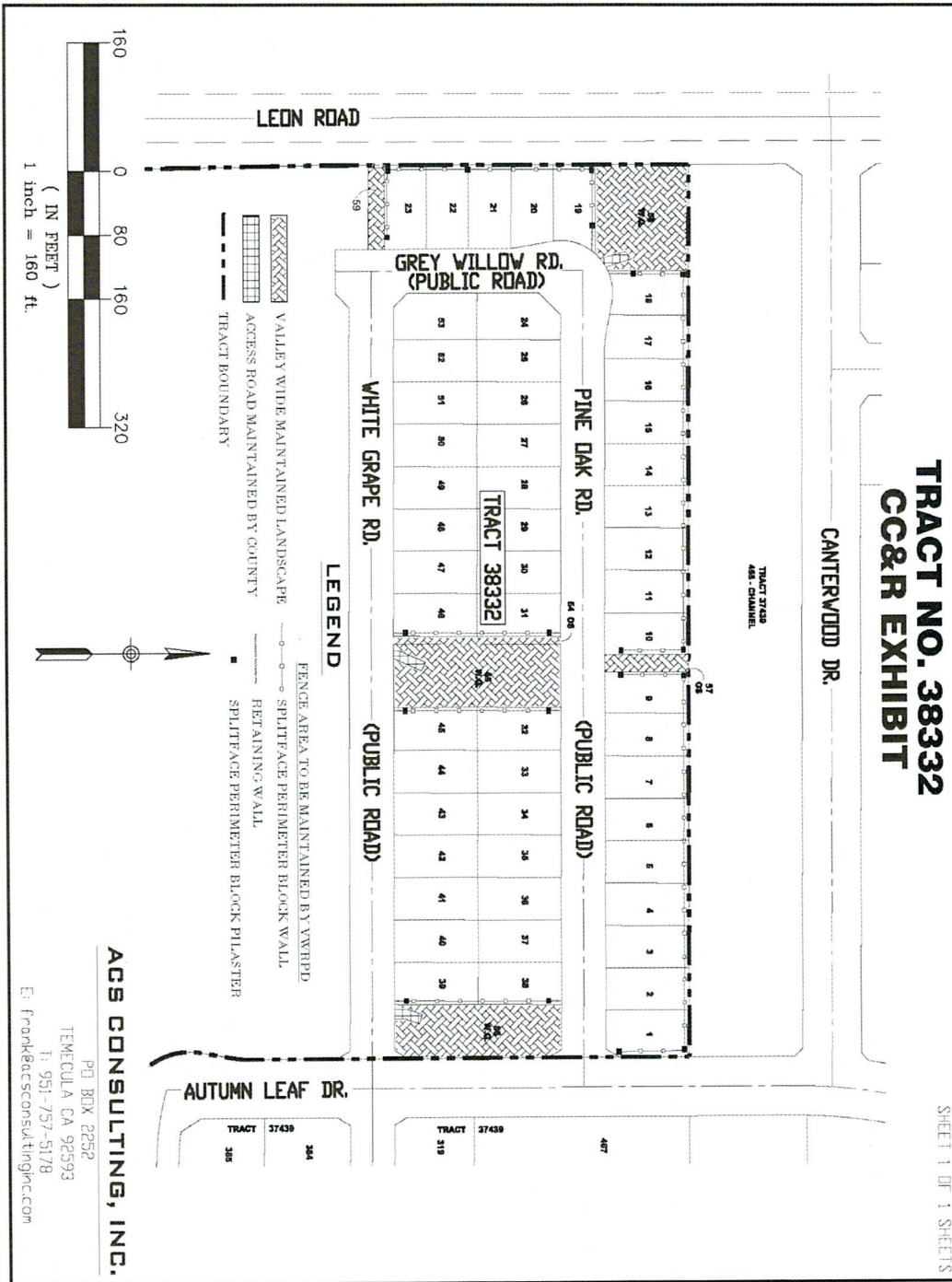
COUNTY MAINTENANCE AREAS

[Attached hereto.]

All items, and location of items, shown on illustration are shown for informational purposes only and should not be relied upon for content, precise design or dimension. The actual conditions will control.

TRACT NO. 38332 CC&R EXHIBIT

SHEET 1 OF 1 SHEETS



ACS CONSULTING, INC.

PO BOX 2252
TEMECULA CA 92593
T: 951-757-5178
E: frank@acsconsultinginc.com

EXHIBIT "C"

ANNEXABLE PROPERTY

All real property located within Tract No. 38332, in the unincorporated area of the County of Riverside, State of California, filed in Book ____, at Pages __ through ____, inclusive, of Maps, in the Office of the County Recorder of said County.

EXHIBIT "D"
PRO-FORMA ARTICLES OF INCORPORATION
[ATTACHED HERETO]

**ARTICLES OF INCORPORATION
OF
HUDSON AT CANTERWOOD COMMUNITY ASSOCIATION**

I

The name of this corporation is Hudson at Canterwood Community Association (hereinafter referred to as the "Association").

II

A. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

B. This corporation does not contemplate pecuniary gain or profit to the members thereof. This corporation is an association formed to manage a common interest development, under the Davis-Stirling Common Interest Development Act (California Civil Code Section 4000, et seq.), and the specific primary purposes for which it is formed are to provide for management, administration, maintenance, preservation and architectural control of the Residential Lots and association property within that certain tract of property situated in the unincorporated area of the County of Riverside, California, commonly known as "Hudson at Canterwood" ("Community"). Subject to the provisions of the recorded or to be recorded Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Hudson at Canterwood applicable to the development (hereinafter referred to as the "Declaration"), and the Bylaws of the Association ("Bylaws") the general purposes and powers of the Association are:

- (1) to promote the welfare of the residents within the development;
- (2) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising from the Declaration;
- (3) to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes and governmental charges levied or imposed against the property of the Association;
- (4) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
- (5) to borrow money, and to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (6) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Mutual Benefit Corporation Law of the State of California by law may now or hereafter have or exercise; and

(7) to act in the capacity of principal, agent, joint venturer, or partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall in no way be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

III

The initial business and mailing address of the Association is: 36310 Inland Valley Drive, Wildomar, CA 92595. The nearest front and side streets of the Community are Los Alamos Road and Briggs Road. The postal ZIP Code of the Community is 92563-0000.

