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**MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
THE POLO CLUB
A PLANNED RESIDENTIAL DEVELOPMENT**

CERTIFICATION

Pursuant to the provisions of Government Code 27361.7, I certify under the penalty of perjury that the following is a true copy of illegible wording found in the attached documents:

(Print or type the page number(s) and wording below):

RECORDING REQUESTED BY FIRST

AMERICAN TITLE COMPANY

National Homebuilder Services

Subdivision Department

DATE:

3/27/14

SIGNATURE:

AG

Ashley Gasson



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**MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
THE POLO CLUB**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS is made by POLO ESTATES VENTURES, LLC, a Delaware limited liability company ("Declarant").

P R E A M B L E:

A. Declarant is the Owner of real property ("Phase 1") in the City of Indio, Riverside County, State of California, described as follows:

Lot 34, Lots 105 to 111, inclusive, 140 to 144, inclusive, and Lots A, B and H of Amended Tract No. 33004-2 shown on a Subdivision Map, filed on December 17, 2013, in Book 438, Pages 85 to 94, inclusive, of Maps, in the Office of the Riverside County Recorder.

B. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Properties (as hereinafter defined), to create a "planned development," within the meaning of Section 4175 of the California Civil Code, pursuant to the Davis-Stirling Common Interest Development Act. The Properties are planned to constitute a "subdivision," as defined in Section 11000 of the California Business and Professions Code, containing two or more product types. The general plan for development of the Properties will include a corporation formed pursuant to the California Nonprofit Mutual Benefit Corporation Law to which will be assigned the powers of (1) owning, maintaining and administering the Master Common Area, (2) administering and enforcing the Restrictions, and (3) collecting and disbursing the assessments and charges hereinafter created. Declarant will or has caused such corporation, the Members of which will be the Owners of Lots in the Properties, to be formed to exercise such powers, as required by Sections 4800 or 4805 of the California Civil Code. The Properties are also intended to constitute a "Master Planned Development," as defined in Section 2792.32 of the California Code of Regulations, as approximately eight hundred forty-four (844) Dwelling Units are currently contemplated to be developed on the Properties; provided however, Declarant does not guarantee the number of Dwelling Units to be constructed in the Properties.

C. Declarant intends to develop and convey all of the Properties pursuant to a general plan and subject to the protective covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth herein, pursuant to the Davis-Stirling Common Interest Development Act.

D. A Local Government Agency may be formed to maintain certain areas within the Properties. However, the Local Government Agency may be unwilling or unable to maintain such area in the future. In light of the uncertainty of continued maintenance by a Local Government Agency, the City, County and Declarant intend, wherever possible, to vest

ownership of fee title to such areas in the Master Association. At the Local Government Agency's discretion, responsibility for such property shall be transferred to the Master Association, which shall thereafter manage and maintain the property as Master Common Area.

E. Declarant intends that one or more Neighborhoods in the Properties shall be developed and conveyed as a "senior citizen housing development" as defined in Section 51.11 of the California Civil Code and as "housing for older persons" in accordance with the requirements of the federal Fair Housing Act (42 U.S.C. Section 3601, et seq.) and the exemption provided therefrom under 42 U.S.C. Section 3607(b), all as amended.

F. Declarant hereby declares that the Properties shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the easements, restrictions, reservations, rights, covenants, conditions and equitable servitudes contained in this Master Declaration, all of which are for the purpose of enhancing and protecting the value, attractiveness and desirability of the Properties, in furtherance of a comprehensive, general plan for the protection, maintenance, subdivision, improvement and sale of the Properties or any portion thereof. The covenants, conditions, restrictions, rights, reservations, easements and equitable servitudes set forth herein (1) shall run with and burden the Properties and shall be binding upon all Persons having or acquiring any interest in the Properties or any part thereof, their heirs, successors and assigns; (2) shall inure to the benefit of every portion of the Properties and any interest therein; (3) shall inure to the benefit of and be binding upon Declarant and its successors-in-interest, each Owner and each Owner's successors in interest; and (4) may be enforced by Declarant, any Participating Builder, any Subassociation, any Owner and the Master Association.

G. All references in this Master Declaration to statutes or regulations are to those statutes or regulations as currently in effect or to subsequently enacted replacement statutes or regulations.

ARTICLE I

1. Definitions. Unless otherwise expressly provided, the following words and phrases when used herein have the following specified meanings.

1.1 Age-Restricted Neighborhood. Age-Restricted Neighborhood means the Lots within Amended Tract No. 33004-2 and any other Lots or Condominiums annexed into the Properties and made subject to the restrictions in Section 10.24 of this Master Declaration. There may be more than one (1) Age-Restricted Neighborhood in the Properties.

1.2 Annexable Territory. Annexable Territory means the real property described in Exhibit "A" attached hereto and incorporated herein by this reference (excepting Phase 1 therefrom), all or any portion of which may be made subject to this Master Declaration pursuant to the provisions of Article XVI hereof.

1.3 Articles. Articles means the Articles of Incorporation of the Master Association as amended or restated from time to time.

1.4 Assessment. Assessment means any Annual Assessment, Capital Improvement Assessment, Reconstruction Assessment, Special Assessment and Requested Assessment.

1.5 Assessment, Annual. Annual Assessment means a charge against the Owners and their Lots and Condominiums, representing a portion of the Common Expenses, which is to be levied as provided herein. The Annual Assessment is a regular assessment as described in California Civil Code Section 5600. Annual Assessments consist of a "General Assessment Component" and possibly a "Special Benefit Area Component", as provided in Section 6.5.3.

1.6 Assessment Capital Improvement. Capital Improvement Assessment means a charge which the Board may levy against the Owners and their Lots and Condominiums, representing a portion of the cost to the Master Association for installation or construction of any capital Improvements on any of the Master Common Area. Such charge shall be levied in the same proportion as Annual Assessments. However, Capital Improvement Assessments for a particular Special Benefit Area shall be levied in the same proportion as Annual Assessments only against Owners responsible for such Special Benefit Area. Capital Improvement Assessments are "special assessments" as defined in California Civil Code Section 5600.

1.7 Assessment, Reconstruction. Reconstruction Assessment means a charge which the Board may levy against the Owners and their Lots and Condominiums, representing a portion of the Master Association's cost to reconstruct any Improvements on the Master Common Area. Such charge shall be levied in the same proportion as Annual' Assessments. Reconstruction Assessments are "special assessments" as defined in California Civil Code Section 5600.

1.8 Assessment, Special. Special Assessment means a charge levied against a particular Owner directly attributable to, or reimbursable by, that Owner, equal to the cost incurred by the Master Association for corrective action performed pursuant to the Restrictions, or a reasonable fine or penalty, assessed by the Board, plus interest and other charges on such Special Assessments as provided for in this Master Declaration. Special Assessments shall not include any late payment penalties, interest charges or costs (including attorneys' fees) incurred by the Master Association in the collection of Annual Capital Improvement or Reconstruction Assessments.

1.9 Assessment Unit. Assessment Unit means the arithmetic value allocated to each Lot or Condominium pursuant to Section 6.5.1, for purposes of calculating the share of Common Expenses attributable to such Lot or Condominium and establishing the number of votes assigned to each residential Lot or Condominium.

1.10 Assessment, Requested. Requested Assessment means a charge levied against a particular Owner for services rendered at the written request of such Owner (as provided below) to perform services to the Owner's Lot or Condominium and/or Improvements which is equal to the costs, fees and expenses incurred by the Master Association to perform or contract for the performance of the requested work. In the event that an Owner desires for the

Master Association to arrange for maintenance on Owner's Lot and/or Improvements thereon, Owner shall provide the Master Association or property management company with a written notice requesting service at least seven (7) days prior to the date such service is desired. The Owner's notice shall at a minimum set forth the following: (i) detailed summary of the requested service; (ii) length of time Owner desires the service to be performed; (iii) the location at which a key to Owner's Dwelling Unit can be obtained in the event that the service requested requires entry into the Dwelling Unit; and (iv) any other information relevant to such requested service. Owner shall automatically be deemed to have granted the Master Association and its agents a license to enter the Lot or Condominium and Dwelling Unit to perform such work. The Master Association is under no obligation to perform any services requested by any Owner. Owner shall be responsible for the payment of the fees, costs and expenses incurred by Master Association to perform the requested work, and such charges shall constitute an assessment and lien against Buyer's Lot or Condominium and Dwelling Unit. The Master Association shall have all rights and remedies relating to any other Assessment provided herein.

1.11 Beneficiary. Beneficiary means a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust and the assignees of such Mortgagee or Beneficiary.

1.12 Board or Board of Directors. Board or Board of Directors means the Board of Directors of the Master Association.

1.13 BRE. BRE means the California Bureau of Real Estate or such successor governmental agency of the State of California which administers the sale of subdivided lands pursuant to Sections 11000 et seq., of the California Business and Professions Code, or any similar California statute hereafter enacted.

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

1.15 Bylaws. Bylaws means the Bylaws of the Master Association, as adopted by the Board, and as may be amended from time to time.

1.16 City. City means the City of Indio and its various departments, divisions, employees and representatives.

1.17 Close of Escrow. Close of Escrow means the date on which a deed is Recorded conveying a Lot or Condominium pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the BRE. Among other exempt transfers, the term "Close of Escrow" shall not include Recordation of a deed between (i) Declarant and any successor to any rights of Declarant hereunder, (ii) Declarant and any Participating Builder; or (iii) Participating Builders.

1.18 Club. Club shall mean The Polo Club, as defined in that certain Declaration of Covenants, Conditions, Restrictions and Easements for The Polo Club (Club Property) Recorded hereafter.

1.19 Club Owner. Club Owner shall mean the owner of the Club, and its successors and assigns. The initial Club Owner shall be THE CLUB AT POLO ESTATES, LLC, a Delaware limited liability company.

1.20 Club Parties. Club Parties shall mean the Club Owner, and any officer, owner, member, director, agent or partner of any of the Club Owner, and any officer, owner or director of any of the foregoing, the Club, Club staff, employees, and contractors, Club Manager (as defined in the Club Provisions), Club members and their family, guests, and invitees, Club guests, invitees and designees, staff, sponsors and officials, and Club function and party participants.

1.21 Club Property. Club Property shall mean the Club Property and the Club Facilities as defined in the Club Provisions.

1.22 Club Provisions. Club Provisions shall mean the Declaration of Covenants, Conditions, Restrictions and Easements for The Polo Club (Club Property) Recorded concurrently herewith in the Official Records of Riverside County, California, together with all amendments and modifications thereof by the Club Owner from time to time.

1.23 Common Area. Common Area means that area within any portion of the Properties designated in a Subordinate Declaration as "common area" (as defined in Section 4095 of the California Civil Code), owned or maintained by a Subassociation within a particular Condominium Project or Planned Development under the jurisdiction of the Subassociation.

1.24 Common Expenses. Common Expenses means those expenses for which the Master Association is responsible under this Master Declaration, including the actual and estimated costs of: maintaining, managing, and operating the Master Common Area; unpaid Special Assessments, Reconstruction Assessments, Special Benefit Expenses and Capital Improvement Assessments; managing and administering the Master Association, maintaining the front yards of each Lot in the Residential Area, expenses for all utilities, landscaping, trash pickup, recycling, community patrol, and bulk Telecommunications Services, other services benefitting the Master Common Area, providing special services and programs for seniors in the Age-Restricted Neighborhood, residents and guests, paying premiums of fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Properties and the directors, officers and agents of the Master Association; bonding the members of the management body; taxes paid by the Master Association; amounts paid by the Master Association for discharge of any lien or encumbrance levied against the Master Common Area, or portions thereof; all Reserves; costs incurred by the Master Association in ensuring that the Age-Restricted Neighborhood comply with state and federal laws governing senior housing and all other items incurred by the Master Association for any reason whatsoever in connection with the Properties, for the common benefit of the Owners. Common Expenses shall also include the costs of maintenance and ownership of real property or Improvements that are turned over to the Master Association by a Local Government Agency.

1.25 Condominium. Condominium means an estate in real property as defined in Sections 783 and 4125 of the California Civil Code, or any similar California statute hereafter enacted. A Condominium consists of an undivided fee simple ownership interest in the Common

Area in a Phase together with a separate ownership interest in fee in a "unit" as defined in Section 4125 of the California Civil Code and all easements appurtenant thereto. For purposes of this Master Declaration, the term "Condominium" shall include a Dwelling Unit or other area of space which is appurtenant to one (1) or more ownership interests in a "community apartment project" or "stock cooperative" project (as such terms are defined below in the definition of Condominium Project). The separate interest of any Condominium is referred to herein as the "Condominium Unit." A Condominium may also consist of a volume of real property that is not entirely within a building (a "site" condominium).

1.26 Condominium Project. Condominium Project means a "condominium project" as defined in Section 4125 of the California Civil Code, or any similar California statute hereafter enacted, and all property designated in the Subordinate Declaration for such Condominium Project as additional "Phases of Development" if such Condominium Project is developed in phased increments. For purposes of this Master Declaration, the term "Condominium Project" also includes "community apartment project" and "stock cooperative" projects as respectively defined in Sections 4105 and 4190 of the California Civil Code or any similar California statutes hereafter enacted.

1.27 County. County means the County of Riverside in the State of California, and its various departments, divisions, employees and representatives.

1.28 Declarant. Declarant means POLO ESTATES VENTURES, LLC, a Delaware limited liability company, its successors and any Person to which it shall have assigned any rights hereunder, in whole or in part, by express written assignment. Any such assignment may include some or all of the rights of the Declarant and may be subject to such conditions or limitations as Declarant may impose in its sole and absolute discretion. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of its assets, or who merges with Declarant, by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise. There may exist two or more "Declarants" simultaneously, if one or more of the rights of Declarant have been assigned to one or more Persons other than the initial Declarant.

1.29 Dedicated Master Common Area. Dedicated Master Common Area means any portion of the Master Common Area which is subject to an unaccepted offer of dedication to a Local Government Agency for public access, ownership, use or maintenance. Dedicated Master Common Area may include parks, trails, other recreational or open space amenities, landscaping areas or other Improvements. Dedicated Master Common Area specifically excludes Public Property (as defined herein) which is the maintenance responsibility of the Master Association. Dedicated Master Common Area shall be maintained and used by the Master Association and the Owners in the same manner as all other Master Common Area until the offer of dedication is accepted, whereupon (i) the Dedicated Master Common Area shall be maintained by the accepting Local Governmental Agency and shall be available for use by the general public, and (ii) the Dedicated Master Common Area shall no longer constitute a part of the Master Common Area.

1.30 Deed of Trust. Deed of Trust means a Mortgage as defined herein.

1.31 Design Rules. Design Rules are the design standards, procedures, rules and guidelines adopted pursuant to Article VIII.

1.32 Design Review Committee or Committee. Design Review Committee or Committee means the Design Review Committee created pursuant to Article VIII hereof.

1.33 Dwelling Unit. Dwelling Unit means a residence designed and intended for use and occupancy as a residence by a single Family. Such Dwelling Unit may constitute a building located on a Lot in the Residential Area or a building located in a Condominium. A Dwelling Unit may also constitute a Condominium Unit located in a multi-family building in the Residential Area.

1.34 Family. Family means (a) one or more natural individuals, related to each other by blood, marriage or adoption, or (b) a group of natural individuals not all so related, but who live as a common household in a Dwelling Unit. Each of the individuals constituting a Family occupying a Dwelling Unit in an Age-Restricted Neighborhood must qualify under the age and occupancy requirements of this Master Declaration and state and federal laws governing senior housing. The Board has the power but not the obligation to provide exceptions for one or more individuals who do not otherwise qualify for permanent occupancy in an Age-Restricted Neighborhood under applicable law. Exceptions may be granted only if the Age-Restricted Neighborhood will continue to meet all age and occupancy requirements for seniors housing under applicable law.

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

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

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

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

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

1.40 Improvement. Improvement means any structure or appurtenance thereto, including, but not limited to, buildings, walkways, sprinkler pipes, slopes, trails, roads, driveways, parking areas, monuments, fences, all types of walls, stairs, decks, landscaping, antennae, the paint on all exterior surfaces, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, storage areas, exterior air conditioning and water-softening fixtures or equipment.

1.41 Local Governmental Agency. Local Governmental Agency means the City, County, a public school district, a public water district, and any other local or municipal governmental entity or agency including, without limitation, any special assessment district, maintenance district or community facilities district.

1.42 Lot. Lot means any residential Lot or parcel of land shown upon any Recorded subdivision map or Recorded parcel map of any portion of the Properties (as such lot or parcel may be modified by any Recorded lot line adjustment or parcel map), together with Improvements, if any, thereon, but excepting any Master Common Area, Common Area, and any Condominium in a Condominium Project.

1.43 Maintain. Whether capitalized or not, maintain means maintain, repair and replace and maintenance means maintenance, repair and replacement.

1.44 Maintenance Funds. Maintenance Funds means the accounts created for Master Association receipts and disbursements pursuant to Article VI hereof.

1.45 Maintenance Guidelines. Maintenance Guidelines means the guidelines for the ordinary and necessary maintenance and preservation of the Master Common Area Improvements, including without limitation, the requirements of the Association Maintenance Manual. Among other things, the Maintenance Guidelines specify maintenance levels, recommended intervals for regularly scheduled maintenance items, and the scope of required maintenance practices and procedures. The Maintenance Guidelines were provided to the Master Association by Declarant and, subject to Declarant's veto right, may be supplemented, amended and updated by the Board.

1.46 Maintenance Manual, Association. Association Maintenance Manual means that certain Association Maintenance Manual described in Section 3.5 of the Master Dispute Resolution Declaration.

1.47 Maintenance Manual, Owners. Owners Maintenance Manual means that certain Owners Maintenance Manual described in Section 3.4 of the Master Dispute Resolution Declaration.

1.48 Manager. Manager means the Person, retained by the Master Association to perform functions of the Master Association, as limited by the Restrictions and the terms of the agreement between the Master Association and said Person.

1.49 Marketing Period. Marketing Period means that period of time commencing on the date of Recordation of this Master Declaration and extending until the earlier to occur of (i) Close of Escrow for the sale of all Dwelling Units in the Properties following annexation of all of the Annexable Territory, or (ii) twenty-five (25) years following the first Close of Escrow for the sale of a Lot or a Condominium pursuant to a transaction requiring the issuance by the BRE of a Public Report.

1.50 Master Association. Master Association means The Polo Club Maintenance Association, a California nonprofit corporation (formed pursuant to the California

Nonprofit Mutual Benefit Corporation Law), its successors and assigns. The Master Association is an "association" as defined in Section 4080 of the California Civil Code.

1.51 Master Common Area. Master Common Area means all the real or personal property designated by Declarant as Master Common Area, which may be owned by the Master Association in fee simple, or controlled or maintained in accordance with an easement or other agreement, or by lease or by encroachment permit or license. Master Common Area shall have the definition given "common area" in Section 4095 of the California Civil Code. Master Common Area Improvements may include, without limitation, landscaping, slopes greater than ten feet in height (unless specifically designated for maintenance by a Subassociation), private streets, certain landscaped parkways or median areas along portions of private or public streets (even if owned by the City, County or other governmental or quasi-governmental entity), street lighting on private streets within the Properties, private irrigation sewers, storm drains and related systems (except those to be maintained by an Owner in accordance with Section 9.1), parking areas, the Trails, meandering sidewalk and all frontage parkway landscaping and lighting on Avenue 52 and Jackson Street (if not annexed into any landscape maintenance district, community services district or other governmental or quasi-governmental maintenance district), parks, Shared Driveways, front yard landscaping on residential Lots and Condominiums, drainage Improvements, retention basins, entry facilities, and monumentation and any other Off-Tract Maintenance Areas. The Master Common Area at the time of the first Close of Escrow in Phase 1 will include Lots A, B and H of Amended Tract No. 33004-2, landscape maintenance easements and maintenance and access easements over the surfaces of walls on those Lots abutting and facing Public Property or Master Common Area, and easements for maintenance of landscaping and walls located on such residential Lots. Additional Master Common Area may be annexed to the Properties pursuant to Article XVI hereof.

1.52 Master Declaration. Master Declaration means this instrument as amended or restated.

1.53 Master Dispute Resolution Declaration. Master Dispute Resolution Declaration means that certain Supplemental Declaration of Covenants and Restrictions and Agreement Establishing Dispute Resolution Procedures for The Polo Club recorded in the County Recorder's Office and all exhibits and addenda attached thereto against all or a portion of the Properties. Upon the Recording of any Master Dispute Resolution Declaration, all provisions contained therein will apply to the real property against which the Master Dispute Resolution Declaration is Recorded.

1.54 Member, Membership. Member means any Person holding a Membership. Membership means the property, voting and other rights and privileges of Members as provided in the Restrictions, together with the correlative duties and obligations contained therein.

1.55 Mitigation Agreement. Mitigation Agreement means that certain Mitigation Agreement dated August 7th, 2003, that certain First Amendment to Mitigation Agreement dated September 18, 2007 and any amendments thereto originally by and between

Polo Estates, LLC (as predecessor in interest to Declarant), Stephen Lazzarini and Indio Heritage.

1.56 Model Lot. Model Lot means a Lot or Condominium that is being used by Declarant or a Participating Builder as a sales model, office, design center, or for a similar purpose under a model leaseback agreement.

1.57 Mortgage. Mortgage means any Recorded mortgage or Deed of Trust by which one or more Lots, Condominiums, or other portion of the Properties is hypothecated to secure the performance of an obligation, which will be reconveyed upon the completion of such performance.

1.58 Mortgagee, Mortgagor. Mortgagee means a Person to whom a Mortgage is made and includes the Beneficiary of a Deed of Trust. Mortgagor means a Person who mortgages his or her Lot or Condominium to another (i.e., the maker of a Mortgage), and includes the Trustor of a Deed of Trust. The term "Trustor" is synonymous with the term "Mortgagor" and the term "Beneficiary" is synonymous with the term "Mortgagee."

1.59 Neighborhood. Neighborhood means a geographical area in the Properties composed of Lots or Condominiums. As each portion of the Annexable Territory is added to the real property subject to this Master Declaration, the Notice of Addition adding the real property may identify the Neighborhood to which the real property is assigned.

1.60 Non-Restricted Neighborhood. Non-Restricted Neighborhood means the Lots within Amended Tract No. 33004-1 and any other Lots or Condominiums annexed into the Properties but which are not made subject to the restrictions in Section 10.24 of this Master Declaration. There may be more than (1) Non-Restricted Neighborhood in the Properties.

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

1.62 Notice of Addition. Notice of Addition means an instrument Recorded pursuant to Article XVI hereof to annex additional real property to the Properties. Each Notice of Addition may identify the Neighborhood to which the additional real property is assigned.

1.63 Off-Tract Maintenance Areas. Off-tract Maintenance Areas shall mean those areas which are not located within the legal boundaries of the Properties, but which areas shall be maintained by the Master Association at the sole election of Declarant, pursuant to any existing or future agreements that Declarant may execute. The Declarant hereby reserves the unilateral right to transfer all of its obligations under any and all contracts for Off-tract Maintenance Areas to the Master Association, and upon such an assignment the Master Association shall be solely responsible for complying with all the terms and obligations thereunder. Each Owner, by acceptance of a grant deed for the conveyance of title to a Lot in the Property, and each subsequent Owner of such Lot, acknowledges and understands or is presumed to have acknowledged that Declarant reserves the right to transfer any and all maintenance obligations in any Off-tract Maintenance Area to the Master Association at any time before or

after sale of the last Lot in the Properties, and the Master Association shall be obligated to accept such obligations.

1.64 Owner. Owner means the Person or Persons, including Declarant and Participating Builders, holding fee simple or long-term ground leasehold interest of Record to any Lot or Condominium which is part of the Properties. The term "Owner" includes a seller under an executory contract of sale but excludes Mortgagees. For purposes of this Master Declaration, a "long-term ground leasehold interest" means a leasehold interest having an initial term of ten (10) years or longer. Each Owner has a Membership in the Master Association.

