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**MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
GREER RANCH
(A Residential Planned Development)**

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EXHIBIT B Legal Description of the Annexable Property

EXHIBIT FMZ Depiction of the Fuel Modification Zones in the Community

**EXHIBIT LEA Depiction of the Landscape Easement Areas in this
First Phase of the Community**

**EXHIBIT MA Depiction of the Maintenance Areas in this First
Phase of the Community**

**EXHIBIT MAP Legal Description and/or Depiction of the Master
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**EXHIBIT MAW Depiction of the Master Association Walls in this First Phase of the
Community**

**EXHIBIT PP Depiction of the Parking Plan (Fire Lanes and Other
No Parking Areas) in this First Phase of the Community**

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS, AND
RESERVATION OF EASEMENTS FOR
GREER RANCH**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS FOR GREER RANCH (hereinafter referred to as the "Master Declaration") is made this 23rd day of October, 2002, by LENNAR GREER RANCH VENTURE, LLC, a California limited liability company(hereinafter referred to as "Declarant"). (Various capitalized words and phrases used in the following Recitals are defined in Article I hereinbelow.)

RECITALS:

A. Lennar Homes of California, Inc., a California corporation (hereinafter referred to as "Lennar") owns that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described in **Exhibit "A"** attached hereto (hereinafter referred to as the "Property") (Lennar is a "Neighborhood Builder" as defined herein);

B. Declarant owns that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described on **Exhibit "MAP"** attached hereto (hereinafter referred to as the "Master Association Property");

C. Declarant and/or a Neighborhood Builder also owns fee title to or an easement over, or otherwise may acquire rights, responsibilities and/or obligations that affect any or all of that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described in **Exhibit "B"** attached hereto (hereinafter referred to as the "Annexable Property");

D. Declarant desires that the Property, the Master Association Property and all portions of the Annexable Property which are annexed thereto pursuant to this Master Declaration (hereinafter collectively referred to as the "Community"), be developed as a multi-phased residential planned development pursuant to the Davis-Stirling Common Interest Development Act (California Civil Code Sections 1350, et seq.) commonly known as "Greer Ranch";

E. Declarant deems it desirable to establish a general plan for the development, maintenance, care, improvement, protection, use, occupancy and management of the Community and in furtherance thereof, to impose protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges (hereinafter collectively referred to as the "Protective Covenants") upon the Community for the purpose of protecting and preserving the desirability and attractiveness of the Community;

F. Declarant further deems it desirable for the efficient enforcement of the Protective Covenants and for the protection and preservation of the desirability and attractiveness of the Community to create a corporation which shall have the powers and duties of administering, implementing and enforcing the Protective Covenants set forth herein;

G. GREER RANCH COMMUNITY ASSOCIATION, a nonprofit, mutual benefit corporation (hereinafter referred to as the "Master Association") has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers and duties; and

H. Declarant and each Neighborhood Builder will convey any and all portions of the Community subject to the Protective Covenants set forth herein.

NOW, THEREFORE, Declarant hereby establishes a general plan for the development, maintenance, care, improvement, protection, use, occupancy and management of the Community, and declares that the Property, the Master Association Property and all portions of the Annexable Property annexed thereto pursuant to this Master Declaration shall be held, sold, conveyed, encumbered, hypothecated, leased, used, improved and occupied subject to the Protective Covenants set forth herein. Each and all of the Protective Covenants set forth herein shall run with the Community and shall be binding upon and inure to the benefit of Declarant and all of the Neighborhood Builders, and their respective successors, assigns and grantees.

ARTICLE I

DEFINITIONS

Section 1. "Annexable Property" shall mean and refer to that certain real property described in **Exhibit "B"** attached hereto, including any and all Improvements constructed thereon, all or any part of which may be annexed from time to time into the Community and made subject to this Master Declaration and to the jurisdiction of the Master Association by the Declarant (or by a Neighborhood Builder with Declarant's consent) as set forth in the Article herein entitled "Annexation of Additional Property." The Annexable Property consists of real property that Declarant and/or a Neighborhood Builder owns fee title to or an easement over, and also consists of real property that may be subject to various rights and/or obligations imposed by a Public Agency in connection with the development of the Community that are intended to be exercised and/or performed by the Master Association.

Section 2. "Articles" shall mean and refer to the Articles of Incorporation of Greer Ranch Community Association, as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended from time to time.

Section 3. "Assessments" is used herein as a generic term to mean and refer to the following:

(a) "Regular Assessment" shall mean and refer to the annual charge against each Owner and his respective Lot representing a portion of the Common Expenses of the Master Association.

(b) "Special Assessment" shall mean and refer to the charge against an Owner and his respective Lot representing: (i) a portion of the cost of repairing or reconstructing any portion or portions of the Master Association Property or Maintenance Areas which have been damaged or destroyed by fire or other casualty; (ii) constructing or installing any capital Improvements to the Master Association Property or Maintenance Areas; or (iii) taking any extraordinary action for the benefit of the Master Association Property, Maintenance Areas or the membership of the Master Association pursuant to the provisions of this Master Declaration.

(c) "Compliance Assessment" shall mean and refer to the charge against an Owner imposed by the Board after Notice and Hearing for: (i) the costs incurred by the Master Association to bring an Owner and his Lot into compliance with this Master Declaration; and/or (ii) any amount due the Master Association based upon discipline imposed by the Board against an Owner in accordance with this Master Declaration for a violation of the Master Association Documents.

(d) "Damage Reimbursement Assessment" shall mean and refer to the charge against an Owner and his respective Lot representing a monetary penalty imposed by the Board after Notice and Hearing as a means of reimbursing the Master Association for all costs to repair any damage or destruction to the Master Association Property, Maintenance Areas and/or any Special Benefit Improvements which the Board reasonably determined was caused by the negligent or intentional acts or omissions of an Owner, the members of his family or his tenants, lessees or invitees.

(e) "Special Benefit Assessment" shall mean and refer to the charge levied by the Master Association against an Owner and his respective Lot to cover the Special Benefit Expenses which have been or will be incurred by the Master Association on behalf of the respective Special Benefit Area and which are allocable only to the Owners and their respective Lots within such Special Benefit Area.

Section 4. "Best Management Practices" shall mean and refer to those certain structural (i.e., physical improvements) and non-structural (i.e., activities and educational information) water quality management practices set forth in, or otherwise required pursuant to, the Water Quality Management Plans prepared in connection with the development of the Community. The structural Best Management Practices may include, without limitation, detention basins, retention basins, vegetated drainage swales, "V" ditches, bench drains, catch basins, catch basin media filters, inlet trash racks, drainpacs and other storm drain filtration devices, energy dissipaters, culverts, pipes, riparian (wetland) areas, efficient irrigation technology and related storm drain and water quality facilities constructed on the Master Association Property, Maintenance Areas and/or a Lot. The non-structural Best Management Practices generally require the Master Association and the Owners and other residents within the Community to be aware of the sensitive natural environment

surrounding the Community and to take appropriate actions to control runoff from the Community. With respect to the Master Association, the non-structural Best Management Practices may include, among other things, (i) providing informational materials to the Owners and other residents within the Community regarding general good housekeeping practices for protection of storm water quality; (ii) restricting certain activities addressed in the informational materials to protect the quality of water entering the storm drain system; (iii) managing the landscaping on the Master Association Property and Maintenance Areas, including, without limitation, the proper use of fertilizers and pesticides; (iv) performing on a regularly scheduled basis maintenance consisting, at a minimum, of litter control, emptying of common trash receptacles and sweeping of trash enclosures; (v) inspecting and cleaning as needed on a monthly basis (and more frequently during the rainy season [i.e., October 15 through April 15]) the catch basins located on the Master Association Property; and (vi) sweeping on-site paved areas on a regular basis and prior to the rainy season (i.e., no later than October 15 of each year). With respect to the Owners and other residents within the Community, the non-structural Best Management Practices may include, among other things, restricting certain activities to protect the quality of water entering the storm drain system (e.g., prohibiting the disposal of motor oil, paint products, car detergents and other pollutants into the storm drains in the Community). The Best Management Practices are designed and intended to control runoff and must be implemented by the Master Association and the Owners and other residents within the Community. The Best Management Practices may vary from tract to tract within the Community such that Owners and other residents of some tracts may be subject to more stringent Best Management Practices than in other tracts. The Best Management Practices may be modified from time to time by the Declarant or any Public Agency having jurisdiction regarding water quality for runoff waters from the Community in order to control runoff as the Community develops and runoff conditions change. Compliance by the Master Association and the Owners and other residents within the Community with the Best Management Practices, as they may be modified from time to time, may be monitored and enforced by any Public Agency having jurisdiction regarding water quality for runoff waters from the Community.

Section 5. "Board" shall mean and refer to the Board of Directors of the Master Association.

Section 6. "Bylaws" shall mean and refer to the Bylaws of the Master Association which have been, or will be, adopted by the Board, as such Bylaws may be amended from time to time.

Section 7. "City" shall mean and refer to the City of Murrieta, California.

Section 8. "Close of Escrow" shall mean and refer to the date on which a deed is recorded conveying a Lot in the Community to a member of the general public as a retail buyer under the authority of a Final Subdivision Public Report issued by the DRE.

Section 9. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Master Association for the common benefit of all Owners of Lots in the Community. Unless otherwise indicated, the Common Expenses shall include all costs and expenses incurred by the Master Association in connection with the following: (a) owning, insuring, maintaining, managing, operating, repairing and replacing all Master Association Property and Maintenance Areas (including, but not limited to, complying with all of the Environmental Documents); (b) managing and administering the Master Association, including, but not limited to, compensation paid by the Master Association to managers, accountants, budget preparers, attorneys and other consultants and any Master Association employees, and all general office and administrative costs and expenses incurred by the Design Review Committee; (c) providing utilities and other services to the Master Association Property and Maintenance Areas; (d) maintaining insurance coverage and fidelity bonds as provided for herein; (e) paying that portion of any Assessment attributable to Common Expenses not paid by the Owner responsible for payment; (f) paying taxes for the Master Association; (g) paying all reasonable out-of-pocket expenses actually incurred by the members of the Board of Directors, officers of the Master Association and committee members in performing their duties as provided herein (e.g., postage and photocopying); (h) enforcing the provisions of the Master Association Documents; and (i) paying for all other goods and services as reasonably required by the Master Association to perform its powers and duties as set forth herein. The Common Expenses shall also include adequate reserves as the Board shall determine to be appropriate for the repair and/or replacement of those elements of the Master Association Property and Maintenance Areas which must be repaired or replaced on a periodic basis, rather than on a regular annual basis. The Common Expenses do not include any actual or estimated costs to be paid by the Master Association for those Improvements to the Master Association Property which constitute Special Benefit Improvements and which are allocable as Special Benefit Expenses to the Owners of Lots within a Special Benefit Area

Section 10. "Community" shall mean and refer to the Property, Master Association Property and all portions of the Annexable Property which are annexed in accordance with the provisions of this Master Declaration so as to be subject to this Master Declaration and to the jurisdiction of the Master Association.

Section 11. "Community Entry Facilities" shall mean and refer to those certain Improvements (including, but not limited to, private streets, electro-mechanical entry gates, directories and telephonic equipment, street lights, decorative lighting, landscaping and related irrigation systems and decorative walls and fences) which have been or will be constructed by Declarant on the portions of the Master Association Property which serve as the entrances into the Community, and which will be maintained by the Master Association as provided herein.

Section 12. "County" shall mean and refer to the County of Riverside, California, and to its various departments and divisions, and/or other applicable municipal agencies having jurisdiction over the Community.

Section 13. "Declarant" shall mean and refer to Lennar Greer Ranch Venture, LLC, a California limited liability company, and to any person(s) or entity(ies) to whom the Declarant's rights hereunder shall be expressly assigned and/or the Declarant's duties hereunder shall be expressly delegated pursuant to a written assignment recorded in the Office of the County Recorder for Riverside County. Any such assignment may be to all or any portion of the Community or Annexable Property and may include only certain specific rights and/or duties of the Declarant and may be subject to such conditions as Declarant may impose in its sole discretion.

Section 14. "Design Guidelines" shall mean those certain architectural standards, landscape standards, guidelines, procedures and criteria initially established by Declarant for the Community for the use by the Owner of a Lot in the preparation of plans and specifications for Improvements to be built, constructed, erected, planted or otherwise installed on his Lot. The Design Review Committee shall use the Design Guidelines as the basis for its review of all of the aforesaid plans and specifications. The Design Guidelines may be revised from time to time as provided in the Article herein entitled "Design Review." A copy of the Design Guidelines maybe obtained from the Design Review Committee.

Section 15. "Design Review Committee" shall mean and refer to the committee formed by the Board pursuant to the Article herein entitled "Design Review" and pursuant to the Bylaws.

Section 16. "DRE" shall mean and refer to the California Department of Real Estate, which administers the sale of subdivided lands pursuant to Sections 11000, et seq., of the California Business and Professions Code (or any similar statute hereafter enacted).

Section 17. "Dwelling" shall mean and refer to the structure (including the garage and any related outbuildings) which are constructed on a Lot and designed and intended for human occupancy for residential purposes.

Section 18. "Eligible Mortgage Holder" shall mean and refer to the holder, insurer or guarantor of a first Mortgage on a Lot in the Community who has filed with the Master Association a written request for notice of certain information as provided in the Article herein entitled "Mortgagee Protection."

Section 19. "Environmental Documents" shall mean and refer collectively to the following documents which impose environmental requirements on all or portions of the Community and which shall be complied with by the Master Association and/or the Owners, as the case may be: (i) Greer Ranch Section 1603 Streambed Alteration Agreement #6-2001-187, dated October 29, 2001, as same may be amended from time to time; (ii) Department of the Army Nationwide Permit 200000122-ESL, dated December 21, 1999, as same may be amended from time to time; (iii) Settlement Agreement by and between Endangered Habitats League and Declarant, dated as of February 17,2000, as same maybe amended from time to time; (iv) Wildlife Conservation Easement Deed now or hereafter recorded in the Official Records of Riverside County, California in favor of a Public Agency, land conservancy or other entity approved by the Department of the Army (Corps of Engineers) and/or the California Department of Fish and Game for the purpose of preserving stream and/or wildlife preservation values; and (v) the Conceptual Mitigation Plan for Impacts to Areas

Within the Jurisdiction of The United States Army Corps of Engineers Pursuant to the Section 404 of the Clean Water Act, Greer Ranch, Riverside, California, dated December 13,1999, as same may be amended from time to time. A copy of each of the Environmental Documents is on file with the property manager for the Community.

Section 20. "FHLMC" shall mean and refer to the Federal Home Loan Mortgage Corporation (The Mortgage Corporation) created by the Emergency Home Finance Act of 1970, as amended from time to time, including any successors thereto.

Section 21. "FNMA" shall mean and refer to the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, as amended from time to time, including any successors thereto.

Section 22. "Fuel Modification Zones" shall mean and refer to those certain areas within the overall proposed Community generally depicted on Exhibit "FMZ" attached hereto which have been designated by the Murrieta Fire Department as constituting fuel modification zones, and as the result of such designation, are to be maintained by the Master Association in accordance with the Fuel Modification Zones Maintenance Standards. The Fuel Modification Zones may be modified from time to time as determined by the Murrieta Fire Department.

Section 23. "Fuel Modification Zones Maintenance Standards" shall mean and refer to the following (i) the City of Murrieta Fuel Modification Guidelines (November 1,2000), as same may be amended or otherwise revised by the City from time to time; and (ii) the "Murrieta Fire Department Standards for Fuel Modification Zone IN - Chaparral," as same may be amended or otherwise revised by the Murrieta Fire Department from time to time. A copy of the Fuel Modification Zones Maintenance Standards is on file with the property manager for the Community.

Section 24. "GNMA" shall mean and refer to the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successors thereto.

Section 25. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind whatsoever, including, but not limited to, Dwellings, outbuildings, tennis courts, swimming pools, spas and other recreational facilities, gazebos, barbecues, garages, open parking areas, roads, driveways, private streets, electro-mechanical entry gate systems and related equipment, street lights, landscaped parkways and medians, sidewalks, walkways, pavement and other hardscape, trails, fences, screens, awnings, patio and balcony covers, stairs, decks, planters, trellises, sunshades, screening walls, wind screens, screen doors, skylights, poles, signs, retaining walls, walls (including Master Association Walls), footings, columns, gates, decorative or informative signs, mail kiosks, private utility lines and connections, private storm drains and catch basins and sewer lines and laterals, antennas, solar or wind-powered energy systems, water softener systems, heating and air conditioning systems, trees, shrubs, hedges, flowers and other landscaping and all related irrigation systems. Improvements shall also mean and refer to the following: (i) all exterior modifications to a Dwelling, (including, but not limited to, painting the exterior of any Dwelling or other structure, changing the roof material, windows or exterior doors of any Dwelling or other structure, and building, constructing or erecting any room additions and/or

demolishing or conducting any exterior remodeling); (ii) the demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind; and (iii) the clearing or removal of landscaping.

Section 26. "Landscape Easement Area" shall mean a non-exclusive easement appurtenant to a Lot on, over and across a certain portion of the Master Association Property immediately contiguous to such Lot for the installation, maintenance, repair and replacement of landscaping (and related irrigation systems) and fences. The Landscape Easement Areas in this first Phase of the Community are generally depicted on **Exhibit "LEA"** attached hereto. The Landscape Easement Areas located in any subsequent Phase will be generally depicted on an Exhibit attached to the Notice of Annexation recorded for such Phase.

Section 27. "Lot" shall mean and refer to a plot of land as shown and described on a recorded final tract map or parcel map as such plot of land may be adjusted from time to time by a recorded lot line adjustment, parcel map or other governmental approval for the purpose of merging portions thereof into adjacent property. A Lot includes all easements appurtenant thereto (including, but not limited to, any Landscape Easement Area) and also includes all Improvements constructed thereon. In the event the Declarant or any Neighborhood Builder, with the consent of the Public Agencies, shall modify the development plan for the Community, the term "Lot" as used in this Master Declaration, shall be deemed a generic term and shall also mean and refer to any other type of housing product types constructed within the Community, (including, but not limited to, attached single family homes and condominiums). The term "Lot" shall not mean or refer to the Master Association Property.

Section 28. "Maintenance Areas" shall mean and refer to the following areas (and any Improvements constructed thereon) shown on **Exhibit "MA"** which are not owned by the Master Association but which will be maintained by the Master Association and the costs and expenses of such maintenance included within the Common Expenses of the Master Association:

(a) certain real property (and all Improvements constructed thereon) located outside the boundaries of the Community (e.g., slopes, riparian areas, wetlands, detention basins and other storm and water quality control facilities, parkways, medians and rights-of-way); and

(b) certain Improvements located on a Lot (excluding any Special Benefit Improvements) including, but not limited to, the following:

(1) the exterior surface(s) (i.e., the surface(s) facing a public and/or private street so as to be generally visible to the public and/or residents within the Community), the top and the structural integrity of a Master Association Wall;

(2) entry monuments; and

(3) landscaped areas.

The Maintenance Areas in this first Phase of the Community are generally depicted on Exhibit "MA" attached hereto; however, all Master Association Walls in this first Phase (whether such Walls are located on the Master Association Property or on a Maintenance Area) are generally depicted on **Exhibit "MAW"** attached hereto. Portions of the Annexable Property may be designated as additional Maintenance Areas and annexed into the Community by a Notice of Annexation recorded in the office of the County Recorder in accordance with the provisions of the Article herein entitled "Annexation of Additional Property". Any additional Maintenance Areas included in any subsequent Phase will be generally depicted on the an Exhibit attached to the Notice of Annexation recorded on such Phase. Any depiction of the Maintenance Areas is merely for illustrative purposes only and the "as-built" conditions shall be controlling.

Section 29. "Maintenance Guidelines" shall mean and refer to those certain general guidelines regarding the ordinary and necessary maintenance, repair, replacement and/or restoration of the Master Association Property and Maintenance Areas. Among other things, the Maintenance Guidelines set forth suggested minimum maintenance levels, recommended intervals for regularly scheduled maintenance items and recommended scope of maintenance practices and procedures. The Maintenance Guidelines are expressly intended to be flexible and may be modified by the Board from time to time as it deems prudent to adjust to the maturation of and/or changing conditions within the Community. Declarant has provided the property manager for the Community with a copy of the Maintenance Guidelines. In the event of a conflict between the Maintenance Guidelines and any provisions of this Master Declaration, the provisions of the Master Declaration shall control.

Section 30. "Master Association" shall mean and refer to Greer Ranch Community Association, a California nonprofit, mutual benefit corporation, in which all Owners shall be members.

Section 31. "Master Association Documents" shall mean and refer to the Articles, Bylaws, Master Declaration, all Notices of Annexation, the Design Guidelines, the Maintenance Guidelines and all Rules and Regulations adopted by the Master Association, as such documents may be amended from time to time.

Section 32. "Master Association Property" shall mean and refer to: (a) all personal property now or hereafter owned by the Master Association; and (b) all real property, and all Improvements constructed thereon, which is owned in fee by the Master Association or over which the Master Association owns an easement (or which is leased to the Master Association) and which the Master Association is obligated to manage, operate, insure, maintain, repair, replace, reconstruct and/or restore as provided herein. The Master Association Property included in this first Phase of the Community is described and/or depicted on **Exhibit "MAP"** attached hereto. Portions of the Annexable Property may be designated as additional Master Association Property and annexed into the Community by a Notice of Annexation recorded in the office of the County Recorder in . accordance with the provisions of the Article herein entitled "Annexation of Additional Property." Any depiction of the Master Association Property is merely for illustrative purposes only and the "as-built" condition shall be controlling. Portions of the Master Association Property may be improved with Special Benefit Improvements which will be maintained by the Master Association for the benefit of Owners of Lots within a Special Benefit Area.

Section 33. "Master Association Walls" shall mean and refer to those certain walls, fences and pilasters originally constructed by Declarant or a Neighborhood Builder on the Master Association Property or on a Maintenance Area which are designated by Declarant (or by a Neighborhood Builder with Declarant's consent) as a Master Association Wall, and as the result of such designation, will be maintained in whole or in part by the Master Association as provided herein. The Master Association Walls included in this first Phase of the Community are generally depicted on **Exhibit "MAW"** attached hereto. Any Master Association Walls included in a subsequent Phase will be depicted on an Exhibit attached to the Notice of Annexation recorded for such Phase. All depictions of the Master Association Walls are for illustrative purposes only and the "as-built" condition shall be controlling.

Section 34. "Master Declaration" shall mean and refer to this "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Greer Ranch," as the same may be restated and/or amended from time to time.

Section 35. "Member" shall mean and refer to every person or entity who holds a membership in the Master Association, as more particularly set forth in the Article herein entitled "The Master Association."

Section 36. "Mortgage" shall mean and include any mortgage, deed of trust or other conveyance of a Lot to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance, including an installment land sales contract (as defined in Section 2985 through 2985.6 of the California Civil code, as same may be amended from time to time). The term "Deed of Trust," when used herein, shall be synonymous with the term "Mortgage."

Section 37. "Mortgagee" shall mean and refer to a person or entity to whom a Mortgage is made, and shall include the beneficiary of a Deed of Trust or the vendor under an installment land sales contract, as the case may be, and the assignees of a Mortgagee, beneficiary or vendor.

Section 38. "Mortgagor" shall mean and refer to a person or entity who mortgages his or its Lot to another (i.e., the maker of a Mortgage), and shall include a trustor of a Deed of Trust and the vendee under an installment land sales contract.

Section 39. "Neighborhood Builder" shall mean and refer to to any person or entity (other than the Declarant) who: (i) is designated by Declarant as a Neighborhood Builder; (ii) owns the Property or owns or hereafter acquires any portion of the Annexable Property for the purpose of developing five (5) or more Lots and reselling such Lots to the general public under the authority of a Final Subdivision Public Report issued by the DRE; and (iii) intends, with Declarant's consent, to annex such portion of the Annexable Property into the Community.

Section 40. "Notice and Hearing" shall mean and refer to written notice and the opportunity for a hearing before the Board of the Master Association, the Design Review Committee, or other tribunal created by the Board in the manner provided in the Bylaws, at which the affected Owner(s) shall have an opportunity to be heard in person or by counsel at such Owner's expense, in the manner provided herein and in the Bylaws before any decision is reached.

Section 41. "Notice of Annexation" shall mean and refer to that certain document recorded by Declarant (or by a Neighborhood Builder with Declarant's consent) for the purpose of annexing a portion of the Annexable Property into the Community in accordance with the provisions of this Master Declaration, thereby subjecting such portion of the Annexable Property to this Master Declaration and to the jurisdiction of the Master Association.

Section 42. "Owner" shall mean and refer to the record owner (or owners if more than one [1]) of fee title to, or an undivided interest in, any Lot in the Community. The term "Owner" also includes the Declarant, all Neighborhood Builders offering Lots in the Community for sale pursuant to a Final Subdivision Public Report issued by the DRE, and the purchaser under an installment land sales contract (as described in Section 2985 through 2985.6 of the California Civil Code, as same maybe amended, from time to time). The term "Owner" does not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 43. "Phase" shall mean and refer to: (a) the Property and Master Association Property described on **Exhibit "A"** and **Exhibit "MAP"** attached hereto; and (b) any portion of the Annexable Property which is annexed into the Community pursuant to a Notice of Annexation recorded in the Office of the County Recorder for Riverside County, as provided in this Master Declaration.

Section 44. "Property" shall mean and refer to all of that certain real property described on **Exhibit "A"** attached hereto, and to all Improvements constructed thereon. The Property constitutes the first Phase of the Community.

Section 45. "Public Agencies" shall mean and refer individually and/or collectively to any of the various federal, state and local governmental agencies having jurisdiction over all or any portion of the Community (including, but not limited to, the Department of the Army Corps of Engineers, the United States Fish and Wildlife Service, the State of California, the California Department of Fish and Game, the DRE, the Regional Water Quality Control Board, the County, the Murrieta Fire Department and the City).

Section 46. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted by the Board pursuant to the Bylaws and this Master Declaration, as they may be amended from time to time.

Section 47. "Special Benefit Area" shall mean and refer to any Lots designated by Declarant for so long as Declarant owns any portion of the Community or the Annexable Property, and thereafter by the Board, as constituting a Special Benefit Area by reason of the significantly disproportionate use of certain Improvements or services by the Owners of such Lots. Although the use of such Improvements or services must be significantly disproportionate, it need not be exclusive. In no event may the use of any street in the Community by the Owners of Lots that adjoin such street be the basis for the formation of a Special Benefit Area without the written consent of all Owners to be included in such Special Benefit Area. The Lots located within a Special Benefit Area shall be so designated by Declarant (or by the Neighborhood Builder with Declarant's consent) in the Notice of Annexation recorded for such Lots. Special Benefit Areas established by the Board shall

be created by a written instrument recorded on all of the Lots in such Special Benefit Area in the Official Records of Riverside County, California.

Section 48. "Special Benefit Expenses" shall mean and refer to the actual and estimated costs to be paid by the Master Association which are allocable only to the Owners of Lots within a Special Benefit Area. The Special Benefit Expenses attributable to a Special Benefit Area may include, without limitation, the costs and expenses incurred by the Master Association in connection with the following: (a) administering the Special Benefit Area, including compensation paid to budget preparers for determining the annual operating budget for the Special Benefit Area; (b) maintaining, painting, irrigating, repairing and/or replacing (as the case may be) the Special Benefit Improvements in accordance with the provisions of this Master Declaration; (c) obtaining and maintaining insurance coverage as provided herein for the Special Benefit Improvements; (d) providing utility services as reasonably required for the Special Benefit Improvements; (e) funding reasonable reserves, as deemed appropriate by the Board, for the repair and replacement of those Special Benefit Improvements which must be repaired or replaced on a periodic basis rather than on a regular annual basis in accordance with the provisions of this Master Declaration; (f) unpaid Special Benefit Assessments; and (g) paying for all other goods and services designated by, or in accordance with other expenses incurred by the Master Association for the benefit of the Owners and the Lots located within a Special Benefit Area.

Section 49. "Special Benefit Improvements" is used herein as a generic term to mean and refer to those Improvements which shall be insured, operated, maintained, painted, irrigated, repaired, replaced and/or reconstructed (as the case may be) by the Master Association for the benefit of the Owners of Lots within a Special Benefit Area in accordance with the provisions of this Master Declaration. Due to the fact that Special Benefit Improvements will either be located on real property owned by the Master Association or over which the Master Association will own an easement for access and maintenance, the Special Benefit Improvements will be part of the Master Association Property.