IV

This Association is intended to qualify and operate exclusively as a homeowners association within the meaning of California Revenue and Taxation Code Section 23701t and Internal Revenue Code Section 528. No part of the net earnings of this organization shall inure to the benefit of any private individual, except as expressly provided in those code sections with respect to the acquisition, construction, or provision for management, maintenance, and care of the association property, and other than by a rebate of excess membership dues, fees, or assessments. In the event of the dissolution, liquidation, or winding up of the Association, upon or after termination of the Community, in accordance with the Declaration, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Association, shall be divided among and distributed to the members in accordance with their respective rights therein.

V

These Articles may be amended only by the affirmative vote or written consent of a majority of the board of directors of this Association and the affirmative vote, in person or by proxy, or written consent of members representing a majority of the voting power of the Association members which shall include a majority of the votes of members other than the Declarant under the Declaration, or where the Class B membership is still in effect, as provided in the Declaration and the Bylaws, a majority of voting power of Class A membership and of Class B membership. The vote on a proposed amendment to these Articles shall be held by secret written ballot Lot in accordance with the procedures set forth in California Civil Code Section 5100, *et seq.* and the rules adopted by the board of directors of this Association pursuant thereto.

VI

The authorized number of members, qualifications of members, classes of membership, along with the voting and other rights and privileges of members shall be as set forth in the Bylaws.

VII

The name and address of the Association's initial agent for service of process are:
_____, CA _____.

VIII

The Association has no managing agent as of the date of filing of the Articles of Incorporation.

IN WITNESS WHEREOF, for the purposes of forming this corporation under the laws of the State of California, the undersigned has executed these Articles of Incorporation this ___ day of _____, 20__.

Sample Only
Sole Incorporator

EXHIBIT "E"
PRO-FORMA BYLAWS
[ATTACHED HERETO]

**BYLAWS
OF
HUDSON AT CANTERWOOD COMMUNITY ASSOCIATION**

BYLAWS
OF
HUDSON AT CANTERWOOD COMMUNITY ASSOCIATION

ARTICLE 1
NAME

1.1 Name. The name of the association is HUDSON AT CANTERWOOD COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation (hereinafter referred to as the "Association"). The Association is organized under the California Nonprofit Mutual Benefit Corporation Law.

ARTICLE 2
DEFINITIONS

2.1 Declaration. The "Declaration" shall mean, collectively, the Declaration of Covenants, Conditions and Restrictions of Hudson at Canterwood recorded in the Official Records of Riverside County, California, and all amendments or supplements (if any) recorded pursuant thereto, for the real property legally described in the Declaration.

2.2 Other Definitions. Each and every definition set forth in the Article of the Declaration entitled "Definitions" shall have the same meaning in these Bylaws and each and every such definition is incorporated by reference herein and made a part hereof.

ARTICLE 3
MEMBERS

3.1 Membership; Voting Rights. The qualification for membership, the classes of membership and the voting rights of Members shall be as set forth in the Article of the Declaration entitled "Membership and Voting Rights of the Association," all of which are hereby incorporated by reference herein. The provisions of these Bylaws, which are binding upon all Members, are not exclusive, as Members shall also be subject to the terms and provisions of the Articles, the Declaration and the Association Rules.

3.2 Membership Certificates. In its discretion, the Board may, but need not, issue appropriate membership certificates evidencing membership in the Association.

3.3 Place of Meeting. All meetings of Members shall be held at the principal office of the Association, or at such other place in the County of Riverside in reasonable proximity to the Community, as may be fixed from time to time by resolution of the Board.

3.4 Organizational Meeting. An organizational meeting shall be held as soon as practicable after incorporation of the Association, and the directors elected then shall hold office until the First Membership Election (as defined in Section 4.5). All offices of the Board shall be filled at the organizational meeting.

3.5 Regular Meetings of Members. The first annual meeting of Members of the Association shall be held no later than six (6) months after the closing of the sale of the first Residential Lot within the Community. Thereafter, regular meetings of Members of the Association

shall be held at least once in each calendar year at a time and place within the Community as prescribed in these Bylaws or as selected by the Board. Any Mortgagee, through its designated representative, shall be entitled to attend any such meeting but except as provided in the Section of the Declaration entitled "Voting Rights on Default," shall not be entitled to vote at the meeting.

3.6 Special Meetings. A special meeting of Members for any purpose may be called at any time by the President, at its discretion, as directed by resolution of a majority of a quorum of the Board, or upon a written request specifying the general nature of the business to be transacted being presented to the Secretary signed by Members representing at least five percent (5%) of the total Voting Power of the Members. Upon receipt of such written request, the Secretary shall promptly cause the notice to be given to the Members entitled to vote in the same manner as required by Section 3.7, which meeting shall be held not less than thirty-five (35) days nor more than ninety (90) days after adoption of such resolution or receipt of such request. The notice of any special meeting shall be given within twenty (20) days after adoption of such resolution or receipt of such written request. If notice is not given within twenty (20) days after receipt of the request, the Members requesting the meeting may give notice. No business shall be transacted at a special meeting other than business the general matter of which is disclosed in the notice. Each First Mortgagee may designate a representative to attend all special meetings of the Members. Notwithstanding the foregoing, notice of a special meeting to reverse an Operating Rule change must be delivered in accordance with and within the time frame specified in California Civil Code Section 4365. Any special meeting called for the purpose of reversing an Operating Rule shall be conducted in accordance with California Civil Code Section 4365.