1.65 Palms Neighborhood. Palms Neighborhood means the Lots within Amended Tract No. 33004-2, which is an Age-Restricted Neighborhood subject to the restrictions in Section 10.24 of this Master Declaration.

1.66 Parkside Neighborhood. Parkside Neighborhood means the Lots within Amended Tract No. 33004-1, which is a Non-Restricted Neighborhood and not subject to the restrictions in Section 10.24 of this Master Declaration.

1.67 Participating Builder. Participating Builder means a Person designated by Declarant as a Participating Builder in a Recorded document. Those Persons that Declarant intends to designate as Participating Builders are Persons who already own or who will acquire a portion of the Properties for the purpose of developing such portion for resale to the general public. The term "Participating Builder" does not include Declarant, although Declarant may also develop portions of the Properties for resale to the general public. Each Participating Builder is a builder as described in California Civil Code Section 6000.

1.68 Participating Builder Property. Participating Builder Property shall collectively mean all Lots, Condominiums and any other real property located within the Properties owned by Participating Builder.

1.69 Permitted Health Care Resident. Permitted Health Care Resident means a natural Person hired to provide live-in, long-term, or terminal health care to a Qualifying Resident, or a family member of a Qualifying Resident providing that care. The care provided by a Permitted Health Care Resident must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both.

1.70 Person. Person means a natural individual or any other entity with the legal right to hold title to real property.

1.71 Phase 1. Phase 1 means all of the real property described in Paragraph A of the Preamble of this Master Declaration. Phase 1 is part of the Palms Neighborhood, which is an Age-Restricted Neighborhood subject to the restrictions in Section 10.24 of this Master Declaration.

1.72 Phase of Development. Phase of Development or Phase means (i) Phase 1, (ii) any portion of the Properties covered by a Notice of Addition for which a Final Subdivision Public Report has been or will be issued by the BRE, unless otherwise defined in

such Notice of Addition, or (iii) any portion of the Properties designated as a Phase of Development in a Recorded Notice of Addition (including all amendments thereto) governing such property.

1.73 Planned Development. Planned Development means a “planned development” as defined in Section 4175 of the California Civil Code, or any similar California statute hereafter enacted, and all property designated in a Subordinate Declaration for such Planned Development as additional “Phases of Development” if such Planned Development is developed in phased increments.

1.74 Production Lot. Production Lot means a Lot or Condominium that is not a Model Lot.

1.75 Properties. Properties means Phase 1 and the Annexable Territory. The Properties are a “common interest development” and a “planned development” as defined in Sections 4100 and 4175, respectively, of the California Civil Code. The term Properties shall not include any or all of the Club Property.

1.76 Public Property. Public Property means any and all median strips, slopes, berms, landscaping, sidewalks, trails and irrigation and drainage systems on public property designated by a Local Government Agency or Declarant for maintenance by the Master Association (even if owned or an easement is held by a Local Government Agency) pursuant to this Master Declaration, any Notice of Addition, any agreement or Recorded map. Without limiting the foregoing, the Master Association shall be responsible for maintaining the Trails, meandering sidewalk and all frontage parkway landscaping and lighting on Avenue 52 and Jackson Street pursuant to an easement license or maintenance agreement with the City or County, unless the City, County, Local Government Agency, a landscape maintenance district or other governmental or quasi-governmental agency accepts responsibility for maintenance of such Public Property or portion thereof. The Master Association shall be responsible for obtaining an easement, license, encroachment permit or other necessary consent from the City, County or other government agency to enter the medians and perform such maintenance obligations.

1.77 Public Report. Public Report means a Final Subdivision Public Report issued by the BRE in compliance with Sections 11000 et seq. of the California Business and Professions Code, or any similar California statute hereafter enacted.

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

means a Person who has a disability, as defined in California Civil Code Section 54(b), and “disabling injury or illness” means an illness or injury which results in a condition meeting the definition of disability, as defined in California Civil Code Section 54(b). Additional limitations and qualifications for Qualified Permanent Residents are set forth in Article X below.

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

1.80 Record, File, Recordation. Record, File, or Recordation means, with respect to any document, the recordation or filing of such document in the office of the County Recorder.

1.81 Reserves. Reserves means those Common Expenses for which Master Association funds are set aside pursuant to Article VI of this Master Declaration and Sections 4177, 4178 and 5510 of the California Civil Code for funding the periodic painting and maintaining of the major components of the Master Common Area which would not reasonably be expected to recur on an annual or more frequent basis. Reserve amounts shall be determined annually by the Board pursuant to maintenance cost guidelines established in accordance with prudent property management practices generally applied to a “common interest development” (as defined in Section 4100 of the California Civil Code) throughout the geographic region in which the Properties are located.

1.82 Residential Area. Residential Area means the real property which is so classified in this Master Declaration or a Supplemental Master Declaration. The Residential Area is designated for development as single-family Lots or Condominiums. The Residential Area may also include Master Common Area or Common Area.

1.83 Restrictions. Restrictions means this Master Declaration, the Club Provisions, Supplemental Master Declarations, Notices of Addition, the Articles, Bylaws and the Rules and Regulations of the Master Association and/or Design Review Committee.

1.84 Right to Repair Law. Right to Repair Law means Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code.

1.85 Roadway Access Easement Agreement. Roadway Access Easement Agreement means that certain Roadway Access Easement Agreement to be recorded in the Official Records of Riverside County pursuant to the terms of the Mitigation Agreement.

1.86 Rules and Regulations. Rules and Regulations means the rules and regulations adopted by the Board pursuant to this Master Declaration or the Bylaws, as amended or restated.

1.87 Shared Use Agreement. That certain Shared Use Agreement dated substantially concurrently herewith by and between the Master Association and the owner of the twenty-nine (29) existing rental homes in the Annexable Territory concerning the tenants use of Master Common Area in the Properties.

1.88 Side-Yard Easement Area. Side-Yard Easement Area shall mean each of the areas described as a "Side-Yard Easement Area" on Exhibit "C", attached hereto and incorporated herein, or on any other exhibit attached to a Notice of Addition or Supplemental Master Declaration, as applicable, over which the Owner of the Lot shall have an easement for side yard purposes as more fully set forth in Section 2.12 below.

1.89 Special Benefit Area. Special Benefit Area means a group of Lots or Condominiums that share the costs of either (i) maintaining specified Improvements on portions of the Master Common Area, or (ii) receiving certain services or programs. Special Benefit Areas may be designated by Declarant in this Master Declaration or any Supplemental Master Declaration when Declarant, in its sole discretion, determines that a group of Lots or Condominiums benefits more from the Improvements or services than the Properties as a whole. At the time of Recordation, the Declarant does not anticipate that any special benefit expenses will be imposed upon any of the Properties, however, Declarant reserves the right at any time in its sole discretion to establish a Special Benefit Area and Special Benefit Expenses relating thereto.

1.90 Special Benefit Expenses. Special Benefit Expenses means those expenses for which the Master Association is responsible under this Master Declaration (of the type defined as "Common Expenses" in Article I of this Master Declaration) but attributable solely to any Special Benefit Area.

1.91 Subassociation. Subassociation means any California nonprofit corporation or unincorporated association, or its successors, established in connection with a Subordinate Declaration, the membership of which is composed of Owners of Condominiums within a Condominium Project or Owners of Lots within a Planned Development within the Properties.

1.92 Subordinate Declaration. Subordinate Declaration means any declaration of covenants, conditions and restrictions, or similar document, which affects solely a Planned Development, Condominium Project or other specified portion of the Properties.

1.93 Supplemental Master Declaration. Supplemental Master Declaration means any declaration of covenants, conditions and restrictions and reservation of easements or similar document supplementing this Master Declaration for all or a portion of the Properties, which document shall be Recorded in Official Records of the County. A Supplemental Master Declaration may include a Notice of Addition.

1.94 Telecommunication Facilities. Telecommunication Facilities means equipment, cables, conduits, inner ducts, vaults, connecting hardware, wires, poles, transmitters, towers, antennae and other facilities, structures and Improvements necessary for, or used in, the provision of Telecommunication Services.

1.95 Telecommunications Services. Telecommunications Services means services for cable television, communications, telecommunications, high-speed data, telephony and all related vertical services, intranet, internet, information transfer, transmission, video and

other similar services. Declarant may expand this definition in any Supplemental Master Declaration.

1.96 Trails. Various bike paths, pedestrian walkways, recreational trails and/or equestrian trails may be located inside and outside the boundaries of the Properties and may be dedicated to a landscape maintenance district, the City, County or other governmental entity, as shown on various tract maps recorded against the Properties ("Trails") which shall constitute Public Property as defined above. Lots H and I of Amended Tract No. 33004-1 shall be improved with equestrian Trails. It is contemplated that Lots H and I of Amended Tract No. 33004-1 will be conveyed to the Master Association as Master Common Area. Declarant or Participating Builders shall be responsible for initial construction and improvement of the Trails. Following completion of initial construction of the Trails, the Master Association shall be responsible for operating and maintaining the Trails and obtaining insurance thereon as part of the Public Property (unless the City, County, Local Government Agency, a landscape maintenance district or other governmental or quasi-governmental agency accepts responsibility for maintenance of such Public Property or portion thereof) even though such Trails may be dedicated to the City, County or other governmental entity, and may be located outside the Project boundaries and are not for the exclusive use of residents of the Properties.

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

ARTICLE II

2. Owner's Property Rights.

2.1 Owner's Easements of Enjoyment. Every Owner and such Owner's Family, guests, invitees and lessees, and contract purchasers who reside in such Owner's Dwelling Unit, shall have a right and easement of ingress and egress and of enjoyment in, to and over the Master Common Area and Lots Q, S, U, W, Z, AA to EE, inclusive, Lots OO to UU, inclusive, of Amended Tract No. 33004-1, which easement shall be appurtenant to and shall pass with title to every Lot or Condominium, subject to the Master Association's right to exercise exclusive jurisdiction over and control of the Master Common Area (other than Public Property) and the restrictions contained following provisions:

2.1.1 Guests and Tenants. The Master Association's right to limit the number of guests and tenants of the Owners using the Master Common Area.

2.1.2 Rules and Regulations. The Master Association's right to establish uniform Rules and Regulations for the use of the Master Common Area, including without limitation, charging the guests and invitees of an Owner a fee for using the Master Common Area, and the Club Owner's right to establish uniform rules and regulations for the use of the Club Property.

2.1.3 Improvements. The Master Association's right in accordance with the Restrictions, with the vote or written assent of two-thirds (2/3) of the Master

Association's voting power, (i) to borrow money for the purpose of improving, repairing, or adding to the Master Common Area, or for any other purpose authorized by the Articles, Bylaws, this Master Declaration, and (ii) in aid thereof, subject to the provisions of Article XIII hereof, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners.

2.1.4 Additional Master Common Area. The right of Declarant to designate additional Master Common Area pursuant to this Master Declaration.

2.1.5 Conveyances. Subject to the provisions of Articles V and XIII hereof, the Master Association's right to transfer the Master Common Area for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, release, alienation or transfer of the Master Common Area shall be effective, unless an instrument signed by Members entitled to cast at least two-thirds (2/3) of the voting power of the Master Association, agreeing to such dedication, release, alienation or transfer has been Recorded; provided, however, the Master Association, acting through the Board, may convey licenses, easements or rights-of-way over portions of the Master Common Area to Members and others to the extent (i) permitted by law and (ii) any such grant is reasonably required (a) for Improvements to serve the Properties, (b) for purposes of conformity with the as-built location of Improvements installed or authorized by Declarant, any Participating Builder or the Master Association, or (c) for other purposes consistent with the intended use of the Properties.

2.1.6 Declarant Activities. The rights and easements of Declarant and the Participating Builders and their sales agents, employees, representatives and prospective purchasers to nonexclusive use of the Master Common Area without cost, for access, ingress, egress, use and enjoyment, and to show and dispose of the Properties and the Annexable Territory as provided herein, until the last Close of Escrow in the Properties and the Annexable Territory has occurred; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

2.1.7 Initial Construction Activities. The rights and easements of Declarant and the Participating Builders and their contractors, agents, subcontractors and assignees to nonexclusive use of the Master Common Area, without cost, for access, ingress, egress, use and enjoyment, in order to construct and maintain Improvements on the Properties and the Annexable Territory as provided herein, until the last Close of Escrow in the Properties and the Annexable Territory has occurred.

2.1.8 Declarant and Participating Builder. The rights and reservations of Declarant and Participating Builders set forth in Article XIV of this Master Declaration.

2.1.9 Refurbishment. The Master Association's right to reconstruct, replace or refinish any Improvement or portion thereof on the Master Common Area.

2.1.10 Maintenance. The Master Association's right to (a) maintain the front yards on each Lot in the Residential Area and (b) maintain Master Common Area, including without limitation the right to replace and plant landscaping Improvements upon any portion of the Master Common Area and to repair and maintain all private storm drain and sewer drainage facilities located anywhere within the Properties.

2.1.11 Reciprocal Easements. Reciprocal easements for encroachments of Improvements constructed by Declarant or Participating Builders or authorized by the Committee over the Master Common Area; for drainage of water over, across and upon adjacent Lots, Condominiums, and Master Common Area resulting from the normal use of adjoining Lots, Condominiums and Master Common Area; for necessary maintenance and repair of any Improvement constructed by Declarant or Participating Builders; for Shared Driveways; easements as may be shown on any Recorded subdivision map or Recorded parcel map of any portion of the Properties; and for such other purposes specified in this Master Declaration.

2.1.12 Other Easements. The easements, rights and interests reserved in this Master Declaration.

2.2 Easements for Vehicular/Pedestrian Traffic. Commencing on the Close of Escrow for the first sale of a Lot in Phase 1, the Master Association and its members shall have nonexclusive easements for pedestrian and vehicular access over portions of Lot C of Amended Tract No. 33004-1 and Lot D of Amended Tract No. 33004-2, as depicted on Exhibit "B" attached hereto. In addition to the general easements for use of the Master Common Area reserved herein, Declarant hereby reserves for the benefit of all Owners, nonexclusive easements appurtenant to all the Lots and Condominiums in the Properties for vehicular and pedestrian traffic over any and all private streets and walkways within the Master Common Area, subject to the parking provisions set forth in Section 10.5.

2.3 Easements for Public Service Use. In addition to the foregoing easements over the Master Common Area, Declarant reserves easements over the Properties for public services of the Local Governmental Agencies, including but not limited to, trash pick up, the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out its official duties.

2.4 Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Master Association, nor release his Lot or Condominium from the liens and charges hereof, by waiving the use and enjoyment of the Master Common Area or any facilities thereon or by abandonment of such Owner's Lot or Condominium.

2.5 Easements for Water and Utility Purposes. In addition to the foregoing easements over the Master Common Area, Declarant hereby reserves easements over the Properties for public and private utility purposes, including but not limited to, the right of any public or private utility or water district of ingress or egress over the Master Common Area or any Lot for purposes of installing, maintaining, repairing and operating water and sewer lines and reading and maintaining meters, and using and maintaining fire hydrants located in the

Properties. Maintenance of utilities could result in damage to the Lot that must be repaired by the Owner and each Owner should carefully review the easements affecting their Lot.

2.6 Taxes. Each Owner shall take such action as the Master Association may reasonably specify to obtain separate real estate tax assessment of each Lot and Condominium. If any taxes or assessments may, in the Master Association's opinion, become a lien on the Master Common Area or any part thereof, the Master Association may pay them as a Common Expense.

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

2.8 Right to Grant Easements. Declarant hereby reserves, together with the right to grant and transfer the same, easements over the Master Common Area, or any portion thereof, for the exclusive use by an Owner or Owners of contiguous property as a side-yard, yard, driveway, recreational, gardening, or landscaped area. Any such easement may be conveyed by the Declarant or Participating Builder prior to the last Close of Escrow for the initial sale of a Lot or Condominium. The purpose of the easement, the portion of the Master Common Area affected, the Lot or Condominium to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in the Recorded grant of easement.

2.9 Delegation of Use. Any Owner entitled to the right and easement of use and enjoyment of the Master Common Area may delegate those rights and easements to such Owner's tenants, contract purchasers or subtenants who reside in such Owner's Dwelling Unit, subject to reasonable regulation by the Board, including without limitation, Section 2.1 above. An Owner who has delegated such right may not use the Master Common Area for so long as such delegation remains in effect.

2.10 Title to the Master Common Area.

2.10.1 Transfer. As each Phase of Development is developed, Declarant or a Participating Builder will convey or cause to be conveyed to the Master Association, in fee simple or by easement, the Master Common Area (excluding Public Property) in such Phase of Development, unless another arrangement is proposed by Declarant or a Participating Builder and approved by the BRE, free and clear of any and all monetary encumbrances and liens (other than nondelinquent taxes and assessments), subject to reservations, easements, covenants, and conditions then of Record, including those set forth in this Master Declaration, or as contained in the deed conveying such Master Common Area. The Master Association must accept title to each and every

conveyance by Declarant or a Participating Builder of Master Common Area, and the Master Association shall execute each such deed and any accompanying escrow instructions if requested to do so by Declarant or Participating Builder. No Owner shall interfere with the exercise by the Master Association, Declarant or a Participating Builder of its rights hereunder.

2.10.2 Commencement of Maintenance. Notwithstanding any conveyance of Master Common Area to the Master Association, the Master Association's responsibility to maintain the Master Common Area located in any Phase of Development shall not begin until (i) the Master Common Area is completed in accordance with the plans prepared by the landscape architect and approved by the City and (ii) Annual Assessments in such Phase of Development have commenced; except that, if such Phase of Development consists of only Master Common Area, the Master Association's maintenance responsibility therefor shall commence on the later to occur of (i) completion of the Master Common Area in accordance with the plans therefor approved by the City, and (ii) the first day of the month immediately following the month in which the deed is Recorded conveying such property to the Master Association. Notwithstanding the foregoing, if the contractors or subcontractors of Declarant or a Participating Builder are contractually obligated to maintain the landscaping or other Improvements on the Master Common Area, the Master Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Such maintenance performed by the contractors or subcontractors of Declarant or a Participating Builder shall not postpone the commencement of Annual Assessments pursuant to this Master Declaration nor entitle an Owner to claim any offset or reduction in the amount of such assessments. If the Dedicated Master Common Area or any other portion of the Master Common Area is dedicated to and expressly accepted for maintenance by a Local Governmental Agency, then the Master Association may, but need not, maintain the area if the Local Governmental Agency either fails to maintain the area or elects to cease maintaining the area.

2.10.3 Character of Master Common Area Improvements. The nature, design, quantity, quality and all other attributes of the Master Common Area, and the facilities and amenities thereon, shall be determined in Declarant's sole and absolute discretion. The Master Association shall be unconditionally obligated to accept title to and maintenance responsibility for the Master Common Area when such title and maintenance responsibility is tendered by Declarant or a Participating Builder pursuant to Sections 2.10.1 and 2.10.2 above. If a dispute arises between the Master Association and Declarant in connection with the nature, design, condition, quantity, quality or other attributes of the Master Common Area, the completion thereof, the state of title thereto or the acceptance of title or maintenance responsibility therefor, then the Master Association shall be obligated to accept title to and assume maintenance responsibility for such Master Common Area and the Improvements and facilities thereon pending resolution of such Master Common Area dispute in accordance with Section 15.14 below. Such Master Common Area and Improvements in any Phase of Development shall be deemed to be completed when completed in accordance with the plans therefor approved by the City.

2.11 Master Telecommunications Easement. Declarant reserves blanket easements (collectively, "Telecommunications Easements") over the Properties for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting, upgrading, removing and enhancing Telecommunications Facilities (collectively, "Telecommunications Purposes") for the benefit of Declarant. Such easements are freely transferable by Declarant to any other Person and their successors and assigns. No one, except for Declarant and Declarant's transferees may use the Properties for Telecommunications Purposes. All Telecommunications Facilities shall be owned, leased or licensed by Declarant, as determined by Declarant, in its sole discretion and business judgment. Transfer of the Properties does not imply transfer of any Telecommunications Easements or Telecommunications Facilities. The holders of the Telecommunications Easements may not exercise the rights reserved hereunder in any manner which will unreasonably interfere with the reasonable use and enjoyment of the Properties by any Owner. If the exercise of any Telecommunications Easement results in damage to the Properties, then the easement holder who caused the damage shall, within a reasonable period of time, repair such damage. If Declarant has not conveyed the Telecommunications Easements in a Phase to another Person before the last Close of Escrow in the Properties and the Annexable Territory, then Declarant grants the Telecommunications Easements to the Master Association effective as of the last Close of Escrow in the Properties and the Annexable Territory.

2.12 Side-Yard Easements. Declarant hereby reserves to itself, its successors and assigns, and hereby grants to the Owner of each Lot benefitting from a "Side-Yard Easement Area" ("Benefitted Lot") as shown on Exhibit "C" attached hereto or on any Side-Yard Easement Area exhibit attached to a Notice of Addition or a Supplemental Declaration (the "Benefited Owners"), a non-exclusive easement over the "Side-Yard Easement Area" appurtenant to such Lot. Each easement over the Side-Yard Easement Area shall be appurtenant to such Benefited Owner's Lot for the purposes of Structures, softscape landscaping, irrigation, flatwork, drainage, the establishment of a garden area, maintenance of the foregoing and any other similar purposes that are approved by the Design Review Committee. Each easement over the Side-Yard Easement Area shall burden the Lot in which such Side-Yard Easement Area is located (the "Burdened Lot"). For purposes of this Section, "Structures" shall be defined as any permanently placed manmade element which is two and a half (2.50) feet tall and greater.

2.12.1 The easement rights granted by this Section do not include the right to attach any landscaping or improvements to the residence located on the Burdened Lot. Any landscaping or other improvement installed within the Side-Yard Easement Area shall be of a type and shall be so located and installed that it does not damage any improvements or unreasonably interfere with the rights reserved under this Section to the Burdened Lot. With respect to landscaping in the Side-Yard Easement Area: (a) no trees or plants placed in front of the windows for a residence on a Burdened Lot may exceed the height of the lower windowsill, without the written consent of the Burdened Owner (defined below), which shall survive any subsequent transfer of ownership, (b) trees exceeding ten (10) feet in height are not permitted closer than five (5) feet to the residence of the Burdened Lot, (c) landscaping cannot be planted closer than eighteen (18) inches to the residence on the Burdened Lot, and (d) irrigation lines cannot be located closer than eighteen (18) inches to the residence on the Burdened Lot. Benefited

Owners shall not install any improvement or perform any act which improvement or act would impair the structural integrity of any residence, nor shall any Benefited Owner install any pool or spa in such a manner so that any portion of the water-containing portions of such pool or spa lie within the Side-Yard Easement Area. All improvements within the Side-Yard Easement Area shall be first approved by the Design Review Committee pursuant to the procedures in Article 8. With respect to Structures in the Side-Yard Easement Area: (a) no Structure, including patio covers, shall be closer than two (2) feet from the residence on the Burdened Lot, (b) no flatwork shall be closer than two (2) feet from the residence on the Burdened Lot, (c) no Structure shall be greater than seven feet six inches (7'-6") in height, excluding patio covers, and (d) patio covers shall not be greater than nine feet (9'-0") in height and may not directly block any window of the residence on the Burdened Lot. Notwithstanding any provision of Section 9.1 or any provision regarding maintenance set forth in Article IX of this Master Declaration, Benefited Owners shall have the duty and obligation to maintain the Side-Yard Easement Area over which such Benefited Owner has an easement, including, without limitation, the duty and obligation to maintain the drainage, as installed by the Declarant or Participating Builder or as approved by the Design Review Committee, situated on such Side-Yard Easement Area. If the Benefited Owner fails to maintain the Side-Yard Easement Area, the Burdened Owner shall provide written notice to the Benefited Owner of the Benefited Owner's failure to maintain any improvements in the Side-Yard Easement Area. The Benefitted Owner shall have fourteen (14) days to properly maintain the improvements in the Side-Yard Easement Area pursuant to the Burdened Owner's notice. If the improvements in the Side-Yard Easement Area are not corrected with such fourteen (14) day period, the Burdened Owner shall have the right, but not the obligation, to enter upon the Side-Yard Easement Area, including the right to cross over the Benefitted Lot for such entry, in order to perform the maintenance related to the Burdened Owners notice. The Benefited Owner shall reimburse the Burdened Owner for any and all costs incurred by the Burdened Owner in performing such maintenance upon fifteen (15) days of demand by the Burdened Owner.