Section 50. "Use Agreement" shall mean and refer to that certain "Agreement Establishing Rights of Use and Maintenance and Cost Sharing Obligations" by and between the Declarant and the Master Association regarding the Declarant's use of certain amenities located on Lot 65 or Tract 29640-1. A copy of the Use Agreement is on file with the property manager for the Community.

Section 51. "Water Quality Management Plans" shall mean and refer to the Water Quality Management Plans prepared in compliance with applicable federal, state and local laws for the Community (or portions thereof) and approved by the applicable Public Agencies. The Water Quality Management Plans, include, among other things, the Best Management Practices that must be implemented by the Master Association, the Owners and/or other residents within the Community to control runoff from the Community. The Water Quality Management Plans and the related Best Management Practices may be modified from time to time by the Declarant and/or the Public Agencies having jurisdiction over such matters. A copy of each approved Water Quality Management Plan is on file with the property manager for the Community.

Section 52. Application of Definitions. Unless otherwise indicated or the context shall prohibit such application the aforesaid definitions shall be applicable throughout the Master Association Documents and to any restatements or amendments thereto.

ARTICLE II

INTRODUCTION TO AND DISCLOSURES REGARDING GREER RANCH

Section 1. General Plan of Development.

(a) Phasing. Greer Ranch is a residential planned development, and as presently planned, will be developed by Declarant in a series of Phases over several years. The Property described on **Exhibit "A"** attached hereto, and the Master Association Property described on **Exhibit "MAP"** attached hereto, constitutes the first Phase of the Community. All or any portions of the Annexable Property may be developed as additional Phases and annexed to the Property and made subject to this Master Declaration and to the jurisdiction of the Master Association as provided in the Article herein entitled "Annexation of Additional Property." This Master Declaration and the other Master Association Documents impose Protective Covenants which collectively establish the general plan for the development, maintenance, care, improvement, use, occupancy and management of the Community.

(b) Types of Dwellings. As presently planned, the Dwellings to be constructed within the Community will consist of single family detached homes; however, Declarant reserves the right, with the consent of the City, to modify its development plan for the Community, which modifications may include, among other things, changing the housing product types within the Community. Each Owner will receive title to his respective Lot, all easements appurtenant thereto and an appurtenant membership in the Master Association.

(c) The Master Association. The Master Association will be the management body for the Community, and in furtherance thereof, will be responsible for owning and/or maintaining the Master Association Property and Maintenance Areas and for administering and enforcing the Protective Covenants set forth in the Master Association Documents. The Master Association Property and Maintenance Areas included in this first Phase of the Community are more particularly described in **Exhibit "MAP"** and **Exhibit "MA,"** respectively, attached hereto. Additional Master Association Property and Maintenance Areas may be annexed as provided in the Article herein entitled "Annexation of Additional Property" and shall be designated in the Notice of Annexation as additional Master Association Property and/or Maintenance Areas.

(d) Membership in the Master Association. Each Owner of a Lot in the Community shall automatically become a member of the Master Association, and shall be obligated for the payment of Assessments to the Master Association as provided herein. In addition, each Owner, his family members, tenants, lessees and their respective guests and invitees will be entitled to the use and enjoyment of the Master Association Property within the Community in accordance with the Master Association Documents.

Section 2. Development Control.

(a) Construction of Improvements. Subject only to the prior approval of the applicable Public Agencies, nothing in this Article or elsewhere in this Master Declaration shall limit the right of Declarant (and/or any Neighborhood Builder with Declarant's consent) to: (a) install, construct, modify, alter or remove any Improvements in any portions of the Community owned or controlled by Declarant and/or any Neighborhood Builder; (b) redesign or otherwise alter the style, size, square footage, color or appearance of any Improvements in any portion of the Community owned or controlled by Declarant and/or any Neighborhood Builder; (c) construct such additional Improvements on any portion of the Community owned or controlled by Declarant and/or any Neighborhood Builder; (d) subdivide, re-subdivide, grade or regrade any portion of the Community owned by Declarant and/or any Neighborhood Builder; (e) control all aspects of designing and constructing the Improvements (including without limitation, all recreational amenities) in the Property and the Annexable Property; and (f) conduct a program of marketing and selling and/or leasing Lots in the Community (or other Lots owned by Declarant or a Neighborhood Builder even though such other Lots are located in a separate and unrelated development outside the Community).

(b) Reconstruction of Improvements. In addition to the foregoing, Declarant hereby reserves for itself and each Neighborhood Builder until development of the Community has been completed and Declarant and each Neighborhood Builder has concluded its program for selling, leasing or otherwise marketing its Lots in the Community (and/or other Lots owned by Declarant or a Neighborhood Builder outside the Community) a non-exclusive easement of ingress, egress and access on, over, under and across all Master Association Property and Maintenance Areas to install, construct, maintain, repair, remove, reconstruct and replace any Improvements located on any portion of the Master Association Property and/or Maintenance Areas as may be required by any Public Agency or as Declarant, in its sole discretion, deems reasonably necessary.

(c) Access Rights. Declarant hereby reserves for itself and each Neighborhood Builder until development of the Community has been completed and Declarant and each Neighborhood Builder has concluded its program for selling, leasing or otherwise marketing its Lots in the Community (and/or other Lots owned by Declarant or a Neighborhood Builder located outside the Community): (i) a nonexclusive easement for ingress, egress and access on, over, under and across the Community as Declarant, in its sole discretion, deems necessary to exercise its rights and easements reserved in this Section or elsewhere in this Master Declaration; (ii) the right to carry on normal sales, leasing and/or other marketing activities, including the operation of model complexes and sales or leasing offices, and to display reasonable signs and exhibits on any portion of the Community owned or controlled by Declarant or a Neighborhood Builder; and (iii) a nonexclusive easement for ingress, egress, access and use (without charge) of the Master Association Property in connection with the sales, leasing or marketing of Lots in the Community (and/or other Lots owned by Declarant or a Neighborhood Builder located outside the Community as provided above).

(d) Control of Community Entry Facilities. Declarant hereby reserves unto itself until development of the Community has been completed and Declarant and each Neighborhood Builder has concluded its respective program of selling, leasing or otherwise marketing its Lots in the Community (and/or other Lots owned by Declarant or a Neighborhood Builder located outside the Community) the exclusive right to control all aspects of the operation of the Community Entry Facilities (including, without limitation, locking all gates in an open position for sales purposes, and opening the entry gates to provide access for construction traffic in accordance with applicable ordinances) in order to ensure that Declarant and each Neighborhood Builder may exercise the rights and easements reserved herein.

(e) Assignment. Declarant hereby reserves the right to assign and transfer (on an exclusive or non-exclusive basis as Declarant deems appropriate) any or all of the rights reserved in this Section or elsewhere in this Master Declaration to any person or entity, at Declarant's sole and absolute discretion, by an express written assignment recorded in the Official Records of Riverside County.

Section 3. Non-Liability. Nothing in this Article or elsewhere in this Master Declaration shall be understood or construed to compel Declarant and/or any Neighborhood Builder to cause any subsequent Phase to be constructed or annexed into the Community. The purpose of this Article is merely to describe the legal relationship between the first and any subsequent Phases of the Community in the event all or any of such Phases shall be constructed and annexed into the Community.

Section 4. Control of Vehicular Access into the Community. Greer Ranch is a gated community. Primary access into the Community will be through two gated entries along Greer Road, and secondary access will be provided off La Estrella Road via Evandel Road. These primary and secondary entries are collectively referred to as the Community Entry Facilities and individually as a Community Entry Facility. Each primary Community Entry Facility will be improved with electro-mechanical entry gates, a directory and telephonic equipment which are intended to control vehicular access into the Community. The secondary access Community Entry Facility will be improved with an electro-mechanical entry gate that is activated by an access card (or other similar control device) and is intended solely for use by Owners and other residents within the Community.

Each Community Entry Facility is located on one or more lots and Declarant will convey fee title to such lot(s) to the Master Association. As indicated in Section 2 above, Declarant and the Neighborhood Builders may use their model complexes in the Community to sell, lease or otherwise market their Lots in the Community as well as Lots located outside the Community. Accordingly, Declarant has reserved the exclusive right to control all aspects of the operation of the Community Entry Facilities (including, but not limited to, 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 ordinances, etc.) until development of the Community has been completed and Declarant and the Neighborhood Builders have concluded their respective sales, leasing or other marketing programs. Consequently, access into the Community may be open to the public for an extended period of time after all of the Lots in the Community have been sold.

Prior to the conveyance to the Master Association of fee title to or an easement for maintenance of a Community Entry Facility, all costs of operating and maintaining such Facility will be borne solely by Declarant and/or the Neighborhood Builders. Except as otherwise provided below, from and after the conveyance to the Master Association of fee title to or an easement for maintenance a Community Entry Facility, all costs of operating and maintaining such Facility will be borne by the Owners of the Lots in the Community. Such conveyance shall not, however, limit or otherwise interfere with Declarant's continuing right to control the operation of all of the Community Entry Facilities as provided herein. If the Master Association incurs any additional costs as the result of the exercise by Declarant of its right to control all aspects of the operation of the Community Entry Facilities, such additional costs shall be borne by Declarant and/or the Neighborhood Builders.

At such time as Declarant relinquishes its right to control the operation of all of the Community Entry Facilities, such Facilities will be owned, operated and controlled by the Master Association.

Residents living in the vicinity of any of the Community Entry Facilities will experience noise and other inconveniences from the operation of the entry gates and from traffic entering and exiting the Community.

All construction traffic for the Community will use the Community Entry Facilities. Due to the timing requirements for the construction of all of the homes in the Community, construction vehicles will use the Community Entry Facilities long after the homes in the first Phases of the Community have been completed. Construction traffic will create noise, traffic congestion and other inconveniences within the Community. Vehicles may line up outside the Community Entry Facilities at the start of each work day if the gates are not open. The Master Association may need to clean the streets in the Community more frequently due to such construction traffic.

The Community Entry Facilities are not intended to provide, and should not be construed as providing, guard or security services to any person or property within the Community. Neither the Declarant nor any Neighborhood Builder provides or attempts to provide security within the Community and does not make any representations or warranties whatsoever as to the adequacy of the Community Entry Facilities in providing privacy or in limiting vehicular or pedestrian access into the Community.

Section 5. Fuel Modification Zones; Fire Hazards and Release and Waiver of Claims.
The Community is located within a very high fire hazard area due to wildland exposure as designated by the Murrieta Fire Department. In connection with the development of the Community, the Murrieta Fire Department required the creation of certain Fuel Modification Zones. The Master Association is solely responsible for maintaining the Fuel Modification Zones in accordance with the Fuel Modification Zones Maintenance Standards. So long as the Master Association maintains the Fuel Modification Zones in accordance with the Fuel Modification Zones Maintenance Standards (as such Standards may be amended from time to time), each Owner hereby covenants and agrees to release the Master Association and its officers, directors, employees, contractors, consultants and agents from any and all claims, damages, costs, expenses, losses and other liability (including actual attorney's fees) for death or injury to any person and/or damage to property arising from or relating to a fire. Each Owner acknowledges that compliance with the Fuel Modification Zones Maintenance Standards is not a guarantee against damage or destruction caused by fire.

Section 6. Post Tension Slabs. The concrete slab for a Dwelling constructed in the Community may have been reinforced with a grid of steel cables installed in the concrete slab and then tightened to create extremely high tension. This type of slab is 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 Dwelling and/or personal injury. Each Owner covenants and agrees to verify with Declarant or the Neighborhood Builder who constructed the Dwelling or the City Building Department whether his Dwelling was constructed on a Post Tension Slab. If an Owner's Dwelling was constructed on a Post Tension Slab, such Owner further covenants and agrees that: (1) he shall not cut into or otherwise tamper with the Post Tension Slab; (2) he shall not knowingly permit or allow any other person to cut into or tamper with the Post Tension Slab so long as he owns any interest in the Dwelling; (3) he shall disclose the existence of the Post Tension Slab to any person who rents, leases or purchases the Dwelling from him; and (4) he shall indemnify and hold Declarant, the Neighborhood Builder and their respective shareholders, directors, officers, employees, contractors, consultants and agents, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees) arising from any breach of this covenant.

Section 7. Plants and Wildlife. The Community includes, and borders, natural open space areas which provide habitat for various forms of wildlife (including, but not limited to, mountain lions, coyotes, snakes, raccoons, possums, skunks, rabbits, squirrels and mice) and poisonous vegetation (e.g., poison ivy, poison oak, etc.). Animal wildlife may venture from the open space areas into the Community, including your Lot. Unless otherwise designated as open for public hiking, the open space areas are not intended for recreational purposes, and in any case, may be hazardous. In addition, certain types of vegetation and wildlife within the open space are protected species pursuant to federal and state environmental laws and pursuant to agreements or other arrangements with various Public Agencies. Owners are advised to keep domestic pets within their Dwelling to protect them from being attacked by wildlife as well as to prevent them from preying on endangered species in the natural open space areas.

Each Owner assumes all risks pertaining to such wildlife and releases Declarant, all Neighborhood Builders, the Master Association and their respective shareholders, directors, officers, employees, consultants and agents from any and all claims, damages, costs, expenses, losses and other liability (including actual attorney's fees) for death or injury to any person and/or damage to any property arising from or otherwise relating to such wildlife, and from any activity undertaken within the natural open space areas.

Section 8. No Guarantee of Views. Some Lots in the Community depending upon location may enjoy some unique view potential. The view, if any, a Lot in the Community will enjoy is subject to the limitations and disclaimers set forth herein.

The term "view" as used in this Master Declaration shall refer to the field of vision from the front or rear of the Lot (however, in the case of a corner Lot, the field of vision may also be oriented toward the exposed side yard), shall be limited solely to the area located between the prolongation of the side property lines (and may not be widened to extend at an angle across the side yard of an adjoining Lot on either side), and shall extend straight out from the finished grade of the

Lot. Notwithstanding the foregoing field of vision parameters, there are no express or implied easements for views or for the passage of light and air to any Lot in the Community.

Although the provisions of the Article herein entitled "Design Review" may have some effect on preserving views from and providing for the passage of light and air to an individual Lot, Declarant, the Neighborhood Builders, the Board and the Design Review Committee, and the directors, officers, employees, consultants, agents and contractors of the foregoing, do not make any representations or warranties, express or implied, concerning the view, if any, that a particular Lot will enjoy. Furthermore, the payment by any Owner of any "premium" does not constitute a representation or warranty, express or implied, concerning the view, if any, the Lot will enjoy. Each Owner, by accepting a deed to his respective Lot, expressly acknowledges and agrees that any view which his Lot may enjoy as of the date of purchase may be impaired or obstructed by the installation of trees, other landscaping or other types of barriers, the growth or relocation of landscaping, the construction or other installation of Improvements in the Community and/or on any property adjoining the Community in accordance with applicable laws, codes, ordinances and regulations, and each Owner expressly consents to any such obstructions. Each Owner further understands that the provisions of this Master Declaration establish certain architectural and landscaping controls applicable to the Community, and that each Owner has the right to enforce such controls. Except as expressly set forth in this Master Declaration, there are no rights concerning the preservation of any view.

Section 9. Rocky Soils. The soil within the Community may be very hard and/or may contain a high level of subterranean rocks. Consequently, the installation of pools, spas, landscaping and other Improvements which require digging, trenching or other excavation may be more expensive due to the possibility of encountering hard soil and/or buried rocks and having to remove them or take other alternative actions. The costs of digging, trenching or other excavation and/or the removal of rocks to accommodate the construction of such Improvements shall be the Owner's sole responsibility. Each Owner shall consult with a licensed soils engineer, licensed geologist or other appropriate licensed professional prior to the commencement of any work on such Owner's Lot which requires excavation or the removal of subterranean rocks (e.g., the installation of a pool or spa) and agrees to comply with all recommendations of such licensed professional.

ARTICLE III

PROPERTY RIGHTS REGARDING THE MASTER ASSOCIATION PROPERTY AND RESERVATIONS OF EASEMENTS

Section 1. Owners' Easements. Every Owner is granted a nonexclusive right and easement of ingress, egress, access, use and enjoyment in and to the Master Association Property. Said right and easement shall be appurtenant to and shall pass with title to every Lot, subject to the limitations set forth in this Article.

Section 2. Limitations on Owners' Easement Rights. The rights and easements of ingress, egress, access, use and enjoyment set forth in the preceding Section shall be subject to the provisions of this Master Declaration, including, but not limited to, the following:

(a) Limitations on Guests. The right of the Master Association to reasonably limit, the number of guests of Owners using the Master Association Property and the recreational amenities located thereon.

(b) Rules and Regulations. The right of the Master Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Master Association Property and any amenities located thereon, (including, without limitation, the imposition of security deposits and/or cleaning fees for use of the amenities by groups).

(c) Control of the Community Entry Facilities. The right of Declarant to control all aspects of the operation of the Community Entry Facilities as provided in Article II, and thereafter, the right of the Master Association to control the operation of the Community Entry Facilities.

(d) Rights of Declarant and Neighborhood Builders. The right of Declarant and each Neighborhood Builder (and their respective sales agents, representatives and prospective purchasers) to the nonexclusive use of the Master Association Property, (without charge); provided, however, during the term of the Use Agreement, Declarant has reserved the right to use certain amenities located on Lot 65 of Tract 29640-1 as more particularly set forth in the Use Agreement.

(e) Use Fees. The right of the Board to establish and impose reasonable fees for the temporary exclusive use by an Owner of the facilities located on the Master Association Property (e.g., a rental charge for use of the recreation center for a private reception, etc.). The Board may not impose any fees for use of the recreational amenities located on the Master Association Property that were designed and intended to be available for use by all Owners (e.g., a fee may not be imposed to swim in the swimming pool, etc.). All use of the recreational amenities shall be on a first-come-first-served basis.

(f) Suspension of Rights and Imposition of Penalties. The right of the Master Association to suspend the voting rights attributable to a Lot and/or the right to use and enjoy the recreational amenities located on the Master Association Property of any Member, (and all persons deriving such rights and easements from any Member as provided herein) for any period during which any Assessment against such Member's Lot remains unpaid and delinquent, and to impose monetary penalties and/or to suspend such right of use for a period not to exceed thirty (30) days for any noncontinuing violation of the Master Association Documents; provided that all such disciplinary action shall be made only by the Board after Notice and Hearing, and in no event shall any disciplinary action restrict vehicular or pedestrian access to the Member's Lot.

(g) Borrowings and Encumbrances. The right of the Master Association, with the affirmative vote or written assent of Members (other than the Declarant and the Neighborhood Builders) of at least sixty-seven percent (67%) of the Lots annexed into the Community, to borrow money for the purpose of improving the Master Association Property and/or, subject to the terms and provisions of the Article herein entitled "Mortgagee Protection," to mortgage, pledge, deed in trust, hypothecate or otherwise encumber any or all of its real or personal property, as security for money borrowed or debts incurred.

(h) Dedications. Subject to the terms and provisions of the Article herein entitled "Mortgagee Protection," the right of the Master Association to dedicate or transfer all or any part of the Master Association Property to any Public Agency or any utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless it is approved by all affected Public Agencies and by the affirmative vote or written assent of Members representing at least sixty-seven percent (67%) of the total voting power of the Master Association, and a certificate executed by the President and the Secretary of the Master Association evidencing such approval is recorded in the Office of the County Recorder for Riverside County.

(i) Acceptances and Conveyances of Property. The right of the Board to join with the Declarant, a Neighborhood Builder, an Owner, a Public Agency, utility company, or other person or entity in the execution of a lot line adjustment, grant deed and/or grant of easement for the purpose of accepting or conveying title to property, including without limitation, any Master Association Property, as necessary to transfer title provided and on condition that any such lot line adjustment and/or conveyance is made for any of the following purposes: (i) to eliminate encroachments due to engineering errors or errors in construction of any Improvements upon any of the affected property, (ii) to permit changes in the development plan in circumstances where such changes are the result of topography, obstruction, hardship, aesthetic considerations or environmental conditions, (iii) to fulfill the requirement of a Public Agency, or (iv) to transfer the burden of management and maintenance of any Master Association Property which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of general use or benefit to the membership at large of the Master Association.

(j) Restrictions on Access. The right of the Master Association to reasonably restrict and/or prohibit access into and/or over greenbelts, slopes, natural open space areas and/or other environmentally sensitive areas within the Master Association Property in compliance with conditions imposed by a Public Agency (including, but not limited to, the Environmental Documents).

(k) Performance of Duties. The right of the Master Association to perform and exercise its powers and duties as set forth herein.

(l) Public Access. The right of the general public to use certain portions of the Master Association Property (including, without limitation, hiking trails) as required by any Public Agency in connection with the development of the Community.

(m) Offers of Dedication. Portions of the Master Association Property (including, but not limited to, streets, roadways, trails and open space areas) maybe subject to an unaccepted offer of dedication to a Public Agency for various purposes, including, but not limited to public access, use and/or maintenance. Such portions of the Master Association Property may be used by the Members of the Master Association and shall be maintained by the Master Association as provided herein in the same manner as all other Master Association Property until such time, if ever, that the offer of dedication is accepted by the applicable Public Agency. If the offer of dedication is accepted, the affected portion

of the Master Association Property shall (i) be maintained by the applicable Public Agency, if applicable; (ii) no longer constitute a portion of the Master Association Property; and (iii) be open for use by the general public as permitted by the applicable Public Agency.

(n) Landscape Easement Areas. The Landscape Easement Areas appurtenant to certain Lots in the Community.

(o) Other Rights. Other rights of the Master Association, the Board, the Owners and Declarant with respect to the Master Association Property as may be provided for in this Master Declaration.

(p) Other Restrictions. Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Master Association Property imposed by the Master Association, Declarant or by any Public Agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of any and all Public Agencies to use their vehicles or appropriate equipment as reasonably necessary over those portions of the Master Association Property designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Master Association Property Use Rights. Subject to the rights and limitations set forth in the Master Declaration, any Owner of a Lot in the Community may delegate his right to use and enjoy the Master Association Property, and the amenities thereon, to the members of his immediate family, his tenants and lessees and to their respective guests and invitees. If an Owner shall rent or lease his Lot, his right to use and enjoy the Master Association Property, and the amenities thereon, shall be automatically delegated to his tenants or lessees for the duration of their tenancy, and the Owner's right to use and enjoy the Master Association Property, and the amenities thereon, shall be deemed suspended for the duration of such tenancy, except reasonable rights of ingress, egress and access to his respective Lot and such other rights as maybe reasonably required to perform the necessary functions of a landlord. The seller under an installment sales contract shall be deemed to have delegated the right to use and enjoy the Master Association Property, and the amenities thereon, to the purchaser under the contract.

Section 4. Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the Master Association nor release any Lot which he owns in the Community from the liens and charges imposed by the Master Association by waiver of the use and enjoyment of the Master Association Property, and the amenities thereon, or by abandonment of any Lot in the Community.

Section 5. Easements for Vehicular and Pedestrian Traffic. In addition to the general right and easement granted herein for ingress, egress, access, use and enjoyment of the Master Association Property, and the amenities thereon, there is hereby created, granted and reserved a nonexclusive easement appurtenant to each Lot in the Community for vehicular and pedestrian ingress, egress and access on, over and across all of the private streets in the Community, subject to the rights and limitations set forth in this Master Declaration.

Section 6. Easements for Unintentional Encroachments. There is hereby created, established and granted nonexclusive easements appurtenant to any Lot and/or the Master Association Property on, over and across those portions of an adjacent Lot or Master Association Property for the encroachment by any Improvement as originally constructed by Declarant or by a Neighborhood Builder, and for the encroachment by any Improvement resulting from subsequent settling, shifting or other movement of such Improvements.

Section 7. Easements for Utilities. The rights and duties of the Owners of Lots within the Community with respect to sanitary sewer, water, electricity, gas, telephone, cable television (or CATV), security systems and future information technology lines, connections, conduit and/or other facilities shall be governed by the following:

(a) Regulations governing the installation of antennae are more particularly set forth in the Article entitled "Use Restrictions" hereinbelow.

(b) Each utility company and private purveyor shall maintain all of its respective lines, connections, conduit and/or other facilities located within the Community; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those lines, connections, conduit and other facilities located upon such Owner's Lot, and it shall be the obligation of the Master Association to maintain those lines, connections, conduit and other facilities located upon the Master Association Property.

(c) Wherever sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities are installed within the Community, if it becomes necessary to gain access to said lines, connections, conduit and/or other facilities through a Lot owned by someone other than the Owner of the Lot served by said lines, connections, conduit and/or other facilities, the Owner of the Lot served shall have the right, and is hereby granted an easement to the fullest extent necessary therefor, to enter upon such other Lot or to have the utility companies and private purveyors enter upon such other Lot to repair, replace and generally maintain said lines, connections, conduit and/or other facilities.

(d) Whenever sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities are installed within the Community, and said lines, connections, conduit and/or other facilities serve more than one (1) Lot, the Owner of each Lot served thereby shall be entitled to the full use and enjoyment of such portions of same as service his Lot.

(e) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid lines, connections, conduit and/or other facilities, or the sharing of the cost thereof, said Owners shall first contact the appropriate utility company in an effort to resolve the dispute; provided however, if said dispute remains unresolved, upon written request of one (1) of such Owners addressed to the Master Association, the matter shall be submitted to the Board who, and after Notice and Hearing in which the Owners shall have an

opportunity to be heard, shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(f) Easements over the Community for the installation, maintenance and repair of sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities, utility meters, storm drains, street lights, mail boxes, fire hydrants and traffic signs as shown on any recorded map of the Community or otherwise of record are hereby reserved by Declarant, for itself and the Neighborhood Builders, together with the right to grant and transfer the same. Notwithstanding that an Owner may install Improvements (including landscaping) within a utility easement area with the approval of the Design Review Committee, each Owner acknowledges that such Improvements (including landscaping) may be removed by the respective utility company or Public Agency to maintain, repair or replace any of the foregoing facilities without any liability to the Owner to repair or restore such Improvements (including landscaping).

Section 8. Easements for Maintenance by the Master Association. There is hereby created, granted and reserved a nonexclusive easement in favor of the Master Association for ingress, egress and access on, over and across those portions of the Community as reasonably required by the Master Association to exercise its rights and perform its obligations (including, but not limited to, the maintenance of the Master Association Property and Maintenance Areas as more particularly set forth in the Article herein entitled "Powers and Duties of the Master Association"). In the event it becomes necessary for the Master Association to enter upon any Lot for purposes of: (a) maintaining the Master Association Property and/or Maintenance Areas, or (b) bringing an Owner and/or his Lot into compliance with the Master Association Documents, the Master Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and at a reasonable hour of the day, to enter upon such Owner's Lot for the performance of such work. Such entry shall be made with as little inconvenience as is practicable, and in the event that any damage shall be proximately caused by such entry, the Master Association shall repair the same at its expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate, and shall not require advance notice.

Section 9. Easements for Clustered Mailboxes. In order to comply with the various requirements of the City and the United States Postal Service, clustered mailboxes maybe installed within the Community. Easements are hereby created on and over the affected portions of the Community in favor of all Owners and the United States Postal Service for delivery, deposit and retrieval of mail.

Section 10. Easements for Drainage. There are hereby created, granted and reserved over each Lot in the Community nonexclusive appurtenant easements for drainage according to the drainage facilities installed and/or patterns created by Declarant and/or the Neighborhood Builders in accordance with the approved grading plans for the Community, as well as according to the actual, natural and existing patterns for drainage. In the event the approved grading plans make provisions for "cross drainage," whereby water from a Lot drains across one (1) or more adjoining Lots or the Master Association Property, or whereby water from the Master Association Property drains across one (1) or more contiguous Lots, by means of surface sheet flow or subsurface drain lines, bench drains, "V" ditches or other drainage facilities, each Owner of a Lot affected by

such "cross drainage" covenants and agrees for himself and his successors and assigns that he will permit free access by the Master Association and/or the Owners of the adjoining Lots to all drainage facilities located on his Lot which affect such Master Association Property or adjoining Lots when access is essential for the maintenance of permanent stabilization of slopes, or maintenance of the drainage facilities. Additionally, each Owner, for himself and his successors and assigns, covenants and agrees that he will not, in any way, interfere with the established drainage patterns over his Lot or any drainage facilities located thereon. In the event it is necessary and essential to alter said drainage patterns or facilities for the protection and use of his Lot, such Owner shall make adequate provision for proper drainage and shall obtain plans and specifications from a licensed soils or civil engineer and shall submit such plans and specifications to the Design Review Committee for prior review and approval, and, if necessary, to the applicable Public Agencies for prior review and approval. Further, each Owner, for himself and his successors and assigns, covenants and agrees that he shall maintain and repair all drainage facilities located on his Lot so as to keep such drainage facilities in proper working order at all times (including, without limitation, keeping such facilities free from dirt, debris and other obstructions).