3.7 Notice of Meetings. A written notice of all Members' meetings, regular or special, may be given by the Board to Members via newsletter, billing statement message, or posting in a prominent place within the Community, in accordance with Applicable Laws. Members and Eligible Holders may request individual delivery of notices by submitting a written request to the Association. The notice of a meeting shall set forth the place, date and time of the meeting, and the general nature of the business to be undertaken, including any matters the Board intends to present for action by the Members; provided, however, that except as otherwise provided by law or under these Bylaws, any proper matter may be presented at the meeting for action. The Members' meetings, regular or special, shall be held not less than ten (10) days nor more than ninety (90) days after notice of such meeting is given to the Members.

3.8 Record Date and Closing Membership Register. The Board may fix, in advance, a date as the record date for determining which Members are entitled to notice of a meeting of Members. Such "notice" record date shall be not more than ninety (90) nor less than ten (10) days before the date of the meeting. If no "notice" record date is fixed, the record date for notice is the close of business on the business day preceding the day on which notice is given. The Board may fix, in advance, a date as the record date for determining which Members are entitled to vote at a meeting of Members. Such "voting" record date shall be not more than sixty (60) nor less than ten (10) days before the date of the meeting. If no "voting" record date is fixed, Members who are otherwise eligible to vote are entitled to vote at the meeting. The Board may fix, in advance, a date as the record date for determining which Members are entitled to cast written ballot Lots. Such "written ballot Lot" record date shall be not more than sixty (60) nor less than ten (10) days before the date on which the first written ballot Lot is mailed or solicited. If no "written ballot Lot" record date is fixed, Members on the day the first written ballot Lot is mailed or solicited who are otherwise eligible to vote are entitled to cast written ballot Lots.

3.9 Quorum. Except where a higher quorum is required in the Declaration and/or Civil Code Sections 4230(d) and 5605(c) and Corporations Code Section 7512, the presence at any

meeting in person or by proxy of Members entitled to cast at least twenty-five percent (25%) of the total Voting Power of all Members of the Association who are entitled to vote on the business to be transacted shall constitute a quorum. No business other than to adjourn the meeting can be conducted at a meeting of the Members unless a quorum is present. If any meeting cannot be held because a quorum is not present, Members representing a majority of the votes present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be at least twenty-five percent (25%) of said total Voting Power. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to the Members in the manner prescribed for annual meetings. Any meeting of Members where a quorum is present may be adjourned for any reason to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time of such meeting by Members representing a majority of the votes present thereat, either in person or by proxy; provided however, that the only matters that may be voted upon at any meeting attended, in person or by proxy, by less than one-third (1/3) of the total Voting Power of the Members are matters for which notice of the general nature of such matters was provided to the Members in the notice of the meeting.

3.10 Voting.

3.10.1 Secret Written Ballot Lot. Voting of Members regarding each of the following matters shall be by secret ballot Lot in accordance with the requirements of California Civil Code Section 5100, *et seq.*: (i) an election regarding assessments; (ii) selection of Board members; (iii) amendments to the Governing Documents; and (iv) the grant of exclusive use easements over Association Property pursuant to California Civil Code Section 4600.

3.10.2 Cumulative Voting. To the extent (if any) permitted by California law, election to and removal from the Board shall be by cumulative voting as prescribed in California Corporations Code Section 7615(b), subject to all applicable requirements of California Corporations Code and California Civil Code. Each Member shall be entitled to vote, in person or by proxy, as many votes as such Member is entitled to exercise as provided in the Governing Documents multiplied by the number of directors to be elected or removed by the class of membership to which the Member belongs, and he may cast all of such votes for or against a single candidate or director, or such Member may distribute them among the number of candidates or directors to be elected or removed by that class of membership, or any two or more of them. The candidates receiving the highest number of votes up to the number of directors to be elected by the respective membership class shall be deemed elected. As to removal, unless the entire Board is removed by a vote of the Members, an individual director shall not be removed prior to the expiration of its term of office if the votes cast against removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the Board members were then being elected.

3.11 Proxies. At all meetings of Members each Member may be present in person or by a representative, known as a proxy, duly authorized by an instrument in writing, executed by such Member and filed with the Secretary of the Association prior to the meeting to which it is applicable. Proxies shall specify the person or persons authorized to exercise the proxy and the length of time the proxy will be valid. Any proxy or written ballot Lot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval or disapproval between each matter or group of matters to be acted upon, and where

the Member specifies a choice, the vote shall be cast in accordance with that choice. It is not mandatory that a candidate for election to the Board be specifically named in the proxy or written ballot Lot. All proxies shall be revocable at any time by written notice to the Secretary of the Association or by attendance in person by such Member at the meeting for which such proxy was given and all proxies shall automatically cease when the ownership interest or interests of the Member entitling such Member to membership in the Association ceases. In any event, no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by such Member's conservator, or in the case of a minor having no guardian, by the parent entitled to such minor's custody, or during the administration of any such Member's estate, by its executor or administrator where the latter's interest in such property is subject to administration in its estate.

3.12 Vote Appurtenant to Residential Lot. The right to vote may not be severed or separated from the ownership of the Residential Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above.

3.13 Parliamentary Procedure. The President of the Association or another person elected at a meeting shall preside over meetings of Members. All meetings of Members shall be conducted in accordance with a recognized system of parliamentary procedure or any parliamentary procedures the Association may adopt. Meetings of Association Members shall be conducted in accordance with the provisions of California Civil Code Section 5000.

3.14 Majority of Owners. Except as otherwise provided herein, in the Declaration, the Articles or California Corporations Code, the majority of the total Voting Power present and voting, in person or by proxy, at a duly held meeting at which a quorum is present, shall prevail. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the total Voting Power required to constitute a quorum.

3.15 Consent of Absentees. The transactions of any meeting of the Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote not present either in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

3.16 Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting for which notice was properly given shall be prima facie evidence that such notice was given.

3.17 Notice Requirements. Before the Board makes a decision temporarily suspending the membership rights and privileges and/or assessing monetary penalties against any Owner or other person entitled to exercise such rights or privileges for any violation of the Governing Documents or Board resolutions, the aggrieved Owner shall be provided with an opportunity to be heard by the Board, orally or in writing, in accordance with the procedures set forth in California Corporations Code Sections 7341 and California Civil Code Section 5855.