2.12.2 There is hereby reserved to the present and future Owners of each Burdened Lot (the "Burdened Owners") (1) the right of access on, over, under, along and across the Side-Yard Easement Area located on such Lot for the purpose of maintaining the exterior of such Burdened Owner's residence, including maintaining, repairing, repainting and replacing such residence and for the purpose of maintaining eaves which may overhang such residence and the structural footing of such residence (2) the right to locate utilities and drain lines serving the Burdened Lot in the location as originally installed by or on behalf of Declarant or a Participating Builder, and (3) the right of limited drainage over, across and upon the Side-Yard Easement Area as related to non-excessive run-off from the eaves of the Burdened Owner's residence and incidental drainage related to hot water heater pressure-relief valves and HVAC condensers serving the Burdened Owner's residence. Without expanding the scope of the foregoing reservation, except with respect to non-excessive run-off from eaves and incidental drainage as described in the prior sentence, the Burdened Owner shall have no right of drainage over, across and upon the Side-Yard Easement Area on such Lot for water drainage from any other portion of such Lot. The Burdened Owner shall have the right at

all reasonable times and upon three (3) days prior notice to both the Master Association and the Benefitted Owner (except that notice shall not be required in the event of an emergency) to enter upon the Side-Yard Easement Area, including the right to cross over the Benefitted Lot for such entry, in order to perform work related to the use and maintenance of the Burdened Lot; provided, however, that the Burdened Owner is responsible for repairing any damage to the Side-Yard Easement Area and restoring the Side-Yard Easement Area to its previous condition within a reasonable time. Reasonable time is defined as three (3) days unless additional time is approved by the Master Association. In addition, the Burdened Owner shall use reasonable efforts to consult with the Benefitted Owner and use his/her reasonable efforts to minimize any inconvenience to the Benefitted Owner that may be caused by the Burdened Owner's exercise of the easement reserved by this Section.

2.12.3 Each Burdened Owner shall indemnify and hold harmless each applicable Benefitted Owner for any loss, damage, injury, demands or claims of any kind or character, including, but not limited to, attorneys' fees, to any person or property arising from or relating to the Side-Yard Easement Areas and its use by the Burdened Owner, or its agents, employees, licensees or invitees, except for damages caused by or resulting from the negligent or reckless acts of such Benefitted Owner. Each Benefitted Owner shall indemnify and hold harmless each applicable Burdened Owner for any loss, damage, injury, demands or claims of any kind or character, including, but not limited to, attorneys' fees, to any person or property arising from or relating to the Side-Yard Easement Areas and its use by the Benefitted Owner, or its agents, employees, licensees or invitees, except for damages caused by or resulting from the negligent or reckless acts of such Burdened Owner. Each of the Burdened Owner and the Benefitted Owner shall (i) carry insurance coverage necessary to support the indemnification obligations under this Section, (ii) add the other party as an additional insured to such insurance coverage, and (iii) provide proof of such insurance coverage to the Master Association. Any dispute between a Benefitted Owner and a Burdened Owner shall be subject to Section 15.1.2 of this Master Declaration.

2.13 Right of Entry.

2.13.1 Master Association. The Master Association has the right to enter the Lots, Condominiums and Common Area as necessary to inspect the Properties, and may take whatever corrective action it determines to be necessary or proper. Entry onto any Lot, Condominium or Common Area under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Lot or Condominium or to the Subassociation in the event of entry onto Common Area, except in emergency situations, which shall require not require notice. Any damage to the Lot, Condominium or Common Area caused by entry under this Subsection shall be repaired by the Master Association.

2.13.2 Declarant and Participating Builder. The Declarant and each Participating Builder has the right to enter the Lots, Condominiums, Common Area and Master Common Area as reasonably necessary (i) to complete and repair any

Improvements as determined necessary or proper by the Declarant or the Participating Builder in its sole discretion, (ii) to comply with requirements for the recordation of the Map or the grading or construction of the Properties, (iii) to comply with requirements of Local Governmental Agencies, and (iv) to perform any work requested by an Owner in accordance with this Master Declaration. Declarant or the Participating Builder shall provide reasonable notice to the affected Owner prior to entry into the Owner's Lot or Condominium under this Subsection, and to the Subassociation or Master Association prior to entry upon Common Area or Master Common Area, except in emergency situations or as otherwise provided in this Master Declaration, which shall not require notice. Any damage to the Lot, Condominium, Common Area or Master Common Area caused by entry under this Subsection shall be repaired by the Declarant or the Participating Builder.

2.13.3 Owners. Each Owner shall permit other Owners, and their representatives, to enter his Lot or Condominium to perform installations, alterations or maintenance to the mechanical or electrical services to a Lot or Condominium if (a) requests for entry are made in advance; (b) entry is made at a time reasonably convenient to the Owner whose Lot or Condominium is to be entered; and (c) the entered Lot or Condominium is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Lot or Condominium caused by entry under this Subsection shall be repaired by the entering Owner.

2.14 Restrictions on Design, Development and Sale of Participating Builder Property. The Participating Builder shall comply with all of the terms and conditions in this Section 2.14, and the following restrictions shall run with and bind the Participating Builder Property. In the event of any inconsistencies between the provisions in this Section 2.14 and the rest of this Master Declaration, the provisions of this Section 2.14 shall control. As long as Declarant owns any Lot or Condominium within the Properties, this Section 2.14 may not be amended without the prior written consent of the Declarant.

2.14.1 No Transfer to Builders. The Participating Builder may not convey all or any portion of the Participating Builder Property to another builder, developer, investor or entity without the prior written consent of Declarant which may be withheld in Declarant's sole discretion. The Participating Builder shall only be entitled to transfer a completed Dwelling Unit to a home buyer pursuant to a Public Report obtained by Participating Builder.

2.14.2 Construction of Participating Builder Property. The Participating Builder is required to complete construction of all Dwelling Units on the Participating Builder Property in accordance with the terms and conditions set forth below no later than two (2) years from the date the applicable Lot or Condominium was created or established by a Recorded Subdivision Map and/or Condominium Plan. In the event of a breach of this provision, Declarant shall have all remedies available at law or in equity.

2.14.3 Processing Public Report for Participating Builder Property. Declarant and Participating Builder agree to reasonably cooperate with one another on processing Public Reports for their respective Lots and Condominiums within the Properties. The Participating Builder shall be solely responsible at its sole cost and expense for processing a separate Public Report for the sale of the Participating Builder Property to the general public.

2.14.4 Design Review of Participating Builder's Proposed Construction. Notwithstanding anything in this Master Declaration to the contrary, the Participating Builder must comply with all of the Design Review requirements set forth in Article VIII below prior to the commencement of construction of any Improvements or Dwelling Units on the Participating Builder Property.

2.14.5 Participating Builder Payment of Subsidy. The Participating Builder shall be responsible for the payment of its pro rata share of any subsidy of Assessments that Declarant establishes for the Properties pursuant to a subsidy agreement approved by the BRE as provided in Section 6.10 below. The amount of the Participating Builder's subsidy shall be based upon the total number of Dwelling Units in the Properties covered by this Master Declaration divided by the number of Dwelling Units owned by the Participating Builder covered by this Master Declaration for the applicable month.

2.14.6 Annexation of Participating Builder Lots and Condominiums. The Participating Builder shall be entitled to annex all or portions of Lots and Condominiums within the Participating Builder Property into this Master Declaration upon delivery of a proposed Notice of Addition to Declarant that meets the requirements set forth in Article XVI below, is consistent with the terms and conditions of this Master Declaration, and is approved by Declarant. None of the Lots or Condominiums within the Participating Builder Property shall be combined into any Phase of Lots or Condominiums by the Declarant without the Declarant's prior written consent. Declarant shall have twenty (20) days to approve of the Participating Builder's proposed Notice of Addition, or give Participating Builder notice of required changes to same. Upon approval of the Participating Builder's proposed Notice of Addition, such Notice of Addition may be submitted to the BRE and Recorded in the County Recorder's Office.

2.14.7 Warranties and Alternative Dispute Resolution for Participating Builder. The Master Dispute Resolution Declaration and Owners Maintenance Manual (as such terms are defined herein) shall only apply to Lots and Condominiums conveyed to Owner by the Declarant. Each Owner who acquires their Dwelling Unit from the Participating Builder or any person or entity other than Declarant is deemed to have acknowledge that Declarant has made no representation or given any warranty to such Owner with respect to their Dwelling Unit, and that Declarant shall have absolutely no liability in connection with such Dwelling Unit. The Dispute Resolution procedures set forth in Section 15.14 of this Master Declaration shall apply to Master Common Area conveyed to the Master Association, and Dwelling Units conveyed to Owners by the Declarant. The Participating Builder shall be solely responsible for all

liabilities and warranties relating to the design, condition, construction and sale of such Dwelling Unit and any actions, claims, disputes or issues arising from the Dwelling Units sold or conveyed by Participating Builder. The Participating Builder may elect to impose alternative dispute resolution procedures with respect to Dwelling Units conveyed to Owners by Participating Builder within any Supplemental Declaration Recorded by Participating Builder over such Lots and Condominiums ("PB Supplemental Declaration"). Any disputes, claims, issues or controversies between any Owner and Participating Builder regarding any matters that arise from or are in any way related to the Participating Builder Property or the relationship between an Owner and Participating Builder, whether contractual or tort, including, but not limited to, the purchase, sale, condition, design, construction or materials used in construction of any portion of the Participating Builder Property, and/or the agreement between Participating Builder and an Owner to purchase a Lot or Condominium located within the Participating Builder Property, or any related agreement, shall be resolved in accordance with any alternative dispute resolution requirements established by Participating Builder in any such PB Supplemental Declaration. Each such PB Supplemental Declaration shall apply to and be binding upon only those Lots and Condominiums identified therein; provided that the same does not contradict or amend any of the provisions of this Master Declaration and is otherwise consistent with this Master Declaration. Each such PB Supplemental Declaration shall supplement but shall not be deemed to be an amendment of this Master Declaration.

2.15 Shared Driveway Easements. Every Owner and such Owner's Family, guests, invitees and lessees, and contract purchasers who reside in such Owner's Dwelling Unit, shall have an appurtenant, reciprocal, nonexclusive easement for pedestrian and vehicular access, ingress and egress and enjoyment in, to and over any shared driveway constructed on the Lot and on other Lots adjacent thereto ("Shared Driveway"), which easement shall be appurtenant to and shall pass with title to every Lot on which a Shared Driveway is constructed. The Shared Driveways easements are shown on the Tract Maps for the Properties. Shared Driveways are initially located on the Lots in Amended Tract No. 33004-1. Each such Lot shall have an appurtenant, reciprocal, nonexclusive easement over the other Lots sharing the same Shared Driveway for pedestrian and vehicular access over the Shared Driveway Improvements as necessary for driveway purposes. By acceptance of a deed to a Lot with a Shared Driveway easement, each Owner understands and acknowledges that each Shared Driveway in the Properties is to be used for access to and from Dwelling Units only. No Shared Driveway in the Properties may be used for storage of personal property or for parking, other than for (i) temporary purposes, not to exceed thirty (30) minutes in any twenty-four (24) hour period and (ii) designated parking in the parking space assigned to each respective Owner. No Owner shall unreasonably interfere with another Owner's exercise of a Shared Driveway easement. Owners of Shared Driveway easements shall be responsible for the cost of repair of damage to the driveway Improvements to the extent caused by the Owner, or the Owner's family, guests, or contractors.

2.16 Club Easements. Declarant hereby reserves from the Properties the Club Easement, Club Encroachment Easement and the Club Fence Maintenance Easement as more fully set forth in the Club Provisions.

ARTICLE III

3. The Polo Club Maintenance Association.

3.1 Organization of Master Association. The Master Association is or shall be incorporated under the name of The Polo Club Maintenance Association, as a corporation not for profit organized under the California Nonprofit Mutual Benefit Corporation Law, as required by Section 4800 of the California Civil Code.

3.2 Duties and Powers.

3.2.1 Generally. The Master Association has the duties and powers set forth in the Restrictions and also has the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers set forth in the Restrictions.

3.2.2 Telecommunications Contract. Notwithstanding anything in the Restrictions to the contrary, the Board shall have the power to enter into, accept an assignment of, or otherwise cause the Master Association to comply with the terms and provisions of an exclusive Telecommunications Services contract ("Telecommunications Contract") with a Telecommunications Service provider ("Service Provider"), pursuant to which the Service Provider shall serve as the exclusive provider of Telecommunications Services to each, Condominium and Lot in the Properties. The Board shall only enter into, accept an assignment of, or otherwise cause the Master Association to comply with the terms and provisions of the Telecommunications Contract if the Board determines, in its sole discretion, that such action is in the best interests of the Master Association. Although not exhaustive, the Board shall consider the following factors in making such a determination:

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

(b) Termination. The Telecommunications Contract should provide that: (i) at least six (6) months prior to the expiration of either the initial or any extended term of the Telecommunications Contract, the entire Membership of the Master Association may, without cause, by a sixty percent (60%) vote, prevent any automatic extension that the Telecommunications Contract may provide for, and thereby allow the Telecommunications Contract to expire, and (ii) at any time, the Board may terminate the Telecommunications Contract if, in the sole discretion of the Board, the Service Provider fails to provide quality, state-of-the-art Telecommunications Services.

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

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

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

3.3 Membership. Every Owner shall automatically be a Member and shall remain a Member until such Owner's Lot or Condominium ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot or Condominium is the sole qualification for Membership. Memberships are not assignable except to the Person to whom title to the Lot or Condominium has been transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of such Lot or Condominium.

3.4 Transfer. The Membership of any Owner may not be transferred, pledged or alienated in any way, except upon the transfer or encumbrance of such Owner's Lot or Condominium, and then only to the transferee or Mortgagee of such Lot or Condominium. A prohibited transfer is void and will not be reflected upon the books and records of the Master Association. A Member who has sold his Lot or Condominium to a contract purchaser under an agreement to purchase may delegate his Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Board before the contract purchaser may vote. The contract seller shall remain liable for all charges and assessments attributable to the contract seller's Lot or Condominium which accrue before fee title to the Lot is transferred. If an Owner fails or refuses to transfer his Membership to the purchaser of such Owner's Lot or Condominium upon transfer of fee title (or long-term leasehold) thereto, the Board may record the transfer upon the Master Association's books. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser will not be entitled to vote at Master Association meetings. The Master Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot or Condominium (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Master Association for costs, as provided in Sections 4525 and 4530 of the California Civil Code.

ARTICLE IV

4. Voting Rights.

4.1 Classes of Voting Membership. The Master Association has three (3) classes of Membership as follows:

4.1.1 Class A. Class A Members are all Owners except Declarant and Participating Builders for so long as there exists a Class B Membership. Class A Members are entitled to one (1) vote for each Assessment Unit assigned pursuant to Section 6.5.1 to a Lot or Condominium owned by such Class A Members which is subject to Assessment. Declarant or a Participating Builder shall become a Class A Member upon conversion of the Class B Membership as provided below. When more than one (1) Person owns any Lot or Condominium, all such Persons are Members. The vote for such Lot or Condominium shall be exercised in accordance with Section 4.2, but no more than one (1) Class A vote may be cast for any Lot or Condominium. The Class A votes allocated to Declarant and the Participating Builders shall be exercised by Declarant.

4.1.2 Class B. The Class B Members are Declarant and the Participating Builders. The Class B Members are entitled to three (3) votes for each Assessment Unit assigned to a Lot or Condominium owned by Declarant or the Participating Builders which is subject to Assessment. Votes of the Class B Members shall be exercised by Declarant on behalf of the Class B Members. The Class B Membership shall be converted to Class A Membership upon the first to occur of the following events:

(a) The Close of Escrow for the sale of seventy-five percent (75%) of the Lots and Condominiums in the Properties;

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

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

4.1.3 Class C. The Class C Member shall be Declarant irrespective of whether Declarant is or is not an Owner. The Class C Membership shall not be considered a part of the voting power of the Master Association, and Declarant is not entitled to exercise any Class C vote except for the purpose of electing those members of the Board which the Class C Membership is entitled to elect hereunder. The Class C Member is entitled to solely elect a majority of the members of the Board of Directors until the Class C Termination Date. However, commencing with the first annual meeting of the Master Association, Declarant shall not be entitled (using the Class C vote or Class B vote, or otherwise) to elect more than eighty percent (80%) of the members of the Board of Directors. The "Class C Termination Date" shall be the first to occur of the following events:

(a) The Close of Escrow for the sale of seventy-five percent (75%) of the Lots and Condominiums in the Properties.

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

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

4.2 Voting Rights.

4.2.1 Specified Actions. All voting rights are subject to the Restrictions. Except as provided in Section 15.9 hereof (in connection with bonded obligations) and Section 4.8 of the Bylaws, as long as Declarant holds a veto right, any provision of the Restrictions which expressly requires a vote or written consent of a specified percentage (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) of the Master Association's voting power before action may be undertaken shall require the approval of such specified percentage of the voting power of the Membership as well as the written consent of Declarant. Except as provided in Section 15.9 hereof and Section 4.8 of the Bylaws, upon termination of Declarant's veto right, any provision of the Restrictions which expressly requires a vote or written consent of Owners representing a specified percentage (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) of the Master Association's voting power before action may be undertaken shall then require the vote or written consent of Members representing such specified percentage of both (1) the Master Association's total voting power and (2) the Master Association's voting power residing in Members other than Declarant or Participating Builders.

4.2.2 Co-Owners. Members are entitled to one (1) vote for each Lot or Condominium in which they hold the interest required for Membership. When more than one (1) Person holds such interest in any Lot or Condominium ("co-owner"), all such co-owners are Members and may attend any Master Association meetings, but only one (1) such co-owner shall be entitled to exercise the vote to which the Lot or Condominium is entitled. Co-owners owning the majority interests in a Lot or Condominium may designate in writing one (1) of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot or Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if the designation has been revoked, the vote for the Lot or Condominium shall be exercised as the co-owners owning the majority interests in the Lot or Condominium agree. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the corresponding voting co-owner is acting with his co-owners' consent. No vote may be cast for any Lot or Condominium if the co-owners present in person or by proxy owning the majority interests in such Lot or Condominium cannot agree to said vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot or Condominium and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Master Association in accordance with the voting

percentages established in the Restrictions are binding on all Owners and their successors in interest.

4.2.3 Declarant's Veto Right. Declarant shall have a veto right with respect to specified actions of the Master Association listed in Section 4.2.4. Such veto right shall terminate on termination of the Marketing Period.

4.2.4 Actions Subject to Veto. The following actions authorized by this Master Declaration, without limitation, are subject to the veto right of Declarant: (a) actions described in Section 4.2.1; (b) actions for which Mortgagee consent is required under Section 15.5.2 of this Master Declaration; (c) the activities prohibited under Section 5.3 of this Master Declaration; (d) any increase in Annual Assessments as provided in Sections 6.7.1 and 6.7.2 of this Master Declaration; (e) any Capital Improvement Assessment, as provided in Section 6.8 of this Master Declaration; (f) any change in the architectural and landscaping design, as provided in Sections 8.7 and 10.9 of this Master Declaration; (g) modifications to landscaping Improvements or level or frequency of maintenance, as provided in Section 9.3 of this Master Declaration or any change in the Maintenance Guidelines; (h) the creation of Special Benefit Areas as provided in Article V of this Master Declaration; (i) the obligation to provide Declarant with inspection reports, as provided in Section 9.6 of this Master Declaration; (j) any proposed termination or amendment to Section 5.3 or any other Section of this Master Declaration which would affect any right or exemption of Declarant; and (k) any changes to the Master Dispute Resolution Declaration(s), including, without limitation, the alternative dispute resolutions set forth therein.

ARTICLE V

5. Functions and Jurisdiction of Master Association.

5.1 Permitted Functions. The Master Association is formed exclusively for those social welfare purposes and activities which are specifically and directly related to (i) equipping, maintaining, operating and utilizing the Master Common Area, including the social, recreational and other Improvements thereon, (ii) collecting Assessments, and (iii) administering and enforcing the Restrictions (collectively, the "Permitted Functions"). Permitted Functions do not include those activities prohibited by Section 5.3 below. The funds and resources of the Master Association shall be utilized solely and exclusively for the direct costs of Permitted Functions. Nothing in this Section 5.1 shall be deemed to preclude the use of the Master Common Area facilities by Declarant or Participating Builders for promotional special events and other purposes as authorized by this Master Declaration, including without limitation, allowing use of the Master Common Area by non-Owners in accordance with Section 5.2.15 below.

5.2 Powers and Duties. The Master Association has all of the powers of a California nonprofit mutual benefit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Restrictions. Subject to the Restrictions and the exemptions of Declarant or Participating Builders herein, the Master Association has the power to perform any and all lawful acts which may be necessary or proper for or incidental to

the exercise of any of the express powers of the Master Association. Subject to the foregoing provisions, the Master Association, acting through the Board, has:

5.2.1 Assessments. The power and duty to levy Assessments on the Owners of Lots and Condominiums in Phases of Development in which Assessments have commenced and to collect and enforce payment of such Assessments in accordance with the provisions of Article VI and Article VII.

5.2.2 Maintenance. The power and duty to accept fee simple and easement title to and to paint, plant, and maintain in a neat and attractive condition, all Master Common Area and all private streets and drives, streetscape architecture, landscaping, utilities, monuments, Public Property, or other Improvements thereon, in a safe, sanitary and attractive condition and in good order and repair, and to pay for utilities, gardening and other necessary services for the Master Common Area. Subject to the Restrictions, all of the foregoing obligations of the Master Association shall be discharged when and in such manner as the Board determines in its judgment to be appropriate, provided that the Master Association shall conform with the requirements of any agreements entered into between Declarant or a Participating Builder, as applicable, and a Local Governmental Agency pertaining to the Properties including, without limitation, any agreements providing for maintenance of Public Property by the Master Association.

5.2.3 Utility Services. The power and duty to obtain for the benefit of the Master Common Area, commonly metered water, gas, electric or other utility services necessary for the Master Common Area.

5.2.4 Easements and Rights-of-Way. Subject to the provisions of Article XIII of this Master Declaration, the power but not the duty to grant and convey to any Persons nonexclusive easements, licenses or rights-of-way in, on, over or under the Master Common Area and fee title to parcels or strips of land which comprise a portion of the Master Common Area with a value of Ten Thousand Dollars (\$10,000.00) or less, for purposes consistent with the terms of this Master Declaration, including without limitation constructing, installing, erecting, operating, maintaining or conducting thereon, therein and thereunder: (i) roads, streets, walks, trails, driveways, parkways, landscaping, park areas, open space areas and slope areas; (ii) underground lines, cables, wires, conduits, or other devices for the transmission of power or signals for lighting, heating, television, telephone and other similar purposes; (iii) sewers, storm water drains, retention basins and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; (iv) for purposes of conformity with the as-built location of Improvements installed or authorized by Declarant, a Participating Builder or the Master Association, (v) in connection with any lawful lot line adjustment, or (vi) for any similar Improvements, facilities or uses not inconsistent with the use of such property pursuant to this Master Declaration. Declarant, a Participating Builder or the Master Association may deannex any property from the encumbrance of this Master Declaration in connection with any lawful lot line adjustment.

5.2.5 Rights of Entry and Enforcement. The power but not the duty to enter any Lot or Condominium in accordance with Section 2.13.1.

5.2.6 Legal and Accounting Services. Subject to this Article V, the power but not the duty, if deemed appropriate by the Board, to retain and pay for legal and accounting services necessary or proper in operating the Master Common Area, enforcing the Restrictions, and performing any of the other Master Association duties or rights.