Section 11. Easements for Community Cable Television, Alarm System Cabling and Communication Facilities. There are hereby reserved for the benefit of Declarant, and its successors and assigns permanent, non-exclusive easements in gross on, over, under, across and through: (i) all private and public streets, roads, trails and walkways in the Community (including any Lot or parcel shown as a street or road right-of-way on a final map or parcel map recorded on any portion of the Community and any street or road right-of-way conveyed or dedicated in fee or easement to any Public Agency); (ii) all parkways which are adjacent to any such streets, roads, trails or walkways in the Community; and (iii) all lettered Lots or parcels as shown on a final map or parcel map recorded on any portion of the Community, all for the purposes of constructing, installing (including the right to connect to existing facilities and systems), repairing, replacing, maintaining and using existing or future lines, connections, conduit and other facilities, equipment and systems for any or all of the following: (a) a community antenna television system; (b) alarm system cabling; and (c) electric, gas, cable, telephone, future information technology, water, sewer, drainage facilities and systems; provided however, that the construction, installation, repair, replacement, maintenance and use of such lines, connections, conduit and other facilities, equipment and systems shall not unreasonably interfere with the Master Association's use of the Master Association Property or with an Owner's use of his respective Lot and provided further that Declarant shall restore the surface of any property within the Community which was disturbed for any of such purposes to substantially the same condition as existed prior to the commencement of any such work at Declarant's sole cost and expense. Declarant hereby reserves the ownership of all such lines, connections, conduit and other facilities, equipment and systems currently existing and owned by Declarant or hereafter installed by or conveyed to Declarant.

Section 12. Reservation of Construction Rights. Without limiting the rights of Declarant and the Neighborhood Builders set forth in Article II hereinabove, during the period the Community is being developed, nothing in this Master Declaration shall limit the right of Declarant (and/or any Neighborhood Builder with Declarant's consent) to establish additional licenses, easements and rights-of-way on, over and across the Community in favor of Declarant, a Neighborhood Builder, Public Agencies, utility companies and private purveyors of utility services, and/or others as may, from time to time, be reasonably necessary for the development, maintenance and proper operation of the Community. The foregoing rights established and reserved herein shall

be subject only to the applicable regulations and requirements of the Public Agencies. The foregoing rights may be assigned by Declarant (or by a Neighborhood Builder with Declarant's consent) to any successor to all or part of Declarant's (or the Neighborhood Builder's) interest in the Community by an express assignment recorded in the Official Records of Riverside County, California.

Section 13. Reservation of Easements Over Master Association Property. Declarant (and each Neighborhood Builder with Declarant's consent) hereby reserves the right to grant nonexclusive easements over all Master Association Property in the Community in favor of Owners of Lots located in any portion of the Annexable Property which is subsequently annexed pursuant to this Master Declaration, and at such time as a Notice of Annexation recorded on a subsequent Phase of the Community becomes effective as provided in the Article herein entitled "Annexation of Additional Property," the Owners of Lots in any and all prior Phases of the Community shall automatically obtain nonexclusive easements over all Master Association Property which is included in the Annexable Property being annexed.

Section 14. Transfer of Master Association Property to Master Association.

(a) Conformance with Plan of Development. Declarant and each Neighborhood Builder covenants for itself, and its successors and assigns, to convey to the Master Association fee simple title to, an easement over, or a leasehold interest in the Master Association Property located within a particular Phase of the Community, if any, prior to or concurrently with the first Close of Escrow for the sale of a Lot in such Phase. Such conveyance shall be subject to the Protective Covenants set forth herein and to any non-monetary liens and encumbrances and to any other matters of record or apparent at the time of such conveyance. All conveyances shall be made in conformity with Declarant's general plan for the development of the Community, as such general plan may be modified, from time to time, by Declarant, in its sole discretion.

(b) Completion of Master Association Property. As more particularly set forth in the Article herein entitled "Enforcement of Bonded Obligations," in the event that Improvements proposed to be constructed on the Master Association Property included in this first Phase of the Community have not been completed prior to the first day of the month following the first close of Escrow for the sale of a Lot in this first Phase of the Community (or the Improvements proposed to be constructed on the Master Association Property included in a subsequent Phase have not been completed as of the first Close of Escrow for the sale of a Lot in such subsequent Phase, as applicable), the completion of such Improvements shall be assured in accordance with Section 11018.5 of the California Business and Professions Code (or any similar statute hereinafter enacted) and the applicable regulations of the DRE. The Improvements to the Master Association Property located in each Phase, if any, shall be deemed complete at such time as a valid Notice of Completion is recorded in the Official Records of Riverside County and the landscape architect and/or engineer of record executes and delivers to the Master Association a written instrument advising that all of such Improvements have been completed in accordance with the plans approved by the applicable Public Agencies. The Master Association shall be obligated to commence maintaining such Improvements as provided in subparagraph (c) below.

(c) Commencement of Master Association's Maintenance Obligation. At such time as the Improvements to the Master Association Property have been completed as provided in subparagraph (b) above, the Master Association's obligation to begin maintaining such Master Association Property (and/or any Maintenance Areas) included in a Phase of the Community shall commence upon the earlier of: (1) the first day of the month following the first Close of Escrow for the sale of a Lot in such Phase to a bona fide purchaser pursuant to a Final Subdivision Public Report issued by the DRE; or (2) the recordation of the grant deed or other instrument conveying the Master Association Property to the Master Association. Notwithstanding the foregoing, if the contractors or subcontractors of Declarant or a Neighborhood Builder are contractually obligated to maintain or warrant the landscaping or other Improvements on the Master Association Property (or Maintenance Areas) for a specified period of time during which said contractors or sub-contractors shall perform such maintenance, the Master Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors shall not serve to postpone the commencement of Assessments pursuant to this Master Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such Assessments.

(d) Character of Improvements to Master Association Property. Disputes. The nature, design, quality and quantity of all Improvements to the Master Association Property and Maintenance Areas shall be determined by Declarant in its sole discretion. The Master Association shall be obligated to accept title to the Master Association Property and undertake all maintenance responsibilities for the Master Association Property and Maintenance Areas as provided herein. In the event that a dispute arises between Declarant (and/or the Neighborhood Builders) and the Master Association with respect to the nature, design, quality or quantity of the Improvements, or the acceptance of maintenance responsibilities therefor, the Master Association shall be obligated to accept title to the Master Association Property and to undertake maintenance responsibilities pending resolution of the dispute in accordance with the provisions of this Master Declaration.

ARTICLE IV

THE MASTER ASSOCIATION

Section 1. Membership. Every Owner (including Declarant and each Neighborhood Builder) shall be a Member of the Master Association. Each Class A Member's membership in the Master Association shall be appurtenant to the Lot owned by such Member and shall not be assignable, except to the person or entity to whom the title to such Lot has been transferred. Ownership of a Lot shall be the sole qualification for Class A membership in the Master Association.

Section 2. Classes of Membership. The Master Association shall have three (3) classes of voting membership, as follows:

Class A. Initially, the Class A Members shall be all of the Owners other than Declarant and the Neighborhood Builders. Upon the conversion of the Class B membership as provided below, Declarant and each Neighborhood Builder shall become a Class A Member as to those Lots which they own and which are subject to the levy of Assessments by the Master Association. The Class A Members who own a Lot which is subject to the levy of Assessments are entitled to one (1) vote for such Lot. When more than one (1) person holds an ownership interest in a Lot, all such persons shall be Class A members. The vote for such Lot shall be exercised as such Owners determine among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot. The Master Association shall recognize the vote cast by a co-Owner, unless another co-Owner shall cast a conflicting vote, in which case both votes shall be null and void and not recognized by the Master Association.

Class B. The Class B Member shall be Declarant and the Neighborhood Builders. Except as provided in Sections 3 and 4 below, each Class B Member shall be entitled to three (3) votes for each Lot it owns in the Community which is subject to the levy of Assessments. The Class B membership shall cease and shall be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest:

(a) When seventy five percent (75%) of the estimated total number of Lots proposed for the overall Community (i.e., approximately six hundred eighty eight [688] Lots x 75% equals approximately five hundred sixteen [516] Lots) have been conveyed to Class A Members;

(b) The fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot pursuant to the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of the Community; or

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

Class C. The Class C Member shall be the Declarant, without regard to whether Declarant is the Owner of a Lot in the Community. The Class C Membership shall not be considered part of the voting power of the Master Association, and Declarant shall not be entitled to exercise any Class C vote except for the purpose of electing those members of the Board which the Class C Member is entitled to elect hereunder and in the Bylaws. The Class C Member shall be entitled to solely elect a majority of the members of the Board until the first to occur of the following events:

(a) When seventy five percent (75%) of the estimated total number of Lots proposed for the overall Community (i.e., approximately six hundred eighty eight [688] Lots x 75% equals approximately five hundred sixteen [516] Lots) have been conveyed to Class A Members;

(b) The fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot pursuant to the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of the Community; or

(c) The twenty fifth (25th) anniversary of the first Close of Escrow for the sale of a Lot pursuant to the Final Subdivision Public Report issued by the DRE for the first Phase of the Community.

Unless a specific provision of this Master Declaration or the Articles requires the approval of a greater percentage of the voting membership, any action taken by the Master Association which must have the approval of the Members of the Master Association before being undertaken shall require the vote or written assent of both a majority of the Class B membership as well as a majority of the Class A membership, so long as both the Class A and Class B membership shall exist. Notwithstanding the foregoing, any action by the Master Association, pursuant to the Article herein entitled "Enforcement of Bonded Obligations" shall only require the approval of a majority of the voting power of the Owners, other than Declarant and Neighborhood Builders.

All references in the Master Association Documents to approval by a specified percentage of Owners, (or a specified percentage of the total voting power of the Master Association), is intended and shall be interpreted to be consistent with one (1) vote per Lot for the Class A Members and three (3) votes per Lot for the Class B Member(s) for so long as there shall be a Class B Membership, and upon the conversion of the Class B membership to Class A membership, one (1) vote per Lot.

Section 3. Assignment of Neighborhood Builder Voting Rights. Unless otherwise expressly agreed to in a writing executed by Declarant and a Neighborhood Builder and such writing is delivered to the Secretary of the Master Association, each Neighborhood Builder irrevocably assigns to Declarant all Class A and Class B voting rights to which such Builder would be entitled to hereunder and the Bylaws, and all such voting rights shall be exercised solely by Declarant as Declarant may deem appropriate in its sole and absolute discretion.

Section 4. Special Voting Procedures for Election of Directors. So long as the Class B or Class C memberships shall remain in effect, the Class A Members shall be entitled to solely elect at least twenty percent (20%) of the members of the Board.

Section 5. Record Dates. The Board may fix, in advance, record dates for the purpose of determining Members entitled to notice of any meetings of the Master Association and to vote or otherwise exercise any right under the Master Association Documents.

Section 6. Vesting of Voting Rights. The voting rights attributable to a Lot in the Community shall not vest until the Assessments provided for in this Master Declaration have been levied by the Master Association against such

Section 7. Adjustment of Voting Rights. The voting rights in the Master Association shall be adjusted on the first day of the month immediately following the first Close of Escrow for the sale of a Lot in each subsequent Phase of the Community.

Section 8. Suspension of Voting Rights. As more particularly set forth in the Article herein entitled "General Provisions," after Notice and Hearing, the Board shall have the authority, among other things, to suspend the voting rights of any Member to vote at any meeting of the Master Association for any period during which such Owner is delinquent in the payment of any Assessment, regardless of type, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for in this Master Declaration.

Section 9. Transfer. The Master Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Lot. In the event of such sale, the Master Association membership may only be transferred, pledged or alienated to the bona fide purchaser or purchasers of the Lot, or to the Mortgagee (or third party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Master Association. The Master Association may levy a reasonable transfer fee against new Owners (which fee shall be a Compliance Assessment chargeable to such new Owner) to reimburse the Master Association for the actual administrative cost of transferring the memberships to the new Owners on the records of the Master Association.

Section 10. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Master Association before the appointed time for each meeting. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following: (a) the conveyance by the Owner of his Lot; (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy. Any form of proxy or written ballot distributed to the membership of the Master Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy. A proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, the proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it shall be valid.

ARTICLE V

POWERS AND DUTIES OF THE MASTER ASSOCIATION

Section 1. Management Body. The Master Association is hereby designated as the management body of the Community, and the affairs of the Master Association shall be managed by the Board in accordance with the Master Association Documents. The initial Board shall be appointed by the incorporators or their successors. Thereafter, the Board shall be elected as provided herein and in the Bylaws.

Section 2. Powers. The Board, for and on behalf of the Master Association, shall have the right and power to perform all lawful acts which may be necessary to conduct, manage and control the affairs and business of the Master Association. Subject to the provisions of the Master Association Documents, the Board shall have all general powers authorized under the California Corporations Code for nonprofit, mutual benefit corporations, which shall include, without limitation, the following specific powers:

(a) Enforce the provisions of the Master Association Documents, and conduct disciplinary proceedings against Members for violations of the Master Association Documents in accordance with the Notice and Hearing procedures set forth in the Bylaws;

(b) Acquire and hold title, (whether in fee, by easement or leasehold) to the Master Association Property;

(c) Maintain, repair and replace all Master Association Property and Maintenance Areas so as to keep same in a neat, clean, safe and attractive condition at all times, and pay for all utilities, maintenance and other necessary services for the Master Association Property and Maintenance Areas all as more specifically set forth in the Article herein entitled "Repair and Maintenance;"

(d) Maintain fire, casualty, liability and worker's compensation insurance coverage, fidelity bonds and other insurance coverage, as more particularly set forth in the Article herein entitled "Insurance;"

(e) Cause budgets and other financial statements for the Master Association to be regularly prepared and distributed to the Members as provided herein;

(f) Grant easements or licenses where necessary for utilities over the Master Association Property to serve all or any portion of the Community;

(g) Grant nonexclusive easements over the Master Association Property in favor of a Public Agency for the express purpose of enabling such Agency to perform maintenance, monitoring or other responsibilities;

(h) Execute lot line adjustments (and corresponding deeds); grant fee title to or easements over the Master Association Property to Declarant, a Neighborhood Builder, a Public Agency and/or other person or entity; and/or accept grants of fee title to or easements over real property from Declarant, a Neighborhood Builder, a Public Agency and/or other person or entity as provided in the Article herein entitled "Property Rights Regarding the Master Association Property and Reservations of Easements;"

(i) Levy and collect Assessments on all Lots in the Community for which Assessments have commenced in an amount sufficient to enable the Master Association to fully perform its duties under the Master Association Documents, and enforce payment of such Assessments in accordance with the terms and provisions set forth in the Article herein entitled "Nonpayment of Assessments: Remedies of the Master Association";

(j) Pay all taxes and special assessments which would be a lien upon the entire Community or the Master Association Property, and discharge any lien or encumbrance levied against the entire Community or the Master Association Property;

(k) Reconstruct all Master Association Property and Maintenance Areas which may be damaged or destroyed;

(l) Elect the officers of the Master Association and fill vacancies on the Board unless such vacancy was created by the removal of a Director by the Members;

(m) Engage the services of a professional manager and/or management company to perform all or any portion of the duties and responsibilities of the Board with respect to administration of the Master Association;

(n) Engage the services of attorneys, accountants, architects and other consultants as reasonably necessary for the efficient operation of the Master Association, the enforcement of the Master Association Documents, or the performance of any other duties or exercise of any other rights of the Master Association;

(o) Enter into a maintenance and/or subsidy agreement made by and between the Master Association and the Declarant and/or a Neighborhood Builder for a term and on such conditions as are acceptable to the Board and the DRE for the purpose of reducing any Assessments levied on Lots in the Community (including Lots owned by the Declarant and/or any Neighborhood Builder);

(p) Enter into any agreement with the Declarant, any Neighborhood Builder, Public Agency or other person or entity (including, but not limited to, another homeowners association) for the maintenance of designated areas and/or Improvements and the sharing of the costs related thereto;

(q) Adopt reasonable Rules and Regulations concerning the maintenance, improvement, use and/or occupancy of the Community;

(r) Delegate its powers to officers, committees, employees, consultants and agents as provided herein;

(s) Enter into any Lot (including the Dwelling) when necessary in connection with maintenance or construction for which the Master Association is responsible;

(t) Maintain a website and provide Internet services to the Owners of Lots in the Community;

(u) Comply with the provisions of the Environmental Documents; and

(v) Perform any and all other acts and things that a nonprofit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which maybe necessary, convenient or appropriate in the administration of its affairs.

Section 3. Duties. The Board shall perform and execute the following duties on behalf of the Master Association:

(a) Provide, water, sewer, gas, electricity, garbage and trash collection and other necessary services for the maintenance, repair and proper operation of the Master Association Property and Maintenance Areas;

(b) Provide insurance for the Master Association and its Members in accordance with the provisions of the Article herein entitled "Insurance";

(c) Maintain, irrigate, inspect, paint, repair, replace and/or restore (as applicable) all Master Association Property and Maintenance Areas so as to keep same in a neat, clean, safe, attractive, sanitary and orderly condition at all times as set forth in the Article herein entitled "Repair and Maintenance,"(including any additional Master Association Property and Maintenance Areas annexed into the Community);

(d) Without limiting the generality of the preceding paragraph, maintain the Fuel Modification Zones in accordance with Fuel Modification Zones Maintenance Standards (including, without limitation, engaging the services of a professional familiar with the site vegetation, who shall instruct the maintenance workers in detail and monitor the maintenance work to assure that the appropriate levels of or removal and preservation are achieved), and comply with the provisions of the Environmental Documents to the extent applicable to the Master Association Property;

(e) Pay all real and personal property taxes and assessments which the Master Association is required to pay for pursuant to the terms and provisions of this Master Declaration or by law, unless separately assessed to Owners; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Community prior to separate assessments by the County Tax Assessor pursuant to the applicable provisions of the California Revenue and Taxation Code;

(f) Contract for any other goods and/or services which the Master Association is required to pay for pursuant to the terms and provisions of this Master Declaration or by law;

(g) Cause the following financial statements for the Master Association to be regularly prepared and distributed to each Member of the Master Association:

(1) A pro forma operating budget for each fiscal year shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year, and shall contain all of the following information:

(i) An itemized estimate of the Master Association's revenue and expenses, determined on an accrual basis, together with a separate itemized estimate of the revenue and expenses for any Special Benefit Area;

(ii) A summary, printed in bold type, of the current status of the Master Association's reserves, based upon the most recent review or study ("Study") conducted pursuant to California Civil Code Section 1365.5, as same maybe amended from time to time, setting forth the following:

(A) The current estimated replacement costs, estimated remaining life and the estimated useful life of the Master Association Property and Maintenance Areas, together with an explanation of the methods of funding being utilized by the Master Association to defray the costs of future repairs, replacements or additions to the Master Association Property and Maintenance Areas;

(B) As of the end of the fiscal year for which the Study was prepared, the current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major Improvements to the Master Association Property and Maintenance Areas;

(C) As of the end of the fiscal year for which the Study was prepared, the accumulated cash reserves actually set aside to repair, replace, restore or maintain such major Improvements to the Master Association Property and Maintenance Areas; and

(D) The percentage that the accumulated cash reserves which have been set aside is of the current estimate of the amount of cash reserves which will be necessary.

A summary of the Master Association's reserves disclosed as provided herein shall not be admissible in evidence to show improper financial management of the Master Association, provided that other relevant and competent evidence of the financial condition of the Master Association is not made inadmissible by this provision;

(iii) A statement as to whether the Board has determined or anticipates that the levy of one (1) or more Special Assessments will be required to repair, replace or restore any major Improvements to the Master Association Property and Maintenance Areas or to provide adequate reserves thereof; and

(iv) A general statement addressing the procedures utilized by the Master Association to calculate and establish reserves to defray the costs of future repairs, replacements, additions to the major Improvements to the Master Association Property and Maintenance Areas.

In lieu of distributing the pro forma operating budget required hereinabove to all Members, the Board may elect to distribute a summary of the pro forma operating budget to all Members with a written notice, in at least 10-point bold type on the front page, that the pro forma operating budget is available at the business office of the Master Association, or at another suitable location within the Community, and that copies will be provided upon request and at the expense of the Master Association. If any Member requests that a copy of the pro forma operating budget required herein be mailed to said Member, the Master Association shall mail the copy to the Member by first class mail at the expense of the Master Association within five (5) days of the receipt of said request.

A review of the Master Association's financial statement shall be prepared by a licensee of the California Board of Accountancy, in accordance with generally accepted accounting principles, for any fiscal year in which the gross income of the Master Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). If the review of the Master Association's financial statement is not prepared by an independent licensee of the California Board of Accountancy, said review shall be accompanied by a certificate from an authorized officer of the Master Association that the review was prepared from the books and records of the Master Association without an independent audit. An Eligible Mortgage Holder may have an audited financial statement prepared at its own expense.

(2) A statement of the Master Association's policies and practices in enforcing its remedies against Members for nonpayment of Assessments, as set forth in the Article herein entitled "Nonpayment of Assessments: Remedies of the Master Association," which shall be distributed within sixty (60) days prior to the beginning of the fiscal year.

(h) Review on at least a quarterly basis, the following:

- (1) A current reconciliation of the Master Association's operating accounts;
- (2) A current reconciliation of the Master Association's reserve accounts;
- (3) The current year's actual reserve revenues and expenses compared to the current year's budget;
- (4) The most current account statements prepared by the financial institutions where the Master Association maintains its operating and reserve accounts; and

(5) An income and expense statement for the Master Association's operating and reserve accounts.

The withdrawal of funds from any of the Master Association's reserve accounts shall require the signature of either: (i) two (2) members of the Board; or (ii) one (1) member of the Board and an officer of the Master Association who is not also a member of its Board. As used in this Section, "reserve account" means moneys that the Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components of the Master Association Property and Maintenance Areas which the Master Association is obligated to repair or replace on a periodic basis, rather than on a regular annual basis. The Board shall not expend funds collected and budgeted as "reserve" moneys for any purposes other than as permitted by California Civil Code Section 1365.5, as same may be amended from time to time. The withdrawal of such reserves shall require the signature of two (2) members of the Board. Further, all funds collected from a Special Benefit Area to cover such Area's Special Benefit Expenses shall be deposited into separate operating and reserve accounts for the benefit of such Special Benefit Area so as not to be commingled with other operating and reserve funds collected by the Master Association, shall be used solely for such Area and shall be used solely for the purpose for which such funds were collected. Notwithstanding the foregoing, the Board is authorized to transfer interest earned on all reserves into the general operating account in order to satisfy income taxes payable on such interest income.

(i) 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 of the Master Association Property and Maintenance Areas as part of a study of the reserve account requirements for the Community if the current replacement value of such major components is equal to or greater than one half (2) of the gross budget of the Master Association (excluding the Master Association's reserve account for that period). The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of such review. The reserve study shall consider and include, at a minimum, the requirements set forth in Section 1365.5(e) of the California Civil Code, as same may be amended from time to time;

(j) Formulate, adopt, distribute and enforce Rules and Regulations as provided for hereinbelow;

(k) Assume and pay out of the Assessments provided for hereinbelow all costs and expenses incurred by the Master Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties the Master Association may assume;

(l) Give notices in writing to FHLMC, FNMA, GNMA and other lenders and investors participating in the financing of the sale of Lots in the Community as required herein;

(m) Enforce all applicable provisions of the Master Association Documents pertaining to the ownership, use, management and control of the Community;

(n) Within ten (10) days of the mailing or delivery of a written request from an Owner, provide said Owner with: (i) a copy of the Master Association Documents; (ii) a true statement in writing from an authorized representative of the Master Association of the amount of the Master Association's current Regular, Special and any other applicable Assessments, as well as the amount of any delinquent Assessments, late charges, interest and costs of collection (including attorney's fees) which as of the date of such statement are or may be made a lien on such Owner's Lot; and (iii) a copy of the most recent pro forma operating budget distributed pursuant to California Civil Code Section 1365, as same may be amended from time to time. The Board may impose a fee for providing the foregoing, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents. In addition, the Board shall make available, during normal working business hours, upon request by any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee and the holder(s), insurer(s) and guarantor(s) of a first Mortgage of any Lot, current copies of the Master Association Documents and all of the books, records and financial statements of the Master Association;

(o) Elect the officers of the Master Association, fill any vacancies on the Board, except if such vacancy is created by the removal of a Director by the Members;

(p) Appoint the members of the various Committees formed by the Board (e.g., the Nominating Committee, the Design Review Committee, etc.) as more particularly set forth herein or in the Bylaws;

(q) Cause a summary of the provisions of Section 1354 of the California Civil Code, as same may be amended from time to time, regarding alternative dispute resolution pre-filing requirements and which specifically reference Section 1354, to be prepared and annually distributed to each Member of the Master Association. The summary shall include the mandatory disclosure set forth in Section 1354. The summary shall be provided either at the time the pro forma operating budget is distributed as provided herein or in the manner specified in Section 5016 of the California Corporations Code, as same may be amended from time to time;

(r) Periodically review and revise the Maintenance Guidelines as the Board may deem reasonable and prudent to adjust to the changing needs of the Community;

(s) Comply with the provisions of California Civil Code Section 1375, as same may be amended from time to time, as provided hereinbelow;

(t) Maintain the structural Best Management Practices located on the Master Association Property and/or Maintenance Areas, perform the non-structural Best Management Practices to the extent applicable to the Master Association and enforce compliance by the Owners and other residents within the Community with their respective structural and/or non-structural Best Management Practices obligations, all as more particularly set forth in the Water Quality Management Plans;

(u) Maintain in good condition at all times the blue reflective markers installed on the private streets within the Community which indicate the location of the fire hydrants;

(v) Perform all of its obligations under any contract or other agreement to which the Master Association is a party;

(w) Cause summaries of the Master Association's fire and casualty insurance policy, comprehensive general liability insurance policy, earthquake and flood insurance policy (if one has been issued) and liability coverage policy for the directors and officers of the Master Association complying with the provisions of Section 1365(e) of the California Civil Code, as same maybe amended from time to time, to be distributed to each Member of the Master Association within sixty (60) days preceding the beginning of the Master Association's fiscal year, that includes all of the following information about each policy: (i) the name of the insurer; (ii) the type of insurance; (iii) the policy limits of the insurance; and (iv) the amount of any deductibles. The Board shall, as soon as reasonably practical, notify the Members by first class mail if any of the policies have lapsed, been canceled, and are not immediately renewed, restored or replaced, or if there is a significant change in coverage (e.g., a reduction in coverage or limits, or an increase in the deductible). If the Master Association receives any notice of nonrenewal of a policy described herein, the Board shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse. The summary of insurance coverage required herein shall contain the statement required by Section 1365 (e)(4) of the California Civil Code, as same may be amended from time to time; and

(x) Cause to be distributed to the Members each year, or upon request, educational information involving signage, notifications, precautionary literature and other informative practices which address the implications of living adjacent to natural open space areas, and which is intended to foster an appreciation of the native ecosystems and help ensure the long term survival of the biological habitats and other natural features. Such educational information may also identify measures that should be taken to minimize conflicts between wildlife, domestic animals and humans. Such information shall include, among other things, the following: (i) prohibitions on dumping, removing vegetation, etc., within the natural open space areas; (ii) warning of dangers and nuisances posed by wildlife that may forage at the edge of or venture into development (e.g., loss of pets to natural predators, etc.); (iii) the responsibility and benefits associated with living near a wildland area; and (iv) the importance of fuel modification and fire management plans that are to be implemented by the Master Association.

Section 4. Financial Statements for Special Benefit Areas. The Board shall perform the following for each Special Benefit Area within the Community: (i) cause appropriate financial statements for each Special Benefit Area to be regularly prepared and distributed to each Member of such Special Benefit Area; and (ii) review on at least a quarterly basis the applicable accounts and statements pertaining to such Special Benefit Area. The Board shall perform the foregoing duties concurrently with its performance of its duties described in Section 3, subsections (g) and (h) hereinabove, and shall apply the requirements and procedures set forth therein to each Special Benefit Area.

Section 5. Repair of Damage to the Master Association Property. Notwithstanding the Master Association's duty to maintain all Master Association Property and Maintenance Areas, if after prior Notice and Hearing, the Board determines that any maintenance, repair or replacement thereto is necessary due to the willful or negligent acts or omissions of any Owner, his family, tenants, lessees and/or their respective guests or invitees, the Board shall assess the cost of such maintenance, repair and/or replacement as a Damage Reimbursement Assessment against such Owner.