ARTICLE 4 DIRECTORS

4.1 Powers. The Board shall have all powers conferred upon the Association as set forth herein and in the Declaration and the Articles, excepting only those powers expressly reserved to the Members.

4.2 Duties. In addition to those duties of the Board required by law, it shall be the duty of the Board:

4.2.1 to select, appoint and remove all officers, agents and employees of the Association and prescribe such powers and duties to them as may be consistent with applicable law, the Articles, the Declaration and these Bylaws;

4.2.2 to supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; and

4.2.3 to perform all obligations of the Association as provided in the Declaration and these Bylaws.

4.3 Number. Prior to the First Membership Election (defined below), the Board shall consist of three (3) directors appointed by Declarant at the organizational meeting of the Association referred to in Section 3.4, which directors need not be Members of the Association. Concurrent with the First Membership Election, the Board shall be expanded to include five (5) directors, elected as provided in Section 4.5, which directors must be Members of the Association (other than directors appointed by Declarant which need not be Members). The Board may, upon majority vote, elect to decrease the number of directors to three (3) directors: (i) upon the conveyance of the last Residential Lot owned by Declarant to an Owner under the authority of a Public Report; or (ii) at any time prior to such conveyance if the prior written consent of the Declarant has been obtained.

4.4 Nomination. Nomination for election to the Board shall be made in accordance with reasonable procedures adopted by the Board from time to time. If the number of candidates on the ballot Lot is less than the number of openings on the Board, nominations may be made from the floor at the annual meeting. All candidates shall have a reasonable opportunity to communicate their qualifications to Members and to solicit votes.

4.5 Election and Term of Office. Directors shall be elected by the Members no later than six (6) months after close of escrow for sale of the first Residential Lot in the Community to an Owner other than Declarant ("First Membership Election"). Until the First Membership Election, the Board shall consist of those directors appointed by Declarant. Thereafter, election to the Board shall be by secret ballot Lot in accordance with the requirements of Section 3.10. The candidates receiving the highest number of votes shall be deemed elected. The term of office of the directors shall be as set forth below. At the First Membership Election, the Declarant shall designate a majority of the Board and the remaining directors shall be elected by the Class A Members (excluding Declarant) by secret ballot Lot in accordance with the requirements of Section 3.10. (The Class B Member(s) shall not be entitled to vote for directors at the First Membership Election.) The candidates receiving the highest number of Class A votes shall be deemed elected. The directors appointed by Declarant shall serve for a term of three (3) years and the director(s) elected by the Class A Members shall serve for a term of two (2) years. After the expiration of the initial terms, all directors' terms shall be two (2) years. Successor directors

shall be elected annually to replace those directors whose terms expire. Upon expiration of the initial three-year terms of the Declarant-designated directors, all directors shall be elected by the Members. All directors shall hold office until their respective successors are elected. Except as otherwise provided in the Declaration and the Bylaws, elections to the Board shall be in accordance with the provisions of California Corporations Code and California Civil Code.

4.5.1 Election of All Directors at Single Election. In the event there are circumstances whereby all five (5) directors are being elected at an annual election, the terms of such directors shall be as follows: (i) the two (2) candidates receiving the most votes shall be elected as directors for a term of two (2) years and (ii) the three (3) directors receiving the next highest number of votes shall be elected for a term of one (1) year. Thereafter, all terms of the directors shall be two (2) years.

4.6 Removal. At any regular or special meeting of the Members of which notice has been given properly as provided in these Bylaws, the entire Board or any individual director may be removed from office as hereinafter set forth, provided that the same notice of said meeting has also been given to said entire Board or any individual director whose removal is to be considered at said meeting. The entire Board or any individual director may be removed from office by a majority of the affirmative votes cast in the voting on any motion or resolution for removal. However, unless the entire Board is removed, an individual director shall not be removed prior to the expiration of such director's term of office if the number of votes cast against the motion or resolution for such director's removal would be sufficient to elect the director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the directors were then being elected; provided, however, if a special meeting is called to remove a director designated by Declarant pursuant to Section 4.5 or elected by Declarant using its Class B voting power, then no such director shall be removed without the consent of Declarant; provided, further, that the directors appointed by Declarant at the First Membership Election may be removed and replaced by Declarant, in its sole discretion.

4.7 Vacancies.

4.7.1 Generally. Except for a vacancy created by the removal of a director, vacancies on the Board may be filled by a majority of the directors, though less than a quorum, and each director so elected shall hold office until such director's successor is elected by the Members; provided, however, that a director designated by Declarant pursuant to Section 4.5 may be replaced only by Declarant. A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, when the Board increases the number of directors but fails to elect the additional directors as provided for at the meeting at which such increase is authorized, or at an adjournment thereof, or in case the Members fail, at any time, to elect the full number of the authorized directors, a vacancy or vacancies shall be deemed to exist. The Members may at any time elect directors to fill any vacancy not filled by the directors and may elect the additional directors in the same election in which an amendment of these Bylaws is voted authorizing an increase in the number of directors.

4.7.2 Declaration of Vacancy. Except for directors appointed by the Declarant, the Board, by a majority vote of the directors who meet all of the required qualifications to be director, may declare vacant the office of any director who fits into any of the following categories:

- (a) The director does any of the following:

(i) Fails to attend three (3) consecutive regularly scheduled meetings of the Board or fails to attend more than six (6) meetings of the Board, regular or special, within any twelve (12) month period;

(ii) Fails to comply with a duly approved action of the Board;

(iii) Fails to comply with the Association's Governing Documents, having been provided proper notice and received a due process hearing at which the Board determines that a violation exists; or

(iv) Falls more than three (3) months in arrears in the payment of monthly assessments.