5.2.7 Contracts. The power but not the duty to enter into contracts described as follows:

(a) Contracts for Services. Contracts with Owners, Subassociations or other Persons which obligate the Master Association to provide services or to maintain Improvements in the Properties and elsewhere which the Master Association is not otherwise required to provide or maintain, however, any such contract shall provide that the Master Association is reimbursed for the costs of providing such services or maintenance.

(b) Community Services. Contracts to provide various community services to the residents of the Properties, such as wellness programs, cultural programs.

(c) Cost Sharing. Contracts to share costs with any neighboring property owners for, among other things, shared or mutually beneficial property or services or a higher level of Master Common Area maintenance.

(d) Adjacent Owners. Contracts with adjacent property owners to provide for (i) preserving natural areas, wildlife preserves or conservation areas; (ii) sponsoring education programs and activities which contribute to the overall understanding, appreciation and preservation of the natural environment in the Properties and the surrounding area; or (iii) maintaining areas or granting easements to maintaining adjacent property. Specifically, and without limiting the generality of the foregoing, Master Association shall be authorized to enter into cost sharing and easement agreements with Club Owner for the maintenance of Improvements within the Properties and/or the Club Property that are mutually beneficial to the Master Association and Club Owner.

(e) BRE Approval. Except as otherwise approved by the BRE and as provided in this Master Declaration or in the Bylaws, neither Declarant, a Participating Builder nor any of their agents shall enter any contract which would bind the Master Association or the Board for a period in excess of one (1) year.

5.2.8 Bonds. Subject to the provisions of Section 15.9 of this Master Declaration, the power and duty to execute any and all documents necessary to exonerate any bond, letter of credit or other consideration posted by Declarant or a Participating Builder upon satisfaction of the obligation for which such security was posted.

5.2.9 Audit. The power and duty to permit any Owner, who may be accompanied by an accountant or other consultant, at said Owner's sole expense to audit or inspect the Master Association's books and records; provided that such audit or inspection is made during normal business hours and without unnecessary interference with the operations of the Manager or the Master Association.

5.2.10 Guests and Tenants. The power but not the duty to reasonably regulate access, ingress and egress to and from the Master Common Area and the Properties, and to reasonably limit the number of guests and tenants using the Master Common Area.

5.2.11 Litigation. Subject to compliance with Section 15.14 below, the power but not the duty to initiate, defend, settle or intervene in mediation, arbitration, judicial or administrative proceedings (each, an "Action") on behalf of the Master Association in matters pertaining to (a) the application or enforcement of the Restrictions, (b) damage to the Master Common Area, (c) damage to portions of Lots or Condominiums which the Master Association is obligated to repair, and (d) damage to portions of Lots or Condominiums which arise out of, or is integrally related to, damage to Master Common Area or portions of the Lots or Condominiums that the Master Association is obligated to maintain or repair (each, a "Claim"). However, the Master Association shall not have standing to institute, defend, settle or intervene in any Action in any matter pertaining only to an individual Lot or Condominium and not included in subsections (c) or (d) above. Any recovery by the Master Association with respect to any damage to or defect in the Master Common Area shall be utilized solely for the purpose of paying for the costs of obtaining the recovery and for correcting such Master Common Area damage or defect. Notwithstanding anything in the Restrictions to the contrary, agreements in which the Master Association enters into litigation or any alternative dispute resolution procedure when the Master Association's obligation to pay for services is set in whole or in part on a contingency basis is permitted only if (i) the agreement is for collection of Assessments or other accounts receivable, (ii) the agreement involves evaluation of services, or (iii) the aggregate amount to be paid by the Master Association under the agreement is not in excess of Forty Thousand Dollars (\$40,000.00).

This paragraph shall apply to Actions and Claims brought under subsections (b), (c) and (d) above. The Master Association may, in its sole discretion, elect to institute, intervene in, continue, settle or dismiss an Action at any time. If the Master Association institutes or intervenes in an Action on a Claim, the Master Association's standing shall be exclusive, and the Owners shall thereafter be barred from instituting a new Action or maintaining a pending Action on the same Claim. The Master Association's election to institute or intervene in an Action on a particular Claim shall not create any affirmative obligation on the part of the Master Association to maintain, settle or dismiss the Action, except in the Master Association's sole discretion, and subject to Section 15.14. If the Master Association elects to settle an Action, the terms of the settlement shall be binding on the Owners, and the Owners shall be barred from instituting or continuing any other Action on the same Claim. If the Master Association elects to dismiss an Action, the

dismissal shall be with prejudice to the institution or continuation by one or more Owners of any Action on the same Claim.

5.2.12 Insurance. The power and duty to maintain liability and fire insurance with respect to the Master Common Area and personal property, if any, owned by the Master Association as provided herein in furthering the purposes of and protecting the interests of the Master Association and Members and as directed by the Restrictions.

5.2.13 Public Property. The power to contract with a Local Governmental Agency to arrange for joint use of the Master Common Area by such Agency or the use of Public Property by the Master Association or Owners.

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

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

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

(b) Areas of Regulation. The Rules and Regulations may concern use of the Properties, signs, parking restrictions, minimum standards of property maintenance, and any other matter under the Master Association's jurisdiction.

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

rules previously in force; however, this exemption shall apply only during the period of such Owner's ownership of the Lot or Condominium and it shall not apply to: (i) subsequent Owners who take title to a Lot or Condominium after the modification is adopted; or (ii) clarifications to the Rules and Regulations.

(d) Procedure for Adoption, Amendment and Repeal. Rules or procedures concerning (i) the use of Master Common Area, (ii) the use of a Lot or Condominium, including any aesthetic standards or Design Rules that affect Lots or Condominium, (iii) Owner discipline, including any schedule of monetary penalties for violation of the Restrictions, (iv) any procedure for the imposition of penalties, (v) any standards for delinquent assessment payment plans, and (vi) any procedures adopted by the Master Association for resolution of assessment disputes (each, a "Covered Rule") may only be adopted, amended or repealed in accordance with the following procedure:

(i) The Board must provide written notice ("Notice") of a proposed change in a Covered Rule to the members at least thirty (30) days before making the change, except for an Emergency Rule Change (defined below). The Notice must include the text of the proposed change and a description of the purpose and effect of the proposed change (Notice is not required if the Board determines that an immediate change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Master Association);

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

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

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

(v) A Notice required by this Section is subject to Article 1 of Chapter 1 of Part 5 of Division 4 of the California Civil Code;

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

The foregoing procedure does not apply to Rules that do not meet the definition of Covered Rules above, nor to decisions of the Board regarding maintenance of Master Common Area, a decision on a specific matter that is not intended to apply generally, a decision setting the amount of an Annual Assessment or a Special Assessment, a Rule change that is required by law if the Board has no discretion as to the substantive effect of the changes, or issuance of a document that merely repeats existing law or the Restrictions. Rules may be established solely for the Age-Restricted Neighborhood. If there is a conflict between those rules and other portions of the Rules, the rules applicable to the Age-Restricted Neighborhood shall control.

5.2.15 Special Events or Activities. From time to time groups of Persons, including clubs, educational, cultural, religious or other volunteer organizations may desire to sponsor special events or activities in the Properties and invite persons residing outside the Properties. Master Association has the authority to issue permits granting to these groups, their guests, invitees, employees, agents, contractors and designees a nonexclusive license of access and use over some or all of the Master Common Area as reasonably necessary to the operation of the special event or activity. Notwithstanding the above, Declarant, the Participating Builders and their representatives, employees, agents and consultants shall be entitled to hold special events in the Master Common Area without paying any fee and without the consent of the Master Association; provided, however, that Declarant's and each Participating Builder's rights to use the Master Common Area shall terminate upon conveyance of the last Lot or Condominium in the Properties to an Owner and furthermore, Declarant's and each Participating Builder's use shall not materially interfere with the use of the Master Common Area by the Association, or Owners. Master Association may also issue permits which authorize the sponsor and its guests and invitees to park vehicles in the Properties at reasonable times before, during and after the special event or activity. Master Association may charge fees it determines are appropriate in connection with allowing groups to use the Master Common Area and facilities ("Use Fee") as long as such action does not change or affect the tax exempt status of the Master Association.

5.2.16 Compliance with Applicable Laws for the Age-Restricted Neighborhood. The Master Association shall ensure ongoing compliance with laws and regulations governing age-restricted senior communities within the Age-Restricted Neighborhood.

(a) Occupancy Surveys. The Master Association shall develop policies and procedures for routinely determining the occupancy of each Dwelling Unit in the Age-Restricted Neighborhood. The policies and procedures developed by the Board shall include a regular age and occupancy survey to determine whether at least one (1) occupant of each Dwelling Unit in the Age-Restricted Neighborhood is a Qualifying Resident. The information gathered in the survey shall be based on copies of birth certificates, affidavits, prior surveys or other proof of age deemed reliable by the Board for each Person occupying a Dwelling Unit in the Age-Restricted Neighborhood and which, in the judgment of the Board, is reasonably necessary to ensure compliance with applicable state and federal laws governing age-restricted senior communities. The Master Association shall also collect age and occupancy information at the time of the

purchase or lease of each Dwelling Unit in the Age-Restricted Neighborhood, and the Master Association shall update all occupancy information by survey at least once every two (2) years. The Master Association shall have the power to carry out its duties under this Section by any legal means available, as the Board deems appropriate.

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

(c) Posted Policies. The Board shall develop policies and rules to maintain compliance with state and federal laws applicable to senior housing, including policies regarding visitors, and regular updates to age records. The Master Association shall post in the Master Common Area written statements of policy identifying the Age-Restricted Neighborhood as housing for persons fifty-five (55) years of age or older. The Master Association shall periodically distribute such policies and rules to the Owners and shall make copies available to Owners, tenants and Mortgagees on reasonable requests.

This Section 5.2.16 is intended to be a restatement of applicable law. All amendments, modifications, restatements and interpretations of the law applicable to senior housing shall be interpreted to amend, modify, restate or interpret this Section 5.2.16.

5.2.17 Reciprocal Use Agreements Between Associations. Without limiting Section 5.2.15, the power but not the duty to enter into reciprocal use agreements with the homeowners association of any other community and/or any community in which Shea Homes, Inc. or an respective affiliate has an ownership interest, which reciprocal use agreement (a) permits the owners and occupants of such community and their guests to use the amenities in the Master Common Area, (b) permits Owners and occupants of the Properties and their guests to use the amenities in the common area of the other community, and (c) may include and be subject to such terms and conditions as the Board of the Master Association and the board of directors of the other association respectively determine are in the best interest of the respective communities.

5.2.18 Liquor License. The power to apply for, obtain and hold a license to serve alcoholic beverages and to sell alcoholic beverages on any of the Master Common Area.

5.2.19 Mitigation Agreement. The power to assume and perform the obligations in the Mitigation Agreement and Roadway Access Easement Agreement.

5.2.20 Shared Use Agreement. The power to perform the obligations in the Shared Use Agreement.

5.2.21 **DECLARANT'S SPECIAL EVENTS OR ACTIVITIES.** NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, UPON ACCEPTANCE OF A GRANT DEED TO A CONDOMINIUM OR LOT, EACH OWNER IS DEEMED TO ACKNOWLEDGE AND AGREE THAT UNTIL DECLARANT HAS SOLD ALL OF THE LOTS AND CONDOMINIUMS IN THE PROPERTIES THAT DECLARANT SHALL HAVE THE FOLLOWING RIGHTS DESCRIBED BELOW WITH RESPECT TO THE MASTER COMMON AREA, ALL COMMON FACILITIES WITHIN THE PROPERTIES EVEN AFTER FEE TITLE TO SUCH MASTER COMMON AREAS IS CONVEYED TO THE MASTER ASSOCIATION. IN NO EVENT SHALL DECLARANT EXERCISING ITS RIGHTS UNDER THIS SECTION MATERIALLY INTERFERE WITH THE USE OF SUCH FACILITIES IN THE MASTER COMMON AREAS BY THE MASTER ASSOCIATION OR THE OWNERS (EXCEPT ON A TEMPORARY BASIS), AS DETERMINED IN DECLARANT'S REASONABLE DISCRETION. DECLARANT'S RIGHTS UNDER THIS SECTION SHALL INCLUDE THE AUTHORITY TO ISSUE PERMITS OR LICENSES GRANTING PERSONS WHO ARE NOT OWNERS OF A LOT OR CONDOMINIUM AND THEIR GUESTS, INVITEES, EMPLOYEES, AGENTS, REPRESENTATIVES AND DESIGNEES THE NONEXCLUSIVE RIGHT TO ACCESS AND USE PORTIONS OF THE MASTER COMMON AREAS, AND FOR PARKING THEREON AS REASONABLY NECESSARY FOR THE OPERATION OF THE SPECIAL EVENT, CLASS, GATHERING, LECTURE OR ACTIVITY AUTHORIZED BY THE DECLARANT. THE DECLARANT IN ITS REASONABLE DISCRETION MAY OR MAY NOT ELECT TO IMPOSE A FEE FOR ALLOWING ANY SPECIAL EVENT, ACTIVITY IN THE MASTER COMMON AREAS OR FOR USE OF THE MASTER COMMON AREAS BY ANY PERSON, GROUP, CLUBS AND ORGANIZATION. ANY FEE THAT DECLARANT ELECTS TO IMPOSE SHALL BE THE PROPERTY OF THE MASTER ASSOCIATION:

(a) DECLARANT AND ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES, CONSULTANTS, GUESTS, INVITEES, LICENSEES, AGENTS AND CONTRACTORS (COLLECTIVELY, "DECLARANT REPRESENTATIVES") SHALL BE ENTITLED TO USE THE MASTER COMMON AREA AND ALL COMMON FACILITIES WITHIN THE PROPERTIES AT ANY TIME AND AT NO COST TO THE DECLARANT REPRESENTATIVES.

(b) DECLARANT MAY ALSO (AT NO CHARGE TO DECLARANT) HOST SPECIAL EVENTS, ACTIVITIES, CLASSES, AND GATHERINGS, AND HOLD SEMINARS OR LECTURES IN THE MASTER COMMON AREAS FOR ATTENDANCE BY PERSONS OUTSIDE THE PROPERTIES WHO ARE NOT OWNERS OF A LOT OR CONDOMINIUM. BY

WAY OF EXAMPLE ONLY, DECLARANT MAY HOST CHARITABLE GROUPS WHO WISH TO USE THE MASTER COMMON AREAS FOR BOARD MEETINGS, OR SPECIAL PARTIES BY LOCAL SPORTS ORGANIZATIONS.

(c) FROM TIME TO TIME GROUPS OF PERSONS, CLUBS, EDUCATIONAL, CULTURAL, RELIGIOUS OR OTHER VOLUNTEER ORGANIZATIONS MAY DESIRE TO SPONSOR SPECIAL EVENTS OR ACTIVITIES IN THE PROPERTIES AND MASTER COMMON AREAS AND INVITE PERSONS RESIDING OUTSIDE THE PROPERTIES.

(d) UNTIL DECLARANT HAS SOLD ALL OF THE LOTS AND CONDOMINIUMS IN THE PROPERTIES THE DECLARANT MAY ESTABLISH RULES, POLICIES AND PROCEDURES FOR THE USE, RESERVATION, AND RENTAL OPERATION OF LOTS OR CONDOMINIUMS FOR A "STAY AND PLAY" PROGRAM FOR POTENTIAL BUYERS. ALL PERSONS WHO ARE AUTHORIZED TO STAY ON A LOT OR CONDOMINIUM PURSUANT TO SUCH "STAY AND PLAY" PROGRAM SHALL HAVE AN EASEMENT OVER THE MASTER COMMON AREAS. ALL FEES, INCOME, RENT AND REVENUE GENERATED FROM THE "STAY AND PLAY" PROGRAM SHALL BE THE PROPERTY OF DECLARANT.

(e) IF ANY MAINTENANCE OF THE MASTER COMMON AREA OR COMMON FACILITIES WITHIN THE PROPERTIES IS REQUIRED AS A RESULT OF DECLARANT'S USE OF SUCH PROPERTY AND FACILITIES UNDER THIS SECTION 5.2.21, DECLARANT SHALL BE RESPONSIBLE FOR THE EXPENSES OF SUCH MAINTENANCE, PROVIDED, HOWEVER, THAT DECLARANT'S LIABILITY FOR SUCH DAMAGE SHALL NOT BE ABSOLUTE, BUT SHALL ONLY BE THAT FOR WHICH DECLARANT IS LEGALLY RESPONSIBLE UNDER CALIFORNIA LAW.

(f) DECLARANT SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE MASTER ASSOCIATION FROM ANY AND ALL LOSSES, DAMAGES, INJURIES, DEMANDS OR CLAIMS, INCLUDING, BUT NOT LIMITED TO, ATTORNEYS' FEES, WHICH MAY ARISE FROM DECLARANT'S USE THE MASTER COMMON AREA OR COMMON FACILITIES UNDER THIS SECTION 5.2.21.

5.2.22 Community Membership to the Club. The power to enter into an agreement with the Club Owner for a community membership in the Club, whereby sub-membership use rights in the Club are granted to every Owner of the Master Association through non-exclusive license rights matching then existing social memberships in the Club, together with such additional privileges as may be granted by Club Owner from time to time.

5.3 Prohibited Activities. Notwithstanding any other provisions of this Master Declaration or the other Restrictions, the Master Association is expressly prohibited from undertaking or performing any of the following activities, or expending or otherwise utilizing

Maintenance Association funds or resources therefor, and the following activities shall not constitute Permitted Functions of the Master Association:

5.3.1 Offsite Nuisances. The Master Association shall not use any assessments or expend Master Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of Phases of Development in which Annual Assessments have commenced.

5.3.2 Political Activities or Contributions. The Master Association shall not engage in any Federal, State or local political activities or activities intended to influence a governmental action affecting areas outside the boundaries of the Properties (e.g., endorsement or support of (a) legislative or administrative actions by a Local Governmental Agency which affect persons or property outside the Properties, (b) candidates for elected or appointed office, and (c) initiatives, recall elections or other ballot proposals). The Master Association is prohibited from conducting, sponsoring, participating in or expending funds or resources on any activity, campaign or event, including without limitation any social or political campaign, event or activity, which does not directly and exclusively pertain to a Permitted Function.

5.3.3 Subassociation or Special Benefit Area. For so long as Declarant has a veto right under Section 4.2.3 of this Master Declaration, neither the Master Association nor any Owner, without the prior written consent of Declarant, shall (a) form an association (as defined in Section 4080 of the California Civil Code) to manage any portion of the Properties or (b) create a Special Benefit Area or other device to apportion any Common Expenses of the Master Association against fewer than all of the Owners and their Lots.

5.3.4 Mortgagee Consents. For so long as Declarant has a veto right under Section 4.2.3 of this Master Declaration, the Master Association may not, without the prior written consent of Declarant, take any action listed in Article XIII of the Master Declaration for which the consent of Owners or first Mortgagees is required.

5.3.5 Reserved Rights of Declarant. For so long as Declarant is entitled to exercise any right, or avail itself of any exemption, in Article XIV or elsewhere in this Master Declaration, neither the Master Association, nor the Board, nor any Owner shall take any action which is inconsistent with, or which would abrogate, any such right or exemption.

ARTICLE VI

6. Covenant for Maintenance Assessments.

6.1 Creation of Assessment Obligation. Declarant and each Participating Builder for each Lot owned, hereby covenants to pay, and each Owner, by acceptance of a deed to a Lot or Condominium, whether or not it shall be so expressed in such deed, is deemed to covenant to pay to the Master Association all Assessments, which Assessments shall be established and collected as provided herein. The Master Association may not levy or collect

any Assessment that exceeds the amount necessary for the purpose or purposes for which it is levied. All such Assessments, together with late payment penalties, interest, costs and reasonable attorneys' fees for the collection thereof, are a charge and a continuing lien upon the Lot or Condominium against which such assessment is made. Each such Assessment, together with late payment penalties, interest, costs and reasonable attorneys' fees, is also the personal obligation of the Person who was the Owner of the Lot or Condominium at the time when the Assessment fell due. The personal obligation for delinquent Assessments may not pass to any new Owner ("Purchaser") unless expressly assumed by the Purchaser.

6.2 Maintenance Funds. The Board shall Budget, establish and maintain at least the following separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Master Association, and from which disbursements shall be made, as provided herein, in the Master Association's performance of its functions under the Restrictions:

6.2.1 General Operating Fund. A General Operating Fund for current expenses of the Master Association, exclusive of current expenses attributable to the Improvements and maintenance responsibilities included within any Special Benefit Area.

6.2.2 General Reserve Fund. An adequate General Reserve Fund for the deposit of Reserves attributable to Improvements within the Master Common Area, exclusive of Reserves attributable to Improvements included in any Special Benefit Area.

6.2.3 Special Benefit Area Operating Fund. A Special Benefit Area Operating Fund for Special Benefits Expenses of any Special Benefit Area which has been completed and is subject to maintenance by the Master Association.

6.2.4 Special Benefit Area Reserve Fund. An adequate Special Benefit Area Reserve Fund for the deposit of Reserves attributable to any Special Benefit Area which has been completed and is subject to maintenance by the Master Association.

6.2.5 Miscellaneous Maintenance Funds. Any other Maintenance Funds which the Board of Directors may deem necessary.

6.3 Disbursements. All amounts deposited into the Maintenance Funds must be used solely for the purposes authorized by the Restrictions. The Board is authorized to transfer interest and other earnings on the General Reserve Fund and Special Benefit Area Reserve Fund into the respective Operating Fund in order to satisfy income taxes payable by the Master Association attributable to such interest and earnings. The signatures of either two (2) Directors of the Master Association or one (1) Director and one (1) officer of the Master Association who is not also a Director of the Master Association shall be required for the withdrawal of money from the Master Association's Reserve funds. Disbursements from the particular Maintenance Funds shall be limited to specific purposes as follows:

6.3.1 Special Benefit Area Reserves. Disbursements from any Special Benefit Area Reserve Fund shall be made solely for the purpose of funding

Reserve expenditures attributable to the Special Benefit Area for which the fund was created.

6.3.2 Special Benefit Area Operations. Disbursements from any Special Benefit Area Operating Fund shall be made solely for the purpose of funding the current operating Special Benefit Expenses of the Special Benefit Area for which the fund was created.

6.3.3 General Reserves. Disbursements from the General Reserve Fund shall be made solely for the purpose of funding those Reserve expenditures which are not Budgeted to a Special Benefit Area.

6.3.4 General Operations. Disbursements from the General Operating Fund shall be made for such purposes as are necessary for the discharge of the Master Association's responsibilities under the Restrictions, for the common benefit of all Owners, other than those purposes specified in Sections 6.3.1 through 6.3.3 above.

Nothing contained herein shall preclude the establishment of additional Maintenance Funds by the Master Association earmarked for specified purposes authorized by the Restrictions.

If the Master Association decides to use or transfer Reserve funds to pay for litigation (subject to the limitations in Section 5.2.11 above), the Master Association must notify its Members of the decision in the next available mailing. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the Reserve funds will be replaced, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation as provided in Section 5520 of the California Civil Code which will be available at the Master Association's office. The accounting shall be updated monthly.

6.4 Master Common Area Damage or Neglect. If any maintenance of the Master Common Area is necessitated in the sole judgment of the Board as a result of the unauthorized act of a Subassociation, its members, guests or invitees, or an Owner, his family, guests, or invitees, such maintenance shall be performed at the expense of such Subassociation or Owner, after Notice and Hearing, and a Special Assessment therefor shall be levied against such Subassociation or Owner, provided, however, that the liability of a Subassociation or an Owner for such damage to the Master Common Area shall not be absolute, but shall only be that for which the Subassociation or Owner is legally responsible under California law. The foregoing shall include, without limitation, any settlement damage to wall footings adjoining a Lot, Condominium or Master Common Area caused by any excavation, construction or excess irrigation occurring on such adjacent Lot, Condominium or Master Common Area.