Section 6. Limitations on Contracts. Except as otherwise provided herein, no contract entered into by the Master Association or the Board, acting for and on behalf of the Master Association, may run for a term longer than one (1) year, except with the vote or written assent of a majority of the total voting power of the Master Association, and a majority of the votes attributable to Members other than the Declarant and the Neighborhood Builders.

Section 7. Delegation of Duties. In the event that the Master Association shall delegate any or all of its duties, powers or functions to any person, corporation or firm to act as manager, neither the Master Association nor the members of the Board shall be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated.

Section 8. Right of Entry for Emergency. The Board, any person authorized by the Board or any Owner, may enter into any Dwelling in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Master Association shall repair the same at its expense.

Section 9. Right of Entry for Repairs. The Board, or any person authorized by the Board, shall have the right, after reasonable notice, to enter onto any Lot to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs to the Master Association Property or an adjoining Lot. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Master Association shall repair the same at its expense.

Section 10. Limitations on Board Action. The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the total voting power of the Master Association and a majority of the votes residing in Members other than Declarant and the Neighborhood Builders:

(a) Entering into a contract with a third person, wherein the third person will furnish goods or services for the Master Association Property, the Maintenance Areas or the Master Association for a term longer than one (1) year, with the following exceptions:

(i) 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;

(ii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the policy permits for short-rate cancellation by the insured;

(iii) Agreements for cable television or satellite services and equipment of not to exceed five (5) years duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect interest often percent (10%) or more;

(iv) Agreements for the sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five (5) years duration, provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest often percent (10%) or more;

(v) A contract for a term not to exceed three (3) years that is terminable by the Master Association after no longer than one (1) year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party; and

(vi) A contract to render services required by a Public Agency.

(b) Incurring aggregate expenditures for capital improvements to the Master Association Property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year;

(c) Selling during any fiscal year property of the Master Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year;

(d) Paying compensation to members of the Board, to the officers of the Master Association or to any committee members for services performed in the conduct of the Master Association's business; provided, however, the Board may cause a director, officer or committee member to be reimbursed for actual expenses incurred in carrying on the business of the Master Association; or

(e) Filling a vacancy on the Board created by the removal of a Director by the Members.

Section 11. Licenses, Easements and Rights of Way. The Board, for and on behalf of the Master Association, is authorized and empowered to grant such licenses, easements and rights-of-way to a utility company and/or a Public Agency for the installation, maintenance and/or repair of utilities, and for maintenance of the Fuel Modification Zones over those portions of the Master Association Property upon which no building or other similar structure has been erected as may be necessary and appropriate in connection with the proper maintenance, preservation and enjoyment of the Master Association Property, or for the preservation of the health, safety, convenience and welfare of the Owners. Such licenses, easements and rights-of-way maybe granted at anytime prior to twenty-one (21) years after the death of the individuals who have signed this Master Declaration, and their issue who are in being as of the date hereof, and the right to grant such licenses, easements and rights-of-way is hereby expressly reserved.

Section 12. New Improvements. Except as otherwise provided in this Master Declaration, the Master Association may construct new Improvements to the Master Association Property or demolish existing Improvements, provided that in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year, the written consent or vote of a majority of Owners (other than Declarant and the Neighborhood Builders) as to the maximum total cost therefor shall first be obtained, and provided that no Lot shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Board shall levy a Special Assessment on all Owners in the Community for the cost of such work. Notwithstanding the foregoing, if the new Improvements or the demolition of existing Improvements relates to Special Benefit Improvements, only the vote or written consent of the Owners representing a majority of the Lots within such Special Benefit Area need be obtained, and the Board shall levy a Special Assessment solely on the Owners in the respective Special Benefit Area for the cost of such work.

Section 13. Master Association Rules and Regulations. The Board shall have the power to adopt, amend and repeal Rules and Regulations, as it deems reasonable, which may include the establishment of a system of fines and penalties enforceable as Compliance Assessments. The Rules and Regulations shall govern such matters in furtherance of the purposes of the Master Association, including, without limitation, the use and operation of the Master Association Property and Maintenance Areas; placement and dimensions of signs; parking restrictions and enforcement in compliance with Section 22658.2 of the California Vehicle Code, as same may be amended from time to time; trash collection; minimum standards for maintenance of Lots consistent with Maintenance Guidelines and the Design Guidelines, and any other matters which are within the jurisdiction of the Master Association; provided, however, that the Rules and Regulations may not discriminate among Owners and shall not be inconsistent with this Master Declaration. A copy of the Rules and Regulations as they may be adopted, amended or repealed, from time to time, or a notice setting forth the adoption, amendment or repeal of any Rule or Regulation, shall be delivered in writing to each Owner, shall be posted in a prominent location within the Master Association Property and shall be placed on file in the principal office of the Master Association. The Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Master Declaration, and shall be binding on the Owners and their successors in interest, whether or not actually received thereby. The Rules and Regulations as adopted, amended or repealed, shall be available at the principal office of the Master Association to each Owner upon request. In the event of any conflict between any such Rules and Regulations and any provisions of the other Master

Association Documents, the provisions of the Rules and Regulations shall be deemed to be superseded.

Section 14. Resolution of Disputes. All disputes between or among (i) the Master Association, (ii) any Owner(s), and/or (iii) the "Developer Parties" (as defined herein) which arise out of, or relate to, the Master Association Documents or which relate to the Community (excluding any and all disputes between Declarant and a Neighborhood Builder) shall be resolved as provided in this Section. For purposes of this Section, the Developer Parties shall mean and refer to the Declarant, all Neighborhood Builders, and their respective shareholders, directors, officers, employees, contractors, subcontractors, consultants, agents and representatives.

(a) Authorization to Initiate Proceedings. The Board, for and on behalf of the Master Association, is authorized and empowered to initiate, defend, participate in, pay costs and expenses incurred in connection with, and settle any mediation, arbitration, administrative and/or judicial proceedings regarding disputes between or among: (1) the Master Association and any Owner(s); (2) the Master Association and any of the Developer Parties; (3) the Master Association and any other person or entity; (5) any Owner and any of the Developer Parties; and (6) any Owner and another Owner. Such disputes may pertain to, among other things, (i) the interpretation and/or enforcement of the Master Association Documents; (ii) damage to or defect in the design and/or construction of any Dwelling, the Master Association Property and/or Maintenance Areas; and (iii) damage to the Lots which arises out of or is integrally related to any damage to or defect in the Master Association Property and/or Maintenance Areas. Any recovery by the Master Association or by any Owner for any damage to or defect in Master Association Property and/or Maintenance Areas shall be utilized solely for the purpose of correcting such damage or defect, and for the payment of attorneys' fees and other court costs, and may not be used for any other purposes without the approval of at least seventy five percent (75%) of the Owners (other than Declarant and the Neighborhood Builders) of the Lots in the Community in favor of such other purpose. The Board shall have the authority to perform any act reasonably necessary to resolve any dispute, through alternative dispute resolution ("ADR") proceedings, such as mediation and arbitration. Without limiting the generality of the foregoing, the Board and each Owner of a Lot in the Community covenants and agrees to comply with the mandatory ADR requirements set forth in Section 1354 of the California Civil Code, as same maybe amended from time to time.

(b) Disputes Regarding Construction Defects.

(1) Compliance with Civil Code Section 1375. The Master Association and each Owner covenants and agrees that before commencing any action against any of the Developer Parties based upon a claim for defects in the design and/or construction of any Dwelling or any other Improvements of any kind whatsoever within the Community, the Master Association and/or each Owner (notwithstanding that Section 1375 does not expressly apply to Owners by its terms) will comply with the provisions of California Civil Code Section 1375, as same may be amended from time to time. If the parties to such dispute are unable to resolve such dispute in accordance with the procedures set forth in Section 1375, the dispute

shall be resolved in accordance with the provisions of subsection (d) below. In all cases, each party shall be solely responsible for its own attorney's fees.

(2) Special Meeting of the Master Association for Disputes Regarding Construction Defects. As more particularly set forth in the Bylaws, in the event the Board rejects a settlement offer as referenced in Section 1375 or the Board decides to commence an action for damages pursuant to Section 1375, the Secretary shall call a special meeting of the Members. In addition to the information required by Section 1375 to be specified in the notice of such meeting, the notice shall also specify the following: (1) the estimated costs to repair the actual defects prepared by a licensed general contractor who has actually bid to perform the necessary repair work; (2) how the necessary repairs will be funded; (3) the name of the attorney whom the Master Association is contemplating retaining and an estimate of the attorney's fees, consultant's fees and any other costs to be incurred to prosecute such proceedings; (4) how such fees and costs will be funded; (5) each Member's duty to disclose to prospective purchasers the alleged defects; and (6) the potential impact the proceedings may have on the marketability and availability of financing for Lots in the Community. Such notice shall be sent to all Members of the Master Association.

(c) Other Disputes. Subject to compliance with the mandatory ADR requirements set forth in Section 1354 of the California Civil Code, as same maybe amended from time to time, all other disputes between or among the Master Association, any Owner(s) and/or the Developer Parties (excepting disputes regarding delinquent Assessments, and disputes with Declarant regarding completion bonds for the Master Association Property and also excepting any disputes between Declarant and any Neighborhood Builder) shall be resolved in accordance with the provisions of subsection (d) below.

(d) Judicial Reference. All unresolved disputes under subsections (b) and (c) above shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638 and 641-645 or any successor statutes thereto. Within ten (10) days of receipt by any party of a written request to resolve any unresolved dispute under subsections (b) or (c) above, the parties shall agree upon a single Referee. If the parties are unable to agree upon a Referee within such ten (10) day period, then any party may thereafter seek to have a Referee appointed under the California Code of Civil Procedure Sections 638 and 640. If the Referee is appointed by the Court, the referee shall be a retired judge from JAMS/ENDISPUTE, INC., ("JAMS"), the American Arbitration Association ("AAA") or similar mediation/arbitration entity. The proposed Referee may be challenged for any of the grounds listed in Section 641 of the California Code of Civil Procedure. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. Declarant shall not be required to participate in the judicial reference proceeding unless it is satisfied that all necessary and appropriate parties will participate.

The parties shall use the procedures adopted by JAMS for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

(1) If the Declarant is a party to such judicial reference proceedings, any fee to initiate such proceedings shall be advanced by the Declarant; however, the fees and costs of the judicial reference proceedings (e.g., the fee for the Referee and all expert witness fees and costs, etc., but excluding all attorney's fees) shall ultimately be borne as determined by the Referee. In all cases, each party shall bear its own attorney's fees at its sole cost and expense;

(2) The proceedings shall be heard in Riverside County, unless all parties agree to a different location;

(3) The Referee shall have the power to decide all issues of fact and/or law, and to report a statement of decision to the court on such issues, and to issue all recognized remedies available at law or in equity for any cause of action that is before the Referee;

(4) The Referee may require one or more pre-hearing conferences;

(5) The parties shall be entitled to discovery, and the Referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;

(6) A stenographic record of the proceedings shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals;

(7) The Referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable and shall stand as the decision of the court;

(8) The Referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge; and

(9) The parties shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute.

The statement of decision of the Referee upon all of the issues considered by the Referee shall be binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon in the same manner as if the action had been tried by the court. The decision of the Referee shall be appealable as if rendered by the court. This provision shall in no way be

construed to limit any valid cause of action which maybe brought by any of the parties. The parties acknowledge and agree that they are waiving their right to a jury trial.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. The Declarant, for and on behalf of itself and all Neighborhood Builders, hereby covenants, and each Owner of a 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 Master Association the following Assessments which are levied by the Master Association against such Owner's Lot; (a) Regular Assessments; (b) Special Assessments; (c) Compliance Assessments; (d) Damage Reimbursement Assessments; (e) Special Benefit Assessments; and (f) such other assessments as the Master Association may periodically establish. The Regular, Special, Damage Reimbursement Assessments and Special Benefit Assessments, together with a reasonable late charge established by the Board in accordance with California law, interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made and shall also be the personal obligation of the Owner of such property at the time when the Assessment became due. Each Compliance Assessment levied against an Owner, together with such reasonable late charge, interest, costs and reasonable attorneys' fees for the collection thereof, shall be the personal obligation of the Owner of the Lot at the time such Assessment is levied. The personal obligation for any delinquent Assessments shall not pass to an Owner's successors in title, unless expressly assumed by them.

Section 2. Purpose of Regular Assessments: Levy and Collection. The Regular Assessments levied by the Master Association shall be used exclusively to fund the performance of the Master Association's powers and duties as set forth herein so as to promote the health, safety and welfare of the Owners, and other residents within the Community. In no event may the Regular Assessments (or any other Assessments) levied by the Master Association be used to abate any nuisance arising from outside the boundaries of the Community, to fund any political campaigns or ballot measures whatsoever or to otherwise fund participation in, support for or opposition to any cause or activity pertaining to matters which are not exclusively within the Community. The Master Association, by and through its Board, shall levy and collect Assessments in an amount sufficient to cover all of the Common Expenses incurred by the Master Association in connection with the performance and execution of the powers and duties set forth in the Master Association Documents. The Master Association shall not levy, impose or collect Assessments, penalties or fees that exceed the amount reasonably necessary for the purpose(s) for which they were levied. Subject to any subsidy or maintenance agreement or other procedures approved by the DRE, Regular Assessments levied by the Master Association shall be adjusted at such time as the annexation of a subsequent Phase becomes effective. Regular Assessments may be collected on a monthly installment basis.

Section 3. Regular Assessments - Basis. Regular Assessments shall be levied equally against all Lots in the Community. Regular Assessments may be reduced and abated in accordance with any maintenance or subsidy agreement entered into by the Master Association, or other arrangement approved by the DRE.

During the period the Community is being built out, Declarant and/or the Neighborhood Builders may annex one or more Phases into the Community in accordance with the provisions of this Master Declaration. Because Regular Assessments will typically change in amount each time a Phase is annexed into the Community and because the annexation of additional Phases might occur in quick succession, in order to facilitate the orderly annexation of Phases and to avoid the confusion and administrative burden which would result from multiple change in the amount of the Regular Assessments as additional Phases are annexed into the Community, Declarant, with the DRE's approval, has established a "Level Regular Assessment" procedure. Under this procedure Regular Assessments are fixed at a specified (i.e., level) amount for a grouping of Phases regardless of the fact that additional Phases are being annexed into the Community. The Level Regular Assessments levied by the Master Association will either temporarily accrue a surplus or permit a previously accrued surplus to be gradually depleted. The amount of the Level Regular Assessment is based upon the budget prepared by the Declarant and reviewed by the DRE. The amount of the Level Regular Assessment will be adjusted from time to time as required by the DRE.

Section 4. Assessment Exemptions. Notwithstanding the commencement of Regular Assessments in accordance with the provisions of this Master Declaration, Declarant, each Neighborhood Builder and any Owner shall be exempt from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of any portion of the Master Association Property and/or Maintenance Areas that are not complete at the time Assessments commence. This exemption shall only be in effect until the earlier of: (a) the recordation of a notice of completion for such portion of the Master Association Property and/or Maintenance Areas; or (b) the placement into use of such Master Association Property or Maintenance Areas.

Section 5. Limitations on Increases and Decreases in Regular Assessments. Subject to the limitations of California Civil Code Section 1366, as same maybe amended from time to time, and further subject to the provisions regarding Level Regular Assessments set forth in Section 3 above, from and after the first day of the fiscal year immediately following the first Close of Escrow for the sale of a Lot to an Owner, the Board may increase the maximum Regular Assessment subject to the following limitations:

(a) Increases in Regular Assessments for any fiscal year which are less than or equal to twenty percent (20%) above the maximum Regular Assessment for the immediately preceding fiscal year may be approved by the Board, provided that the Board shall: (1) comply with the provisions set forth in Section 1365(a) of the California Civil Code with respect to the distribution of the pro forma operating budget of the Master Association for the forthcoming fiscal year; or (2) obtain the approval of Members constituting a quorum, and casting a majority of votes at a meeting or at an election of the Master Association conducted in accordance with California Corporations Code Sections 7510, et seq., and

Sections 7613, et seq. For purposes of this Section, a quorum means more than fifty percent (50%) of the Members of the Master Association;

(b) Increases in Regular Assessments for any fiscal year which are greater than twenty percent (20%) above Regular Assessments for the immediately preceding fiscal year may be approved by the Board only after the Board obtains the approval of Members constituting a quorum and casting a majority of votes at a meeting or election of the Master Association, conducted in accordance with Sections 7510, et seq., and Section 7613 of the Corporations Code; and

(c) The limitation on increases in Regular Assessments set forth in Subsection (b) above does not apply to increases in Regular Assessments related to emergency situations, which shall be deemed to include the following:

(1) Extraordinary expenses required by an order of a court of competent jurisdiction;

(2) Extraordinary expenses for the maintenance or repair of Master Association Property and/or Maintenance Areas that are necessary to remedy any dangerous condition in the Community that represents a threat of damage or injury to any person or property; and

(3) Extraordinary expenses necessary to repair or maintain the Master Association Property and/or Maintenance Areas that could not have been reasonably anticipated by the Board at the time the most recent Master Association budget was prepared. Notwithstanding the foregoing, in the event that the Board increases the Regular Assessment above twenty percent (20%) pursuant to this subparagraph (3), the Board shall distribute written notice concerning such increase to all Owners, together with a copy of a resolution adopted by the Board setting forth: (i) written findings as to the necessity of the extraordinary expenses; and (ii) the justification why said expenses were or could not have been reasonably foreseeable at the time the most recent budget was prepared.

The Board may fix the Regular Assessment at an amount not in excess of the maximum Regular Assessment. So long as Declarant and/or any Neighborhood Builder is offering Lots for sale pursuant to a Final Subdivision Public Report, the Regular Assessment may not be decreased by ten percent (10%) or more without the prior express written consent of the Declarant and the DRE. Notwithstanding the foregoing, following the annexation of a subsequent Phase of the Community pursuant to the provisions set forth in this Master Declaration, the Regular Assessments may be automatically increased (or decreased) for all Lots in the Community on the first day of the month following the first Close of Escrow for the sale of a Lot in said Phase without any approval of the Members of the Master Association to the amount approved by the DRE.

Section 6. Special Assessments. Subject to the limitations set forth in California Civil Code Section 1366, as same may be amended from time to time, the Board may levy Special Assessments to defray the costs of any action or undertaking on behalf of the Master Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Master

Association for that fiscal year; provided that the Board shall first obtain the approval of Members constituting a quorum and casting a majority of votes at a meeting or an election of the Master Association conducted in accordance with Sections 7510, et seq., and 7613 of the Corporations Code. (For purposes of this Section, a quorum means more than fifty percent (50%) of the Members of the Master Association.) The five percent (5%) limitation shall not apply to increases in Special Assessments related to an emergency situation which shall be deemed to include the following:

- (a) Extraordinary expenses required by an order of a court of competent jurisdiction;
- (b) Extraordinary expenses for the maintenance or repair of Master Association Property (excluding the Special Benefit Improvements) and/or Maintenance Areas that are necessary to remedy any dangerous condition in the Community that represents a threat of damage or injury to any person or property; and
- (c) Extraordinary expenses necessary to repair or maintain Master Association Property and/or Maintenance Areas that could not have been reasonably anticipated by the Board at the time the most recent Master Association budget was prepared. Notwithstanding the foregoing, in the event the Board levies any Special Assessment that exceeds the five percent (5%) limitation pursuant to this Section, the Board shall distribute written notice concerning said Special Assessment to all Owners, together with a copy of a resolution adopted by the Board setting forth: (1) written findings as to the necessity of said Special Assessment; and (2) the justification why said Special Assessment was not or could not have been reasonably foreseeable at the time the most recent budget was prepared.

Every Special Assessment shall be levied on the same basis as that prescribed for the levying of Regular Assessments. Notwithstanding the foregoing, Special Assessments levied by the Master Association in connection with the maintenance, repair or replacement of any Special Benefit Improvements shall be levied solely against the Owners of the Lots within the respective Special Benefit Area in accordance with the provisions of Section 7 below. Special Assessments may be collected on a monthly installment basis or on such other basis as the Board may determine.

Section 7. Special Benefit Assessments. The Board may levy Special Benefit Assessments against an Owner and his respective Lot to cover Special Benefit Expenses incurred by the Master Association for a Special Benefit Area. As more particularly set forth in the Article herein entitled "Powers and Duties of the Master Association," the Board shall distribute to the Owners within each Special Benefit Area, concurrently with the distribution of the overall operating budget for the Master Association, a pro forma operating budget and/or other pertinent financial statements for the respective Special Benefit Area, and shall set forth the amounts and payment schedule of the Special Benefit Assessments. Each Special Benefit Assessment shall be due thirty (30) days after such Assessment has been levied, and unless otherwise specified by the Board, shall be billed and collected monthly with the Regular Assessment levied against the respective Lot. Increases in Special Benefit Assessments shall be subject to the same limitations set forth in the Section 5 hereinabove and the levy of Special Assessments relating to the maintenance, repair and/or replacement of Special Benefit Improvements shall be subject to the same limitations set forth in Section 6 hereinabove; provided however, the Board need only obtain approval from the Members

constituting a quorum and casting a majority of votes at a meeting or election conducted in accordance with Section 7510 et seq. and 7613 of the California Corporations Code. For purposes of this Section, a quorum means more than fifty percent (50%) of the Owners of the Lots within the respective Special Benefit Area.

Section 8. Compliance Assessments. A Compliance Assessment may not be characterized or treated as an Assessment which may become a lien against the Owner's Lot enforceable by a sale in accordance with the provisions of Section 2924, 2924(b) and 2924(c) of the California Civil Code; provided, however, the foregoing shall not apply to any Compliance Assessment imposed against an Owner consisting of a reasonable late payment penalty for delinquent Assessments and/or charges to reimburse the Master Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments. Compliance Assessments shall be due thirty (30) days after such Assessment is imposed.

Section 9. Damage Reimbursement Assessment. If, after Notice and Hearing, the Board determines that any maintenance or repairs to the Master Association Property or Maintenance Areas are required as the result of damage or destruction thereto caused by the negligent or intentional acts of any Owner, the members of his family or his tenants, lessees or invitees, the Board may levy a monetary penalty against such Owner and his Lot as a means of reimbursing the Master Association for all costs to repair the damaged or destroyed Master Association Property or Maintenance Area. A Damage Reimbursement Assessment shall become a lien against the Owner's Lot which is enforceable by sale pursuant to Sections 2924, 2924 (b) and 2924 (c) of the California Civil Code, as same may be amended from time to time.

Section 10. Notice of Increase in Assessments. The Board shall provide notice by first class mail to the Owners of any increase in Regular, Special or Special Benefit Assessments not less than thirty (30) nor more than sixty (60) days prior to such increase becoming due.

Section 11. Date of Commencement of Regular Assessments: Due Dates. Subject to the terms of any maintenance and/or subsidy agreement entered into between the Master Association and Declarant (or a Neighborhood Builder), Regular Assessments shall commence as to all Lots within a Phase of the Community which are subject to this Master Declaration on the first day of the month after the happening of either of the following events, whichever occurs first: (i) the first Close of Escrow for the sale of a Lot in such Phase; or (ii) the conveyance of any Master Association Property in such Phase to the Master Association. The first Regular Assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the Bylaws. The Board shall fix the amount of the Regular Assessment at least thirty (30) days in advance of each Regular Assessment period.

Section 12. Collection of Assessments. Except as otherwise provided in this Master Declaration, Regular and Special Assessments shall be levied at uniform rates for each Lot in the Community. Special Benefit Assessments shall be levied equally against all Lots in the respective Special Benefit Area.

Section 13. Certification of Payment. The Master Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer or agent of the Master Association setting forth whether the Assessments on a specified Lot have been paid. If a certificate states that Assessments have been paid, such certificate shall be conclusive evidence of such payment.

Section 14. Delivery by Owner. Each Owner of a Lot shall, as soon as practicable prior to the transfer of title to such Lot or the execution of an installment sales contract, as defined in California Civil Code Section 2985, as same may be amended from time to time, give to the prospective purchaser a copy of the Master Association Documents, a copy of the most recent financial statements, a true statement, in writing, from the Master Association Board as to the amount of the Master Association's Regular, Special and Special Benefit Assessments, as well as any delinquent Assessments (including late charges, interest, costs of collection and attorney's fees) which are or may be a lien upon the Owner's Lot, and any changes in the Master Association's Assessments which have been approved by the Board, but have not become due and payable.

Section 15. Reserves. All amounts collected by the Master Association as reserves shall be deposited by the Board in a separate bank account for the purposes for which they were collected, and are to be: segregated from and not commingled with the operating or any other funds of the Master Association. The Board shall not expend funds designated as reserves for any purposes other than as permitted by Section 1365.5 of the California Civil Code, as same maybe amended from time to time.

Section 16. Offsets and Waiver Prohibited. No Owner may waive or otherwise avoid liability for the Assessments provided for herein for any reason whatsoever, including, but not limited to, non-use of the Master Association Property or abandonment of his Lot, nor shall any Owner be entitled to any offset against any Assessment provided for herein for any reason whatsoever, including, but not limited to, any expenditure made by such Owner for or on behalf of the Master Association.

Section 17. Exempt Property. The following property subject to this Master Declaration shall be exempt from the Assessments herein:

- (a) All property dedicated to and accepted by any Public Agency;
- (b) All property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of California. However, no land or Improvements utilized for residential dwelling purposes shall be exempt from said Assessment; and
- (c) All Master Association Property.

ARTICLE VII

NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE MASTER ASSOCIATION

Section 1. Non-Payment of Assessments: Remedies of the Master Association. Any installment of a Regular, Special or Special Benefit Assessment, and any Damage Reimbursement or Compliance Assessment not paid within fifteen (15) days after the due date shall be deemed delinquent, and the Owner shall be obligated to pay: (a) reasonable costs of collection, including reasonable attorneys' fees; (b) a reasonable late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater, or as may, from time to time, be established by the Board in accordance with California law; and (c) interest on all sums imposed under this Section at an annual percentage rate not to exceed twelve percent (12%), commencing thirty (30) days after the Assessment was due. The Board, for and on behalf of the Master Association, may commence legal action against the Owner obligated to pay the same, or, in the case of a Regular, Special, Special Benefit or Damage Reimbursement Assessment may foreclose the lien against his Lot. Such lien may also be foreclosed by a power of sale or other non-judicial procedure provided for by the laws of the State of California. In furtherance thereof, each Owner hereby vests in the Master Association, its successors or assigns, the right and power to bring all actions at law or to pursue lien foreclosure for purposes of collecting such delinquent Assessments.

Section 2. Notice of Delinquent Assessments. No action shall be brought to foreclose a lien for delinquent Assessments, or to proceed under the power of sale herein, unless at least thirty (30) days has expired following the date a Notice of Delinquent Assessments is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot and a copy thereof is recorded by the Master Association in the Office of the County Recorder for Riverside County. Said Notice of Delinquent Assessments must recite a good and sufficient legal description of the subject Lot, the name and street address of the record Owner, the total amount of the Assessment(s) and all other amounts due as provided for herein, and the name and address of the principal office of the Master Association, and, in the event of a non-judicial foreclosure as provided in Section 3 below, the name and address of the trustee authorized by the Master Association to enforce the lien by sale. The Notice shall be signed and acknowledged by the President, or Vice President, and the Secretary, or Assistant Secretary, of the Master Association. The lien shall continue until fully paid or otherwise satisfied.

Section 3. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board, its attorney or by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted by the Board pursuant to Section 2934(a) of the California Civil Code. Any sale by the trustee shall be conducted in accordance with the provisions of Sections 2924 et seq. of the California Civil Code, as same may be amended from time to time, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Master Association, through duly authorized agents, shall have the power to bid on the real property at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same. Any Owner, by acceptance of a deed for his Lot hereby expressly waives any objection to the enforcement and foreclosure of the lien in this manner.

Section 4. Curing of Default. Upon the timely curing of any default for which a Notice of Delinquent Assessments or lien was filed by the Master Association, the officers thereof are hereby authorized to file or record, as the case may be, an appropriate release of such Notice upon payment by the defaulting Owner of a reasonable fee to be determined by the Master Association to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies. The Master Association's remedies for nonpayment of Assessments, including, but not limited to, an action to recover a money judgment, Assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Master Association and its assigns may have hereunder or at law. Nothing herein shall prohibit the Master Association from taking a deed in lieu of foreclosure.

Section 6. Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created hereunder, nor any breach of the terms and provisions of this Master Declaration, nor the enforcement of any term or provision hereof, shall defeat or render invalid the rights of any Mortgagee under any recorded first Mortgage or deed of trust upon a Lot made in good faith and for value; provided that after such Mortgagee or other person or entity obtains title to such Lot by judicial or non-judicial foreclosure, such Lot shall remain subject to this Master Declaration and the payment of Assessments which become due subsequent to the date of taking title.