(b) The director engages in any of the following types of behavior:

(i) Receives any type of monetary gain, or other gain such as services, products, gifts or gratuities of a significant value, which have been provided in relation to a director's service on the Board, and which is not disclosed. Disclosure must take place at an open meeting of the Board and be recorded in the minutes. Compensation for services duly approved by the Board and unrelated to duties as a director or officer of the Association, or reimbursement of expenses associated with service to the Community do not constitute unethical or detrimental behavior and are permissible;

(ii) Takes any action considered to be grossly detrimental to the general safety, health and welfare of the Community and its Members; or

(iii) Addresses fellow directors with abusive language in such a manner that causes distress and emotional harm. Abusive language is any language which causes humiliation or intimidation, or inflicts ridicule, coercion, threats or mental abuse, or other language of a punitive nature, or language which is prejudicial or grossly profane.

4.8 Resignation. If any director tenders its resignation to the Board, the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective provided, however, that a director appointed by Declarant in connection with the First Membership Election may, at Declarant's election, be replaced only by Declarant. No reduction of the number of directors shall have the effect of removing any director from office prior to the expiration of its term of office.

4.9 Special Election. As long as a majority of the Voting Power of the Association resides in the Declarant, or as long as there are two (2) outstanding classes of membership in the Association, and as long as there are five (5) directors, not less than two (2) of the directors (the "specially elected directors") shall be elected solely by the votes of Class A Members other than Declarant. The election of the specially elected directors shall take place along with the regular election of directors and shall comply with the requirements set forth in Section 3.10. Declarant shall not have the right to participate in or vote in such special election (although Declarant or Declarant's representatives may be present when the votes are counted), and the candidates receiving the highest number of votes up to the number of specially elected directors to be elected shall be deemed to be the specially elected directors, and their term shall be the same as that of any other director. Unless Members (excluding Declarant) holding a majority of all voting rights (excluding any voting rights held by Declarant) assent by vote or written consent, such specially

elected directors cannot be removed. In case of the death, resignation, or removal of a specially elected director, the provisions set forth in this Section respecting the election of a specially elected director shall apply as to the election of a successor. Except as provided in these Bylaws, the provisions of these Bylaws and of the Articles and the Declaration applicable to directors, including their election and removal, shall apply to a specially elected director.

4.10 Compensation. No director shall receive any compensation for any service such director may render to the Association as a director; provided, however, any director may be reimbursed for actual out-of-pocket expenses incurred by such director in the performance of its duties. The Board shall also have the right to hire any consultants as may be deemed necessary and to compensate such consultants, provided that such consultant has no financial interest in Declarant or any individual Board member.

4.11 Organizational Meeting of the Directors. Immediately following the organizational meeting of the Members, the Board shall hold a regular meeting for the purpose of organization, appointment of officers and the transaction of other business. Notice of such meeting is hereby dispensed with.

4.12 Other Regular Meetings. Other regular meetings of the Board shall be held when business warrants such a meeting as determined by the Board, but not less than every three (3) months at such place and hour as may be fixed from time to time by resolution of the Board. The Board shall select a meeting place within the Community or as close as is reasonably possible to the Community. Should any such meeting fall upon a legal holiday, then that meeting shall be held as soon as possible thereafter. Notice of the time and place of any such meeting shall be communicated to Board members not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any Board member who has signed a waiver of notice or a written consent to holding of the meeting and notice of regular meetings need not be given if the time and the place of the regular meetings are fixed by the Board. Regular meetings shall be governed by the provisions of California Civil Code Section 4900.

4.13 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association, or by any two (2) directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered and the time and place of the meeting, which shall not be less than four (4) days from the date of such notice if given by first class mail or forty-eight (48) hours from the date of such notice if the notice is given by any other method set forth below; provided, however, that notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice shall be given by first class mail, personal delivery or overnight courier, telephone (including a voice message system or other system of technology designed to record and communicate messages), facsimiles, electronic mail or other electronic means to all directors at the address, telephone or facsimile number or electronic mail address appearing on the books of the Association as given by the director for purpose of notice. Special meetings shall be governed by the provisions of the California Civil Code Section 4900.

4.14 Electronic Meetings. Meetings of the Board may be held in any manner consistent with the definition of "Board Meeting" set out in California Civil Code Section 4090 and as required by California Corporations Code Section 7211. A teleconference, where a sufficient number of directors to establish a quorum of the board, in different locations, are connected by electronic means, through audio or video, or both, is an acceptable means of holding a meeting of the Board so long as the teleconference meeting is conducted in a manner that protects the rights of

Members of the Association and otherwise complies with California Civil Code and California Corporations Code. Except for a meeting that will be held solely in executive session, the notice of the teleconference meeting shall identify at least one (1) physical location so that Members of the Association may attend, and at least one (1) director or a person designated by the Board shall be present at that location. Participation by directors in a teleconference meeting constitutes presence at that meeting as long as all directors participating are able to hear one another, as well as Members of the Association speaking on matters before the Board. Notwithstanding the foregoing, the Board may not take any action outside of a meeting of the Board in violation of California Civil Code Section 4910.

4.15 Emergency Meetings. An emergency meeting of the Board may be called by the President of the Association, or by any two (2) members of the Board other than the President, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice to Members as required in Section 4.20. The notice for such emergency meeting shall be given to the directors by personal delivery, telephone (including a voice message system or other system with technology designed to record and communicate messages), facsimiles, electronic mail or other electronic means at any time prior to the emergency meeting.

4.16 Presiding Officer. The President of the Association shall be the chairperson of the Board and shall preside at all meetings of the Board.

4.17 Waiver of Notice. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the Association or made a part of the minutes of the meeting. Notice of meeting shall also be deemed to be given to any director who attends the meeting without protesting before or at its commencement about the lack of notice.