6.5 Annual Assessments. Each Annual Assessment shall constitute an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the General Operating and Reserve Funds, the Special Benefit Area Operating and Reserve Funds, and any other Maintenance Fund established by the Master Association. Annual Assessments shall be levied

against the Owners of Lots and Condominiums in the amounts as set forth in the Master Association Budget on file with the BRE. Sums sufficient to pay Common Expenses shall be assessed as Annual Assessments against the Owners of Lots and Condominiums as follows:

6.5.1 Assessment Units. The Master Association Common Expenses and Special Benefit Expenses (if any) shall be allocated among the Owners and their respective Lots or Condominiums within the Properties based upon the number of Assessment Units chargeable to each such Lot or Condominium. Unless otherwise provided in a Supplemental Master Declaration, each Lot or Condominium, and the Owner thereof, shall be allocated one (1) Assessment Unit. Assessment Units shall be allocated as follows:

(a) Residential Area. Each single family Lot and Condominium in the Residential Area shall be allocated one (1) Assessment Unit.

6.5.2 General Assessment Component. The Common Expenses of the Master Association, exclusive of Common Expenses Budgeted to the Special Benefit Area ("General Assessment Component"), shall be allocated among all of the Residential Area Lots and Condominiums and the Owners thereof in the Properties, based upon the number of Assessment Units chargeable to each such Owner. The proportionate share of the General Assessment Component of Common Expenses chargeable to each Lot and Condominium shall be a fraction, the numerator of which shall be the number of Assessment Units allocated to such Lot or Condominium, and the denominator of which shall be the total number of Assessment Units allocated to all Lots and Condominiums in the Properties.

6.5.3 Special Benefit Area Assessment Component. The Special Benefit Expenses of the Master Association comprising Special Benefit Area Operating and Reserve Funds Budgeted to any particular Special Benefit Area ("Special Benefit Area Assessment Component") shall be assessed to the Owners of Lots and Condominiums designated in a Supplemental Master Declaration as Lots to which the exclusive or disproportionate maintenance of such Special Benefit Area has been allocated. Any Supplemental Master Declaration covering a Lot or Condominium subject to a Special Benefit Area Assessment Component shall: (i) identify the Special Benefit Area, if existing, or describe the Special Benefit Area if proposed; (ii) identify the Lots and Condominiums covered by the Supplemental Master Declaration which are entitled to use the facilities of the Special Benefit Area or which are obligated to bear the exclusive or disproportionate maintenance of such Special Benefit Area and which shall be obligated to pay the Special Benefit Area Assessment Component attributable to such Special Benefit Area; and (iii) specify the Special Benefit Expenses comprising the Special Benefit Area Assessment Component attributable to such Special Benefit Area. Unless otherwise provided in such Supplemental Master Declaration, the proportionate share of the Special Benefit Area Assessment Component of Special Benefit Expenses chargeable to each Lot and Condominium located in such Special Benefit Area shall be a fraction, the numerator of which is the number of Assessment Units allocated to the Lot or Condominium in the Special Benefit Area, and the denominator of which is the total

number of Assessment Units allocated to all Lots or Condominiums located in or authorized to be created in such Special Benefit Area. If all Lots and Condominiums in the Properties are annexed into the Special Benefit Area, then the Special Benefit Area Assessment Component shall be merged into the General Assessment Component of Common Expenses.

6.6 Commencement of Annual Assessments.

6.6.1 Commencement Date. Annual Assessments shall commence as to each Lot or Condominium in any Residential Area Phase requiring the issuance of a Public Report on the first day of the first month following the month in which the first Close of Escrow for the sale of a Lot or Condominium occurs in such Phase. However, the Close of Escrow for a Model Lot Sale shall not cause the commencement of Annual Assessments in a Model Phase. Annual Assessments in a Model Phase shall commence against all Model Lots and Production Lots in the Model Phase on the first day of the first calendar month following the first Close of Escrow for the sale of a Production Lot in the Model Phase. The first Annual Assessment shall be adjusted according to the number of months remaining in the Fiscal Year.

6.6.2 Payment Procedure. The Board shall fix the amount of the Annual Assessment to be levied against Lots and Condominiums at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessment shall be levied in accordance with the most recent Budget on file with and approved by the BRE. Written notice of any increase in the amount of the Annual Assessment or any Capital Improvement or Reconstruction Assessment shall be sent by first class mail to every Owner subject thereto, not less than thirty (30) nor more than sixty (60) days prior to the Assessment becoming due. All installments of Annual Assessments shall be collected in advance on a regular basis by the Board, at such frequency and on such due dates as the Board determines in its sole and absolute discretion. Each installment of an Annual Assessment may be paid to the Master Association in one (1) check or in separate checks, as payments attributable to deposits into specified Maintenance Funds. If any payment of an Annual Assessment installment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the payment received by the Master Association from that Owner shall be credited in order of priority first to the General Operating Fund until that portion of the Annual Assessment has been satisfied, then to any applicable Special Benefit Area Operating Fund until that portion of the Annual Assessment has been satisfied, then to the General Reserve Fund until that portion of the Annual Assessment has been satisfied, then to any applicable Special Benefit Area Reserve Fund until that portion of the Annual Assessment has been satisfied, then to any other Maintenance Funds established by the Master Association.

6.6.3 Excess Funds. The Board of Directors may determine that excess funds remaining in the Operating Funds, over and above the amounts used for the operation of the Properties, may be used to reduce the following year's Annual Assessment attributable to such Maintenance Funds.

6.6.4 Exemptions.

(a) Dwelling Units. The Board may, at its sole discretion, in accordance with the Budget and Section 5600 of the California Civil Code, exempt Declarant, a Participating Builder and any other Owner of a Lot or Condominium Unit on which a Dwelling Unit has not been constructed, from payment of that portion of the Annual Assessment which is allocated to defraying expenses and reserves directly attributable to the existence and use of the Dwelling Unit. If granted, such exemption shall remain in effect only until the earlier to occur of (a) the Recordation of a notice of completion of the Dwelling Unit or the building containing the Dwelling Unit, (b) the occupation or use of the Dwelling Unit, or (c) completion of all elements of the Dwelling Unit structures that the Master Association is obligated to maintain.

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

6.7 Limitations on Annual Assessment Increases. The Board shall not levy, for any Fiscal Year, an Annual Assessment which exceeds the "Maximum Authorized Annual Assessment" as determined pursuant to Sections 6.7.1 and 6.7.2 below, unless first approved by the vote of Members representing at least (i) in the case of an increase in the General Assessment Component, a majority of votes at a meeting or written ballot of Members in which more than fifty percent (50%) of the total voting power of the Master Association is represented, and (ii) in the case of an increase in a Special Benefit Area Assessment Component, a majority of votes at a meeting or written ballot of the Owners of Lots or Condominiums participating in the Special Benefit Area generating such Special Benefit Area Assessment Component at which more than fifty percent (50%) of the total voting power attributable to such Special Benefit Area is represented.

6.7.1 Maximum Authorized Annual Assessment for Initial Year of Operations. Until the first day of the Fiscal Year immediately following the Fiscal Year in which Annual Assessments commence, the Maximum Authorized Annual Assessment per Lot or Condominium is one hundred twenty percent (120%) of the amount of Annual Assessments disclosed in the current Budget of the Master Association filed with the BRE at the time Annual Assessments commence. The provisions of this Section 6.7.1 shall be applied separately to the General Assessment Component and the Special Benefit Area Assessment Component, if any, of the Annual Assessment. Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary to address an Emergency Situation as defined in Section 6.7.5 below.

6.7.2 Maximum Authorized Assessment for Subsequent Fiscal Years. Beginning with the Fiscal Year immediately following the Fiscal Year in which

Annual Assessments commence, the Maximum Authorized Annual Assessment in any Fiscal Year is one hundred twenty percent (120%) of the level of Annual Assessments levied in the immediately preceding Fiscal Year; provided that distribution of the Budget for the current Fiscal Year in accordance with Section 5300(b)(1) of the California Civil Code or other applicable law is a prerequisite to any increase in the Maximum Authorized Annual Assessment for such Fiscal Year pursuant to this Subsection. The provisions of this Subsection shall be applied separately to the General Assessment Component and the Special Benefit Area Assessment Component, if any, of the Annual Assessment. Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary to address an Emergency Situation as defined in Section 6.7.5 below.

6.7.3 Supplemental Annual Assessments. If the Board determines that the important and essential functions of the Master Association may be properly funded by an Annual Assessment less than the Maximum Authorized Annual Assessment, it may levy such lesser Annual Assessment. If the Board levies an Annual Assessment in an amount less than the Maximum Authorized Annual Assessment for any Fiscal Year and thereafter, during such Fiscal Year, determines that the important and essential functions of the Master Association cannot be funded by such lesser Annual Assessment, the Board may levy one (1) or more supplemental Annual Assessments up to the Maximum Authorized Annual Assessment.

6.7.4 Automatic Assessment Increases. Notwithstanding any other provisions of this Section 6.7, upon the annexation of any portion of the Annexable Territory pursuant to Article XVI, the Annual Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Master Common Area in or abutting such Annexable Territory, so long as (i) the annexation of such Annexable Territory is permitted by BRE, (ii) the amount of such increase does not result in the levy of an Annual Assessment which is greater than the maximum potential Annual Assessment disclosed in all Public Reports for the Properties previously issued by the BRE, and (iii) the amount of such increase does not violate Section 5605 of the California Civil Code or other applicable law.

6.7.5 Emergency Situations. For purposes of Sections 6.7.1, 6.7.2 and 6.8, an "Emergency Situation" is any one of the following:

(a) Court Ordered Items. An extraordinary expense required by an order of a court.

(b) Safety Items. An extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Master Association is responsible where a threat to personal safety on the Properties is discovered.

(c) Reasonably Unforeseen Items. An extraordinary expense necessary to repair or maintain the Master Common Area or any portion thereof for which the Master Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Prior to the imposition or collection of an

assessment pursuant to this Subparagraph (c), the Board shall adopt a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Assessment.

6.8 Capital Improvements. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a Capital Improvement upon the Master Common Area, including fixtures and personal property related thereto; provided that all proposed Capital Improvement Assessments which exceed five percent (5%) of the Master Association's Budgeted Common Expenses for such Fiscal Year shall require the vote of Members representing at least a majority of votes at a meeting or written ballot of Members in which is represented more than fifty percent (50%) of the total voting power attributable to Members subject to such Capital Improvement Assessment. In the case of a proposed Capital Improvement to a Special Benefit Area, any Capital Improvement Assessment which exceeds five percent (5%) of the Master Association's Budgeted Special Benefit Expenses shall also require the majority votes at a meeting or written ballot of the Owners of Lots or Condominiums in the Special Benefit Area benefitting thereby at which more than fifty percent (50%) of the total voting power attributable to such Special Benefit Area is required. Notwithstanding the foregoing, the Board may levy in any Fiscal Year a Capital Improvement Assessment applicable to that Fiscal Year without the vote of the Members if such Capital Improvement Assessment is necessary for addressing an Emergency Situation as defined in Section 6.7.5. All Capital Improvement Assessments must be levied against all Lots and Condominiums in the same manner and in the same proportions as Annual Assessments are levied, and they shall be collected in the manner and frequency determined by the Board.

6.9 Uniform Rate of Assessment. Annual Assessments, Capital Improvement Assessments and Reconstruction Assessments shall be assessed equally against all Owners and their Lots and Condominiums, except as may be otherwise provided herein with respect to Special Benefit Areas and in a Notice of Addition. The Master Association may, subject to the provisions of Section 9.4 and Article XI hereof, levy Special Assessments against selected Owners who have caused the Master Association to incur special expenses due to willful or negligent acts of said Owners, their tenants, families, guests, invitees or agents. All installments of Annual Assessments shall be collected in advance on a regular basis by the Board, at such frequency as the Board shall determine.

6.10 Maintenance Subsidy Agreements. Notwithstanding any other provisions of this Master Declaration or the Bylaws regarding the term and termination of contracts with Declarant for providing services to the Master Association, Declarant may enter into one or more written maintenance agreements with the Master Association under which Declarant shall pay all or any portion of the operating Common Expenses or Special Benefit Expenses and perform all or any portion of the Master Association's maintenance responsibilities in exchange for a temporary suspension of Annual Assessments. Each such maintenance agreement shall extend for a term and shall be on such conditions as are approved by the BRE, and may require Owners to reimburse Declarant, through the Master Association, for a portion of the costs expended in

satisfaction of Common Expenses or Special Benefit Expenses, as the case may be. When the subsidy of the assessments expire each Owner should anticipate that assessments will be substantially increased. As additional property is annexed into this Master Declaration assessments may increase and increases may also occur due to utility rate increases, changing maintenance needs and inflation.

6.11 Exempt Property. The following property subject to this Master Declaration is exempt from the assessments herein:

- (a) All portions of the Properties dedicated to and accepted by a Local Governmental Agency;
- (b) The Master Common Area; and
- (c) The Club Property (it being understood that the Club Property is not subject to the Master Declaration.

6.12 Closing Contribution to Association. Concurrently with acquisition of record title to a Lot or Condominium from the Declarant or a Participating Builder, each original Owner shall contribute to the Master Association, on a one time basis, an amount equal to Seven Hundred Fifty and No/100 Dollars (\$750.00). This amount shall be deposited by the Owner into the purchase and sale escrow for his or her Lot or Condominium and disbursed therefrom directly to the Master Association. The Master Association may use such funds for any purpose allowed by the Restrictions, including without limitation, to hold special events, classes and activities in the Master Common Area for Owners and members of the public all as determined by Declarant or the Master Association.

ARTICLE VII

7. Nonpayment of Assessments: Remedies.

7.1 Nonpayment of Assessments; Remedies. Any installment of an Assessment is delinquent if not paid within fifteen (15) days of the due date established by the Board. Any installment of Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided herein bears interest at the maximum rate permitted by law commencing thirty (30) days from the date the Assessment becomes due until paid. The Board may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 5650(b). The Master Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot or Condominium. The Master Association need not accept any tender of a partial payment of an Assessment installment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender does not waive the Master Association's right to demand and receive full payments thereafter.

7.2 Prerequisite to Creating Lien. Before the Master Association may place a lien on a Owner's Lot or Condominium to collect a past due Assessment, the Master Association shall send written notice ("Notice of Intent to Lien"), at least thirty (30) days prior to recording

of such lien, to the Owner by certified mail which contains the information required by California Civil Code Section 5660.

7.3 Dispute by Owner. Prior to recording a lien for delinquent Assessments, the Master Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Master Association's "meet and confer" program required pursuant to Article 2 of Chapter 10 of Part 5 of Division 4 of the California Civil Code.

7.4 Owner's Right to Request Meeting. An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed in Section 7.2 above. The Master Association shall provide the Owner with the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the Notice of Intent to Lien, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner.

7.5 Notice of Delinquent Assessment. The lien becomes effective on Recordation by the Board, pursuant to California Civil Code Section 5673, of a Notice of Delinquent Assessment ("Notice of Delinquent Assessment") securing the payment of any Assessment or installment thereof levied by the Association against any Lot Owner, as provided in Section 5650 of the California Civil Code. Such Notice of Delinquent Assessment must include the requirements set forth in California Civil Code Section 5675.

7.6 Exceptions. Assessments described in Section 5725(b) of the California Civil Code and Section 2792.26(c) of the California Code of Regulations may not become a lien against an Owner's Lot or Condominium enforceable by the sale of the Lot or Condominium under Sections 2924, 2924(b), and 2924(c) of the California Civil Code. Recordation of the Notice of Delinquent Assessment creates a lien on the Lot or Condominium as provided in Section 5675 of the California Civil Code.

7.7 Enforcement of Liens. Subject to the requirements of California Civil Code Sections 5705, 5710, 5715 and 5720 or any successor statute, the lien on a Lot or Condominium may be enforced by foreclosure and sale of the Lot or Condominium after failure of the Owner to pay any Assessment or installment thereof as provided in this Master Declaration. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages, or in any manner permitted by law. Subject to California Civil Code Sections 5705, 5710, 5715 and 5720, or any successor statutes, the Master Association may sue to foreclose the lien if (a) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded and (b) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed to the Owner affected thereby. The Master Association may bid on the Lot or Condominium at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. On completion of the foreclosure sale, the Master Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Lot or Condominium, and the defaulting Owner shall be required to pay the reasonable rental value for the Lot or Condominium during any period of

continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Notwithstanding any provision in this Master Declaration to the contrary, pursuant to California Civil Code Section 5715(b) or any successor statute, a nonjudicial foreclosure by the Master Association to collect upon a delinquent Assessment shall be subject to a right of redemption by the Owner within ninety (90) days after the sale.

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

7.9 Cumulative Remedies. The assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Master Association may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments.

7.10 Mortgage Protection. No lien created under this Article VII, nor any breach of this Master Declaration, nor the enforcement of any provision hereof defeats or renders invalid the rights of the Beneficiary under any Recorded first Deed of Trust (meaning any deed of trust with first priority over other deeds of trust) upon a Lot or Condominium made in good faith and for value. After a Beneficiary or other Person obtains title to a Lot or Condominium by judicial foreclosure or by means set forth in a Deed of Trust, the Lot or Condominium shall remain subject to the Master Declaration and the payment of all installments of Assessments accruing after the date the Beneficiary or other Person obtains title.

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

loan contracts, with respect to such Lot or Condominium to the same extent that the assessment lien would be subordinate to the lien or charge of a first mortgage or first deed of trust of record encumbering such Lot or Condominium.

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

ARTICLE VIII

8. Architectural Control.

8.1 Members of Committee. The Design Review Committee, sometimes referred to herein as the "Committee," shall be composed of three (3) members. The initial members of the Committee shall be representatives of Declarant until one (1) year after the original issuance of the Public Report for the Properties ("First Anniversary"). After the First Anniversary the Board may appoint and remove one (1) member of the Committee, and Declarant may appoint and remove a majority of the members of the Committee and fill any vacancy of such majority, until the earlier to occur of (a) Close of Escrow for the sale of ninety percent (90%) of Lots and Condominium in the Properties, or (b) the fifth (5th) anniversary following the most recent Close of Escrow to a Class A member of the first Lot or Condominium in the most recent Phase of the Properties under the authority of a Public Report, or ten (10) years following the date of Recordation of this Master Declaration, after which the Board may appoint and remove all of the members of the Committee. The Committee members appointed by the Board must be Members or Residents of the Property, but the Committee members appointed by Declarant need not be Members or Residents. The Committee has the right and duty to promulgate reasonable standards against which to, examine any request made pursuant to this Article in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Properties. Board members may also serve as the Committee members.

8.2 Review of Plans and Specifications.

8.2.1 Submission of Plans. The Committee shall consider and act upon all plans and specifications submitted for its approval under this Master Declaration and perform such other duties as the Board assigns to it, including inspection of construction in progress to assure conformance with plans approved by the Committee. No reconstruction of an existing Improvement, installation of a new Improvement after Close of Escrow from Declarant or a Participating Builder, or alteration of an existing Improvement of any type, in the Properties may be commenced or maintained until the plans and specifications therefor showing the nature, kind, shape, height, width, exterior color scheme, materials and location thereof have been submitted to and approved in writing by the Committee; provided, however, that any Improvement may be repainted without the Committee approval so long as the Improvement is repainted the identical color which it was last painted. Without limiting the generality of the foregoing, the provisions of this Article VIII apply to the construction, installation and alteration of solar energy systems, as defined in Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Section 714, the City Building Code, applicable zoning regulations, and associated City ordinances. The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt therefor from an authorized agent of the Committee. Until changed by the Board, the address for submission of such plans and specifications is the Master Association's principal office. The Committee shall approve plans and specifications submitted for its approval only if it determines that (a) the installation, construction or alterations contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the installation, construction or alteration thereof will not detract from the beauty, wholesomeness and attractiveness of the Master Common Area or the enjoyment thereof by the Members, and (d) the maintenance thereof will not become a burden on the Master Association. Neither Declarant nor a Participating Builder shall need to seek or obtain the Committee approval of any Improvements constructed or maintained on the Properties by Declarant or a Participating Builder, because the jurisdiction of the Committee is limited to new work and modifications to existing Improvements which are commenced by an Owner (other than Declarant or a Participating Builder) after Close of Escrow for the sale from Declarant or a Participating Builder. Moreover, each Owner may reconstruct in a timely manner any damaged or destroyed Improvement on the Lot or Condominium of the Owner with the same materials and to the same specifications as the Improvement existed before it was damaged or destroyed without the approval of the Committee, so long as the Improvement when originally constructed was either exempted hereunder or approved by the Committee.

8.2.2 Review and Approval. The Committee may condition its approval of proposals or plans and specifications for any Improvement upon any of the following: (a) the Applicant's furnishing the Master Association with security acceptable to the Master Association against any mechanic's lien or other encumbrance which may be Recorded against the Properties as a result of such work, (b) such changes therein as it

deems appropriate, (c) the Applicant's agreement to grant appropriate easements to the Master Association for the maintenance of the Improvements, (d) the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (e) the Applicant's agreement to reimburse the Master Association for the cost of such maintenance, or (f) the Applicant's agreement to complete the proposed work within a stated period of time, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee shall also issue Design Rules setting forth standards, specifications and procedures for the submission of plans for approval, requiring a fee (as may be necessary) to accompany each application for approval, or stating additional factors which it will consider in reviewing submissions. The Committee may provide that the amount of such fee be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or installations contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. The Committee shall transmit its decision and the reasons therefor to the applicant at the address set forth in the application for approval within forty-five (45) days after the Committee receives all required materials. Any application submitted pursuant to this Section 8.2 shall be deemed approved unless the Committee transmits written disapproval or a request for additional information or materials to the Applicant within forty-five (45) days after the date the Committee receives all required materials. The Applicant shall meet any review or permit requirements of the City prior to making any construction, installation or alterations permitted hereunder.

8.3 Meetings of the Committee. The Committee shall meet as necessary to perform its duties. The Committee may, by resolution unanimously adopted in writing, designate a Committee representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee except the granting of variances pursuant to Section 8.8. In the absence of such designation, the vote or written consent of a majority of the Committee constitutes an act of the Committee.

8.4 No Waiver of Future Approvals. The Committee's approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the Committee's approval does not waive any right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

8.5 Compensation of Members. The Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

8.6 Inspection of Work. The Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article VIII ("Work").

The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Committee-approved plans for the Work or with the requirements of this Master Declaration ("Noncompliance").

8.6.1 Time Limit. The Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Work has been completed and the Committee has received written notice from the Owner that the Work has been completed. If the Committee fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

8.6.2 Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days from the date of notification from the Committee, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board may Record a Notice of Noncompliance (if permitted by law) and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

8.7 Scope of Review. The Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with this Master Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Committee shall consider the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article VIII. The Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The Committee may consider the impact of views from other Lots or Condominiums and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvements. However, Declarant does not warrant any protected views within the Properties, and no Dwelling Unit, Lot or Condominium is guaranteed the existence or unobstructed continuation of any particular view. The Committee may not change the architectural and landscaping design of the Properties, as established by Declarant, without the prior written consent of Declarant for so long as Declarant is entitled to exercise its veto right under Section 4.2.3 of this Master Declaration.

8.8 Variance. The Committee may authorize variances from compliance with any of the architectural provisions of this Master Declaration, including without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a

majority of the Committee, and become effective upon Recordation. The Board must approve any variance recommended by the Committee before any such variance becomes effective. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Master Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance does not waive any of the terms and provisions of this Master Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor does it affect the Owner's obligation to comply with all applicable governmental ordinances affecting the use of his Lot or Condominium and Dwelling Unit.

8.9 Pre-Approvals. The Committee may authorize pre-approval of certain specified types or classes of construction activities if, in the exercise of the Committee's judgment, preapproval of such types or classes of Improvements is appropriate in carrying out the purposes of this Master Declaration.