ARTICLE VIII

USE RESTRICTIONS

Save and except the Declarant (and each Neighborhood Builder) who shall be exempt from the Use Restrictions set forth herein, all real property within the Community shall be held, occupied, used and enjoyed, subject to the Use Restrictions set forth in this Article.

Section 1. Private Single Family Dwelling. Except as provided in the Article herein entitled "General Plan of Development," or as otherwise provided in this Article, each Dwelling shall be used as a private residence for a single family and for no other purpose, except such temporary uses as shall be permitted by Declarant while the Community is being developed and Declarant and/or any Neighborhood Builder is conducting its sales, leasing or other marketing program.

Section 2. Use of Master Association Property. Use of the Master Association Property shall be subject to the provisions of this Master Declaration, the Rules and Regulations and the Environmental Documents, and to any additional limitations imposed by any of the other Master Association Documents.

Section 3. Conduct Affecting the Master Association. No Owner shall keep any materials of any kind or allow any activities to be conducted at his Lot or on the Master Association Property or Maintenance Areas which will increase the rate of insurance on the Master Association Property or Maintenance Areas, or which will cause any fine or penalty to be imposed against the Master Association by any Public Agency. Further, no Owner shall keep any materials of any kind or

allow any activities to be conducted at his Lot or on the Master Association Property or Maintenance Areas which will result in the cancellation of insurance on the Master Association Property or Maintenance Areas or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance on the Master Association Property or Maintenance Areas shall be increased, or any fine or penalty imposed against the Master Association, the Owner shall become personally liable for the additional insurance premiums or for such fine or penalty.

Section 4. Owner's Liability for Damage. Each Owner shall be liable to the Master Association pursuant to the laws of the State of California for any and all costs and expenses which may be incurred by the Master Association to repair any damage to the Master Association Property and/or Maintenance Areas which may be sustained by reason of the negligence or willful misconduct of said Owner, the members of his family, his lessees, tenants, or their respective guests or invitees, whether minor or adult. Any such costs and expenses shall be levied by the Board as a Damage Reimbursement Assessment against such Owner in accordance with the provisions of this Master Declaration.

Section 5. Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Community except such signs as may be used by Declarant (or by a Neighborhood Builder with Declarant's consent) in connection with the development of the Community and sale or lease of Lots. Notwithstanding the foregoing, in accordance with Section 712 of the California Civil Code, an Owner may display on his Lot or on real property owned by others with their consent, or both, signs which are reasonably located, in plain view of the public, are of reasonable dimensions and design, do not adversely affect public safety, including traffic safety, and which advertise the property for sale, lease or exchange, or advertise directions to the property or the Owner's or agent's address and telephone number. As provided in said Section 712 of the California Civil Code, a sign which conforms to an ordinance adopted in conformity with Section 713 of the California Civil Code shall be deemed to be of reasonable dimension and design. In all events, all signs permitted under this Section shall comply with the City's Comprehensive Sign Regulations. Declarant and each Neighborhood Builder shall repair any damage to or complete any restoration of the Master Association Property caused or necessitated by the display of signs by Declarant or the Neighborhood Builders within a reasonable time after the occurrence of such damage or need for restoration. A copy of the City's Comprehensive Sign Regulations is on file with the property management company for the Community.

Section 6. Maintenance of Animals Within the Community. An Owner may keep within his respective Lot: (i) common domesticated household animals (e.g., dogs, cats, birds or fish), or (ii) subject to prior Board approval as provided herein, an "exotic animal." Any Owner desiring to keep an "exotic animal" within his Lot shall make prior application to the Board for permission to keep an exotic animal. As used herein, an "exotic animal" shall mean any type of snake or reptile which can grow to a length longer than two feet, any form of livestock, any type of spider, any animal which is poisonous or which would pose a risk of harm to any person or to a common domesticated household animal if such exotic animal escaped from its respective Lot, or any other animal (other than a common domesticated household animal) which is designated by the Board, from time to time, as constituting an exotic animal. The Board shall hold a hearing on such application and shall give at least five (5) days prior written notice of such hearing to the applicant, to the applicant's adjoining Owners and to such other Owners within the Community as the Board

may deem appropriate. The Board may, in its sole and absolute discretion, approve or disapprove such application, and may also impose such conditions upon the right to keep an exotic animal as the Board may deem appropriate, including, without limitation, requiring the Owner to construct a secure enclosure to prevent the animal from escaping, to give written notice to other Owners of the presence of such exotic animal, to obtain additional liability insurance, to reimburse the Master Association for any costs incurred by the Master Association as the result of the animal escaping, etc. In all cases, animals may only be kept in accordance with applicable City ordinances and codes, and may not be kept, bred or maintained for any commercial purpose or in unreasonable numbers as determined by the Board, from time to time. Each Owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by his animal(s) anywhere within the Community. All animals must be kept either within an appropriate enclosure, or the yard or patio, or on a leash held by a person capable of controlling the animal. Upon the approval of a majority of a quorum of the Board, the Board shall have the right to prohibit maintenance of any animal within the Community (including any common domesticated household animal or any previously approved exotic animal) which, in the opinion of the Board, constitutes a nuisance to any other person. Every person keeping an animal within or bringing an animal into the Community shall be liable pursuant to the laws of the State of California to any and all persons for any injury to persons or damage to property caused by such animal.

Section 7. Quiet Enjoyment. No Owner shall permit or allow any activity to be - performed or any material of any kind to be kept within or upon his Lot which will obstruct or interfere with the rights of quiet enjoyment of the other occupants in the Community, or annoy them by unreasonable noises or otherwise, nor will any Owner commit or permit any nuisance on his Lot. Without limiting the generality of the foregoing, no exterior horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes and reasonable exterior speakers for home entertainment sound systems), noisy or smoky vehicles, unlicensed off-road motor vehicles or items which may unreasonably interfere with the television or radio reception shall be located, used or placed on any portion of the Community, or exposed to the view of other Owners. No noxious odors shall be permitted to emanate from any portion of the Community. The Board shall have the right to determine in accordance with the provisions for Notice and Hearing set forth in the Bylaws if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance. Each Owner shall comply with all of the requirements of the City and/or County Health Department and of all other governmental authorities with respect to his Lot. All clotheslines, refuse containers, woodpiles, storage boxes, tools and equipment shall be prohibited on any Lot unless obscured from view by a fence or appropriate screen approved by the Design Review Committee.

Section 8. Improvements. No Improvement shall be constructed, altered or removed (other than those repairs or rebuilding permitted under the Article entitled "Damage or Destruction of Improvements Maintained By the Master Association" without the approval by the Design Review Committee, as set forth hereinbelow except those Improvements which are constructed by Declarant and/or a Neighborhood Builder during the development of the Community.

Section 9. Windows. No window in any Dwelling shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, reflective tint or any other material reasonably deemed inappropriate for such use by the Board; provided, however, an Owner may use plain white sheets to cover windows for a period of time not to exceed six (6) months after the Close of Escrow or occupancy of the Dwelling, pending the installation of drapes, curtains, shutters or other appropriate interior window coverings.

Section 10. Commercial Activity. No Dwelling shall be used in any way, directly or indirectly, for any business, commercial, mercantile, manufacturing, storage or other nonresidential purposes, except for the right of Declarant (and each Neighborhood Builder) to use any portion of the Community for model homes, sales and leasing offices and displays and other promotional events in accordance with the provisions of this Master Declaration. Notwithstanding the foregoing, any Owner of a Lot in the Community may maintain a home-office and conduct business activities therefrom on the following conditions: (i) there is no external evidence of such activity; (ii) such activities are conducted in conformance with all applicable City requirements; (iii) the patrons or clientele of such activities do not visit the Lot or park automobiles or other vehicles within the Community; (iv) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Lot; (v) no such activity increases the liability or casualty insurance obligation or premium of the Declarant, any Neighborhood Builder and/or the Master Association; and (vi) such activities are consistent with the residential character of the Community and conform with the provisions of this Master Declaration.

Section 11. Parking. All vehicles in the Community shall be parked in accordance with the Title 16 of the City's Municipal Code adopted pursuant to Ordinance 182-97 and effective December 18, 1997, as same may be amended from time to time (the "Development Code") and the following restrictions. In the event of a conflict between the provisions of the Development Code and the restrictions set forth herein, the provisions of the Development Code shall control.

(a) Restrictions Regarding Private Streets. All of the streets within the Community are private streets. Curbside parking along the streets in the Community is restricted to one side of the street in certain areas. In no event shall parking be permitted along any portion of a street designated as a fire lane. The fire lanes and other no parking areas in this first Phase of the Community are generally depicted on **Exhibit "PP"** attached hereto. Any additional fire lanes and other no parking areas in any subsequent Phase of the Community shall be generally depicted on an Exhibit attached to the Notice of Annexation recorded on such Phase. Additional portions of the private streets within the Community may be designated as fire lanes by the Murrieta Fire Department from time to time. The Board shall adopt reasonable Rules and Regulations regarding the parking of vehicles along the private streets and/or otherwise within the Community which are not in conflict with any requirements of the Murrieta Fire Department or other applicable laws. In furtherance thereof, the Master Association, through its officers, committees and agents, shall establish "parking" and "no parking" areas within the Master Association Property in accordance with Section 22658.2 of the California Vehicle Code, as same may be amended from time to time provided however, parking shall never be permitted in a fire lane. The Master Association, through its officers, committees and agents, shall enforce such Rules and Regulations by all lawful means, including the levying of fines, and citing and towing of any violating vehicle.

The Master Association shall contract with a towing company to remove vehicles that violate the no parking restrictions and shall provide all Owners with a telephone number to report parking violations. First time violators will receive a written warning. If after a vehicle receives a written warning, there is a subsequent violation, the vehicle shall be subject to towing. The owner of such vehicle shall be responsible for all costs incurred in remedying the violation, including but not limited to, towing costs, citations and legal fees. The Master Association and any Owner may not modify any street (e.g., install speed bumps, control gates, or change the parking provisions set forth herein) without first obtaining the express written approval of the Murrieta Fire Department and any other applicable Public Agencies.

(b) Recreational Vehicles. The parking or storage of recreational vehicles on any street within the Community or on any portion of a Lot so as to be visible from a street in the Community for periods greater than forty eight (48) hours is prohibited. The Master Association may establish an RV storage area in accordance with applicable City requirements. For purposes of this paragraph, recreational vehicles include, without limitation, campers, motor homes, trailers, boats, boat trailers, jet skis and other similar vehicles classified by the City as a recreational vehicle.

(c) Standard Passenger Vehicles. An Owner may park any standard passenger automobile (including vans, sport utility vehicles, and similar vehicles up to and including one [1.] ton when used for everyday transportation) within his respective garage, on the side of the street if permissible, or on his driveway. No motorized or non-motorized vehicle shall be parked, stored or kept in the front yard area of a Lot except on the driveway. If a motorized or non-motorized vehicle (other than a recreational vehicle) is to be parked, stored or kept on a portion of a Lot other than the driveway, such vehicle must be screened from view and must be for the personal use of the Owner of such Lot.

(d) Commercial Vehicles. In no event may any Owner park, store or keep any commercial vehicle (even if used for every day transportation) within any portion of the Community except wholly within his garage. For purposes of this paragraph, a commercial vehicle shall mean any vehicle with equipment affixed thereto or loaded thereon, or any vehicle with commercial signage attached thereto or imprinted thereon.

(e) Storage of Goods in Garages. Each Owner shall keep his garage readily available for parking of permitted vehicles and shall not store any goods or materials therein, nor use any portion of the garage for a workshop or other use if such storage or use would prevent said Owner from parking the number of vehicles therein for which said garage was originally designed and constructed. Notwithstanding the foregoing, if an Owner has fewer vehicles than garage parking spaces, such unused spaces(s) may be used for the storage of goods or other use so long as the garage door remains closed at all times so that the stored goods or other use and not visible to other residents within the Community.

(f) Repairs. No Owner shall conduct major repairs to any vehicle of any kind whatsoever upon the Master Association Property on his Lot, on any public street or elsewhere within the Community, except for emergency repairs thereto and then only to the extent necessary to enable the vehicle to be moved to a proper repair facility.

(g) Garage Doors. All garage doors shall remain closed at all times, except as reasonably required for entry to and exit from the garage.

Section 12. Vehicle Usage in the Master Association Property. Except for the private streets and any other areas expressly authorized and regulated by the Master Association for vehicular use, no vehicles of any kind shall be operated, maintained, repaired or otherwise used on, over or across the other portions of the Master Association Property.

Section 13. Unrestricted Parking. Subject to the provisions of this Master Declaration and the Rules and Regulations of the Master Association, any unrestricted parking areas (including, without limitation, the unrestricted parking areas along a private street) within the Master Association Property shall be available on a first-come, first-served basis to all Owners and their guests and invitees.

Section 14. Compliance With Master Association Documents. All Owners shall comply with all of the Protective Covenants and other terms and provisions set forth in the Master Association Documents. No Owner shall transfer any membership or interest in the Master Association, except upon the transfer of the Lot to which it is appurtenant.

Section 15. Solar Heating Systems. An Owner may install a solar heating system on his Lot to heat swimming pools, spas and water heaters. Such system must comply with the City Municipal Code and any other applicable City requirements and must be approved by the Design Review Committee, subject to the provisions of Section 714 of the California Civil Code, as same may be amended from time to time.

Section 16. Antennas. No radio station or shortwave operators of any kind shall operate from any Lot or any other portion of the Community, and no exterior radio antenna, "Citizens Band" ("C.B.") antenna, ham radio or other similar radio receiving or broadcasting device of any type shall be erected or maintained in the Community. Additionally, no video or television antenna including a satellite dish, that has a diameter or diagonal measurement of more than one (1) meter shall be installed or maintained in the Community. Any Owner who desires to install a video or television antenna having a diameter or diagonal measurement of one (1) meter or less shall comply with the following reasonable restrictions: (1) apply to and obtain approval for the installation of such antenna from the Design Review Committee; and (2) agree to maintain, repair or replace any roof or other Improvements affected by the installation, maintenance or use of such antenna, if required by the Design Review Committee. The Design Review Committee shall require that any video or television antenna not be visible from the street in front of the respective Dwelling, and to the maximum extent permitted by law, the Design Review Committee shall require a video or television antenna to be reasonably screened from view from any other Lot and from the Master Association Property, as the case may be, provided such requirement does not significantly increase the cost of the video or television antenna system (including all related equipment), and does not significantly decrease its efficiency or performance. Notwithstanding the foregoing, all restrictions on video or television antennas (including satellite dishes) shall be subject to all applicable federal, state and local laws, including, but not limited to, the Federal Telecommunications Act of 1996, as same may be amended from time to time.

Section 17. Air Conditioners and Other Equipment. Air conditioners, heating, cooling, ventilating equipment and all other mechanical, lighting, or electrical devices shall be so operated and located so that they do not disturb the peace, quiet and comfort of neighboring residents and shall be screened, shielded and/or sound buffered from surrounding Lots, streets and other portions of the Master Association Property. All such equipment must be installed and operated in accordance with all applicable provisions of the City's Municipal Code and any other applicable City requirements.

Section 18. Hazardous Materials. No hazardous waste, substance or material (as defined in any federal, state or local law, ordinance or regulation) shall be stored or permitted upon any portion of the Community, except in compliance with all applicable laws, ordinances and regulations of all applicable Public Agencies. Without limiting the generality of the foregoing, the Community is subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System ("NPDES") adopted pursuant to the Federal Clean Water Act. In accordance therewith, the Master Association and all Owners may not dispose of any hazardous waste, substance or material into any storm drain or other drainage device located anywhere within the Community in violation of NPDES or any other applicable laws, ordinances or regulations.

Section 19. Leasing. No Owner may rent or lease less than his entire Dwelling nor rent or lease his Dwelling for transient or hotel purposes or for a period of less than thirty (30) days. All rental and lease agreements shall be in writing and shall provide that the terms of such agreement shall be subject in all respects to the provisions of the Master Association Documents, and that any failure by the tenant or lessee to comply with the terms of the Master Association Documents shall constitute a default under such agreement.

Section 20. Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted within the Community, nor shall oil wells, tanks or mineral excavations be permitted upon or within the Community. No derrick or other structure designed for use in boring for oil, water or natural gas shall be erected, maintained or permitted upon the surface of any portion of the Community.

Section 21. Trash. No rubbish, trash, garbage, waste or recyclable matter shall be kept or permitted upon any portion of the Community, except in sanitary containers located in appropriate areas screened and concealed from view. Each Owner shall place all rubbish, trash, garbage, waste and recyclable material in closed containers approved by the applicable Public Agency. No Owner shall permit any odor to arise therefrom so as to render any Lot unsanitary, unsightly, offensive or detrimental to any other Lot in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring Lots only when set out for a reasonable period of time (not to exceed twelve [12] hours before and after scheduled trash collection hours). If trash bins are located in the trash areas in the Master Association Property, all Owners shall utilize such trash bins for the disposal of their trash. Outdoor fires are expressly prohibited, except in appropriate barbecues or in fire rings approved by the Murrieta Fire Department and the Design Review Committee.

Section 22. Water Softeners. No water softener system of any kind shall be permitted on any Lot, unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of all Public Agencies and the Design Review Committee.

Section 23. Duty to Install Landscaping. Unless installed by Declarant or a Neighborhood Builder, within one hundred eighty (180) days from the Close of Escrow for the purchase of a Lot, the Owner of such Lot shall, at such Owner's own cost and expense, cause his front yard (and exposed side yard in the case of a corner Lot) to be fully landscaped in accordance with the plans and specifications approved by the Design Review Committee. Additionally, within one (1) year from the Close of Escrow for the purchase of a Lot, the Owner shall, at such Owner's own cost and expense, cause his rear and side yards to be fully landscaped in accordance with plans and specifications approved by the Design Review Committee. In all cases, all landscaping and other Improvements shall comply with the provisions of the Design Guidelines. Except for any landscaping to be maintained by the Master Association, the Owner of a Lot shall maintain such landscaping in a neat, clean, safe, sanitary, healthy and attractive condition at all times in accordance with the provisions of the Article herein entitled "Repair and Maintenance."

Section 24. Restrictions Concerning Environmentally Sensitive Areas. In no event may any Owner or other person place, dump or otherwise deposit any debris, waste, rubble or construction materials within, adjacent to or near any portion of the Master Association Property subject to the Environmental Documents.

Section 25. Compliance with the Environmental Documents. The Master Association and each Owner must comply with, and have their respective contractors comply with the Environmental Documents to the extent applicable to work on their respective property (e.g., Master Association Property, Maintenance Areas and/or Lot). Failure to comply with the Environmental Documents may result in penalties being imposed by Public Agencies having jurisdiction over such work and/or the Environmental Documents. Notwithstanding any other provisions in this Master Declaration to the contrary, (including, but not limited to, the enforcement provisions set forth in the Article herein entitled "General Provisions"), compliance by the Master Association and each Owner with the Environmental Documents shall be enforced by the respective Public Agencies. The Master Association shall have the right, but not the obligation, to enforce compliance with the Environmental Documents as the Board, in its discretion, deems necessary or appropriate.

Section. 26. Compliance with the Best Management Practices. The Master Association and each Owner shall maintain its respective structural Best Management Practices and the Master Association shall perform its non-structural Best Management Practices to the extent applicable to the Master Association Property.

ARTICLE IX

DESIGN REVIEW

Section 1. Exemptions From Design Review. Declarant and each Neighborhood Builder shall be exempt from and shall not be obligated to comply with: (i) any of the Design Review provisions set forth herein; and (ii) any Design Review provisions of any kind whatsoever which may be adopted by the Board, or by the Master Association. The provisions of this Article may not be amended without the prior express written consent of Declarant so long as Declarant or any Neighborhood Builder is offering any Lot for sale, or so long as Declarant or any Neighborhood Builder owns any portion of the Annexable Property.

Section 2. Design Review. Except for purposes of proper maintenance and repair, and except as otherwise permitted hereunder, no Owner shall build, construct, erect or install any Improvement, without first: (i) submitting the approved plans and specifications to the Design Review Committee; (ii) obtaining the express written approval of such plans and specifications by the Design Review Committee; (iii) submitting the plans and specifications approved by the Design Review Committee to the City and all other affected Public Agencies to obtain all necessary approvals and permits; and (iv) thereafter complying with the provisions of this Article and with any requirements imposed by the City and any other affected Public Agency.

Section 3. Design Review Committee. The Design Review Committee is hereby authorized with the rights and powers set forth in this Article. The Design Review Committee shall consist of not less than three (3) members, nor more than five (5) members, as fixed from time to time by a resolution of the Board. The Declarant shall appoint all of the original members of the Design Review Committee (and any replacements thereto). The original members of the Committee shall serve until the first meeting of the Board. Declarant reserves the power to appoint a majority of the members of the Design Review Committee until either (i) the fifteenth (15th) anniversary of the first Close of Escrow for the sale of a Lot pursuant to the Final Subdivision Public Report issued for the first Phase of the Community, or (ii) ninety percent (90%) of the Lots in the overall Community have been sold (i.e., approximately six hundred twenty [620] Lots), whichever occurs first (the "Turnover Date"). After one (1) year from the date of such first Close of Escrow, the members of the Board who were elected by the Members, other than the Declarant and the Neighborhood Builders, shall have the power to appoint one (1) member to the Design Review Committee until the Turnover Date. From, and after the Turnover Date, the Board shall have the power to appoint all of the members of the Design Review Committee; provided however, if on the Turnover Date, the Declarant or any Neighborhood Builder owns any Lot in the Community or any portion of the Annexable Property, Declarant hereby reserves the right to appoint one (1) member to the Design Review Committee (the "Declarant's Representative"). The Declarant's Representative shall serve on the Design Review Committee until Declarant and the Neighborhood Builders no longer own any portion of the Annexable Property. All persons appointed to the Design Review Committee by the Board shall be a Member of the Master Association. Any person appointed to the Design Review Committee by the Declarant need not be a Member of the Master Association. No member of the Design Review Committee shall be liable to any person for his decisions or failure to act in making decisions as a member of the Design Review Committee. Declarant may, in its discretion and at any time prior to the Turnover Date, assign to the Master Association by written assignment its powers of

removal and appointment with respect to the Design Review Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

Section 4. Meetings of the Design Review Committee and Delegation of Rights and Responsibilities. The Design Review Committee shall meet, from time to time, as necessary to perform its duties hereunder. The Design Review Committee may, by a majority vote of the members thereof, delegate any of its rights and responsibilities hereunder to one (1) or more duly licensed architects, who shall have full authority to act on behalf of the Design Review Committee on all matters so delegated.

Section 5. Design Guidelines. The Design Review Committee shall use the Design Guidelines as the basis for reviewing plans and specifications. A majority of a quorum of the Board may amend, from time to time, the Design Guidelines and also may adopt, from time to time, Rules and Regulations to supplement the Design Guidelines; provided however, for so long as the Declarant owns any Lot in the Community or any portion of the Annexable Property, the Board may not amend the Design Guidelines without the prior express written consent of the Declarant. The Design Guidelines may include, without limitation, procedures, policies, limitations and restrictions regarding the following:

- (a) The construction, addition, removal, demolition, change or alteration of any Improvement on a Lot, including the nature, kind, shape, size, materials, exterior color, location and height of any Improvement;
- (b) A description of any type of construction, addition, change or alteration which, if completed in conformity with the Design Guidelines, does not require approval of the Design Review Committee;
- (c) Time limitations for the completion of the Improvements;
- (d) Requirements for submission of plans and specifications to the Design Review Committee for review, including, without limitation, floor plans, site plans, drainage plans, elevation drawings, landscape plans and a description or samples of exterior colors and materials;
- (e) Approved landscape palettes, and other restrictions controlling the species and placement of any trees, plants, shrubbery, ground cover, etc., to be placed, planted, irrigated! and maintained in the Community (including requirements regarding the use of root barriers and/or other similar devices to prevent damage to hardscape and other Improvements constructed or installed on a Lot);
- (f) Applicable setbacks, height and coverage limitations for landscaping and accessory structures, (including, but not limited to, patio covers, gazebos, pools, spas, decks, etc.); and
- (g) A reasonable schedule of deposits and fees for the submission of plans and specifications and to ensure proper completion of the anticipated work, clean-up and compliance with the approved plans and specifications.

The Design Review Committee shall maintain a copy of the then current Design Guidelines on file at all times, and shall provide each Owner with a copy of the Design Guidelines upon written request. The Board shall establish a reasonable fee for copies of the Design Guidelines, and other related materials, to cover costs of reproduction, administration and handling. The requirements of the Design Guidelines may be more restrictive than the ordinances and other requirements imposed by the City or other Public Agencies.

Section 6. Review of Plans and Specifications. The Design Review Committee shall consider and act upon any and all plans and specifications submitted for its approval pursuant to this Master Declaration, and perform such other duties as, from time to time, shall be assigned to it by the Board, including the inspection of construction and progress to ensure its conformance with the plans and specifications approved by the Design Review Committee. Subject to the provisions of Section 1 above, no grading, excavation, demolition, construction, installation, alteration, addition, modification or reconstruction of an Improvement shall be commenced until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials, location and other information required by the Design Guidelines shall have been submitted to the Design Review Committee and approved in writing by the Design Review Committee and the City. The initial address for submission of such plans and specifications, until changed by the Design Review Committee, is:

Greer Ranch Community Association
c/o The Walters Management Company
9665 Chesapeake Drive, Suite 300
San Diego, CA 92123
Attention:

The Design Review Committee shall approve the plans and specifications submitted for its approval only if it determines that: (a) the proposed Improvements are in compliance with the Design Guidelines, the Fuel Modification Zones Maintenance Standards and this Master Declaration, as applicable; (b) the construction, alterations or additions contemplated thereby and the locations indicated will not be detrimental to the appearance of the surrounding area of the Community as a whole; (c) the appearance of any structure affected thereby will be in harmony with surrounding structures; and (d) the construction thereof will not detract from the enjoyment of the Master Association Property by the Owners. In addition to the foregoing, approval by the Design Review Committee of the plans and specifications may be based upon, among other things, scale of site dimensions; conformity and harmony of external design with neighboring Improvements; affect of location and use of Improvements (including landscaping) on neighboring Lots; relation of topography, grade and finish grade elevation of the Lot being improved to that of the neighboring Lots; proper facing of all elevations; consideration of aesthetic beauty; and conformity of the plans and specifications to the purpose and general plan and intent of the Protective Covenants of this Master Declaration. The Design Review Committee may withhold approval of the plans and specifications for any proposed Improvement because of noncompliance with this Master Declaration, the Design Guidelines and/or the Fuel Modification Zones Maintenance Standards, as applicable; because of the dissatisfaction of the Design Review Committee with the proposed nature, kind, plan, design, shape, height, dimensions, proportions, architectural style, color, finish or materials to be used therein, the pitch or type of any proposed roof, or the size, type or location of

any proposed trees or the landscaping to be planted on a Lot; or because of the dissatisfaction of the Design Review Committee with any aspect of the proposed Improvement which could cause the proposed Improvement to be inappropriate, inharmonious or out of keeping with the general plan of improvement for the Community, or with the Improvements on or topography of the surrounding property. The Design Review Committee may condition its approval of proposals or plans and specifications for any Improvement: (a) on such changes therein as it deems appropriate, (b) upon the agreement by the person submitting the same to grant appropriate easements to the Master Association for the maintenance of the Improvement, or (c) upon the agreement of the person submitting the same to reimburse the Master Association for the cost of such maintenance, or all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving the submission.

Section 7. Timeframes for Decisions by the Design Review Committee. Until receipt by the Design Review Committee of the required plans and specifications and other information as required in the Design Guidelines, the Design Review Committee may postpone review of any plans submitted for approval. Upon receipt of the submittal from the Owner, the Design Review Committee shall within a reasonable period not to exceed sixty (60) days notify the Owner either that the submittal was incomplete (and list the items required for a complete submittal), or notify the Owner of the date, time and place for the meeting of the Design Review Committee on the Owner's submittal. Failure of the Design Review Committee to act within sixty (60) days will be deemed a denial of the submittal. In the event of a denial due to inaction by the Design Review Committee, within thirty (30) days of such denial of the submittal, the Owner may request by mail (with return receipt requested) notification of the status of his submittal. Failure by the Design Review Committee to act within forty-five (45) days of receipt of the Owner's status request will be deemed disapproval of the Owner's submittal. Disapproval of a submittal may be appealed to the Board as provided hereinbelow.