4.18 Quorum. A majority of the total number of directors shall constitute a quorum for the transaction of business at a meeting of the Board. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Directors may participate in a meeting through use of a conference telephone or similar communications equipment, so long as all directors participating in such meeting can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

4.19 Adjournment. A quorum of the directors may adjourn any Board meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any Board meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

4.20 Notice of Board Meetings to Members; Participation by Members; Executive Sessions. The Secretary shall post a notice of the time and place of all regular and special Board meetings in a conspicuous place within the Community, or by mail or delivery of the notice to each Residential Lot, or by newsletter or similar means of communication, except for an emergency meeting described in Section 4.15, not less than four (4) days prior to the scheduled time of the meeting. Regular, special and emergency meetings of the Board (excluding any meetings while the Board is in executive session) shall be open to all Members of the Association; provided,

however, that Members who are not on the Board shall be permitted to speak at Board meetings subject to such reasonable time limits as may be set by the Board. In addition, if the nature of the business is first announced in open session, the Board may vote to adjourn and reconvene in executive session out of the presence of the Members to discuss and vote upon litigation matters, matters that relate to the formation of contracts with third parties, personnel matters, and orders of business of a similar or otherwise sensitive nature. In any matter relating to the discipline of a Member or the Member's payment of assessments as specified in California Civil Code Sections 5650, *et seq.*, the Board shall meet in executive session with respect to such matter if requested by that Member, and the Member shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board immediately following Board meeting that is open to the entire membership. If the Board meets to decide upon the adoption, change or amendment of an Operating Rule, the Board shall comply with the requirements of California Civil Code Section 4360.

4.21 Board Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of the applicable meeting of the Board. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member upon request and upon reimbursement of the Association's cost for making that distribution. Further, the Members shall be notified in writing at the time that the pro-forma operating budget of the Association set forth in Section 8.2 is distributed, or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board, and how and when those minutes may be obtained. As used in this Section, "meeting" includes any congregation of the majority of the members of the Board at the same time and place (unless meeting by teleconference) to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in the executive session.

4.22 Action Taken Without a Meeting. Prior to the date that a Residential Lot Interest in the Community has been conveyed to a First Purchaser, the directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Such written consent shall be filed with the minutes of the proceedings of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Board. From and after the date of the first transfer of a Residential Lot Interest in the Community to a First Purchaser, the provisions of this Section 4.22 shall not apply.

4.23 Committees. Subject to any contrary provisions of the Declaration, the Articles and these Bylaws, if any, the Board may appoint a nominating committee as provided in this Article. In addition, the Board may appoint such other committees as it deems appropriate in order to carry out its purpose.

4.24 Administration of Association's Civil Claims. Subject to any contrary provisions of the Declaration and these Bylaws, if any, the Board may institute, defend, settle or intervene on behalf of the Association in litigation, arbitration, mediation or administrative proceedings in matters pertaining to: (a) enforcement of the Governing Documents; (b) damage to the Association Property; (c) damage to any Residential Lot or other separate interest which the Association is obligated to maintain or repair; or (d) damage to any Residential Lot or other separate interest which arises out of, or is integrally related to, damage to the Association Property or any Residential Lot or other separate interest that the Association is obligated to maintain or repair. Notwithstanding the foregoing, 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 Membership Election, 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 quorum of the Board is present at any meeting where such vote is taken.

ARTICLE 5 OFFICERS

5.1 Enumeration of Officers. The officers of the Association shall be a President and Vice President, both of whom shall at all times be directors, a Chief Financial Officer and a Secretary and such other officers as the Board may create from time to time by resolution. Officers other than the President and Vice President may, but need not, be directors.

5.2 Appointment; Term. The appointment of officers shall take place at the organizational meeting of the Board and thereafter at each meeting of the Board following each annual meeting of the Members. The officers of the Association, except such officers as may be appointed in accordance with Section 5.3 below, shall be appointed annually by the Board and each shall hold office for one (1) year unless such officer shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve.

5.3 Special Appointments. The Board may appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

5.4 Resignation and Removal. Any officer may be removed from office with or without cause by the vote of a majority of all directors then in office at any regular or special meeting of the Board at which a quorum is present. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.5 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to fill such vacancy shall serve for the remainder of the term of the officer he or she replaces.

5.6 Multiple Offices. Any two (2) or more offices except those of President and Secretary may be held by the same person.

5.7 Duties. The duties of the officers shall be as follows:

5.7.1 President. The President shall be the chief executive of the Association and shall have, subject to the control of the Board and the provisions of the Declaration, general supervision, direction and control of the business and officers of the Association. The President shall be an ex-officio member of all standing committees, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The President shall see that orders and resolutions of the Board are carried out.

5.7.2 Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and when so acting, shall have all of the powers of, and be subject to all the restrictions upon, the office of President.

The Vice President shall have such other powers and shall perform such other duties as may be prescribed by the Board or these Bylaws.

5.7.3 Secretary. The Secretary shall record the votes and keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board may order, of all meetings and proceedings of the Board and of the Members, with the time and place of the holding of same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present or represented at Members' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office, a membership register showing the following: (a) the names and addresses of all directors; (b) the names and addresses of the Members; (c) the property to which each membership relates; (d) the number of memberships held by each Member; (e) the number of votes represented by each Member; (f) the number and date of membership certificates issued, if any; and (g) the number and date of cancellation of membership certificates, if any. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by these Bylaws or by law to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

5.7.4 Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association. The books of account shall, at all reasonable times, be open to inspection by any director or by any Member. The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all its transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

5.8 Withdrawal of Funds from Reserve Account. Withdrawal of funds from the Association's reserve account shall require the signatures of either:

5.8.1 two (2) directors; or

5.8.2 one (1) director and an officer of the Association who is not also a director.

5.9 Compensation. No officer shall receive any compensation for any service such officer may render to the Association as an officer; provided, however, any officer may be reimbursed for actual out-of-pocket expenses incurred by such officer in the performance of its duties.

ARTICLE 6 INDEMNIFICATION

6.1 Generally. A director, officer, committee member, employee or other "agent" of the Association who was or is a party to or is threatened to be made a party to any "proceeding" (including a proceeding by or on behalf of the Association) because he or she is or has been a director, officer, committee member, employee or "agent" of the Association shall be indemnified, defended and held harmless by the Association against all expenses, judgments, fines, settlements or other amounts actually and reasonably incurred in connection with the "proceeding," action or suit to the maximum extent permitted by applicable law, including,

pursuant to the provisions of California Civil Code Section 5800. Terms used in this Article shall have the same meaning as in California Corporations Code Section 7237 or any successor statutes or laws.