8.10 Appeals. The Board may adopt policies and procedures for the appeal of Committee decisions to the Board by the Applicant (and no other persons). If a proposed Improvement is disapproved, the Applicant is entitled to reconsideration by the Board at an open meeting that satisfies the requirements of Article 2 of Chapter 6 of Part 5 of Division 4 of the Civil Code or any successor statutes. This paragraph does not require reconsideration of a decision that is made by the Board or the Committee if the Committee has the same membership of the Board. Appeals of decisions by a Subassociation's design review committee to the board of directors of the Subassociation must be in accordance with the appropriate Subordinate Declaration. Decisions made by a Subassociation's board are not appealable to the Board or Committee. This limit on appeals from Subassociation board decisions is not a limit on the Subassociation's board's ability to modify a decision it has issued. Each Subassociation's board shall adopt procedures for appeals of Subassociation design review committee decisions to the Subassociation's board.

8.11 Relationship to Subassociations. The Committee may require that all plans and specifications be approved by any Subassociation having jurisdiction before the Committee reviews the plans and specifications. Conditions and requirements imposed by the Committee supersede all conflicting conditions or requirements which may be imposed by a Subassociation. The Committee's determination of the existence of a conflict or discrepancy between the conditions or requirements imposed by the Committee and those imposed by a Subassociation are binding and conclusive upon the Subassociation and any affected Applicant

ARTICLE IX

9. Maintenance Obligations.

9.1 Maintenance Obligations of Owners. Each Owner shall, at the Owner's sole expense, subject to the provisions of this Master Declaration requiring Committee approval, maintain all Improvements located on the Owner's Lot or Unit, except for portions of the Lot or Unit which constitute Master Common Area or which are designated in a Subordinate Declaration for maintenance by a Subassociation, in a neat, sanitary and attractive condition and in strict compliance with the Owners Maintenance Manual. Such maintenance responsibilities

include the entire Dwelling Unit on the Lot or Unit, as well as any fence or wall constructed on the Lot or Unit unless the fence or wall is on or adjacent to Master Common Area or Public Property, in which event the structural integrity of the fence or wall and the side of the fence or wall facing such Master Common Area or the Public Property shall be maintained by the Master Association. In addition, each Owner whose Lot or Condominium utilizes a private drainage system installed by Declarant or a Participating Builder is responsible for the maintenance of that portion of the system which is located on the Owner's Lot or Condominium. If any Owner permits any Improvement which such Owner is responsible for maintaining, to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Master Declaration, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Lot or Condominium to make such repairs or to perform such maintenance and charge the cost thereof to the Owner. Said cost shall be a Special Assessment enforceable as set forth herein.

9.2 Subassociation Responsibilities. Each Subassociation, at its expense, and subject to the provisions of the Master Declaration and any Subordinate Declaration, shall maintain all Improvements located on its Common Area in a neat, sanitary and attractive condition. If any Subassociation permits its Common Area or any Improvement thereon to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Master Declaration, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Common Area to make such repairs or to perform such maintenance and charge the cost thereof to the Subassociation. Said cost shall be a Special Assessment enforceable as set forth herein, unless the parties agree that the cost shall constitute a Special Benefit Area Assessment Component of Common Assessments.

9.3 Maintenance Obligations of Master Association. After the completion of the construction or installation of the Improvements on the Master Common Area by Declarant or a Participating Builder, no Improvement, excavation or work which in any way alters the Master Common Area may be made or done by any Person other than the Master Association or its authorized agents. Unless otherwise expressly provided in this Master Declaration, upon commencement of Annual Assessments in any Phase which includes a Lot or Condominium or portion of a Lot, the Master Association shall maintain all completed Improvements on the Master Common Area in such Phase, including the surfaces of walls abutting and facing Public Property or Master Common Area, Shared Driveways, landscaping, private roads, parkways, medians, private irrigation systems, front yard landscaping and landscape maintenance easement areas, Trails, sewers, storm drains, retention and detention facilities, in a safe, sanitary and attractive condition and in good order and repair, and shall likewise provide for the commonly metered utilities serving the Master Common Area (to the extent reasonable) in accordance with the Maintenance Guidelines and the applicable Supplemental Master Declaration. The Master Association's responsibility for maintaining front yards shall be limited to weeding, maintaining irrigation, trimming landscaping and mowing lawns. The Master Association shall maintain the Shared Driveways. The Master Association shall also maintain those portions of attached Dwelling Units (if any) that are designated by Declarant or a Participating Builder for maintenance by the Master Association in a Supplemental Master Declaration or by a Subassociation in a Subordinate Declaration. The Board shall determine, in its sole discretion,

the level and frequency of maintenance of the Master Common Area; however, the level and frequency of such maintenance shall not be altered without the written consent of Declarant while Declarant's veto right is in effect under Section 4.2.3 of this Master Declaration. The Master Association may add or remove any landscaping Improvements to or from the Master Common Area (subject to the prior written approval of Declarant during the effectiveness of Declarant's veto right under Section 4.2.3 of this Master Declaration), and shall ensure that the landscaping on the Master Common Area is maintained free of weeds, debris and disease. The Master Association is not responsible for the maintenance of any portions of the Master Common Area which have been dedicated to and accepted for maintenance by the State of California or a Local Governmental Agency. The Master Association shall be responsible for graffiti removal on Master Common Area. The Master Association shall be liable for the replacement of decorative concrete and other surface improvements, including but not limited to, alternative paving methods which the Coachella Valley Water District ("District") may be required to remove in the future to gain access to the sanitation system located on the Properties. The District shall not be responsible for seal coating, overlaying or otherwise resurfacing street improvements outside the immediate area of construction. The Master Association shall be responsible for all costs having to do with the same.

9.4 Party Walls. Each wall or fence which is placed on the dividing line between the Lots or Condominiums (the "Party Wall") is a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply thereto.

9.4.1 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots or Condominiums connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing his Lot or Condominium.

9.4.2 Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot or Condominium is affected thereby may restore it, and the Owner of the other Lot or Condominium which is 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 under any rule of law regarding liability for negligent or willful acts or omissions.

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

9.5 Damage to Dwelling Units-Reconstruction. Unless a Subassociation is responsible for rebuilding in accordance with the applicable Subordinate Declaration, if all or any portion of any Dwelling Unit is damaged or destroyed by fire or other casualty, the Owner of such Dwelling Unit shall either (i) rebuild, repair or reconstruct the Dwelling Unit in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty or as otherwise approved by the Committee, or (ii) clear the land and neatly landscape

the Lot or Condominium in a manner satisfactory to the Committee. The Owner of any damaged Dwelling Unit and the Committee shall proceed with all due diligence, and the Owner shall cause such reconstruction or clearing to commence within three (3) months after the damage occurs and to be completed within nine (9) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. A transferee of the Lot or Condominium which is damaged or upon which is located a damaged Dwelling Unit shall commence and complete reconstruction or clearing and landscaping in the respective periods which would have remained for the performance of such obligations if the Owner of the Lot or Condominium at the time of the damage still held title to the Lot or Condominium. However, no such transferee may be required to commence or complete such reconstruction in less than thirty (30) days from the date such transferee acquired title to the Lot or Condominium.

9.6 Inspection. The Board shall have the Master Common Area and all Improvements thereon inspected at least once every two (2) years in order to (a) determine whether the Master Common Area is being maintained adequately in accordance with the standards of maintenance established in Section 9.3 hereof, (b) identify the condition of the Master Common Area and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future. The Board may employ such experts and consultants as necessary to perform the inspection and make the report required by this Section. The Board shall cause to be prepared a report of the results of the inspection required by this Section. The report shall be furnished to Declarant, for so long as Declarant holds a veto right under Section 4.2.3 of this Master Declaration, and to the Owners, within the time set forth for furnishing the Budget to Owners. The report must include at least the following:

9.6.1 a description of the condition of the Master Common Area, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;

9.6.2 a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;

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

9.6.4 a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;

9.6.5 a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and

9.6.6 such other matters as the Board deems appropriate.

9.7 Club Fence. The Master Association shall be responsible for the maintenance, repair and replacement of perimeter fencing separating the Club Property from the Lots, Condominiums and Master Common Area, whether located upon a common boundary line,

Lot, Condominium or Master Common Area, or upon Club Property (a "Club Fence"), except that a Lot or Condominium Owner adjacent to the Club Property shall be responsible for painting and otherwise routinely maintaining the surface of the fencing facing such Owner's Lot or Condominium.

ARTICLE X

10. Use Restrictions. The Properties shall be held, used and enjoyed subject to the following restrictions and the exemptions of Declarant, any Participating Builder and the Master Association and set forth in this Master Declaration. Subordinate Declarations may establish supplementary or more restrictive use restrictions for the property the Subordinate Declarations encumber so long as the restrictions are consistent with the scheme of governance established in the Master Declaration and any applicable Supplemental Master Declaration. Supplemental Master Declarations may add use restrictions or replace the use restrictions contained in this Article for the property the Supplemental Master Declarations encumber.

10.1 Single Family Residence. Each Dwelling Unit shall be used as a residence for a single Family and for no other purpose. An Owner may rent a Dwelling Unit to a single Family provided that the Dwelling Unit is rented pursuant to a written lease or rental agreement subject to all of the provisions of this Master Declaration. No Owner may rent a Dwelling Unit pursuant to a written lease or rental agreement under which the Dwelling Unit would be rented for a term of fewer than thirty (30) days (such as vacation rental, hotel, motel, inn, or similar temporary lodging) or under which the lessor is to provide any services normally associated with transient occupancy. Each Owner shall be prohibited from constructing or altering any Improvements or making any modifications to the Dwelling Unit which are inconsistent with the original construction by Declarant or any Participating Builder, including without limitation, constructing a second story on the Dwelling Unit when the original Improvements were a single story residence.

10.2 Business or Commercial Activity. No part of the Residential Area may ever be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated or receives any consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except Declarant and any Participating Builder may use any portion of the Properties for a model home site and display and sales offices in accordance with Article XIV hereof, and offices operated by the Master Association are exempt from the restrictions contained in this Section. This Section 10.2 does not preclude any of the above-described activities without external evidence thereof, provided that: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not visit the Lot or Condominium or park automobiles or other vehicles within the Properties; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside the boundaries of the Lot or Condominium; (d) no such activity increases the Master Association's liability or casualty insurance obligation or premium; and (e) such activities are consistent with the residential character of the Properties and conform with the provisions of this Master Declaration. This Section does not preclude the

Master Association's right to lease, license or otherwise allow use of the Master Common Area by persons who may conduct any of the foregoing activities, nor does it preclude the provision of in-house health care services by Permitted Health Care Residents in the Age-Restricted Neighborhood.

10.3 Nuisances. No noxious or offensive activities may be carried on upon the Properties or on any public street abutting or visible from the Properties. No exterior horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Dwelling Unit and its contents, may be placed or used on any Lot or Condominium. Noisy, unsightly, unusually painted or smoky vehicles, large power equipment and large power tools (excluding lawn mowers and other equipment utilized in connection with ordinary landscape maintenance), or items which may unreasonably interfere with television or radio reception to any Lot or Condominium, and objects which create or emit loud noises or noxious odors may not be located, used or placed in the Properties or on any public street abutting the Properties, or exposed to the view of other Owners without the Board's prior written approval. The Board is entitled to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Owner may (a) permit or cause anything to be done or kept on the Properties or on any public street abutting the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in the cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all requirements of the local or state health authorities and with all other applicable governmental ordinances regarding occupancy and use of a Dwelling Unit. Each Owner is accountable to the Master Association and other Owners for the conduct and behavior of persons residing in or visiting his Lot or Condominium. No plants or seeds infected with noxious insects or plant diseases may be brought upon, grown or kept in the Properties.

10.4 Signs. Subject to Civil Code Sections 712 and 713, no sign, poster, billboard, balloon advertising device or other display of any kind shall be displayed within the Properties or on any public street within or abutting the Properties except for the following signs, so long as they comply with applicable City ordinances:

10.4.1 signs (regardless of size or configuration) used by Declarant or any Participating Builder in connection with construction, education, notification, alteration or development of the Properties and the Annexable Territory or sale, lease or other disposition of Lots or Condominiums in the Properties or the Annexable Territory;

10.4.2 entry monuments, community identification signs, or traffic or parking control signs maintained by the Master Association or by a Subassociation;

10.4.3 one (1) nameplate or similar Owner name or address identification sign for each Lot or Condominium which complies with Committee rules;

10.4.4 one (1) sign for a Lot or Condominium advising of the existence of security services protecting a Lot or Condominium which complies with Committee rules;

10.4.5 one (1) sign which may be displayed on each Lot or Condominium advertising the Lot or Condominium for sale or lease; provided that such for sale or lease signs comply with the following requirements:

- (a) the sign is not larger than eighteen inches (18") by thirty inches (30") in size;
- (b) the sign is attached to the ground by a conventional, single vertical stake which does not exceed two inches (2") by three inches (3") in diameter (i.e., posts, pillars, frames or similar arrangements are prohibited);
- (c) the top of the sign is not more than three feet (3') in height above the ground level;
- (d) the sign is of a color and style authorized by the Committee; and
- (e) other signs or displays authorized by the Committee.

10.5 Parking and Vehicular Restrictions.

10.5.1 Authorized Vehicles. The following vehicles are Authorized Vehicles: standard passenger vehicles, including without limitation automobiles, passenger vans designed to accommodate ten (10) or fewer people, motorcycles and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Properties intended for parking of motorized vehicles; provided, however, that no Owner may park his or her vehicle in a manner which either restricts the passage of pedestrians or vehicles over streets or sidewalks within the Properties, or extends beyond the limits of the space where the vehicle is parked.

10.5.2 Prohibited Vehicles. The following vehicles are Prohibited Vehicles: (i) recreational vehicles (e.g., motorhomes, travel trailers, camper vans, boats, etc.), (ii) commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks, limousines, etc.), (iii) buses or vans designed to accommodate more than ten (10) people, (iv) vehicles having more than two (2) axles, (v) trailers, inoperable vehicles or parts of vehicles, (vi) aircraft, other similar vehicles or any vehicle or vehicular equipment deemed a nuisance by the Board. Prohibited Vehicles may not be parked, stored or kept on any public or private street within, adjacent to or visible from the Properties except for brief periods (not to exceed twenty-four (24) hours) for loading, unloading, making deliveries or emergency repairs. Prohibited Vehicles may only be parked within an Owner's fully enclosed garage with the door closed so long as their presence on the Properties does not otherwise violate the provisions of this Master Declaration. However, recreational vehicles may be parked or stored on an Owner's Lot or Condominium or elsewhere in the Master Common Area only in an area on the Lot or Condominium or Master Common Area designated by Declarant or the Committee for parking or storage of recreational vehicles.

10.5.3 Neighborhood Vehicles. Neighborhood vehicles such as a "Lido" car which are electrically powered and do not exceed sixty (60) miles an hour at maximum speed (referred to herein as an "NBE") shall be permitted in the Properties; provided that each NBE that is parked outside of an Owner's garage must be covered and maintained in good condition and repair at all times and the use and operation of an NBE shall be subject to regulation by the Master Association. In no event shall any golf carts which are converted into an NBE be permitted to be parked outside of an Owner's garage.

10.5.4 General Parking Restrictions. Subject to the restriction on Prohibited Vehicles and applicable exceptions for recreational vehicles, all vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Lot or Condominium and kept within the Properties must be parked in the garage of that Owner to the extent of the space available; provided that each Owner shall ensure that any such garage accommodates at least one (1) Authorized Vehicles. In addition, all golf carts owned or operated by or under the control of any Owner or other resident of the Properties must be kept in the garage of such Owner or resident when not in use. No maintenance of any vehicle may be conducted on the Properties except within an enclosed garage when the garage door is closed, or in an Owner's Lot or Condominium that is screened from view from streets and other Lots or Condominiums, provided such activity is not undertaken as a business, and provided that such activity may be prohibited entirely by the Board if the Board determines that it constitutes a nuisance.

10.5.5 Parking Regulations. The Board may enforce all parking and vehicle use regulations applicable to the Properties, including removing violating vehicles from the Properties pursuant to California Vehicle Code Section 2658.2 or other applicable ordinances or statutes. If the Board fails to enforce any of the parking or vehicle use regulations, the City may enforce such regulations in accordance with applicable laws and ordinances.

10.6 Animal Restrictions. No animals, including fowl, reptiles, poultry or insects of any kind ("animals") may be raised, bred or kept on the Properties, except that dogs, cats, fish, birds and other usual household pets may be kept on Lots or Condominiums, provided that they are not kept, bred or maintained for commercial purposes, not in unreasonable quantities nor in violation of any applicable local ordinance, nor in violation of the Restrictions. As used in this Master Declaration, "unreasonable quantities" ordinarily means more than two (2) pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Master Association, acting through the Board, may limit the size of pets and may prohibit maintenance of any animal which, in the Board's opinion, constitutes a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Properties must be either kept within an enclosure or on a leash held by a person capable of controlling the animal. Each Owner shall be liable to each and all remaining Owners, their families, guests, tenants and invitees, for all unreasonable noise and damage to person or property caused by any animals brought or kept upon the Properties by such Owner or by such Owner's family, tenants or guests. Each Person shall clean up after such Person's animals.

10.7 Trash and Unsightly Items. No trash may be kept or permitted upon the Properties or on any public street abutting or visible from the Properties, except in sanitary containers located in appropriate areas screened from view, and no odor may be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers may be exposed to the view of neighboring Lots or Condominiums only when set out for a reasonable period of time (not to exceed twelve (12) hours before and after scheduled trash collection hours). No outdoor fires are permitted, except barbecue fires in appropriate barbecue equipment and fire pits in enclosed areas and designed in such a manner that they do not create a fire hazard. No clothing, household fabrics or other unsightly articles may be hung, dried or aired on or over any Lot or Condominium.

10.8 Temporary Buildings. No outbuilding, tent, shack, shed or other temporary building or Improvement may be placed on any portion of the Properties either temporarily or permanently, without the prior written consent of the Committee. No garage, carport, trailer, camper, motor home, recreation vehicle or other vehicle in the Properties may be occupied as a dwelling, either temporarily or permanently.

10.9 Master Common Area Facilities. The Master Common Area may not be altered without the prior written consent of the Board and Declarant for so long as Declarant holds a veto right pursuant to Section 4.2.3 of this Master Declaration.

10.10 Outside Installations. No projections of any type may be placed or permitted to remain above the roof of any building within the Properties, except one or more chimneys and vent stacks originally installed, if at all, by Declarant or a Participating Builder or as otherwise approved by the Committee. No basketball backboard or other fixed sports apparatus may be constructed or maintained in the Properties without the Committee's prior approval. The Board may authorize and regulate portable basketball stands or hoops and other portable sports equipment in the Rules and Regulations. No fence or wall may be erected, altered or maintained on any Lot or Condominium except with the Committee's prior approval. Subject to Section 10.19 (concerning solar energy), roof mounted mechanical equipment (except for items originally installed by Declarant or a Participating Builder) is prohibited. No patio cover, wiring, or air conditioning fixture, water softeners, or other devices may be installed on the exterior of a Dwelling Unit or be allowed to protrude through the walls or roof of the Dwelling Unit (with the exception of those items installed during the original construction of the Dwelling Unit) unless the Committee's prior written approval is obtained.

10.11 Antenna Restrictions. No Person may install on the exterior of any Dwelling Unit or in a yard any antenna or over-the-air receiving device except for an "Authorized Antenna." An Authorized Antenna is (i) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one meter or less in diameter, (ii) an antenna designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and is one meter or less in diameter or diagonal measurement, (iii) an antenna designed to receive television broadcast signals, or (iv) an antenna used to receive and transmit fixed wireless signals that is one meter or less in diameter or diagonal measurement. An

Authorized Antenna may be mounted on a mast to reach the height needed to receive acceptable quality signal, subject to local governmental agency permitting requirements for safety purposes.

10.11.1 Restrictions on Installation. The Committee may adopt reasonable restrictions on installation and use of an Authorized Antenna as part of its Design Rules in order to minimize visibility of the Authorized Antenna from other Lots. Such restrictions may designate one or more preferred installation locations, or require camouflage such as paint (subject to the antenna manufacturer's recommendations) or screening vegetation or other Improvements. However, no restriction imposed by the Committee may (i) unreasonably delay or prevent the installation, maintenance or use of an Authorized Antenna, (ii) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna, or (iii) preclude acceptable quality reception.

10.11.2 Prohibitions on Installation. The Committee may prohibit the installation of an Authorized Antenna in a particular location if, in the Committee's opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person; or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or control under this Master Declaration or a Subordinate Declaration. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna above.

10.11.3 Review after Installation. The Committee may review the location and installation of an Authorized Antenna after it is installed. After its review, the Committee may require that the Authorized Antenna be moved to a preferred location (if one has been designated) for safety reasons or to comply with reasonable restrictions subject to this Section 10.11 and applicable law.

10.11.4 Restatement of Applicable Law. This Section 10.11 is intended to be a restatement of the authority granted to the Committee under the law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna or other over-the-air receiving device shall be interpreted to amend, modify, restate or interpret this Section.

10.12 Drilling. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted upon the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or Condominium or within five hundred (500) feet below the surface of the Properties.

10.13 Further Subdivision. Except as otherwise provided herein, no Owner may further partition or subdivide his Lot or Condominium. This provision does not limit the right of an Owner to (a) rent or lease his entire Lot or Condominium by means of a written lease or rental agreement that is expressly made subject to this Master Declaration; (b) sell such Owner's Lot or Condominium; (c) transfer or sell any Lot or Condominium to more than one Person to be held

by them as tenants-in-common, joint tenants, tenants by the entirety or as community property; or (d) subjecting the Lot or Condominium to a declaration of dedication to time-share estates or time-share uses. Any failure by the lessee of such Lot or Condominium to comply with the Restrictions constitutes a default under the lease or rental agreement.

10.14 Drainage. No one may interfere with or alter the rain gutters, downspouts or drainage systems originally installed by Declarant or a Participating Builder, or alter or interfere with the established drainage pattern over any Lot or Condominium or Master Common Area unless an adequate alternative provision is made for proper drainage with the Committee's prior written approval. For the purpose hereof, "established" drainage means the drainage pattern and drainage Improvements which exist at the time that the Lot or Condominium is conveyed to the Owner by Declarant or a Participating Builder, and includes drainage from the Lots or Condominiums onto the Master Common Area and from the Master Common Area onto the Lots or Condominiums.

Each Owner, by accepting a grant deed to his Lot or Condominium, acknowledges and understands that in connection with the development of the Properties, Declarant or a Participating Builder may have installed one or more "sub-drains" beneath the surface of such Owner's Lot or Condominium. The sub-drains and all appurtenant improvements constructed or installed by Declarant or a Participating Builder ("Drainage Improvements"), if any, provide for subterranean drainage of water from and to various portions of the Properties. To ensure adequate drainage within the Properties, it is essential that the Drainage Improvements, if any, not be modified, removed or blocked without having first made alternative drainage arrangements in accordance with applicable law and in consultation with Local Governmental Agencies, as applicable. No such plan may be adopted if it is in violation of the drainage requirements of the applicable Local Governmental Agency, notwithstanding any approval by the Committee.

10.15 Pollutant Control.

10.15.1 Compliance with NPDES. The Properties are subject to all Federal, State and local requirements of the National Pollutant Discharge Elimination System ("NPDES") adopted pursuant to the Federal Clean Water Act. Pursuant to a NPDES General Permit adopted by the State Water Resources Control Board and the County NPDES Storm Water Permit Program, Drainage Area Management Plan ("DAMP"), the County has adopted a Water Quality Management Plan for the Properties ("Water Management Plan") which identifies certain Best Management Practices ("BMP") to reduce the discharge of pollutants to storm water facilities. In performing its maintenance obligations pursuant to the Restrictions, the Association shall comply with all DAMP and Water Management Plan BMP requirements, as amended.

10.15.2 Guidelines. The Association shall ensure that all Master Common Area landscape irrigation is implemented in accordance with the BMPs, including without limitation (a) the provision for water sensors and programmable irrigation times allowing for short cycles, (b) the use of planting material similar to that installed by Declarant or a Participating Builder and with similar water requirements in

order to reduce excess irrigation runoff' and to promote surface filtration, and (c) maintain all permanent slopes with required landscaping with native or other drought tolerant planting materials.