Section 8. Submittal to City - Right of Design Review Committee to Review. Upon obtaining final approval from the Design Review Committee, the Owner shall thereafter submit plans and specifications to the City. In the event that all necessary approvals of the City for the issuance of a building permit or other permits required to commence the work contemplated in the plans and specifications are not obtained within one (1) year from the date of approval by the Design Review Committee, the Design Review Committee shall have the right, but not the obligation, to re-review all previously approved plans and specifications. In addition, in the event that the City requires modifications to the plans and specifications previously approved by the Design Review Committee, the Owner shall submit to the Design Review Committee all modifications to the plans and specifications previously approved by the Design Review Committee. In the event the Owner is obligated to resubmit plans and specifications to the Design Review Committee to reflect the modifications required by the City, said Committee shall have the right to review and to impose further conditions on any such modifications which are not inconsistent with the requirements imposed by the City.

Section 9. Approval of City. Approval of any Improvement by the Design Review Committee (or the Board upon appeal thereto) shall not be construed to warrant or represent in any way that the Improvement was approved by or complies with the ordinances and other requirements of the City or other Public Agencies. Similarly, approval of any Improvement by the City shall not be construed to constitute approval of such Improvement by the Design Review Committee or the Board.

Section 10. Conflicts Between the City and Design Review Committee. In the event of any conflict in the conditions of approval of any proposed Improvements imposed by the City and the Design Review Committee, the more restrictive of such conditions shall be controlling. Nothing herein shall limit the Design Review Committee from imposing conditions of approval of any proposed Improvements which are more restrictive than conditions as may be imposed by the City.

Section 11. No Waiver of Future Approvals. The approval by the Design Review Committee of any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Design Review Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

Section 12. Compensation of Members. The members of the Design Review Committee shall receive no compensation for services rendered, other than reimbursement by the Master Association for expenses incurred in the performance of such members' duties hereunder. This Section shall not be interpreted or construed to prohibit the Master Association from compensating any duly licensed architect who has been delegated rights and duties as provided in this Article.

Section 13. Variances. Where circumstances such as topography, location of buildings, location of Landscaping or other matters require, the Design Review Committee, by the vote or written assent of a majority of the members thereof, may allow reasonable variances as to any of the Protective Covenants contained in this Master Declaration or provisions on such terms and conditions as it shall require. The granting of such a variance shall not operate to waive any of the Protective Covenants of this Master Declaration for any purpose, except as to the particular Lot and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all ordinances and other requirements of the City and any other applicable Public Agency.

Section 14. Inspection and Approval of Improvements. Upon consent of the Owner, which consent shall not be unreasonably withheld, any member or authorized representative of the Design Review Committee may, at any reasonable hour and upon reasonable notice, enter and inspect any Improvement which has been the subject matter of an approval by the Committee. Upon completion of an Improvement, the Owner shall submit a written Notice of Completion to the Committee. The Committee's right to inspect the completed Improvement shall terminate sixty (60) days after receipt of such Notice. If the Design Review Committee finds that such work was not done in substantial compliance with the approved plans and specifications, it shall notify the Owner in writing of such noncompliance, specifying the particulars of noncompliance and shall require the

Owner to remedy the same within thirty (30) days from the date of notification of such noncompliance. If the noncompliance is not cured within such thirty (30) day period, the Board, after Notice and Hearing, may levy a Compliance Assessment against such Owner for the costs of removing or remedying such noncompliance. If the Design Review Committee determines that an Improvement has been completed in substantial compliance with the approved plans and specifications, an Owner may request, and thereupon shall be entitled to receive, an executed and notarized notice of compliance executed by the president or secretary of the Master Association or by any other person authorized by resolution of the Board to execute such notice.

Section 15. Non-Liability of Design Review Committee Members. The Declarant, the Neighborhood Builders, the Master Association, the Board and the Design Review Committee, and their respective directors, officers, employees, members and agents, shall not be liable for damages to any Owner submitting plans and specifications for approval, or to any Owner in the Community by reason of mistake in judgment, negligence or nonfeasance, unless due to willful misconduct or bad faith of the Design Review Committee. The Design Review Committee's approval or disapproval of a submission shall be based solely on the considerations set forth in this Article, and in such rules and regulations as may be promulgated by the Design Review Committee, and the Design Review Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety and/or conformance with building or other codes.

Section 16. Appeal. In the event plans and specifications submitted to the Design Review Committee are disapproved, the party making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Design Review Committee. The Board shall submit such request to the Design Review Committee for review, and the written recommendations of the Design Review Committee will be submitted to the Board. Within forty five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure by the Board to render a decision within said forty five (45) day period shall be deemed a decision in favor of the party making such submission.

Section 17. Prohibited Improvements and Activities. Notwithstanding that the Design Review Committee may approve an Improvement or authorize an activity which is prohibited as set forth in this Section, any approval or authorization by the Design Review Committee which contravenes the provisions of this Section shall not be valid, binding or enforceable.

(a) Master Association Walls. No Owner shall modify or otherwise alter any Master Association Walls originally constructed by Declarant or a Neighborhood Builder, as generally shown and depicted on **Exhibit "MAW"** attached hereto or on an Exhibit attached to a Notice of Annexation recorded on a subsequent Phase of the Community. Notwithstanding the foregoing, in the event that the Design Review Committee determines that it is reasonably necessary for an Owner to temporarily remove a Master Association Wall in order to install a pool, spa or other similar Improvement in his rear yard, an Owner may temporarily remove a Master Association Wall provided and on condition that such Owner satisfy each of the following conditions: (i) the Owner, at his sole cost, shall reconstruct such Master Association Wall with the same types of materials as originally used by Declarant or the Neighborhood Builder and restore any damaged Master Association

Property and/or Maintenance Area to substantially the same condition as existed prior to such work; (ii) if applicable, the Owner shall re-stucco and/or repaint extended portions of the Wall as reasonably necessary to avoid a patched appearance; and (iii) the Owner shall obtain all approvals and permits as required in this Article.

(b) Fire Protection Easements. The Master Association and any Owner shall not build, construct, erect or install any Improvement of any kind whatsoever (including, but not limited to, speed bumps, entry gates, etc.) which may obstruct access over any street within the Community without the prior express written consent of the Murrieta Fire Department.

(c) Setbacks for Accessory Structures. No Owner or any shall build, construct, erect or install any accessory structure (including, but not limited to, patio cover, gazebo, pool, spa, deck, guest house, etc.) on his Lot that does not comply with the setback, height, and other restrictions set forth in the Design Guidelines. The requirements of the Design Guidelines may be more restrictive than the ordinances and other requirements imposed by the City.

(d) Legal Requirements. The Master Association and any Owner shall not build, construct, erect or install any Improvements which would violate any laws, ordinances and/or other requirements of the City or any other Public Agency. Additionally, no grading shall be permitted nor any Improvements built, constructed, erected or installed in those portions of the Master Association Property subject to the Environmental Documents without the prior express written consent of the applicable Public Agencies.

(e) Fuel Modification Zones. No Owner shall (i) build, construct, erect or install any structural Improvements of any kind whatsoever within any of the Fuel Modification Zones; or (ii) install, modify or in any way alter any landscaping within any of the Fuel Modification Zones in a manner which is inconsistent with the Fuel Modification Zones Maintenance Standards.

(f) Prevention of Erosion of Slopes. No Owner shall permit any act to be performed within the Community which would result in erosion of any slope, including, but not limited to, failing to maintain proper drainage on a Lot (including, without limitation, failing to maintain any yard drain or other drainage device in proper operating condition at all times), over irrigating the slope or otherwise discharging excess water over the slope. If an Owner permits any act to be performed which results in erosion of or other damage to such slope, said Owner will be liable to the Master Association for such damage and a Compliance Assessment shall be levied against such Owner to recover all costs and expenses incurred to repair or reconstruct such slope.

(g) Fire Sprinklers. No Owner shall remove, disable or otherwise modify any fire sprinkler system originally installed by a Neighborhood Builder in such Owner's Dwelling or appurtenant structures.

(h) No Encroachments into the Environmentally Sensitive Areas. The Master Association and any Owner shall not build, construct, erect, plant or otherwise install any Improvements of any kind whatsoever nor permit any work to be performed within any portion of the Master Association Property subject to the Environmental Documents.

(i) Confinement of Work. An Owner (and his contractors) shall not perform any work upon or disturb any property outside the boundaries of such Owner's Lot, other than on an adjoining Lot with the prior written permission of the Owner of such adjoining Lot, or on the adjoining Master Association Property with the prior written permission of the Master Association.

(j) Modifications to Landscape Easement Areas. No Owner of a Lot that includes a Landscape Easement Area shall build, construct, erect, plant or install any Improvements of any kind whatsoever on such Landscape Easement Area other than landscaping (and related irrigation system) and fencing that is consistent with the Design Guidelines and approved by the Design Review Committee as provided herein.

(k) Satellite Dishes and Antennas. A satellite dish or other antenna may only be installed on a portion of an Owner's Dwelling.

(l) Restrictions on Outdoor Lighting. Due to the fact that the Community is located within thirty (30) miles of the Mount Palomar Observatory, light and glare from outdoor lighting may adversely affect operations at the Observatory. Accordingly, all outdoor lighting on a Lot and on the Master Association Property must be from low pressure sodium lamps that are oriented and shielded to prevent direct illumination above the horizontal plane passing through the luminaire.

Section 18. Governmental Regulations. All of the provisions of this Article regulating the construction of Improvements within the Community are in addition to and shall not limit the effect of the applicable laws, ordinances, regulations or other governmental or public utility requirements. The Declarant, the Neighborhood Builder, the Master Association, the Design Review Committee, and their respective directors, officers, Members, employees, consultants and agents do not make any representations whatsoever that laws, ordinances, regulations or other requirements permit construction of any Improvements to the same degree as permitted by this Master Declaration or the Design Guidelines. It shall be the responsibility of each Owner to ascertain the applicability of all other laws, ordinances, regulations and other governmental and public utility requirements to any proposed Improvements to his Lot. Notwithstanding any other provision in this Master Declaration to the contrary, all Improvements to any Lot must be designed, constructed, installed and maintained in accordance with all applicable laws, ordinances, regulations and other governmental and public utility requirements; provided however, if the applicable laws, ordinances, regulations or other requirements are less restrictive than the provisions of this Master Declaration or the Design Guidelines, the provisions of this Master Declaration and the Design Guidelines shall nonetheless apply.

Section 19. Rights of the Disabled. The Design Review Committee shall neither construe nor apply the provisions of this Article so as to unreasonably restrict the right of any Owner who is blind, deaf or otherwise physically disabled to modify his Lot, at such Owner's sole cost and expense, to accommodate such Owner's disability.

ARTICLE X

REPAIR AND MAINTENANCE

Section 1. Repair and Maintenance by the Master Association. In furtherance of the Article herein entitled "Powers and Duties of the Master Association," the Master Association shall maintain all Master Association Property and Maintenance Areas designated in this Master Declaration and in any Notice(s) of Annexation recorded for any subsequent Phase(s) of the Community in accordance with the Fuel Modification Zones Maintenance Standards, the Maintenance Guidelines, the Environmental Documents (as applicable) and with the maintenance standards set forth in Section 3 hereinbelow so as to keep the Master Association Property and Maintenance Areas in a neat, clean, safe and attractive condition at all times. Such maintenance shall include inspecting, monitoring, maintaining, repairing, painting, planting, restoring, replacing and making necessary Improvements to the Master Association Property and/or Maintenance Areas which include, without limitation, the following:

- (a) All common recreational amenities, subject to the terms and provisions of the Use Agreement;
- (b) All private streets (including, but not limited to, the Community Entry Facilities, curbs, gutters, entry and directional signs and monuments, walkways and exterior lighting fixtures), parkways, medians and rights-of-way, and all Improvements (including, but not limited to, landscaping and the related irrigation systems) located thereon;
- (c) The Fuel Modification Zones (and any related irrigation systems) in accordance with the Fuel Modification Zones Maintenance Standards (including, without limitation, engaging the services of a professional familiar with the site vegetation, who shall instruct the maintenance workers in detail and monitor the maintenance work to assure that the appropriate levels of or removal and preservation are achieved);
- (d) The structural Best Management Practices located on the Master Association Property and/or Maintenance Areas in accordance with the provisions of the Water Quality Management Plans;
- (e) All common storm drain facilities, including, but not limited to, "V" ditches and bench drains, catch basins, detention basins, culverts and pipelines. (The Master Association shall also paint and maintain all signs and warnings [e.g. Drains to Ocean] installed by Declarant or a Neighborhood Builder on any catch basin or other drainage device regarding the disposal of Hazardous Materials or other pollutants therein);
- (f) All private utility lines, connections and related facilities;

(g) The exterior surface(s) (i.e., the surface(s) facing a public or private street so as to be generally visible to the public and/or the residents within the Community [excluding all surfaces of any decorative metal which encloses in whole or in part an Owner's Lot], the top and the structural integrity of all Master Association Walls;

(h) All common furnishings, equipment, vehicles and other personal property owned by the Master Association; and

(i) All other areas, facilities, equipment, and other Improvements as may from time to time be approved by the vote or written consent of a majority of the voting power of the Members, other than Declarant and the Neighborhood Builders.

Section 2. Repair and Maintenance by Owners. Subject to the Master Association's maintenance obligations as referenced above, every Owner shall maintain his respective Lot (including any Landscape Easement Area appurtenant thereto) in accordance with the maintenance standards set forth in Section 3 hereinbelow so as to keep same in a neat, clean, safe and attractive condition at all times. Such maintenance shall include, but not be limited to, inspecting, maintaining, repairing, planting, painting, restoring, replacing and making necessary improvements to his Lot, including, without limitation, the following:

(a) the Dwelling and all related Improvements located on the Owner's Lot;

(b) all walls and fences located on such Owner's Lot (or on any Landscape Easement Area appurtenant thereto), including, but not limited to, (i) the interior surface of any Master Association Wall which encloses in whole or in part the Owner's private yard area or is otherwise located on the Owner's Lot (including all surfaces of any decorative metal included as part of a Master Association Wall), and (ii) the interior surface of a "Party Wall" which encloses in whole or in part the Owner's private yard area and which such Owner shares with one or more Owners (together with a pro rata share of all costs of structural repairs to such "Party Wall") as more particularly set forth in Section 8 hereinbelow;

(c) any structural Best Management Practices located on the Owner's Lot;

(d) all drainage facilities (including downspouts and rain gutters, yard drains and related drain lines, swales and other drainage devices), whether surface or subsurface located on the Owner's Lot;

(e) all hardscape (including, but not limited to, patios, entry walkways, planters and driveways) located on the Owner's Lot; and

(f) all landscaping, (including, but not limited to trees, shrubs, lawn and all other plantings) and the related irrigation systems located on the Owner's Lot (and any Landscape Easement Area appurtenant thereto).

Section 3. Maintenance Standards. The Master Association shall maintain all Master Association Property and the Maintenance Areas and related Improvements, and each Owner shall maintain his respective Lot in accordance with the provisions of the Master Association Documents, all applicable ordinances and regulations of the Public Agencies having jurisdiction over the Community and the following general maintenance standards:

(a) Lawn Maintenance. All lawn areas which are visible from a street shall be evenly cut, evenly edged, free of bare or brown spots and free of debris and weeds above the level of the lawn. All landscaped areas, other than such lawns which are visible from a street, shall be free of weeds, dead vegetation and debris.

(b) Tree Trimming. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic along the streets. Trees shall be pruned so they do not contact Improvements constructed on an adjoining Lot and shall be maintained so they do not have droppings or create other nuisances to adjoining Lots or the Master Association Property. All trees shall also be root pruned to eliminate exposed surface roots and damage to Dwellings, Master Association Walls, streets, sidewalks, driveways or other Improvements.

(c) Pavement Maintenance. All private streets, walkways and sidewalks shall be maintained so that they are safe for users. Significant pavement cracks, pavement distress, excessive slab settlement, abrupt vertical variations and debris shall be removed or repaired promptly.

(d) Fence Maintenance. All surfaces of any decorative metal included as part of a Master Association Wall which is to be maintained by the Master Association or by an Owner shall be painted as needed to eliminate cracking, chipping, and oxidation. The brands of paint and colors which may be used are set forth in the Design Guidelines.

(e) Public Nuisance. All Master Association Property, Maintenance Areas and all Lots shall be maintained in such a manner as to avoid the reasonable determination that a public nuisance has been created by the lack of proper maintenance such as to be detrimental to public health, safety, or general welfare, or that such a condition of deterioration or disrepair cause harm or is materially detrimental to property values or Improvements within the boundaries of the Community.

(f) Irrigation Systems for Fuel Modification Zones. Any irrigation system for the Fuel Modification Zones required by the Murrieta Fire Department shall be inspected at least three times each year and any deficiencies promptly corrected.

(g) Best Management Practices. The use of pesticides, fertilizers and other chemicals shall be in compliance with the Best Management Practices.

(h) Environmental Documents. The Master Association and each Owner shall maintain its respective property (e.g., Master Association Property, Maintenance Area, Lot) in compliance with the Environmental Documents.

Section 4. Preservation of Proper Drainage. The Master Association (as to the Master Association Property and Maintenance Areas) and each Owner (as to his respective Lot) shall maintain any structural Best Management Practices, any graded drainage swale and any other drainage facilities located thereon in a neat, clean, safe and proper operating condition at all times so as to assure proper drainage of surface waters. The Master Association and each Owner shall not perform any grading or build, construct, erect, plant or otherwise install any Improvements which would obstruct the structural integrity or proper operation of any structural Best Management Practices, drainage swale or other drainage facilities without the prior express written approval of the Design Review Committee and of any Public Agency having jurisdiction over drainage of surface waters within the Community.

Section 5. Bi-annual Inspection by the Master Association. In addition to the diligent visual inspection conducted as part of the reserve study pursuant to Section 1365.5(e) of the California Civil Code, as same may be amended from time to time, it shall be the duty of the Board to conduct a general visual inspection of the Master Association Property and Maintenance Areas at least once every two years and cause a report to be prepared in accordance with the following:

(a) Purpose of Inspection. The purpose of the general inspection shall be to (i) determine whether the Master Association Property and Maintenance Areas are being maintained adequately in accordance with the standards set forth in Section 3 hereinabove, (ii) identify the condition of such Master Association Property and Maintenance Areas, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement or repair, and (iii) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future.

(b) Scope of Inspection. All accessible portions of the Master Association Property and Maintenance Areas shall be reasonably inspected and tested, as applicable.

(c) Experts and Consultants. The Board may employ such experts and consultants as the Board deems necessary to perform any portion of the inspection which the Board determines requires special expertise or is otherwise beyond the reasonable capabilities of the members of the Board and/or property manager for the Community, and may require such experts and consultants to prepare a summary of their findings.

(d) Availability of the Report. The Board shall cause a notice of the completion of the inspection to be prepared and distributed to the Owners within the time set forth for furnishing Owners with the budget, and shall cause the full report to be kept on file with the property manager for the Community. The full report shall be available for review by any Owner during normal business hours. The report shall include at least the following:

(1) a description of the condition of the Master Association Property and Maintenance Areas, including a list of items inspected, and the status of maintenance, repair and need for replacement of any Improvements thereon;

(2) a description of all maintenance, repair and replacement planned for the ensuing fiscal year and included in the Master Association's budget (or budget for the respective Special Benefit Area);

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

(4) a summary of all reports of inspection performed by any expert or consultant employed by the Board as referenced above;

(5) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the prior bi-annual inspection report; and

(6) such other matters as the Board deems appropriate.

Section 6. Compliance. If after prior Notice and Hearing, the Board determines that an Owner has failed to perform his respective maintenance obligations, the Board shall have the right, but not the obligation, acting through its agents and employees, to enter in and/or upon any Lot to perform such maintenance and repairs as may be reasonably required to bring same into compliance with the Protective Covenants set forth in this Master Declaration. The cost of such maintenance and repairs shall be levied by the Board as a Compliance Assessment against such Owner as provided in this Master Declaration.

Section 7. Damage and Destruction Affecting a Lot - Duty to Rebuild. In the event any Dwelling or other structure is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of the affected Lot to repair or reconstruct any affected Dwelling in a manner which will restore it to the same (or better) condition and appearance as existed immediately prior to such damage or destruction, or as otherwise approved by the Design Review Committee. The affected Owner shall be obligated to proceed with all due diligence hereunder, and shall promptly commence reconstruction within a reasonable time after the damage occurs, and shall complete such reconstruction as soon as reasonably possible thereafter.

Section 8. Party Walls.

(a) General Rules of Law to Apply. Each wall and fence (save and except any structural wall of a Dwelling and any Master Association Wall) which is built as a part of the original construction by Declarant, a Neighborhood Builder or an Owner, and which is located on the property line or which serves as the effective boundary between two (2) or more Lots shall be deemed to be and treated as a "Party Wall." To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. Unless covered by insurance maintained by the Master Association, the cost of reasonable structural repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots which share such common wall or fence. However, each Owner shall be solely responsible for maintaining the side of any Party Wall facing his Lot.

(c) Destruction by Fire or Other Casualty. Unless covered by insurance maintained by the Master Association, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner(s) of any other Lot(s) which is/are affected thereby shall contribute equally to the cost of restoration thereof, without prejudice, however, to the right of any such Owner to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right of Contribution. The right of any Owner to contribution from any other Owner for work performed pursuant to this Master Declaration shall be appurtenant to and shall run with the land and shall be binding upon the Owners and their successors, assigns and grantees. Notwithstanding the foregoing, the duty and obligation to pay contribution for work already performed pursuant to the provisions of this Master Declaration shall not run with the land or be binding upon (i) any first Mortgagee who obtains title pursuant to either a foreclosure under its Deed of Trust or by a deed in lieu of foreclosure, or (ii) any purchaser at a foreclosure sale.

Section 9. Reservation of Access Easement for Inspection and Repairs. Declarant hereby reserves unto itself and each Neighborhood Builder, and their respective successors and assigns, a nonexclusive easement for ingress, egress and access on, over and across those portions of the Community (including the Lots) as are reasonably necessary in Declarant's sole discretion to conduct inspections and tests, and to perform repairs as Declarant and/or a Neighborhood Builder may deem appropriate. Such access easement may be exercised by the Declarant, a Neighborhood Builder and/or their authorized agents and employees upon reasonable prior notice to the Master Association and/or an affected Owner, as the case may be and shall only be exercised during normal business hours. Such access easement shall be exercised with as little inconvenience as is practicable under the circumstances, and in the event that any damage is caused thereby, the Declarant or the Neighborhood Builder, as the case maybe, shall repair the same at its sole cost and expense. Notwithstanding the foregoing, in the event of any emergency, such right of access shall be immediate.

ARTICLE XI

DAMAGE OR DESTRUCTION OF IMPROVEMENTS MAINTAINED BY THE MASTER ASSOCIATION

Section 1. Restoration of Damaged Master Association Property and/or Maintenance Areas. Except as otherwise provided in Section 2 below, damage to or destruction of all or any portion of the Master Association Property and/or Maintenance Areas shall be handled in the following manner:

(a) Damage to the Master Association Property and/or Maintenance Areas-Sufficient Insurance Proceeds. Subject to the provisions of Section 6 below, in the event of damage to or destruction of any of the Master Association Property (excluding the Special Benefit Improvements) and/or Maintenance Areas and the insurance proceeds are sufficient to effect total restoration, the Master Association shall, as promptly as is practical, cause the same to be repaired and reconstructed in a good workmanlike manner to its condition prior to such damage or destruction.

(b) Damage to the Master Association Property and/or Maintenance Areas-Insufficient Insurance Proceeds. Subject to the provisions of Sections 2 and 6 below, in the event of damage to or destruction of any of the Master Association Property (excluding the Special Benefit Improvements) and/or Maintenance Areas and the Master Association's insurance proceeds are insufficient to effect total restoration, the Master Association shall, as promptly as practical, cause such Master Association Property and/or Maintenance Areas to be repaired and reconstructed in a good workmanlike manner to its condition prior to the damage or destruction, and the difference between the Master Association's insurance proceeds and the actual costs shall be levied by the Master Association as a Special Assessment against each Lot in the Community on the same basis as Regular Assessments are levied against the Lots.

(c) Damage to the Special Benefit Improvements. Subject to the provisions of Section 6 below, in the event of damage to or destruction of the Special Benefit Improvements for a Special Benefit Area and the Master Association's insurance proceeds are sufficient to effect total restoration, the Master Association shall, as promptly as is practical, cause the same to be repaired and reconstructed in a good workmanlike manner to their condition prior to such damage or destruction. If the Master Association's insurance proceeds are insufficient to effect total restoration, the Master Association shall, as promptly as practical, cause such Special Benefit Improvements to be repaired and reconstructed in a good workmanlike manner to their condition prior to the damage or destruction, and the difference between the insurance proceeds and the actual cost shall be levied by the Master Association as a Special Assessment against all of the Owners of the Lots within the affected Special Benefit Area.

Section 2. Election Not to Restore Damaged Master Association Property and/or Maintenance Areas. Notwithstanding the provisions set forth in Section 1(a) hereinabove, in the event that at least sixty-seven percent (67%) of the Members other than Declarant and the Neighborhood Builders, and sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned) have given their prior written approval, the Master Association may elect not to rebuild or restore the Master Association Property and/or Maintenance Areas, and to disburse the available insurance proceeds to the general fund of the Master Association. The affected areas shall be cleared of all debris and shall be landscaped and irrigated so as to keep such areas in a neat, clean, safe and attractive condition at all times. The cost thereof shall be paid for out of the available insurance proceeds prior to their distribution to the general fund of the Master Association.

Section 3. Election Not to Restore Special Benefit Improvements. In the event that at least sixty-seven percent (67%) of the Members within a Special Benefit Area (other than Declarant and the Neighborhood Builders) and sixty-seven percent of the first Mortgagees within such Special Benefit Area (based upon one [1] vote for each first Mortgage owned) have given their prior approval, the Master Association may elect not to rebuild and restore the damaged or destroyed Special Benefit Improvements.

Section 4. Retention of Excess Insurance Proceeds in General Fund. In the event any excess insurance proceeds remain after restoring the destroyed Master Association Property (excluding the Special Benefit Improvements) and/or Maintenance Areas pursuant to this Article, the Board shall retain such sums in the general fund of the Master Association. In the event any excess insurance proceeds remain after restoring the Special Benefit Improvements, the Board shall retain such funds in a special fund for the benefit of the affected Special Benefit Area.

Section 5. Notice to Owners and Mortgagees. The Board shall, as soon as reasonably possible foil owing any damage or destruction of Improvements in the Master Association Property and/or Maintenance Areas notify all Owners and Eligible Mortgage Holders in accordance with the provisions of 1he Article herein entitled "Mortgagee Protection."

Section 6. Damage by Owners. To the extent permitted by law, each Owner shall be liable to the Master Association for any damage to any of the Master Association Property and/or Maintenance Areas that is caused by the negligent or intentional acts or omissions of an Owner, the members of his family, his tenants, lessees or invitees. The Board shall have the right, after Notice and Hearing, as provided in the Bylaws, to levy a Damage Reimbursement Assessment against such Owner as provided herein.

Section 7. Use of Special Assessments. All amounts collected pursuant to Special Assessments as provided for in this Article shall only be used for the purposes set forth herein, and shall be deposited by the Board into a separate bank account to be held in trust for such purposes.

ARTICLE XII

CONDEMNATION

Section 1. Distribution of Awards. Subject to the limitations set forth in the Article herein entitled "Mortgagee Protection," a condemnation award affecting any portion of the Community which is not apportioned among the Owners by court judgment, or by agreement between the condemning authority and each of the affected Owners in the Community, shall be distributed among the affected Owners (and their respective Mortgagees) based upon the affected Owners' ownership or other rights in the condemned portion of the Community. All first Mortgagees shall have the right to participate in any condemnation proceedings.

Section 2. Distribution of Awards - Master Association Property. A condemnation award affecting all or any portion of the Master Association Property shall be remitted to the general fund of the Master Association; however a condemnation award affecting any Special Benefit Improvements shall be remitted to a special fund for the benefit of the affected Special Benefit Area.

Section 3. Board of Directors as Attorney-in-Fact. All Owners hereby appoint the Board as their special attorney-in-fact to handle the negotiations, settlements and agreements pertaining to any condemnation affecting only the Master Association Property.

ARTICLE XIII

COVENANT AGAINST PARTITION

Section 1. Covenant Against Partition. By acceptance of his deed, each Owner shall be deemed to covenant for himself, and for his heirs, representatives, successors and assigns, that he will not institute legal proceedings to effect judicial partition of his interest in the Community, unless the Community: (a) has been in existence in excess of fifty (50) years, (b) is obsolete and uneconomical, and (c) the Owners of at least sixty-seven percent (67%) of all Lots in the Community and sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each Mortgage owned) consent to or join in such action for partition.