6.2 Approval. Upon written request to the Board by any person seeking indemnification, the Board shall promptly determine whether the applicable standard of conduct for indemnification set forth in the California Nonprofit Mutual Benefit Corporation Law has been met. If so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the "proceeding" with respect to which indemnification is sought prevent a quorum of directors who are not parties to the "proceeding," the Board shall promptly call a special meeting of Members. At the meeting, the Members shall determine whether the applicable standard of conduct for indemnification set forth in the California Nonprofit Mutual Benefit Corporation Law has been met. If so, the Members shall authorize indemnification. Members or other persons seeking to be indemnified shall not be entitled to vote on any matters with respect to the authorization of indemnification.

6.3 Advancing Expenses. Except as otherwise determined by the Board in a specific instance, "expenses" incurred by a director, officer, committee member, employee or "agent" seeking indemnification under Section 6.1 shall be advanced by the Association prior to the final disposition of the proceeding upon receipt of a written undertaking by or on behalf of the director, officer, committee member, employee or "agent" to repay the amount unless it is ultimately determined that the person is entitled to be indemnified by the Association.

ARTICLE 7 ASSESSMENTS

7.1 Liability for Assessments; Collection. As more fully provided in the Article of the Declaration entitled "Assessments," each Member is obliged to pay to the Association Regular Assessments, Special Assessments, Capital Improvement Assessments and Compliance Assessments to be collected as therein set forth, all of which are hereby incorporated by reference herein as if set forth in full.

ARTICLE 8 ASSOCIATION'S ACCOUNTS

8.1 Books and Records.

8.1.1 Records Available. The Association shall make available for inspection and copying by any Member, the Member's duly appointed representative, or any Mortgagee those Association records required to be made available by California Civil Code Section 5200, *et seq.*, on the terms and subject to the conditions set forth in California Civil Code Section 5200, *et seq.* Members shall have such additional access and inspection rights with respect to records of the Association as is provided in Article 12 (commencing with Section 8330) of Chapter XIII of Part III of Division II of Title I of California Corporations Code. At the time the pro forma operating statement is delivered under Section 8.2.1 or at the time of any mailing, Members shall be notified in writing of their right: (a) to have copies of minutes; (b) how and where to obtain such copies; and (c) the cost of obtaining such copies.

8.1.2 Rules Regarding Inspection. The Board shall establish by resolution reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records of the Association by the Member, representative or Mortgagee desiring to make an inspection;
- (b) Hours and days of the week when an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member or by a representative or Mortgagee.

8.1.3 Rights of Directors. Every director of the Association shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

8.2 Budget, Financial and Insurance Statements. The Board shall regularly prepare, review and, where required, distribute the following financial and other information in accordance with the requirements of California law:

8.2.1 Budgets. A pro-forma operating statement (budget) for each Fiscal Year that contains all information required by California Civil Code Section 5300 shall be distributed to all Members of the Association within the time frame required by California Civil Code Section 5300. In lieu of distributing the pro-forma operating statement to all Members, the Board may elect to distribute a summary of such statement to the Members if it complies with the requirements set forth in California Civil Code Section 5320.

8.2.2 Review of Accounts. The Board shall do the following not less frequently than quarterly, as required by California Civil Code Section 5500, *et seq.* To the extent this Section is inconsistent with California Civil Code Section 5500 *et seq.*, the provisions of California Civil Code Section 5500, *et seq.* shall control:

- (a) Cause a current reconciliation of the Association's maintenance and operation account to be made and review the same;
- (b) Cause a current reconciliation of the Association's reserve account to be made and review the same;
- (c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the most current account statements prepared by the financial institution where the Association has its maintenance and operation account and reserve account; and
- (e) Review an income and expense statement for the Association's maintenance and operation account and reserve account.

8.2.3 Annual Report. Pursuant to California Civil Code Section 5305, an annual report shall be distributed to the Members of the Association within one hundred and twenty (120) days after the close of the Fiscal Year consisting of the following: (a) a balance sheet as of the end of the Fiscal Year; (b) an operating (income) statement for the Fiscal Year; (c) a statement of changes in financial position for the Fiscal Year; (d) any information required to be reported under California Corporations Code Section 8322. For any Fiscal Year in which the gross income to the

Association exceeds Seventy-Five Thousand Dollars (\$75,000), a copy of the review of the annual report shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy, pursuant to California Civil Code Section 5305. If the report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

8.2.4 Association Policies Regarding Assessments and Foreclosure. A statement setting forth the Association's policies and practices in enforcing the lien rights and other legal remedies for the default in the payment of Assessments against Members shall be distributed to the Members of the Association, as required by California Civil Code Section 5730.

8.2.5 Copies to Mortgagees. Copies of each such balance sheet, operating statement and pro forma operating statement for the Association shall be mailed to any Mortgagee who has requested in writing that such copies be sent to it at such Mortgagee's expense.

8.2.6 Insurance Summary. The Board shall distribute to Members the summary of the Association's insurance policies required by California Civil Code Section 5300(b)(9) within the time period required by that statute.

8.2.7 Additional Information. The Board shall prepare, review and distribute such additional information and reports as, when and in the manner required by California law.

8.3 Reserves.

8.3.1 Availability of Reserve Fund Information. The Association shall prepare and provide to Members a document entitled "Assessment and Reserve Funding Disclosure Summary" in compliance with California Civil Code Section 5570.