10.16 Water Supply Systems. No individual water supply system, sewage disposal system or water softener system is permitted on any Lot or Condominium unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable Local Governmental Agency.

10.17 Window Coverings: Inside Installations. No window in any Dwelling Unit may be partially or completely covered, inside or outside, with aluminum foil, newspaper, paint, reflective tint or any other material the Committee deems inappropriate for such use. However, each Owner may use plain clean white sheets to cover windows for a period not to exceed six (6) months after the Close of Escrow for sale or resale of the Lot or Condominium pending the installation of drapes, curtains, shutters or other appropriate interior window coverings. The Board may, but is not required to identify in the Design Rules specific types and colors of permitted or prohibited window coverings.

10.18 Views. No views in the Properties are protected to any extent by this Master Declaration. No Owner who becomes subject to the terms of this Master Declaration shall obtain any view rights whatsoever. Each Owner and the Master Association, by accepting a deed to a Lot, Condominium or Master Common Area, acknowledges that any construction or installation by Declarant, a Participating Builder, the Club Owner, or by other Owners (with prior Committee approval) may impair the view of such Owner and each Owner and the Master Association on behalf of its Members hereby consent to such impairment.

10.19 Solar Energy Systems. Each Owner may install a solar energy system on his Lot or Condominium which serves his Dwelling Unit, so long as (a) the design and location of the solar energy system meet the requirements of Local Governmental Agencies and, (b) design and location of the system receive the prior written approval of the Committee.

10.20 Installation of Rear Yard Landscaping. In each and every case where Declarant or a Participating Builder does not install rear yard landscaping for the Owner, each Owner shall complete the installation of landscaping on the rear yard of such Owner's Lot or Condominium in accordance with a plan approved by the Committee within sixty (60) days after the Close of Escrow. Each Owner shall obtain all permits necessary and shall comply with all requirements of the applicable Local Governmental Agency. Each Owner in constructing and installing rear yard landscaping shall comply with all applicable governmental dust control measures.

10.21 Rights of Disabled. Subject to the provisions of Article VIII hereof, each Owner may modify his Dwelling Unit and the route over the Lot or Condominium leading to the front door of his Dwelling Unit, at his sole expense, in order to facilitate access to his Dwelling Unit by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such persons, in accordance with Section 4760 of the California Civil Code or any other applicable law or ordinance.

10.22 Improvements Near Slopes. Improvements such as pools, spas, concrete slabs, decks, planters and walls that have not been designed by qualified soils and structural engineers to compensate for expansive soil conditions and slope creep should not be located within ten (10) feet of the top or toe of slopes. Minor lifting and cracking of Improvements constructed at the top or toe of slopes may occur even when such Improvements are constructed with qualified professional assistance.

10.23 Grading. The grading and drainage design of a Lot should not be altered by any Owner or by any contractors or agents of an Owner in the course of installing Improvements such as patios, planters, walls, swimming pools or spas in a manner that will redirect surface water flow toward the Dwelling Unit or onto adjacent property or that will trap water so that it ponds and floods. Drainage devices such as concrete ditches, area drain lines and gutters should be carefully designed by a licensed engineer and installed by a contractor licensed by the State of California. Drainage devices installed by the Declarant or a Participating Builder that is designed to serve more than one Lot, Condominium, Common Area or any Master Common Area should not be altered or modified in a manner that will redirect or obstruct the drainage through these drainage devices. Any grading and drainage modifications are subject to applicable codes of the applicable Local Governmental Agency, subject to approval by the Committee and subject to the terms of any other drainage easements that may be of record.

10.24 Special Use Restrictions for Age-Restricted Neighborhood. Persons commencing any occupancy of a Dwelling Unit in the Age-Restricted Neighborhood shall include at least one (1) Qualifying Resident who intends to reside in the Dwelling Unit as his or her primary residence on a permanent basis. This Section 10.24 shall only apply to the real property which is annexed into and becomes a part of the Age-Restricted Neighborhood pursuant to a Notice of Addition which states such real property shall become subject to this Section 10.24:

10.24.1 Permitted Residents. Subject to Section 10.24.2 below, no less than eighty percent (80%) of occupied Dwelling Units in the Age-Restricted Neighborhood shall be permanently occupied by one or more Qualifying Residents. For purposes of qualification for exemptions under state and federal law governing senior housing, permanent occupancy shall mean that a Qualifying Resident considers the Dwelling Unit to be his or her legal residence and such Qualifying Resident actually resides in the Dwelling Unit for at least six (6) months during every calendar year. Qualified Permanent Residents and Permitted Health Care Residents may occupy a Dwelling Unit so long as it is occupied by at least one Qualifying Resident, subject to Sections 1.69 and 1.78. Furthermore, except as allowed under this Section 10.24, a Permitted Health Care Resident may occupy a Dwelling Unit only while actually providing live-in, long-term, or hospice care to a Qualifying Resident for compensation. For purposes hereof, "for compensation" shall include provision of lodging and food in exchange for care. A disabled person whose disability condition meets the criteria of Section 1.78 may also occupy the Dwelling Unit as a Qualified Permanent Resident, unless the Board determines that there are special circumstances to disallow such person as a Qualified Permanent Resident. Special circumstances means a condition where such dependent child is or may be harmful to himself or herself or others.

(a) For any person who is a Qualified Permanent Resident whose disabling condition ends, the Owner, Board of Directors, or other governing body may require the formerly disabled resident to cease residing in the Age-Restricted Neighborhood upon receipt of six (6) months' written notice; provided, however, that the Owner, Board of Directors, or other governing body may allow the person to remain a resident for up to one year after the disabling condition ends.

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

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

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

10.24.2 Death or Prolonged Absence of Qualifying Resident. Upon the death, dissolution of marriage, or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident who is not fifty-five (55) years of age, but who was residing with such Qualifying Resident at the time of death or dissolution, or on the date of commencement of hospitalization or prolonged absence of the Qualifying Resident, shall be entitled to continue to occupy the Dwelling Unit. However, in no event may such Qualified Permanent Resident remain in occupancy of a Dwelling Unit in the absence of a Qualifying Resident if such occupancy would cause the total number of Dwelling Units occupied solely by Persons under fifty-five (55) years of age to exceed twenty percent (20%) of the total number of occupied Dwelling Units in the Age-Restricted Neighborhood, as determined in accordance with applicable law. A Permitted Healthcare Resident shall be entitled to continue his or her occupancy of the Dwelling Unit as a permitted resident in the absence of the Qualifying Resident from the Dwelling Unit only if both of the following are applicable:

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

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

10.24.3 Resale or Lease. Each resale or lease of a Dwelling Unit in the Age-Restricted Neighborhood is subject to the requirement that such Dwelling Unit be occupied after resale or during the term of the lease by at least one (1) Qualifying Resident who intends to reside in the Dwelling Unit as his or her primary residence on a permanent basis. Each lease or rental agreement and each purchase agreement for resale of a Dwelling Unit in the Age-Restricted Neighborhood shall contain a statement above the signature line for lessee or purchaser (as applicable) certifying that (i) at least one (1) occupant of the Dwelling Unit shall be fifty-five (55) years of age or older and (ii) the occupants of the Dwelling Unit intend to comply with the age and occupancy restrictions imposed by this Master Declaration and applicable law. Within sixty (60) days after entering into a lease of a Dwelling Unit, the Owner must provide the Master Association with a copy of the lease which includes such certifications.

10.24.4 Extended Occupancy. Only Qualifying Residents, Qualified Permanent Residents and Permitted Health Care Residents shall be entitled to occupy, visit or reside in any Dwelling Unit for more than sixty (60) calendar days (whether consecutive or nonconsecutive) in any calendar year.

10.24.5 Compliance With Reporting Requirements – Owner. By accepting and recording a deed to a Lot or Condominium, each Owner covenants and agrees as follows: (a) to cooperate, and to cause all residents of the Owner's Dwelling Unit to cooperate, in regular age and occupancy surveys conducted by the Master Association; (b) to fully and truthfully respond, and to cause all occupants of the Owner's Lot or Condominium to provide all information required for the Owner to respond, to all requests by the Master Association for information on all occupants of the Owner's Lot or Condominium, which information, in the judgment of the Board, is reasonably necessary to ensure compliance with state and federal laws respecting senior housing; (c) in the event of the change of occupancy of any Lot or Condominium in the Age-Restricted Neighborhood, the Owner shall immediately inform the Board in writing of such change of occupancy and shall provide to the Board the names and ages of all current occupants and such other information as the Board reasonably requests to verify the ages and qualifications of all occupants; (d) to ensure that all occupants of the Owner's Lot or Condominium comply at all time with all provisions of this Master Declaration and any rules and regulations of the Master Association, including

restrictions on age and other qualifications of permanent occupants and the duration of visits by temporary occupants or those who do not meet the age and occupancy restrictions; and (e) to indemnify, defend and hold harmless the Master Association, Declarant and each Participating Builder from any and all claims, losses, damages and causes of action which may arise from such Owner's failure to so comply. Each Owner understands, acknowledges and agrees that the age and occupancy surveys conducted by the Master Association are required to retain eligibility for familial status and age discrimination exemptions available for senior housing under state and federal law. Furthermore, each Owner understands, acknowledges and agrees that age and occupancy information shall be requested by the Master Association as part of its obligation to conduct such surveys.

10.24.6 Compliance With Reporting Requirements – Residents. Each resident shall:

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

(b) Comply with all provisions of this Master Declaration and any rules and regulations of the Master Association, including restrictions on age and other qualifications of permanent occupants and the duration of visits by temporary occupants or those who do not meet the age and occupancy restrictions.

10.24.7 Enforcement of Age Restriction. If a violation of this Section 10.24 occurs, then, in addition to other remedies authorized by this Master Declaration, the Master Association may take legal action to remove the violating Person from the Age-Restricted Neighborhood.

10.24.8 Applicable Law. This Section 10.24 is intended to be a restatement of the authority granted to the Master Association under applicable law. All amendments, restatements and interpretations of law governing "senior citizen housing developments," and "housing for older persons," as these terms are defined under state and federal law, are deemed to automatically amend, restate and interpret this Section 10.24.

10.24.9 Declarant Representations. The age and occupancy restrictions set forth in this Section 10.24 are intended to comply to the fullest extent with applicable law and regulation, and each Owner and the Master Association must ensure that all occupants of the Dwelling Units in the Age-Restricted Neighborhood fully comply with all restrictions in this Section 10.24 at all times. However, over time, there is no guarantee that the age and occupancy restrictions in this Section 10.24 will remain in effect as presently written. The age and occupancy restrictions may change as a result of state or federal legislative or court action, or they may be terminated by action of a state or federal agency or court if the Master Association fails to provide proper enforcement

of the restrictions. Therefore, Declarant makes no representation that the Age-Restricted Neighborhood shall always remain as an age restricted community or whether the Restrictions and Age-Restricted Neighborhood, as developed, comply with federal, state and/or local law.

10.24.10 Conflicts. The use restrictions imposed in this Section 10.24 supplement the restrictions imposed in this Article X; however, if there is a conflict between Article X and this Section 10.24, the provisions of Section 10.24 shall control.

ARTICLE XI

11. Damage and Condemnation of Master Common Area. Damage to or destruction of all or any portion of the Master Common Area and condemnation of all or any portion of the Master Common Area shall be handled in the following manner:

11.1 Repair of Damage. If the Master Common Area is damaged or destroyed, the Master Association shall cause the Master Common Area to be repaired and reconstructed substantially in accordance with the original plans and specifications, and any restoration or repair of the Master Common Area shall be performed substantially in accordance with the original plans and specifications. If the cost of effecting total restoration of the Master Common Area exceeds the amount of insurance proceeds, then the Master Association shall levy a Reconstruction Assessment against the Lots or Condominiums and their respective Owners equal to the difference between the total restoration cost and the insurance proceeds.

11.2 Damage by Owners or Subassociations. Each Owner and Subassociation (as applicable) is liable to the Master Association for any damage to the Master Common Area not fully reimbursed to the Master Association by insurance proceeds (including without limitation any deductible amounts under any insurance policies against which the Master Association files a claim for such damage) which may be sustained due to the unauthorized act of said Owner or Subassociation or the persons deriving their right and easement of use and enjoyment of the Master Common Area from said Owner or Subassociation, or of such Owner's family and guests. The Master Association may, after Notice and Hearing, (i) determine whether any claim shall be made upon the insurance maintained by the Master Association and (ii) levy against such Owner or Subassociation a Special Assessment equal to any deductible paid and the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner, Subassociation or the persons for whom such Owner or Subassociation may be liable as described herein. If a Lot or Condominium is jointly owned, the liability of its Owners is joint and several, except to the extent that the Master Association has previously contracted in writing with such joint Owners to the contrary. After Notice and Hearing, the cost of correcting such damage, to the extent not reimbursed to the Master Association by insurance, shall be a Special Assessment against such Owner or Subassociation.

11.3 Condemnation. If all or any portion of the Master Common Area is taken by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Master Association and deposited in its General Operating Fund, unless the Master Common Area is located in a Special Benefit Area in which case the

award shall be paid to the corresponding Special Benefit Area Operating Fund. No Owner may participate as a party, or otherwise, in any proceedings relating to such condemnation.

ARTICLE XII

12. Insurance.

12.1 Casualty Insurance. The Master Association shall obtain and keep in effect fire and casualty insurance with extended coverage for loss or damage to all insurable Improvements installed by Declarant or a Participating Builder, or by the Master Association on the Master Common Area for the full replacement cost thereof without deduction for depreciation or coinsurance, and may obtain insurance against such other hazards and casualties as the Master Association may deem desirable. The Master Association may also insure any other real or personal property it owns against loss or damage by fire and such other hazards as the Master Association may deem desirable, with the Master Association as the owner and beneficiary of such insurance. The policies insuring the Master Common Area must be written in the name of, and the proceeds thereof must be payable to the Master Association. Unless the applicable insurance policy provides for a different procedure for the filing of claims, all claims made under such policy must be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. The Master Association shall keep a record of all claims made. Subject to any specific provisions of this Master Declaration to the contrary, the Master Association shall use insurance proceeds to repair or replace the property for which the insurance was carried. Premiums for all insurance carried by the Master Association are Common Expenses, unless the insurance is exclusively with respect to a Special Benefit Area in which case such premiums shall be Special Benefit Expenses for such Special Benefit Area.

12.2 Insurance Obligations of Owners. Each Owner is responsible for insuring his personal property and all other property and Improvements within his Dwelling Unit for which the Master Association has not purchased insurance. Each Owner is also responsible for carrying public liability insurance in the amount such Owner deems desirable to cover such Owner's individual liability for damage to person or property occurring inside such Owner's Dwelling Unit or elsewhere upon such Owner's Lot or Condominium. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Master Association, and duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Master Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such insurance to the Master Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

12.3 Waiver of Subrogation. All policies of physical damage insurance the Master Association obtains must provide, if reasonably possible, for waiver of: (a) any defense based on coinsurance; (b) any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Master Association; (c) any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Master Association, any Owner or any tenant of any Owner, or arising from any act or omission of any

named insured or the respective agents, contractors and employees of any insured; (d) any rights of the insurer to repair, rebuild or replace, and, if any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured; (e) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; (f) any denial of an Owner's claim because of negligent acts by the Master Association or other Owners; or (g) prejudice of the insurance by any acts or omissions of Owners that are not under the Master Association's control. As to each policy of insurance the Master Association maintains which will not be voided or impaired thereby, the Master Association hereby waives and releases all claims against the Board, the Owners, the Manager, Declarant, each Participating Builder and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by such persons, but only to the extent that insurance proceeds are received in compensation for such loss.

12.4 Liability and Other Insurance. The Master Association shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, in such limits as it deems desirable with such minimum limits as are set forth in Section 5805 of the California Civil Code, insuring against liability for bodily injury, death and property damage arising from the Master Association's activities or with respect to property the Master Association maintains or is required to maintain including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Master Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Master Association, Board and Manager, against liability in connection with the Master Common Area, the premiums for which are Common Expenses. The Board shall review all insurance policies at least annually and increase the limits in its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the Master Association's officers and the Manager against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. However, fidelity bond coverage which names the Master Association as an obligee must be obtained by or on behalf of the Master Association for any person or entity handling Master Association funds, including, but not limited to, Master Association officers, directors, trustees, employees and agents and Manager employees, whether or not such persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the Master Association's or Manager's custody during the term of each bond. The aggregate amount of such bonds may not be less than one-fourth (1/4) of the Annual Assessments on all Lots or Condominiums in the Properties, plus reserve funds. In addition, the Master Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the requirements for planned unit developments established by Fannie Mae, Ginnie Mac and Freddie Mac, so long as any of them is a Mortgagee or an Owner of a Lot or Condominium in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing by Fannie Mae, Ginnie Mac and Freddie Mac, as applicable. The Master Association shall provide the Owners with notice if any of the insurance policies described in the Budget have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if any of the insurance policies are significantly changed, as required by Section 5810 of the California Civil Code.

12.5 Notice of Expiration Requirements. If available, each insurance policy the Master Association obtains must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests such notice of the insurer.

ARTICLE XIII

13. Rights of Mortgagees. No amendment or violation of this Master Declaration defeats or renders invalid the rights of the Mortgagee under any Mortgage encumbering one (1) or more Lots or Condominiums made in good faith and for value, provided that after the foreclosure of any such Mortgage such Lot(s) or Condominium(s) will remain subject to this Master Declaration. For purposes of this Master Declaration, "first Mortgage" means a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot or Condominium, and "first Mortgagee" means the Mortgagee of a first Mortgage. For purposes of any provisions of the Restrictions which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval is determined based on one (1) vote for each Lot or Condominium encumbered by each such first Mortgage.

13.1 Additional Rights. To induce VA, FHA, Fannie Mac, Ginnie Mae and Freddie Mac to participate in the financing of the sale of Lots and Condominiums, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Master Declaration or any other of the Restrictions, these added provisions control):

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

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

13.1.3 Unpaid Assessments. Each first Mortgagee of a Mortgage encumbering any Lot or Condominium who obtains title to such Lot or Condominium pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage

shall take title to such Lot or Condominium free of any claims for unpaid Assessments or charges against such Lot or Condominium which accrued before the time such Mortgagee acquires title to such Lot or Condominium.

13.1.4 Master Association Records. All Beneficiaries, insurers and guarantors of first Mortgages, on written request to the Master Association may:

- (a) examine current copies of the Master Association's books, records and financial statements and the Restrictions during normal business hours;
- (b) require the Master Association to submit an annual audited financial statement for the preceding Fiscal Year without expense to the entity requesting the statement within one hundred twenty (120) days of the end of the Fiscal Year;
- (c) receive written notice of all meetings of Owners; and
- (d) designate in writing a representative authorized to attend all meetings of Owners.

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

13.1.6 Intended Improvements. All intended Improvements in any Phase other than Phase 1 must be substantially completed or the completion of such Improvements must be secured by a bond or other arrangement acceptable to BRE before the first Close of Escrow in such Phase. All such Improvements shall be substantially consistent with the Improvements in Phase 1 in structure type and quality of construction. The requirements of the immediately preceding sentence are for the benefit only of and may be enforced only by Fannie Mac.

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

ARTICLE XIV

14. Declarant and Participating Builder Rights and Exemptions.

14.1 Interests of Declarant. Phase 1 is a portion of a larger parcel of land which Declarant is developing into a master planned community. Declarant in cooperation with the City and County, has created a comprehensive plan for the development of the Properties which includes modern master-planning objectives which have been formulated for the common good and preservation of property values within the community. Declarant and each Participating Builder intends to construct Dwelling Units and further improve all of the Lots or Condominiums in the Properties. The completion of the work by Declarant or a Participating Builder, and the sale and resale of Lots or Condominiums in the Properties, is essential to the establishment and welfare of the Properties as a quality residential community. Each Owner of a Lot or Condominium which is part of the Properties acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant and each Participating Builder has substantial interests in assuring compliance with, and enforcement of, the covenants, conditions, restrictions and reservations contained in this Master Declaration and any amendments thereto and any Notices of Addition and Supplemental Master Declarations Recorded pursuant to this Master Declaration.

14.2 Rights and Exemptions. The provisions of this Article XIV supersede and control over all other provisions of the Master Association's governing documents as applied to Declarant or any Participating Builder. Nothing in the Restrictions limits and no Owner or the Master Association will interfere with the right of Declarant or a Participating Builder (with the consent of Declarant or a Participating Builder, as applicable) to subdivide, resubdivide, phase or rephase any portion of the Properties or with the right of Declarant or a Participating Builder, either directly or through its agents and representatives, to sell, resell, rent or rerent any portion of the Properties, or the right of Declarant or a Participating Builder to complete excavation, grading, construction of Improvements or other development activities to and on any portion of the Properties owned by Declarant or a Participating Builder, or to alter the foregoing and the construction plans and designs, or to construct such additional Improvements as Declarant or a Participating Builder deems advisable in the course of developing the Properties so long as any Lot in the Properties or any portion of the Annexable Territory is owned by Declarant or the applicable Participating Builder. These rights include, but are not limited to, carrying on by Declarant, each Participating Builder and their respective agents and representatives of such grading work as may be approved by the Local Governmental Agency having jurisdiction, and erecting, constructing and maintaining on the Properties such structures, signs and displays reasonably necessary for the conduct of the business of completing the work, changing the type, style or floor plan of any Dwelling Unit and disposing of the Properties and the Annexable Territory by sale, lease or otherwise. Declarant and each Participating Builder is exempt from any requirement to obtain Committee approval, as further provided in Section 8.2 of this Master Declaration.

This Master Declaration does not limit the right of Declarant or a Participating Builder, at any time prior to acquisition of title to a Lot or Condominium by a purchaser from Declarant or a Participating Builder, to establish on that Lot or Condominium, additional licenses, easements,

reservations and rights-of-way to itself, to utility companies, or to others as reasonably necessary to the proper development and disposal of the Properties and Annexable Territory. Prospective purchasers, sales agents of Declarant or of any Participating Builder may use any and all portions of the Master Common Area for access to the sales and leasing facilities of Declarant. Declarant and each Participating Builder may use any structures or vehicles owned, respectively, by Declarant or such Participating Builder in the Properties as model home complexes, or real estate sales or leasing offices; provided that such uses within the Properties shall terminate on the last Close of Escrow for the sale of a Lot or Condominium in the Properties pursuant to a transaction requiring the issuance of a Public Report, at which time Declarant or the applicable Participating Builder, as the case may be, shall restore its respective structures to its previous appearance. All or any portion of the rights of Declarant or a Participating Builder, as applicable, hereunder and elsewhere in these Restrictions may be assigned by Declarant or a Participating Builder (with Declarant's or the applicable Participating Builder's consent), as applicable, to any successor in interest to any portion of Declarant's or the Participating Builder's interest in any portion of the Properties or the Annexable Territory by an express written assignment which specifies the rights of Declarant so assigned. Notwithstanding any other provision of this Master Declaration, for so long as Declarant owns any portion of the Properties or the Annexable Territory, Declarant's prior written approval is required before any amendment to Section 4.1, Section 4.2.3, Article XIV or any other provision effecting the rights or exemptions of Declarant hereunder, is effective.

14.3 Easement Relocation. Future Master Common Area comprising easements over real property the fee title to which has not been made subject to the Master Declaration ("Interim Easement Area") may be relocated, modified or terminated by Declarant to accommodate the final plan of development for the future Phase of Development in which the Interim Easement Area is located. Such relocation, modification or termination shall be set forth in the Recorded instrument annexing fee title to the Interim Easement Area to the Master Declaration. Notwithstanding the foregoing, no such relocation, modification or termination shall prevent access to any Lot or Condominium.