ARTICLE XIV

INSURANCE

Section 1. Required Insurance Coverage. The Master Association, acting by and through the Board, shall obtain and maintain at all times for the Master Association the insurance coverage set forth herein. Except as otherwise provided herein, the premiums for such coverage shall be a Common Expense.

(a) Casualty and Fire Insurance. A policy or policies of casualty and fire insurance with extended coverage endorsement in an amount equal to one hundred percent (100%) of the then current replacement cost (without deduction for depreciation or coinsurance) of the Master Association Property and Maintenance Areas. Such policy or policies must be written by an insurance carrier that has an acceptable rating from A.M. Best Company, DemoTech, Inc., or Standard and Poor's Inc. in accordance with FNMA's requirements. Said policies shall be primary and shall be maintained for the benefit of the Master Association, the Owners and the Mortgagees, as their interests shall appear and shall waive the right of subrogation against Owners, if obtainable. The deductible shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount, if obtainable. The coverage does not need to include land, foundations, excavations, or other items normally excluded from such coverage. Such policy or policies must contain, if required and if obtainable:

- (1) An Agreed Amount and Inflation Guard Endorsement;
- (2) Construction Code Endorsements (such as Demolition Cost Endorsement);
- (3) Contingent Liability From Operation of Building Laws Endorsement; and
- (4) Increased Construction Endorsement if there is a construction code provision which would become operative and require changes to undamaged portions of the buildings within the Master Association Property.

(b) Public Liability Insurance. A policy or policies of comprehensive public liability insurance (with cross-liability endorsement, if obtainable) insuring the Master Association, the Board, the Owners, the Declarant and the Neighborhood Builders and their respective shareholders, directors, officers, employees and agents against any liability to the public or to any Owner, the members of his family, his tenants and lessees and their respective guests and invitees, arising from or incident to the ownership, use, maintenance and/or repair of the Master Association Property and/or Maintenance Areas. The limits of liability under this Section shall be set by the Board and shall be revised at least annually by the Board, and increased or decreased at the discretion of the Board; provided, however, that said limits shall not be less than Two Million Dollars (\$2,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence; and, provided further, that if the FHLMC and/or the FNMA participate in the financing of Lots in the Community, said limits shall not be less than the minimum limits required under the then current FHLMC and/or FNMA regulations.

(c) Fidelity Bonds. Fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Master Association, including, but not limited to, members of the Board, officers and employees of the Master Association, and officers, employees and agents of any management company employed by the Master Association who handle or are responsible for the administration of Master Association funds, if obtainable. Such coverage shall be in an amount deemed reasonably appropriate by the Master Association, but shall not be less than the estimated maximum funds in the custody of the Master Association, or twenty-five percent (25%) of the estimated annual operating expenses of the Community, plus reserves, whichever is greater. In addition, if the Master Association enters into an agreement for professional management of the Community, the Master Association shall require such firm to submit evidence of such firm's fidelity bond coverage to the same extent as the Master Association's coverage, and the Master Association shall be named as an additional insured under such coverage, if obtainable.

(d) Workers' Compensation. A policy or policies for all employees of the Association in such amounts as maybe required by law.

With respect to each Special Benefit Area, the Board shall obtain and maintain at all times a policy or policies of casualty and fire insurance with extended coverage, public liability insurance and such other insurance as the Board may deem necessary and appropriate. The coverage under such policies, including without limitation, the limits of liability, shall be set by the Board and shall be reviewed at least annually. The premiums (and any deductibles) for such insurance shall be a Special Benefit Expense assessable only to the Owners of Lots within the respective Special Benefit Area.

Section 2. Optional Insurance Coverage. The Master Association, acting at its option and by and through the Board, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, officers and directors errors and omissions insurance, earthquake insurance and flood insurance.

Section 3. Notice of Cancellation of Insurance. All policies of insurance maintained by the Master Association pursuant to this Article shall contain a provision that coverage under said policies may not be canceled, terminated, allowed to expire by their own terms, or be substantially modified by any party without at least thirty (30) days' prior written notice to the Board, to each Owner, and to each Eligible Mortgage Holder. A list of the Owners and Eligible Mortgage Holders shall be made available by the Master Association to the insurance carrier upon request.

Section 4. Annual Review of Coverage. The Board shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Community, based upon the then current construction costs, insurance practices in the area in which the Community is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under the existing policies is necessary or desirable to protect the interests of the Master Association, the Owners and their respective Mortgagees. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain same.

Section 5. Waiver by Owners. As to all policies of insurance maintained by the Master Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Master Association, the Board, the Declarant, the Neighborhood Builders and their respective shareholders, directors, officers, employees, consultants and agents of each of the foregoing, and all other Owners with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 6. Premiums, Proceeds and Settlement. Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Master Association, the Owners and their respective Mortgagees, shall be a Common Expense to be included in the Regular Assessments levied by the Master Association. Funds sufficient to cover the applicable deductibles should be maintained by the Master Association in its reserve accounts. Deductibles may also be funded as a Common Expense included in Regular Assessments (or as a Special Benefit Expense in the case of a Special

Benefit Area) or may be funded as a Special Assessment. All insurance proceeds paid to the Master Association shall be disbursed as follows: (a) in the event of any damage or destruction to the Master Association Property and/or Maintenance Areas, such proceeds shall be disbursed in accordance with the provisions of the Article herein entitled "Damage or Destruction of Improvements Maintained by the Master Association;" and (b) in the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate subject to the limitations set forth in the Article herein entitled "Mortgagee Protection." The Master Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) Directors of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Master Association and its Members.

Section 7. Rights and Duties of Owners to Insure. Each Owner may obtain fire and casualty insurance on his Lot (and all Improvements thereto) and on his personal property. Additionally, an Owner may obtain public liability insurance as he may deem desirable to cover his individual liability for damage to persons or property occurring on or within his individual Lot or elsewhere within the Community. If obtainable, such liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Neighborhood Builders, the Master Association and the Board, and their respective shareholders, directors, officers, employees, consultants, agents and all other Owners. Such other policies shall not adversely affect or diminish any liability under insurance obtained by the Master Association. If any loss intended to be covered by insurance carried by the Master Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Master Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8. Trustee for Policies. The Board is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Master Association. All insurance proceeds under such policies shall be paid to the Board, as trustee, and the Board shall have full power to receive such funds on behalf of the Master Association, the Owners and their respective Mortgagees, and to deal therewith as provided for in this Master Declaration.

Section 9. Mortgage Clause. All insurance policies should have the "standard mortgage clause," or equivalent endorsement, providing that coverage of a Mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the Mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Community is located, unless such coverage is prohibited by applicable law.

Section 10. Compliance With Requirements of FHLMC and FNMA. Notwithstanding the provisions of this Article, the Master Association shall obtain and maintain in effect such policies of insurance meeting all requirements of FHLMC and FNMA established by those entities for planned developments for so long as any of such agencies continue to be a Mortgagee, Owner, insurer or guarantor of a Mortgage in the Community, except to the extent such coverage is not available or has been waived, in writing, by such agencies.

ARTICLE XV

MORTGAGEE PROTECTION

Section 1. Mortgage Protection Provisions. Notwithstanding any other provisions in this Master Declaration to the contrary, in order to induce the FHLMC, FNMA and GNMA, and other lenders and investors, to participate in the financing of the sale of Lots in the Community, the following provisions contained within this Article are added hereto, and, to the extent these added provisions conflict with any other provisions in this Master Declaration, these added provisions shall control. An Eligible Mortgage Holder shall be entitled to obtain certain information from the Master Association as provided herein. Each Eligible Mortgage Holder must inform the Master Association in writing of the name and address of each Mortgagee and the corresponding address of each Lot on which it holds (or insures or guarantees) the Mortgage.

(a) The right of an Owner to sell, transfer or otherwise convey his Lot shall not be subject to any right of first refusal or any similar restriction in favor of the Master Association.

(b) The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter recorded upon any Lot. The sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to judicial or non-judicial foreclosure of a first Mortgage, or pursuant to any remedies provided for in the Mortgage, shall extinguish the lien of such Assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Lot from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage, will not be liable for unpaid Assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or charges to all Lots, including the mortgaged Lot).

(c) Except as provided by statute in case of condemnation or substantial loss to the Lots and/or the Master Association Property, unless at least sixty-seven percent (67%) of the Owners, other than Declarant and the Neighborhood Builders, and sixty-seven percent (67%) of the Eligible Mortgage Holders (based upon one [1] vote for each first Mortgage) have given their prior written approval, neither the Master Association nor the Owners shall be entitled to:

(1) By act or omission, seek to abandon or terminate the Master Association, except for abandonment, partition or termination as maybe provided by law;

(2) Record or file any amendment which would change the pro rata interest or obligations of any Lot for purpose of levying Assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards;

(3) Partition or subdivide any Lot;

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the Master Association Property. The conveyance of title to and/or easements over portions of the Master Association Property in accordance with the provisions of Section 2 of Article III herein for the purposes set forth therein, for public utilities or for other public purposes consistent with the intended uses of the Master Association Property shall not be deemed a transfer within the meaning of this clause;

(5) Use hazard insurance proceeds for any losses for other than repair, replacement or reconstruction of the applicable Improvements;

(6) Implement any decision of the Master Association to terminate professional management and assume self-management of the Community, where professional management was previously a requirement by a holder, insurer or guarantor of any first Mortgage;

(7) By act or omission, change, waive or abandon any provisions of this Master Declaration, or enforcement thereof, pertaining to architectural design of the Lots, or the maintenance and operation of the Master Association Property and Maintenance Areas, including, without limitation, Master Association Walls, common walkways, fences, driveways, private streets, storm drains, water and sewer facilities and landscaping within the Community; and

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

(d) All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to individual Lot and not to the Community as a whole.

(e) No provision of the Master Association Documents shall be interpreted to give any Owner or any other party priority over any rights of the first Mortgagee in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of all or any portion of the Master Association Property or such Owner's Lot. All applicable fire and casualty insurance policies shall contain loss payable clauses which name the Mortgagees, as their interests appear, as additional insureds.

(f) The Assessments provided for in the Master Association Documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Master Association Property that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Special Assessments.

(g) Each Eligible Mortgage Holder shall be entitled to timely written notice of all of the following:

- (1) Any condemnation or eminent domain proceeding, and any loss or taking resulting from such proceeding which affects the Community, or any portion thereof;
 - (2) Any substantial damage or destruction to the Community, or any portion thereof, when such loss exceeds Ten Thousand dollars (\$10,000.00);
 - (3) Any default in the performance by an individual Owner of any obligation under the Master Association Documents, including, without limitation, the nonpayment of Assessments, which is not cured within sixty (60) days after the Master Association learns of such default, which notice shall state the length of time such Owner has been delinquent;
 - (4) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association;
 - (5) Any abandonment or termination of the Community; and
 - (6) Any proposed action that requires the consent of a specific percentage of eligible first Mortgagees.
- (h) Any agreement for professional management of the Community, or any contract providing for services of the Declarant or a Neighborhood Builder may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on a maximum of ninety (90) days' prior written notice.
- (i) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a lien on the Master Association Property, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Master Association Property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association. Upon demand by any first Mortgagee, the Board shall execute, on behalf of the Master Association, an agreement establishing the right of all first Mortgagees to such reimbursement.
- (j) Each Eligible Mortgage Holder shall be entitled to:
- (1) Examine current copies of the Master Association Documents and the Master Association's books, records and financial statements during normal business hours;

(2) Obtain from the Master Association a copy of an audited financial statement of the Community for the previous fiscal year (without expense to the holder, insurer, or guarantor requesting said statement). As set forth in the Article herein entitled "Powers and Duties of the Master Association," if the review of the Master Association's financial statement was not prepared by an independent licensee of the California Board of Accountancy, said review shall be accompanied by a certificate from an authorized officer of the Master Association that the review was prepared from the books and records of the Master Association without an independent audit. The Eligible Mortgage Holder may have an audited financial statement prepared at its own expense; and,

(3) Receive written notice of all meetings of the Master Association and be permitted to designate a representative to attend all such meetings.

(k) Each Owner shall notify the Master Association in writing within ten (10) days after the Close of Escrow for the purchase of his Lot of the name and address of his first Mortgagee, and, thereafter, each Owner shall promptly notify the Master Association of any change of name or address for his first Mortgagee.

(1) Each Owner hereby authorizes a first Mortgagee on a Lot to furnish information to the Board concerning the status of any such first Mortgage.

(m) In the event any portion of the Master Association Property encroaches upon any Lot, or any Lot encroaches upon the Master Association Property as a result of the construction, reconstruction, repair, shifting, settlement or movement of any Improvement, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

(n) Subject to the provisions of Section 7 of the Article herein entitled "General Provisions," after the first Close of Escrow for the sale of a Lot in the Community, neither the Master Association, nor the Members may revoke or "materially amend" (as defined below) the Master Association Documents unless at least sixty-seven percent (67%) of the Owners other than Declarant and the Neighborhood Builders, and at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each first Mortgage) have approved such revocation or material amendment. An amendment or revocation regarding any of the following shall be considered material:

(1) The legal status of the Community;

(2) Voting rights;

(3) Increases in Assessments that raise the previously assessed amount by more than twenty five percent (25%), assessment liens or the priority of assessment liens;

(4) Reductions in reserves for maintenance, repair and replacement of the Master Association Property and Maintenance Areas;

(5) Responsibility for the maintenance and repair of the Master Association Property and Maintenance Areas;

(6) Reallocation of interests in the Master Association Property or rights to use the Master Association Property;

(7) Insurance or fidelity bonds, and the entitlement to proceeds thereof;

(8) Boundaries of any Lot;

(9) Ownership of the Master Association Property;

(10) Encroachment by Improvements on a Lot into the Master Association Property or by Improvements on the Master Association Property into a Lots;

(11) Expansion or contraction of the Community, or addition, annexation or de-annexation of additional property to or from the Community;

(12) Conversion of any Lot into Master Association Property and vice versa;

(13) Imposition of restrictions on the leasing of the Lots;

(14) Imposition of restrictions on alienation, including, but not limited to, rights of first refusal;

(15) Mortgagee protection provisions as set forth in this Master Declaration, and such other provisions herein for which the consent of Mortgagees shall be required or which are expressly for the benefit of Mortgagees, insurers or guarantors of Mortgages;

(16) Any action to terminate the legal status of the Community after substantial destruction or condemnation occurs;

(17) Any decision by the Master Association to establish self-management, if professional management had previously been required by an eligible first Mortgagee; and

(18) Restoration or repair of the Community in a manner other than as specified in this Master Declaration.

Any amendment to the Master Association Documents for the purpose of correcting typographical errors or errors on an Exhibit, or for clarification purposes shall not be deemed material.

Section 2. Violation of Mortgagee Protection Provisions. No breach of any of the foregoing Protective Covenants shall cause any forfeiture of title or reversion or bestow any right of reentry whatsoever, but in the event that any one or more of these Protective Covenants shall be violated, the Declarant, any Neighborhood Builder, the Master Association or any Owner in the Community may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation and/or to recover damages; provided, however, such violation shall not defeat or render invalid the lien of any Mortgage made in good faith and for value. Said Protective Covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee sale or otherwise.

Section 3. Effect of Amendments. Except as otherwise provided in the Article herein entitled "General Provisions," no amendment to the Master Association Documents shall affect the rights of any Mortgagee whose lien was created prior to recordation of such amendment, unless such Mortgagee shall have consented (or is deemed to have consented) thereto in writing.

Section 4. Amendments to Conform With Mortgagee Requirements. It is the intent of Declarant that the Master Association Documents and the Community in general meet all requirements necessary for FHLMC, FNMA and GNMA to purchase, guarantee, insure or subsidize any Mortgage of a Lot in the Community. In furtherance of said intent, Declarant may amend this Master Declaration without the consent of the Members at any time after the Close of Escrow for the first sale of a Lot in the Community by recording a written instrument setting forth the amendment, provided that the amendment is necessary to cause this Master Declaration to comply with the requirements of the DRE, FHLMC, FNMA and/or the GNMA; provided, however, that any such amendment shall be effective only if Declarant mails a copy of the amendment to all of the foregoing entities which are, or have agreed to be, a holder, insurer or guarantor of a first Mortgage, and does not, within thirty (30) days thereafter, receive a notice of disapproval from any such entity. Said amendments shall not be recorded by Declarant until after the expiration of such thirty (30) day period.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Master Declaration as set forth in this Article.

Section 1. Annexation Pursuant to Approval. Any person or entity who owns any real property (other than the Annexable Property) and who desires to annex said property to the scheme of this Master Declaration and to subject it to the jurisdiction of the Master Association may record a Notice of Annexation, as described in Section 3 of this Article, provided such person or entity shall first obtain the approval in writing of: (a) the Declarant so long as Declarant or any Neighborhood Builder owns any portion of the Annexable Property; and (b) the Master Association pursuant to the vote or written assent of at least sixty-seven percent (67%) of the total voting power of the Master Association.

Section 2. Annexation Pursuant to General Plan. Declarant, or any Neighborhood Builder with Declarant's consent, shall have the right to annex all or any portion of the Annexable Property described in Exhibit "B" to this Master Declaration and to add such Annexable Property to the scheme of this Master Declaration so that it will be subjected to the jurisdiction of the Master Association without the assent of the Master Association, provided and on condition that:

(a) The development of the Annexable Property shall be in substantial conformance with the overall general plan of development for the Community originally submitted to and approved by the Public Agencies; and

(b) A Notice of Annexation, as described in Section 3 of this Article, shall be recorded covering the applicable portion of the Annexable Property.

Section 3. Notice of Annexation. The annexation of all or any portion of the Annexable Property as authorized under this Article shall be made by recording a Notice of Annexation, or similar instrument, covering such Annexable Property. The Notice of Annexation shall include at least the following:

(a) A reference to this Master Declaration, which shall include the date of recordation hereof and the instrument number or other relevant recording data of the records of the County Recorder of the County of Riverside where this Master Declaration is recorded, together with a statement that this Master Declaration shall apply to such portion of the Annexable Property;

(b) A description of the Annexable Property (including, as applicable, the legal description of the Lots and/or additional Master Association Property); and

(c) A depiction of any additional Fuel Modification Zones, Landscape Easement Areas, Maintenance Areas, Master Association Walls and/or Parking Plan applicable to the Annexable Property.

A Notice of Annexation may annex only Master Association Property and/or Maintenance Areas so long as such annexation would not violate the provisions in this Master Declaration regarding increases in Regular Assessments. A Notice of Annexation may contain such complementary additions to and modifications of the Protective Covenants set forth in this Master Declaration which are necessary to reflect the different character, if any, of the Annexable Property and which are not inconsistent with the general scheme of this Master Declaration. Except as set forth in this Section, no Notice of Annexation shall delete, revoke, contradict or otherwise alter the Protective Covenants set forth in this Master Declaration.

Section 4. Parties to Notice of Annexation. For so long as Declarant (or a Neighborhood Builder with Declarant's consent) has the right to annex all or any portion of the Annexable Property into the Community pursuant to Section 2 above, each Notice of Annexation covering property owned by Declarant shall be executed only by Declarant, and each Notice of Annexation covering property owned by a Neighborhood Builder must be executed by both the Neighborhood Builder and Declarant. Declarant's execution of any Notice of Annexation shall evidence Declarant's consent thereto.

Section 5. Effective Date of Annexation. A Notice of Annexation recorded on a subsequent Phase shall become effective immediately upon the first Close of Escrow for the sale of a Lot in said Phase. Thereafter, the rights, obligations, privileges, duties and liabilities of the Owners in said Phase shall be governed by this Master Declaration. A Notice of Annexation which annexes only Master Association Property shall become effective concurrently with the recordation of the grant deed conveying such Master Association Property to the Master Association, and a Notice of Annexation which annexes only a Maintenance Area shall become effective immediately upon recordation of such Notice of Annexation.

Section 6. Amendments to a Notice of Annexation. Notwithstanding any other provisions of this Master Declaration to the contrary, a Notice of Annexation may be amended and/or restated solely by the Declarant (or by a Neighborhood Builder with Declarant's consent) prior to such Notice of Annexation becoming effective as provided in Section 5 above. Thereafter, a Notice of Annexation recorded on a Phase of the Community may be amended by the vote or written consent of at least fifty-one percent (51 %) of the Owners of the Lots within only that Phase (and their Eligible Mortgage Holders, if applicable), rather than by a majority of all Owners of Lots within the Community (and their Eligible Mortgage Holders, if applicable) on the following conditions:

(a) Such amendment applies only to the Annexable Property described in said Notice of Annexation; and

(b) Such amendment shall in no way contradict, revoke or otherwise alter any of the Protective Covenants set forth in this Master Declaration.

Section 7. Right of De-Annexation. Declarant (and each Neighborhood Builder with Declarant's consent) shall have the right to revoke a Notice of Annexation, provided and on condition that each and all of the following conditions are satisfied: (i) no escrow has closed for the sale of a Lot in the Phase being deannexed; (ii) Declarant has not exercised any vote attributable to any Lot in the Phase being deannexed; (iii) Assessments have not commenced as to any Lot in the Phase being deannexed; (iv) no Master Association Property in the Phase being deannexed has been conveyed to the Master Association; and (v) a Revocation, Notice of De-annexation or other similar instrument is executed by Declarant (and the Neighborhood Builder, if applicable) and recorded with the County Recorder.

ARTICLE XVII

ENFORCEMENT OF BONDED OBLIGATIONS

Section 1. Enforcement of Bonded Obligations. In the event that the Improvements to the Master Association Property have not been completed prior to the issuance of a Final Subdivision Public Report by the DRE for a Phase of the Community, and the Master Association is the obligee under a bond or other arrangement (hereinafter referred to as the "Bond") to secure the performance of a commitment by Declarant or a Neighborhood Builder to complete such Improvements, the following provisions shall apply:

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

(b) Meeting of the Members. In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the Bylaws dealing with meetings of the Members, but in any event, such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing at least five percent (5%) of the total voting power of the Master Association.

(c) Vote by the Members. The only Members entitled to vote at such meeting shall be the Members, other than Declarant and the Neighborhood Builders. A vote at such meeting by a majority of the voting power of the Master Association residing in Members other than the Declarant and the Neighborhood Builders, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Master Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Master Association.

ARTICLE XVIII

GENERAL PROVISIONS

Section 1. General Rights of Enforcement.

(a) Enforcement of Protective Covenants. The Declarant, each Neighborhood Builder, the Master Association and/or any Owner of a Lot in the Community shall have the right to enforce, by proceedings at law or in equity, all of the Protective Covenants now or hereafter imposed by this Master Declaration and the provisions of the other Master Association Documents, including, without limitation, the right to prosecute a proceeding, at law or in equity, against the person or persons who have violated, or are attempting to violate, any of said Protective Covenants and/or provisions, to enjoin or prevent them from doing so, to cause said violation to be remedied and/or to recover damages for said violation.

(b) Nuisance. The result of every act or omission whereby any of the Protective Covenants contained in this Master Declaration or the provisions of the Master Association Documents are violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance shall be applicable against every such result and may be exercised by Declarant, any Neighborhood Builder, any Owner, the Master Association and their respective successors in interest.

(c) Cumulative Remedies. The remedies herein provided for breach of the Protective Covenants contained in this Master Declaration or the provisions of the Master Association Documents shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) Waiver. The failure of Declarant, any Neighborhood Builder, the Master Association and/or any Owner to enforce any of the Protective Covenants contained in this Master Declaration or the provisions of the Master Association Documents shall not constitute a waiver of the right to enforce the same thereafter.

(e) Discipline: Non-Payment of Assessments. The Board, for and on behalf of the Master Association, may, after Notice and Hearing, assess monetary penalties against an Owner as a Compliance Assessment and/or temporarily suspend the voting rights attributable to the Owner's Lot and right to use any common recreational amenities located on the Master Association Property for the period during which any Assessment against said Owner's Lot remains unpaid.

(f) Discipline: Violation of Master Association Documents. The Board, for and on behalf of the Master Association, may, after Notice and Hearing, assess monetary penalties against an Owner as a Compliance Assessment, temporarily suspend the voting rights attributable to the Owner's Lot, and/or temporarily suspend the Owner's right to use any common recreational amenities located on the Master Association Property for a period not to exceed thirty (30) days for any infraction of the Master Association's Documents by such Owner or by any person to whom such Owner has delegated his rights to use the Master Association Property as provided herein.

(g) Additional Rights of Public Agencies. In addition to the rights of enforcement set forth herein, each of the Public Agencies shall have the right, through their agents and employees, to enter upon any part of the Community for the purpose of monitoring compliance with and enforcing compliance with their respective laws, ordinances, regulations and permits, and are hereby granted an easement over the Community for such purposes.

Section 2. Enforcement by the City. The City shall have the right, but not the obligation, to enforce those provisions of this Master Declaration which were imposed by the City as a condition of approval for the development of any portion of the Community. If, in its sole discretion, the City shall deem it necessary to take legal action to enforce such provisions against the Master Association or any Owner or other resident, the City shall be entitled to recover the full cost of said action, including reasonable attorneys' fees, and to impose a lien against the property of the party against whom such enforcement action was taken until said costs are paid in full.

Section 3. Enforcement by the Public Agencies. To the extent a Public Agency has the right at law or under any permit or approval issued in connection with the development of the Community, a Public Agency shall have the right, but not the obligation, to enforce compliance by the Master Association and the Owners and other residents within the Community with the various conditions of approval or other requirements which such Public Agency imposed in connection with the development of the Community.

Section 4. Owner's Indemnification Obligation After the Close of Escrow. Each Owner of a Lot in the Community shall indemnify, defend with counsel approved by Declarant and hold harmless Declarant, its subsidiaries, divisions and related entities, the Master Association, each Neighborhood Builder, and all of their respective employees, officers, directors, shareholders, agents, representatives and professional consultants and all of their respective successors and assigns (collectively the "Indemnitees") from and against any and all claims, liens, damages, injuries, costs, expenses, losses or other liability of any kind whatsoever (including actual attorneys' fees), whether incurred, directly or indirectly, by such Owner, any member of such Owner's family, or such Owner's employees, agents, independent contractors or invitees (collectively the "Owner's Representatives"), by any of the Indemnitees, or by any third party, arising from or in any way related to any work, act, activity or other conduct by such Owner or any of such Owner's Representatives, which (i) is in breach or violation of any present or future federal, state or local laws (whether under common law, statute, rule, regulation or otherwise), permits, orders or any other requirements of governmental authorities relating to the environment or the protection of the environment (collectively the "Environmental Laws"), (ii) results or is likely to result in the violation or breach of any such Environmental Law on or affecting any portion of the Community or Annexable Property owned by Declarant or any portion of the Master Association Property owned by the Master Association (e.g., discharge of any hazardous material into any drainage device), (iii) results or is likely to result in material harm to the fish, wildlife, native plants or native habitat within or near the vicinity of the Community, or (iv) is in breach or violation of any provision of the Master Association Documents relating to the environment, hazardous materials, Environmental Documents or Best Management Practices. Payment shall not be a condition precedent to the enforcement of the provisions of this Section.

Section 5. Severability. Invalidation of any one of the Protective Covenants by judgment or court order shall in no way affect any other Protective Covenant herein, which shall remain in full force and effect.

Section 6. Non-Impairment of Mortgagees. No breach of the Protective Covenants set forth in this Master Declaration, or any of the provisions of any of the other Master Association Documents shall affect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on any portion of the Community (including, but not limited to, any Lot).

Section 7. Term. The Protective Covenants set forth in this Master Declaration shall run with the Community, and shall be binding upon and inure to the benefit of Declarant, each Neighborhood Builder, the Master Association and all Owners of any land subject to this Master Declaration, their respective legal representatives, heirs, successors, assigns and grantees, for a term of sixty (60) years from the date this Master Declaration is recorded, after which time said Protective Covenants shall be automatically extended for successive periods often (10) years, unless an instrument meeting the requirements for amendment to this Master Declaration, as set forth in Section 10 below, has been signed and recorded within one (1) year prior to the termination of the initial sixty (60) year term or within one (1) year prior to the termination of any successive ten (10) year period.

Section 8. Construction. The provisions of this Master Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and maintenance of the Community. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 9. Singular Includes Plural. Whenever the context of this Master Declaration may so require, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 10. Amendments.

(a) Amendments by Declarant.