8.3.2 Transfer of Reserve Funds. As provided in California Civil Code Section 5510, the Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components for which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize a temporary transfer of moneys from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in Section 4.20. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding describing the reasons why a transfer from reserves to operating funds is necessary and how and when the moneys will be repaid to the reserve fund. The Association must notify all members of the decision in the next mailing to all Members and of the availability of an accounting of these expenses. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and upon making a finding supported by documentation that a temporary delay would be in the best interest of the Community, temporarily delay the restoration of these funds until the time the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount

of the expended funds within the time limits required by this Section. Such Special Assessment is subject to the limitation imposed by California Civil Code Section 5600, *et seq.* The Board may, at its discretion, extend the date the payment of the Special Assessment is due; provided that any such extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of any unpaid Special Assessment. In addition to the foregoing, when a decision is made to use reserve funds or to temporarily transfer moneys from the reserve fund to pay for litigation involving the repair, restoration, replacement or maintenance of major components for which the Association has the obligation to repair, restore, replace or maintain and for which the reserve fund was established, the Association shall notify the Members of that decision and the next available mailing to all Members pursuant to California Corporations Code Section 5016, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to such litigation on at least a quarterly basis, which shall be made available for inspection by Members at the Association's office.

8.3.3 Reserve Study. As part of the study of the reserve account requirements pursuant to California Civil Code Section 5550, the Board shall, at least once every three (3) years, cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is required by the Declaration to repair, replace, restore, or maintain if the current replacement value of the major components is equal to or greater than one-half (1/2) of the Association's gross budget which excludes the Association's reserve account for that period. The Board shall review this study, or cause it to be reviewed, annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study shall, at a minimum, include those items required by California Civil Code Section 5550.

As used in this Section 8.3 "reserve accounts" means: (a) monies that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain; and (b) the funds received and not yet expended or disposed from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising from any construction or design defects, which funds shall be separately itemized from funds described in clause (a). In addition, as used in this Section 8.3, "reserve account requirements" means the estimated funds which the Board has determined or required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain under the Declaration.

8.4 Managing Agent's Handling of Association Fund. The managing agent, as set forth in the Articles of Incorporation, if any, shall handle any Association funds in compliance with California Civil Code Section 5380.

8.5 Changes in Common Interest Development Act. The provisions set forth above in this Article 8 are intended to comply with the provisions of the Common Interest Development Act set forth at California Civil Code Section 4000, *et seq.* ("CID Act"). Upon any changes to the CID Act relating to the Association's account, reporting requirements hereunder or any other changes affecting the terms and provisions of these Bylaws, the Board shall comply with the provisions of the CID Act and the Board shall have the right to attach to these Bylaws any changes required as a result of the changes to the CID Act without any vote of the Members.

ARTICLE 9
AMENDMENTS

9.1 Vote Required. These Bylaws may be amended only with the approval of a majority of the Voting Power of the Association and a majority of the votes of Members other than the Declarant. The vote on a proposed amendment to these Bylaws shall be held by secret ballot Lot in accordance with the procedures set forth in California Civil Code Section 5115, *et seq.*

9.2 Amendment of Specific Provisions. Notwithstanding any other provisions of these Bylaws, the percentage of the Voting Power of the Association or of Members other than the Declarant necessary to amend a specific clause or provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

9.3 Compliance with Business and Professions Code. Notwithstanding any other provision in this Article 9, the adoption of any amendment to these Bylaws shall comply with the provisions of California Business and Professions Code Section 11018.7, to the extent that said Section is applicable.

9.4 Amendment by Board. These Bylaws may be amended by a majority of the entire Board: (a) at any time before the close of escrow for the sale of the first Residential Lot; or (b) if the amendment is within the Board's power to adopt without Owner approval pursuant to California Corporations Code and either: (i) the proposed amendment conforms the Bylaws to California law or the requirements of VA, FHA, DRE, FNMA, GNMA or FHLMC; or (ii) the proposed amendment is a minor clarification or corrects a typographical error in the Bylaws.

9.5 Further Approvals Required. Notwithstanding anything to the contrary contained in these Bylaws, Sections 4.3, 4.5, 4.6, 4.7, 4.8, 4.9, and 4.24 shall not be amended without the approval of Declarant.

ARTICLE 10
GENERAL PROVISIONS

10.1 Checks, Drafts, Etc. Except as otherwise set forth herein, all checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by the President and Chief Financial Officer or by such persons and in such manner as, from time to time, shall be determined by resolution of the Board.

10.2 Contracts, etc.; How Executed. The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument permitted under the Declaration or these Bylaws in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

10.3 Inspection of Bylaws. The Association shall keep in its principal office for the transaction of business the original or a copy of these Bylaws, as amended, certified by the Secretary, which shall be open to inspection by all of the Members at all reasonable times.

10.4 Singular Includes Plural. Wherever the context of these Bylaws requires same, the singular shall include the plural, the masculine shall include the feminine and the term "person" shall include a corporation or other entity, as well as a natural person.

10.5 Conflicting Provisions. In the case of any conflict between any provisions of the Declaration and these Bylaws, the provisions of the Declaration shall control. In the case of any conflict between any provisions of the Articles and these Bylaws, the Articles shall control.

10.6 Fiscal Year. The Fiscal Year of the Association shall be a calendar year unless and until a different Fiscal Year is adopted by the Board at a duly constituted meeting thereof.

10.7 Proof of Membership. If requested by the Board, no person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the Secretary. Such proof may consist of either a copy of a duly executed and acknowledged grant deed or title insurance policy showing said person to be the owner of an interest in a Residential Lot entitling it to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

10.8 Property Management Report. Any company hired by the Association to serve any management functions shall prepare, on a yearly basis, a report covering such issues, as may be required, from time to time, by the Board.

10.9 Reserves. Any amounts collected by or paid to the Association in excess of operational needs shall be, at the election of the Board: (a) set aside as reserves for future financial needs in the manner set forth in the Declaration and deposited into insured interest-bearing accounts; (b) refunded in whole or in part; or (c) carried over to future assessment periods and applied to reduce future assessments. These sums may include amounts collected by Declarant from Owners through purchase escrows representing capital contribution by such Owners to the Association.

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

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, Secretary of Hudson at Canterwood Community Association, a California nonprofit mutual benefit corporation, does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors of said Association on _____, 20____, and that they now constitute said Bylaws.

Sample only
Secretary