(1) Prior to the First Close of Escrow. Prior to the first Close of Escrow for the sale of a Lot in the Property which comprises this first Phase of the Community, Declarant may unilaterally revoke, amend and/or restate this Master Declaration by recording an appropriate instrument executed by Declarant in the Official Records of Riverside County, California.

(2) After the First Close of Escrow. After the first Close of Escrow for the sale of a Lot in the Property, Declarant may unilaterally amend this Master Declaration by recording an appropriate instrument executed solely by Declarant, in the Official Records of Riverside County, California so long as such amendment is solely for any of the following purposes: (i) to conform this Master Declaration to applicable law; (ii) to conform this Master Declaration to any

requirements of the DRE, FNMA, GNMA, FHLMC, or to any conditions of approval for the Community imposed by any Public Agency; (iii) to correct typographical errors; or (iv) to correct any error in any Exhibit or to cause an Exhibit to conform to as-built conditions.

(b) Amendments by the Board. After the first Close of Escrow for the sale of a Lot in the Property, the Board may amend this Master Declaration by recording an appropriate instrument signed by two (2) officers of the Master Association if such amendment is solely for any of the following purposes: (i) to conform this Master Declaration to applicable law; (ii) to correct typographical errors; or (iii) to correct any error in an Exhibit or to cause an Exhibit to conform to as-built conditions.

(c) Amendments by the Master Association.

(1) Material Amendments. Subject to the provisions of subsection (a)(2) above, after the first Close of Escrow for the sale of a Lot in the Property, any "material" amendment of the Master Declaration (i.e., an amendment which pertains to any of the topics enumerated in the Article herein entitled "Mortgagee Protection," but which is not required to conform this Master Declaration to any requirements of FNMA, GNMA or FHLMC) may only be adopted in accordance with the voting procedures for material amendments set forth in the Article herein entitled "Mortgagee Protection."

(2) Non-Material Amendments. Subject to the provisions of subsections (a)(2) and (b) above, after the first Close of Escrow for the sale of a Lot in the Property, any non-material amendment (i.e., an amendment which does not pertain to any of the topics enumerated in the Article herein entitled "Mortgagee Protection") shall be adopted if, at a meeting of the Master Association at which a quorum was established (or by action without a meeting), such amendment is approved by at least sixty-seven percent (67%) of the Members (other than Declarant and the Neighborhood Builders), and is also approved by Declarant. At such time when the Class B Membership shall cease and be converted to Class A Membership all non-material amendments shall be adopted if, at a meeting of the Master Association at which a quorum was established (or by action without a meeting), such amendment is approved by at least sixty-seven percent (67%) of the total voting power of the Master Association and by at least of sixty-seven percent (67%) of the Members other than Declarant and the Neighborhood Builders.

In all cases, the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision. Any Owner or the Master Association may petition the Superior Court of Riverside County, California for an order reducing the necessary percentage required under this Section to amend the Master Association Documents. The procedure for effecting this petition is set forth in Section 1356 of the California Civil Code, as the same may be amended from time to time.

Any amendment adopted by the Master Association as provided herein shall be effective when executed by the President and Secretary of the Master Association, who shall certify that the amendment has been approved by the membership, as provided herein, by the first Mortgagees in the percentages set forth hereinabove, when applicable, by a Public Agency, when applicable, and by the City, when applicable, and recorded in the Office of the County Recorder for Riverside County. Upon such recordation, the amendment shall be effective and binding upon all Owners and all Mortgagees, regardless of whether such Owner or such Mortgagee consented to such amendment.

Notwithstanding the provisions of this subsection (c), so long as Declarant and/or any Neighborhood Builder owns any portion of the Community and/or the Annexable Property, the provisions of this Master Declaration regarding the rights and/or easements in favor of Declarant and/or the Neighborhood Builders may not be amended without the prior written consent of Declarant.

(d) Approval of Mortgagees. In addition to the rights of the Eligible Mortgage Holders to approve a material amendment as enumerated in the Article herein entitled "Mortgagee Protection," in the event the Master Association is considering termination of the legal status of the Community for reasons other than the substantial destruction or condemnation of the Community, then sixty-seven percent (67%) of all first Mortgagees must agree to said termination. If an Eligible Mortgage Holder or any first Mortgagee receives a written request, delivered by certified or registered mail, with return receipt requested, to approve any amendment to this Master Declaration as provided herein, and such Eligible Mortgage Holder or first Mortgagee does not deliver a negative response in writing to the Board within thirty five (35) days of the mailing of such request, such Eligible Mortgage Holder or first Mortgagee shall be deemed to have approved such proposed amendment and shall be bound thereby.

(e) Approval by the City. No amendment to this Master Declaration which would terminate, revoke or amend any provisions required by the City shall be effective without the prior written consent of the City. Without limiting the foregoing, no amendment which would affect the Fuel Modification Zones or fire safety of the Lots within the Community shall be effective without the prior written consent of the Murrieta Fire Department.

(f) Approval by a Public Agency. No amendment to this Master Declaration that would revoke or amend any condition of approval or other requirement imposed by a Public Agency in connection with the development of the Community shall be effective without the prior written consent of such Public Agency.

Section 11. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by registered or certified mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Master Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Master Association. If such notice is not sent by registered or certified mail, it shall be deemed to have been delivered when received. Such address may be changed, from time to time, by notice in writing to the Master Association. Any notice permitted or required to be given to the Declarant shall be given to Lennar Greer Ranch Venture, LLC, c/o Lennar Communities, 24800 Chrisanta Drive, Suite 200, Mission Viejo, CA 92691 Attention Division President, and shall include a copy to Lennar Corporation, 700 NW 107 Avenue, 4th Floor, Miami, FL. 33172, Attention: General Counsel.

Section 12. Attorneys' Fees. If any Owner breaches any provision of the Master Association Documents (including, but not limited to, fails to pay any Assessment levied by the Master Association against such Owner or his Lot), and the Master Association has engaged the services of an attorney in connection therewith, the Owner shall pay upon demand all costs and fees incurred by the Master Association, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. In the event the Master Association commences an action against such defaulting Owner, the prevailing party shall be entitled to recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 13. Conflicts in Master Association Documents. In the event of any conflict between and/or among the provisions of any of the Master Association Documents, this Master Declaration shall be deemed to supersede the provisions of any conflicting Master Associate Documents, including, without limitation, the Articles, the Bylaws, the Design Guidelines.

Section 14. Exhibits. All Exhibits attached hereto (or to a Notice of Annexation recorded for a subsequent Phase of the Community) are hereby incorporated herein (or therein, as the case may be) by this reference. All dimensions set forth on an Exhibit (including any exhibits and/or other depictions on file with the property manager for the Community) are approximations only and are intended for illustrative purposes only. In the event of a conflict between an Exhibit and/or other depiction and the actual as-built condition, the as-built condition shall control.

Section 15. Additional Provisions. Notwithstanding the provisions set forth in this Master Declaration, various laws (including, but not limited to, the Davis-Stirling Common Interest Development Act, Section 1350 et seq. of the California Civil Code, and the Federal Fair Housing Act, Title 42 United States Code Section 3601 et seq., as such laws may be amended from time to time), may supplement or override the provisions of this Master Declaration. This Master Declaration shall be interpreted and construed to be consistent with such applicable laws, as same may be amended from time to time, and accordingly, neither Declarant nor any Neighborhood Builder makes any representations or warranties regarding the enforceability of the provisions of this Master Declaration.

IN WITNESS WHEREOF, Declarant has executed this Master Declaration on the day and year first written above.

"DECLARANT"

LENNAR GREER RANCH VENTURE, LLC,
a California limited liability company

By: LENNAR HOMES OF CALIFORNIA, INC.,
a California corporation

Its: Manager


By:

Its: Vice President

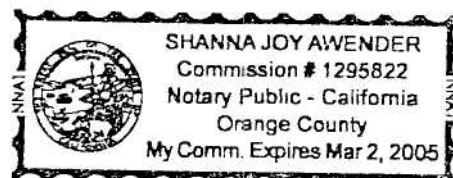
STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On October 23, 2002, before me, Shanna Joy Awender ; foe undersigned, a Notary Public in and for said State, personally appeared Graham Jones //////////////////// , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature of Notary Public

(SEAL)



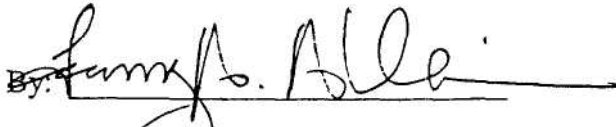
CONSENT OF NEIGHBORHOOD BUILDER

The undersigned Neighborhood Builder hereby consents to the recordation of this "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Greer Ranch" (the "Master Declaration") on that certain real property owned by the undersigned which is more particularly described on Exhibit "A" to the Master Declaration, and agrees that the Protective Covenants set forth in the Master Declaration shall run with said real property, and shall be binding upon the undersigned and its successors, assigns and grantees.

Dated OCTOBER 23, 2002

"NEIGHBORHOOD BUILDER"

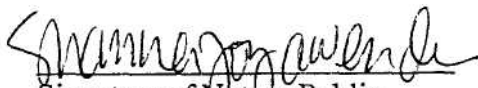
LENNAR HOMES OF CALIFORNIA, INC.,
a California corporation


Its Vice President

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On OCTOBER 23, 2002, before me, Shanna Joy Awender, the undersigned, a Notary Public in and for said State, personally appeared Tracy Allibone ////////////////, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument me entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature of Notary Public

(SEAL)

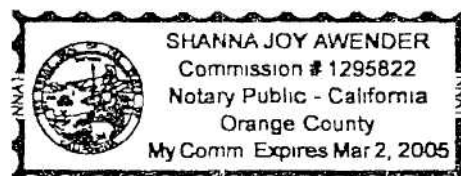


EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The Property shall mean and refer to that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described as follows:

Lots 58 through 64, inclusive, of Tract 29640-3 as shown on a map recorded in Book 319, Pages 46 through 51, inclusive, of Maps in the office of the County Recorder for Riverside County, California;

and

Lots 65 and 78 of Tract 29640-1 as shown on a map recorded in Book 319, Pages 29 through 39, inclusive, of Maps in the office of the County Recorder for Riverside County, California.

EXHIBIT "B"

LEGAL DESCRIPTION OF THE ANNEXABLE PROPERTY

The Annexable Property shall mean and refer to that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described as follows:

All of Tract 29640-1 as shown on a map recorded in Book 319, Pages 29 through 39, inclusive, of Maps in the office of the County Recorder for Riverside County, California;

All of Tract 29640-2 as shown on a map recorded in Book 319, Pages 40 through 45, inclusive, of Maps in the office of the County Recorder for Riverside County, California;

All of Tract 29640-3 as shown on a map recorded in Book 319, Pages 46 through 51, inclusive, of Maps in the office of the County Recorder for Riverside County, California;

All of Tract 29640-4 as shown on a map recorded in Book 319, Pages 52 through 60, inclusive, of Maps in the office of the County Recorder for Riverside County, California;

All that certain real property shown and described on Vesting Tentative Tract Maps 29640 and 29641 on file with the City of Murrieta;
and

All of that certain real property that adjoins the above-referenced real property as generally depicted on **page 2 of this Exhibit "B"**

All of the Annexable Property is generally depicted on **page 2 of this Exhibit "B."** (The Annexable Property does not include the Property which constitutes the first Phase of the Community as described on Exhibit "A" to this Master Declaration.)

EXHIBIT "B"
DEPICTION OF THE
ANNEXABLE PROPERTY



--- BOUNDARY OF ANNEXABLE
PROPERTY

TRACT NO. 29640-1

TRACT NO.
29640-2

TRACT NO.
29640-4

TRACT NO.
29640-3

2002-005521
10/25/2002 02:00A
106 of 116

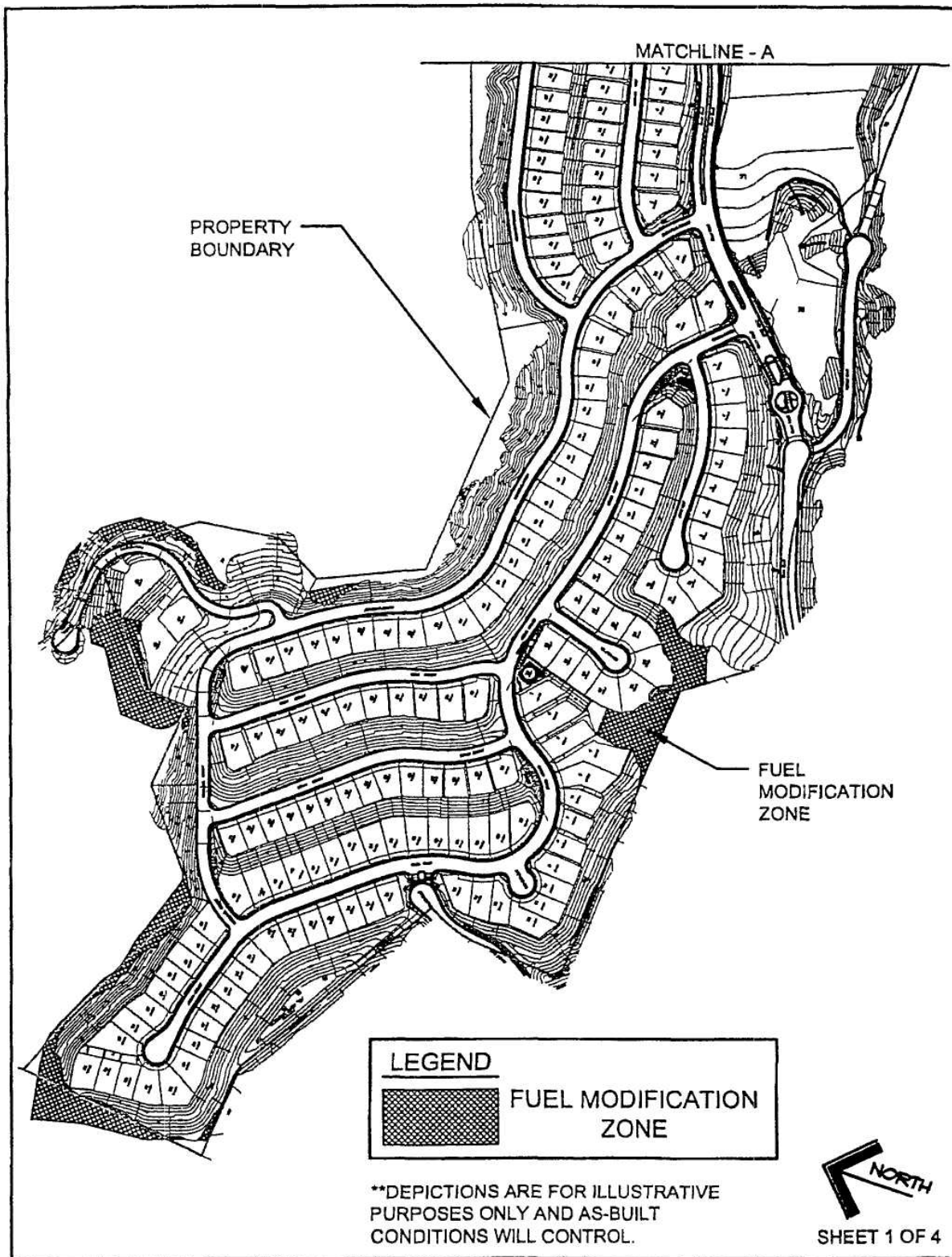


EXHIBIT "FMZ"

DEPICTION OF THE FUEL MODIFICATION ZONES IN THE COMMUNITY

EXHIBIT "FMZ"

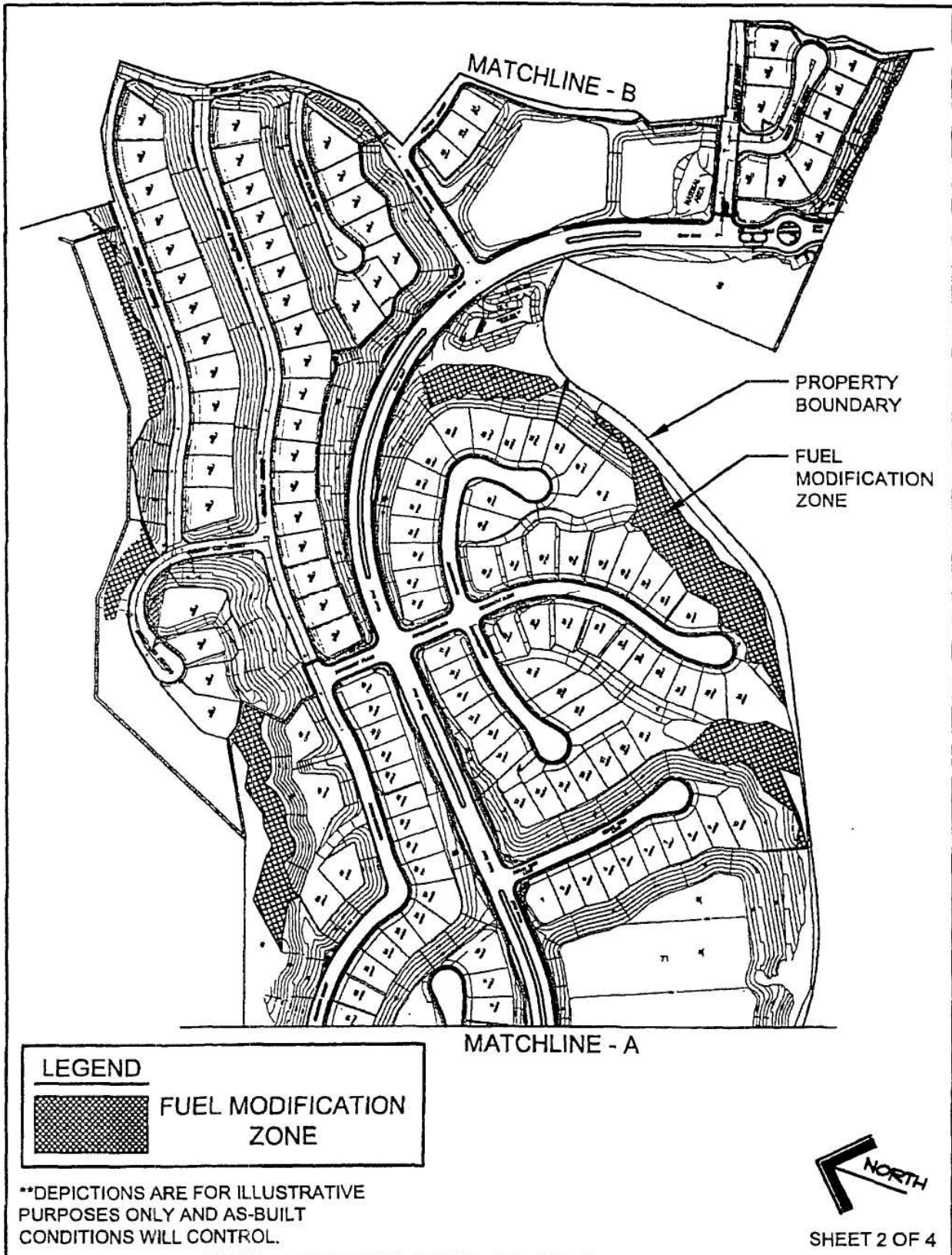
DEPICTION OF THE FUEL
MODIFICATION ZONE



2002-605521
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108 of 116

EXHIBIT "FMZ"

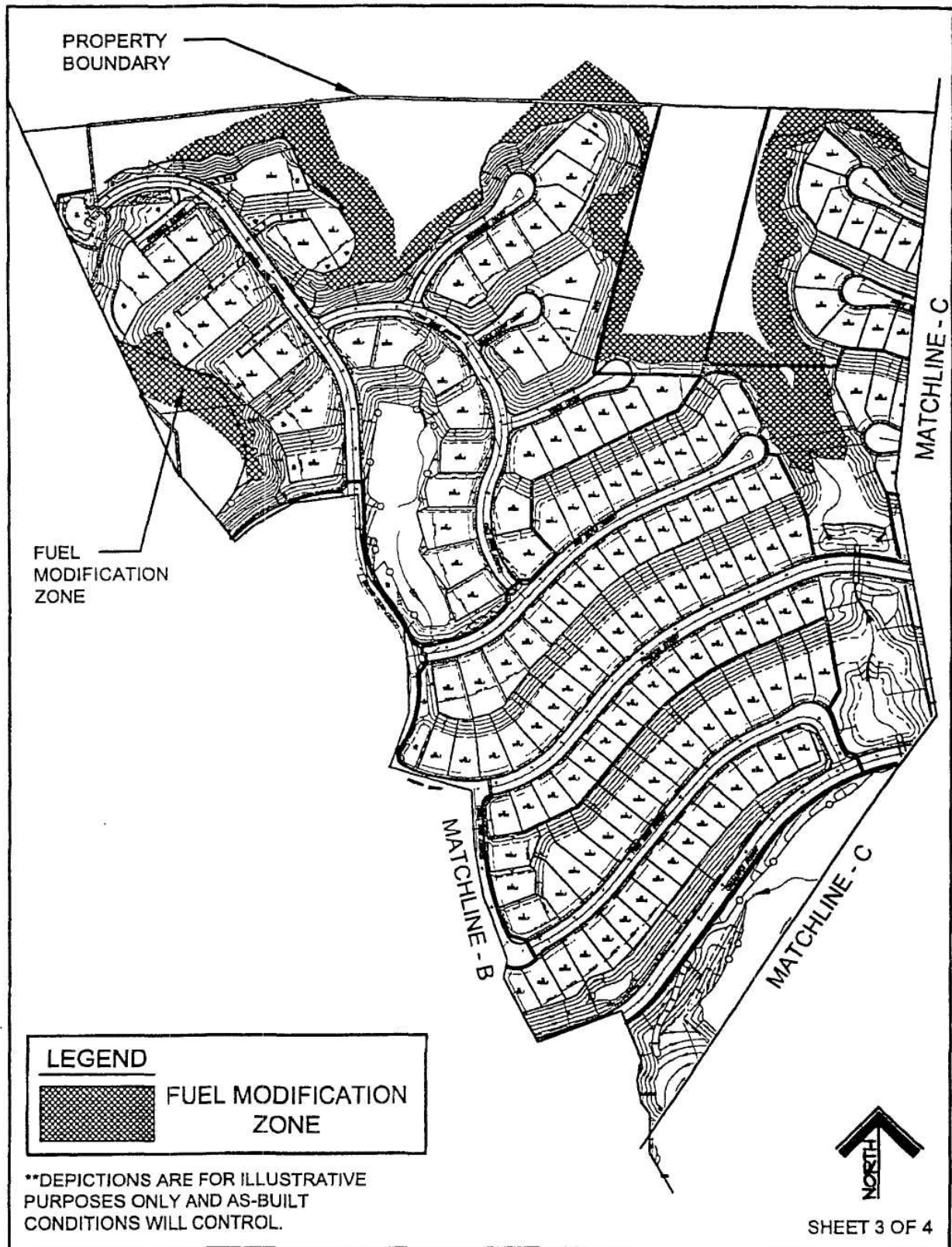
DEPICTION OF THE FUEL MODIFICATION ZONE



2002-605521
10/25/2006 08:09A
109 of 116

EXHIBIT "FMZ"

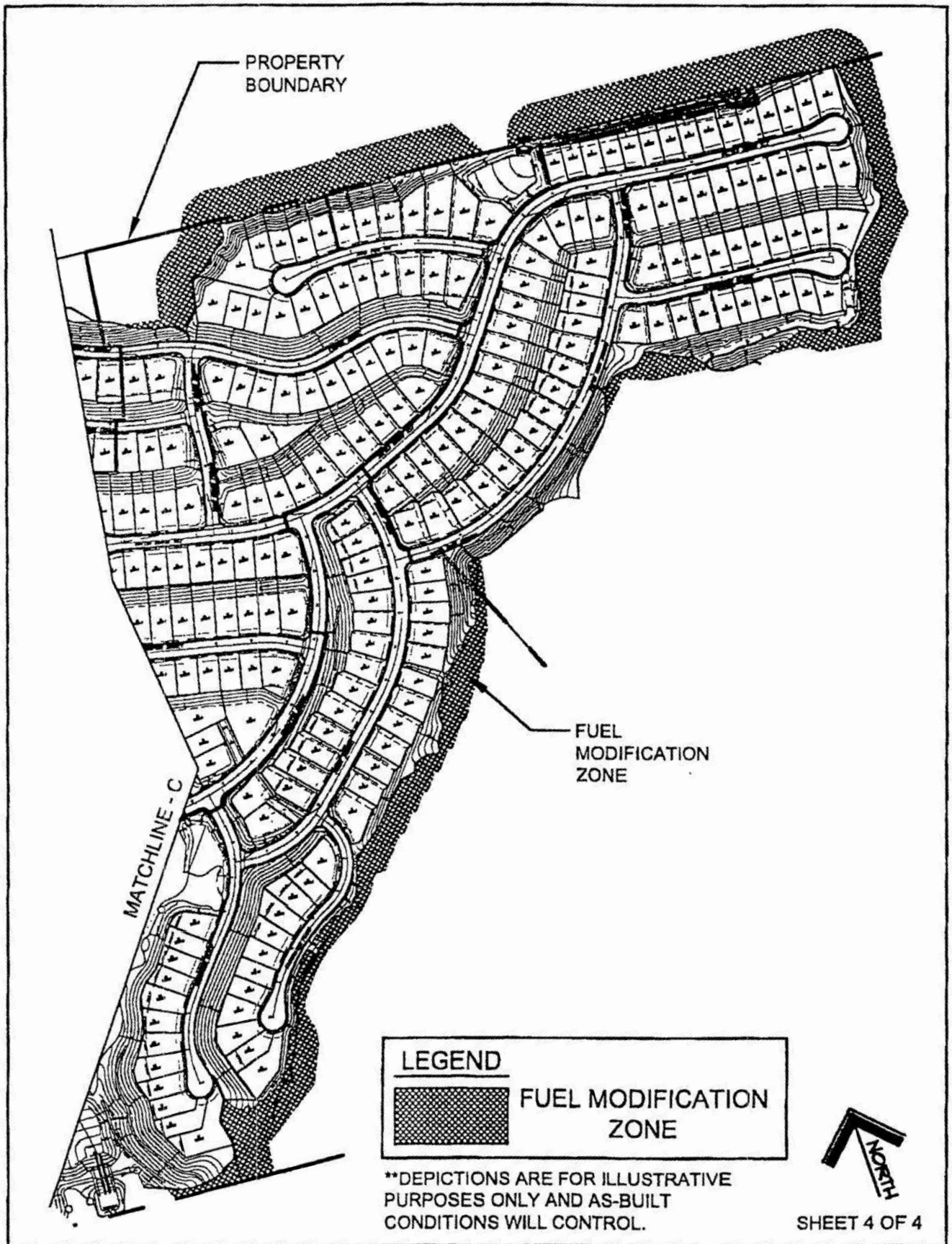
DEPICTION OF THE FUEL MODIFICATION ZONE



2002-605521
10.25.2002 08 00A
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EXHIBIT "FMZ"

DEPICTION OF THE FUEL MODIFICATION ZONE



2002-605521
10/25/2002 08:00A
111 of 116

EXHIBIT "LEA"

DEPICTION OF THE LANDSCAPE EASEMENT AREAS IN THIS FIRST PHASE OF THE COMMUNITY

There are no Landscape Easement Areas in this first Phase of the Community.

EXHIBIT "MA"

DEPICTION OF THE MAINTENANCE AREAS IN THIS FIRST PHASE OF THE COMMUNITY

There are no Maintenance Areas in this Phase of the Community.

EXHIBIT "MAP"

**LEGAL DESCRIPTION AND/OR DEPICTION OF THE
MASTER ASSOCIATION PROPERTY
IN THIS FIRST PHASE OF THE COMMUNITY**

The Master Association Property located in this first Phase of the Community shall mean and refer to that certain real property located in the City of Murrieta, County of Riverside, State of California, more particularly described as follows:

Lots 65 and 78 of Tract 29640-1 as shown on a map recorded in Book 319, Pages 29 through 39, inclusive, of Maps in the office of the County Recorder for Riverside County, California.

EXHIBIT "MAW"

DEPICTION OF THE MASTER ASSOCIATION WALLS IN THIS FIRST PHASE OF THE COMMUNITY

There are no Master Association Walls in this Phase of the Community.

EXHIBIT "PP"

DEPICTION OF THE PARKING PLAN (FIRE LANES AND OTHER NO PARKING AREAS) IN THIS FIRST PHASE OF THE COMMUNITY

There are no private streets being annexed in this Phase; and accordingly,
there is no Parking Plan for this Phase.