14.4 Declarant Representative. The Master Association shall provide Declarant with written notice of the transfer of any Lot or Condominiums and all notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration, provided that Declarant shall not be required to make written request for such notices and other documents. Commencing on the date on which Declarant no longer has a representative on the Board, the Master Association shall provide Declarant with written notice of all meetings of the Board that any Owner is entitled to attend (each, an "Open Meeting") as if Declarant were an Owner, and Declarant shall be entitled to have a representative ("Declarant's Representative") present at all Open Meetings. However, the Board has the power to withhold information from the Declarant's Representative and to exclude the Declarant's Representative from any Open Meeting or portion thereof if, in the good faith judgment of the Board, access to such information or attendance at the Open Meeting would adversely affect the attorney-client privilege between the Master Association and its counsel or if, in the good faith judgment of the Board, access to such information or attendance at an Open Meeting would not be in the best interest of the Master Association or the Owners. The Declarant's Representative shall not be entitled to attend executive sessions of the Board. The Declarant's Representative will attend any Open Meeting it

is permitted to attend in an observer capacity only, and it shall not have any right to vote on matters coming before the Board or Owners. Declarant's Representative shall be entitled to receive copies of the minutes of all Open Meetings. The Declarant's rights to receive written notice of meetings and to have a Declarant's Representative present at such meeting shall continue until the later of the date that is ten (10) years after the first Close of Escrow in the Community, or the date of expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Declarant under the Right to Repair Law (including any tolling periods).

14.5 Age-Restricted Neighborhoods. Declarant and the Participating Builders have the right to create additional Non-Restricted Neighborhoods as well as additional Age-Restricted Neighborhoods in the Properties.

ARTICLE XV

15. General Provisions.

15.1 Enforcement of Restrictions. All disputes arising under this Master Declaration, other than those described in Section 15.14, shall be resolved as follows:

15.1.1 Violations Identified by the Master Association. If the Board determines that there is a violation of the Restrictions, or the Committee determines that an Improvement which is the maintenance responsibility of an Owner needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation including, if applicable, the length of time the Owner has to submit plans to the Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Committee. If an Owner does not perform such corrective action as is required by the Board and the Committee within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. If the violation involves nonpayment of any type of Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Article VII.

15.1.2 Violations Identified by an Owner. If an Owner alleges that another Owner, his family, guests or tenants, is violating the Restrictions (other than nonpayment of any type of Assessment), the complaining Owner must first submit the matter in writing to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by Sections 5900 et seq. and 5925 et seq. of the California Civil Code, or litigation for relief.

15.1.3 Alternative Dispute Resolution. If a dispute exists between or among (i) Declarant, Participating Builder, general contractors or brokers, or their agents or employees on the one hand, and any Owner(s) or the Master Association on the other hand, or (ii) any Owner and another Owner, or (iii) the Master Association and any Owner, including any claim based on contract, tort, or statute, arising out of or relating to

the rights or duties of the parties under the Restrictions (excluding disputes relating to the payment of any type of Assessments), if the disputing parties agree and subject to Sections 5900 et seq. and 5925 et seq. of the California Civil Code, the matter will be submitted to alternative dispute resolution so long as the requirements of Sections 15.1.1 and 15.1.2 above have been met, if they are applicable.

15.1.4 Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, his family, guests, employees, invitees or tenants, is grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; provided, however, that the procedures established in Sections 5900 et seq. and 5925 et seq. of the California Civil Code and in Sections 15.1.1, 15.1.2 and 15.1.3 above must first be followed, if they are applicable.

15.1.5 Limitation on Expenditures. The Master Association may not incur litigation expenses, including without limitation attorneys' fees, where the Master Association initiates legal proceedings or is joined as a plaintiff in legal proceedings unless it has complied with the applicable requirements of Sections 5900 et seq. and 5925 et seq. of the California Civil Code. Moreover, any proceeds received from any litigation or alternative dispute resolution by the Master Association must be applied toward the cost of curing the problem and the cost of litigation.

15.1.6 Additional Remedies. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Lot or Condominium, to comply with the Restrictions. Such fines or penalties may only be assessed after Notice and Hearing. After Notice and Hearing, the Board may direct the officers of the Master Association to Record a notice of noncompliance (if permitted by law) against the Lot or Condominium owned by any Member of the Master Association who has violated any provision of this Master Declaration. The notice shall include a legal description of the Lot or Condominium and shall specify the provision of the Master Declaration that was violated, the violation committed, and the steps required to remedy the noncompliance. Once the noncompliance is remedied or the noncomplying Owner has taken such other steps as reasonably required by the Board, the Board shall direct the officers of the Master Association to record a notice that the noncompliance has been remedied.

15.1.7 No Waiver. Failure to enforce any provision hereof does not waive the right to enforce that provision, or any other provision hereof.

15.1.8 Right to Enforce. Declarant, each Participating Builder, the Board or any Owner (not at the time in default hereunder) may enforce the Restrictions as described in this Article, subject to Sections 5900 et seq. and 5925 et seq. of the California Civil Code. Each Owner has a right of action against the Master Association for the Master Association's failure to comply with the Restrictions. Each remedy provided for in this Master Declaration is cumulative and not exclusive or exhaustive.

15.1.9 Attorneys' Fees. Any judgment rendered in any action or proceeding pursuant to this Master Declaration shall include a sum for attorneys' fees in such amount as the court or arbitrator, as applicable, may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and costs of court or alternative dispute resolution, as applicable.

15.2 Severability. The provisions hereof are independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction does not affect the validity or enforceability of any other provision hereof.

15.3 Term. This Master Declaration shall continue in full force from the date of its Recordation unless a Declaration of Termination is Recorded which satisfies the requirements of an amendment to the Master Declaration.

15.4 Interpretation.

15.4.1 General Rules. This Master Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for subdividing, maintaining, improving and selling the Properties. As used in this Master Declaration, the singular includes the plural and the plural the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise.

15.4.2 Articles, Sections and Exhibits. The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Master Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Master Declaration. Exhibits "A", "B", and "C" attached to this Master Declaration are incorporated in this Master Declaration by this reference.

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

15.4.4 Severability. The provisions of this Master Declaration are independent and severable. A determination of invalidity or partial invalidity or unenforceability of any one provision of this Master Declaration by a court of competent jurisdiction does not affect the validity or enforceability of any other provisions of this Master Declaration.

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

15.5 Termination and Amendment.

15.5.1 Procedure. Notice of the subject matter of a proposed amendment to, or termination of, this Master Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Master Association at which a proposed amendment or termination is to be considered. The resolution can only be adopted by the vote, in person or by proxy, or written consent of Members representing not less than (i) fifty-one percent (51%) of the voting power of each class of Members, and (ii) fifty-one percent (51%) of the Master Association's voting power residing in Members other than Declarant or a Participating Builder; provided that the specified percentage of the Master Association's voting power necessary to amend a specified Section or provision of this Master Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. In addition, Article XIV hereof may not be amended, nor is any amendment effective which would be counter to Article XIV or any other rights of Declarant or a Participating Builder, without the prior written consent of Declarant for so long as Declarant owns any portion of the Properties or the Annexable Territory.

15.5.2 Mortgagee Consent. In addition to the notices and consents required by Section 15.5.1, the Beneficiaries of fifty-one percent (51%) of the first Mortgages on all the Lots or Condominiums in the Properties who have requested the Master Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Master Declaration which is of a material nature, as follows:

(a) Lien Priority. Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages as provided in this Master Declaration.

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

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

(d) Insurance and Condemnation. Any amendment relating to the insurance provisions as set out in Article XII hereof, or to the application of insurance proceeds as set out in Article XI hereof, or to the disposition of any money received in any taking under condemnation proceedings.

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

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

15.5.3 Termination. Termination of this Master Declaration shall require approval by the Members as provided in Section 15.5.1.

15.5.4 Notice. Each Beneficiary of a first Mortgage on a Lot or Condominium in the Properties which receives proper written notice of a proposed amendment or termination of this Master Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within sixty (60) days after the Beneficiary receives the notice.

15.5.5 Certification. A copy of each amendment shall be certified by at least two (2) Master Association officers, and the amendment will be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by at least two (2) officers of the Master Association that the requisite number of Owners have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, is conclusive evidence of that fact. The Master Association shall maintain in its files the record of all such votes or written consents for at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages must include a certification that the requisite approval of such first Mortgagees has been obtained.

15.5.6 Declarant Amendments. Notwithstanding any other provisions of this Section 15.5, at any time prior to the first Close of Escrow in Phase 1, or prior to the first Close of Escrow in a subsequent Phase of Development with respect to a Supplemental Master Declaration or Notice of Addition, Declarant may unilaterally amend or terminate this Master Declaration (or a Supplemental Master Declaration or Notice of Addition, as the case may be) by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant. For so long as Declarant owns any portion of the Properties or the Annexable Territory, Declarant may unilaterally amend this Master Declaration by Recording a written instrument signed by Declarant to (a) conform this Master Declaration to the rules, regulations or requirements of VA, FHA, BRE, Fannie Mae, Ginnie Mac and Freddie Mac, (b) amend Article XVIII (concerning disclosures), (c) amend any of the Exhibits to this Master Declaration that depict portions of the Properties in a Phase in which Assessments have not commenced, (d) comply with any City, County State or Federal laws or regulations, and (e) correct any typographical errors.

15.5.7 Lender and Regulatory Amendments. Notwithstanding any other provisions of this Section 15.5, for so long as Declarant owns any portion of the Properties or the Annexable Territory, Declarant may unilaterally amend this Master Declaration by Recording a written instrument signed by Declarant in order to conform

this Master Declaration to the requirements of the VA, FHA, BRE, Fannie Mae, Ginnie Mac and Freddie Mac or any Local Governmental Agency.

15.5.8 The Club's Approval Rights. The provisions of Sections 1.18, 1.19, 1.20, 1.21, 1.22, 1.75, 2.16, 5.2.7(d), 9.7, 15.5.8, 17.17 and 17.18 of this Master Declaration may not be amended without the written approval of the Club Owner, with such approval having been endorsed on such Recorded amendment, and any such amendment Recorded without such approval being endorsed thereon shall be null and void.

15.6 No Public Right or Dedication. Nothing contained in this Master Declaration constitutes a gift or dedication of all or any part of the Properties to the public, or for any public use.

15.7 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot, Condominium or other portion of the Properties does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties or any portion thereof.

15.8 Notices. Except as otherwise provided herein, notice to be given to an Owner must be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-owners of a Lot or Condominium or to any general partner of a partnership owning a Lot or Condominium constitutes delivery to all co-owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Master Association or, if no such address has been furnished, to the street address of such Owner's Lot or Condominium. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Master Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Master Association at such address as may be fixed from time to time and circulated to all Owners.

15.9 Enforcement of Bonded Obligations. If (a) the Master Common Area Improvements in any Phase are not completed prior to the issuance of a Public Report for such Phase by BRE, and (b) the Master Association is obligee under a bond or other arrangement ("Bond") required by the BRE to secure performance of Declarant's or a Participating Builder's commitment to complete such Improvements, then the following provisions of this Section will be applicable:

(a) The Board shall consider and vote on the question of action by the Master Association to enforce the obligations under the Bond with respect to any such Improvement for which a Notice of Completion has not been filed within sixty (60)

days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Master Association has given an extension in writing for the completion of any Master Common Area Improvement, then the Board shall be directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

(b) A special meeting of Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a petition for such a meeting signed by Members representing five percent (5%) of the Master Association's total voting power. A vote of a majority of the Master Association's voting power residing in Members (other than Declarant or the Participating Builders) to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Master Association, and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the Master Association's name.

15.10 Standard of Care, Nonliability.

15.10.1 Scope of Powers and Standard of Care.

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

(b) Business Affairs. This Section 15.10.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances, and Committee member actions. Each Person shall perform his duties in good faith, in a manner he believes to be in the best interests of the Master Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. When performing his duties, a Person is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

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

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

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

(iv) This Section 15.10.1(b) is intended to be a restatement of the business judgment rule established in law applicable to the Master Association. All amendments, modifications, restatements and interpretations of the business judgment rule applicable to the Master Association shall be interpreted to amend, modify, restate or interpret this Section 15.10.1(b).

(c) The Master Association Governance. This Section 15.10.1(c) applies to Board actions and Committee decisions in connection with interpretation and enforcement of the Restrictions, architectural and landscaping control, regulation of uses in the Properties, rule making and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

15.10.2 Nonliability.

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

(b) Nonliability of Volunteer Board Members and Officers. A volunteer Board member or volunteer the Master Association officer shall not be personally liable to any Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all of the applicable conditions specified in Section 5800 of the California Civil Code, as modified, amended or replaced, are met.

15.11 Relationship to Supplemental Master Declarations. As each Phase of the Residential Area or other area in the Properties is developed, Declarant may, Record one (1) or more Supplemental Master Declarations which shall designate the use classifications within the areas affected and which may supplement this Master Declaration with such additional covenants, conditions, restrictions and land uses as Declarant may deem appropriate. The provisions of any Supplemental Master Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Declarant may deem advisable, taking into account the particular requirements of each Phase. If there is any conflict between any Supplemental Master Declaration and the Master Declaration, the provisions of the Supplemental Master Declaration shall control with respect to the real property annexed by such Supplemental Master Declaration. If there is any conflict between any Subordinate Declaration and the provisions of the Master Declaration or applicable Supplemental Master Declaration, the Master Declaration and applicable Supplemental Master Declaration shall control, although such documents shall be construed to be consistent with one another to the extent possible. A Subordinate Declaration may, but need not, provide for the establishment of a Subassociation, to be comprised of Owners of Lots or Condominiums.

15.12 Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Master Declaration and the Articles, the Bylaws, the Design Rules or Rules and Regulations, then the provisions of this Master Declaration shall prevail. If there are any conflicts or inconsistencies between this Master Declaration and a Notice of Addition or the Rules and Regulations, then the provisions of this Master Declaration shall prevail.

15.13 Mergers or Consolidations. Upon a merger or consolidation of the Master Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Master Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Master Declaration governing the Properties, together with the covenants and restrictions established upon any other property, as one (1) plan.

15.14 Dispute Resolution Procedures. The following dispute resolution procedure is implemented for the Properties in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section is to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal anti state courts rigorously enforce agreements to arbitrate, and (3) requires that the scope of arbitrable issues be resolved in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and

other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

Any disputes, claims, issues or controversies between any Owner and Declarant or between the Master Association and Declarant regarding any matters that arise from or are in any way related to the Properties, the relationship between Owner and Declarant or the relationship between the Association and Declarant, including any claim based on contract, tort or statute, arising out of or relating to the purchase, sale, condition, design, construction or materials used in construction of any portion of the Properties, the agreement between Declarant and an Owner to purchase a Lot or Condominium, the Right to Repair Law or any related agreement, any Dispute as defined in the Master Dispute Resolution Declaration, or a deficiency as that term is defined in Section 896 of the California Civil Code shall be resolved in accordance with the Claim Processes and Dispute Resolution Procedures established in the Master Dispute Resolution Declaration.

To the extent there are inconsistencies or conflicts between the Master Dispute Resolution Declaration and this Master Declaration, the provisions of the Master Dispute Resolution Declaration shall supersede the inconsistent or conflicting provisions of this Master Declaration with respect to the real property subject to both documents and the provisions of the Master Dispute Resolution Declaration shall prevail. To the extent there are conflicts or inconsistencies between the Association Maintenance Manual or the Owners Maintenance Manual and this Master Declaration, the provision which requires the highest standard of Maintenance shall prevail.

15.14.1 Statutes of Limitation. Nothing in this Section 15.14 shall be considered to toll, stay, reduce or extend any applicable statute of limitations, provided, however, that Declarant, the Master Association and any Owner may commence a legal action which in the good faith determination of that Person is necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 15.14.

15.14.2 AGREEMENT TO DISPUTE RESOLUTION; WAIVERS OF JURY TRIAL. DECLARANT, THE MASTER ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 15.14 TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE MASTER ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 15.14, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 15.14 MAY NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT.

15.15 Civil Code Sections 5900 et seq. and 5925 et seq. Section 15.14 governs only the resolution of Disputes with the Owner, the Master Association or the Declarant and shall not affect the subject matter of such Disputes. Unless the subject matter of a Dispute expressly involves enforcement of the Restrictions, such Dispute shall not be governed by the

provisions of California Civil Code Sections 5900 et seq. and 5925 et seq., or any successor statute. Enforcement of Section 15.14 shall not entitle the prevailing party in any Dispute to recover attorney's fees or costs.

15.16 Additional Provisions. Notwithstanding the provisions contained in the Restrictions, the Master Association and the Owners should be aware that there may be provisions of various laws, including without limitation the Davis-Stirling Common Interest Development Act codified at Sections 4000 et seq. of the California Civil Code and the federal Fair Housing Act codified at Title 42 United States Code, Sections 3601 et seq., which may supplement or override the Restrictions. Declarant makes no representations or warranties regarding the future enforceability of any portion of the Restrictions.

15.17 Joinder of Participating Builder. Without limiting the foregoing, Declarant shall have the right to join the Participating Builder in any alternative dispute resolution action or other related proceeding involving any disputes, claims, issues or controversies with the Master Association or any Owner relating in any way to the design, work, construction, materials or supplies of Participating Builder or its employees, agents, representatives, contractors, subcontractors, architects, consultants, engineers, or material suppliers.

15.18 No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant, or by its respective agents or employees in connection with the Properties, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Master Declaration and except as may be filed by Declarant (with the consent of Declarant) from time to time with the BRE.

ARTICLE XVI

16. Annexation of Additional Property to the Properties. Additional real property may be annexed to Phase 1 and such additional real property may become subject to this Master Declaration by any of the following methods:

16.1 Additions by Declarant. Declarant may add the Annexable Territory, or any portion or portions thereof (including any Master Common Area located therein), to the Properties and bring such added territory within the general plan of this Master Declaration without the approval of the Master Association, the Board; or Members. Annexable Territory added under this Section 16.1 may consist of Master Common Area without residential Lots or Condominiums.

16.2 Additions by Participating Builder. Upon the request of the Participating Builder, in accordance with Section 2.14.6 above, Declarant may add the Annexable Territory, or any portion or portions of the Participating Builder Property, to the Properties and bring such added territory within the general plan of this Master Declaration without the approval of the Association, the Board or Members.

16.3 Other Additions. In addition to the provisions for annexation specified in Sections 16.1 and 16.2 above, additional real property may be annexed to the Properties and brought within the general plan of this Master Declaration upon the approval by vote or written consent of Members entitled to exercise no less than fifty-one percent (51%) of the Master Association's voting power.

16.4 Rights of Added Territory Members. Subject to the provisions of Section 16.3, upon the Recording of a Notice of Addition containing the provisions as set forth in this Section, all provisions contained in this Master Declaration will apply to the real property described in such Notice of Addition (the "Added Territory") in the same manner as if it were originally covered by this Master Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Master Declaration with respect to the Added Territory will be the same as with respect to the property originally covered hereby, and the rights, powers and responsibilities of the Owners, lessees and occupants of Lots and Condominiums within the Added Territory, as well as within the property originally subject to this Master Declaration, will be the same as if the Added Territory were originally covered by this Master Declaration. From and after the first day of the first month following the first Close of Escrow in the Added Territory, the Owners of Lots and Condominiums located in the Added Territory shall share in the payment of assessments to the Master Association to meet Common Expenses (and Special Benefit Expenses, as applicable) of the entire Properties as provided in Article VI hereof. Voting rights attributable to the Lots and Condominiums in the Added Territory do not vest until Annual Assessments have commenced as to such Lots and Condominiums.

16.5 Notice of Addition. The additions authorized under Sections 16.1 through 16.3 must be made by Recording a Notice of Addition, or other similar instrument (which notice or instrument may contain the Supplemental Master Declaration, if any, affecting each such Phase), with respect to the Added Territory ("Notice of Addition") which will extend the general plan of this Master Declaration to such Added Territory. The Notice of Addition for any addition under Section 16.1 must be signed by Declarant. The Notice of Addition for any addition under Section 16.3 must be signed by at least one (1) officer of the Master Association to certify that the requisite Member approval under Section 16.3 was obtained. Each Notice of Addition may identify the Neighborhood to which the additional real property is assigned. The Recordation of said Notice of Addition effectuates the annexation of the Added Territory described therein, and thereupon said Added Territory will constitute a part of the Properties, become subject to this Master Declaration and encompassed within the general plan of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the Master Association's functions, powers and jurisdiction; and the Owners of Lots and Condominiums in the Added Territory will automatically become Members. Such Notice of Addition may contain a Supplemental Master Declaration.

16.6 Deannexation and Amendment. Declarant may amend a Notice of Addition or delete all or a portion of a Phase from coverage of this Master Declaration and the Master Association's jurisdiction, so long as Declarant or a Participating Builder is the owner of all of such Phase and provided that (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the applicable Notice of Addition was Recorded, (b) Declarant or the applicable Participating Builder has not exercised any Master

Association vote with respect to any portion of such Phase, (c) assessments have not yet commenced with respect to any portion of such Phase, (d) Close of Escrow has not occurred for the sale of any Lot or Condominium in such Phase, and (e) the Master Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase.

ARTICLE XVII

17. Disclosures. Much of the information included in this Article 17 was obtained from other sources (e.g., governmental and other public agencies and public records) and (b) is subject to change for reasons beyond the control of Declarant, each Participating Builder and the Master Association. Nothing in this Article shall be deemed to be an exclusive list of disclosures relating to the Properties and shall not limit any other disclosure given to an Owner. In the event that a restriction or disclosure in another document affecting the Properties is more restrictive or more broad than the provisions in this Master Declaration, then the broader and more restrictive provisions of the other documents shall control. Therefore, the Declarant, each Participating Builder and the Master Association do not guarantee the accuracy or completeness of any of the information in this Article. Further, neither Declarant, any Participating Builder nor the Master Association undertakes to advise any Person of any changes affecting the disclosures in this Article.

17.1 Graded Lots or Units. The grading and development of the Properties have been or will be certified for gross stability as structurally sound and for surficial stability to withstand minor sliding and tilting on the surface of the slopes. However, even a Lot or Unit which has been certified geotechnically safe to build upon may experience minor horizontal or vertical movement over time.

17.2 Slope Creep. While horizontal and vertical movement (often described as "slope creep") is generally minor in nature and does not always occur, it may affect Improvements such as pools, spas, patios, walls, slabs, planters, decking and the like. Slope creep can cause pools, spas and walls to tilt and crack and may cause cracking or lifting in brickwork or concrete in a manner that will allow these Improvements to function yet not meet the Owner's cosmetic expectations. Professional soils and structural engineers should be retained to design such Improvements to mitigate the effects of slope creep and to ensure compliance with special rules for such Improvements that are required under the Uniform Building Code or other applicable regulations. Even with professional assistance, minor lifting and cracking can occur.

17.3 Indemnity. Each Owner, by the acceptance of a deed or other conveyance of a Lot or Condominium, acknowledges and agrees that neither the Declarant, any Participating Builder nor the Master Association shall be liable or responsible for any damage to Improvements that have been constructed or modified by an Owner or that is the result of improvements that have been constructed or modified by an Owner. Improvements should not be installed, constructed or modified without the assistance of qualified consultants. For example, professional soils and structural engineers should be consulted to determine the existing soil conditions and such Improvements or modifications should be designed to compensate for any expansive soil within the Lot or Condominium.

17.4 Property Lines. The boundaries of each Lot or Condominium within the Properties are delineated on a subdivision (tract) map, lot line adjustment, condominium plan or parcel map that is in the public records and is available at the office of the County Recorder.

17.5 Adjacent Rental Units. Owners and the Master Association acknowledge that twenty-nine (29) Dwelling Units in the Annexable Territory are not owned by Declarant. These Dwelling Units are currently being rented and the owner of such Dwelling Units may continue to hold such Dwelling Units as rental properties or may elect to sell the Dwelling Units. There is no guarantee that such Dwelling Units shall be ever annexed into the Master Association. Tenants of such Dwelling Units have the right to use the Master Common Area pursuant to the terms of the Shared Use Agreement.

17.6 Landscape Maintenance District. A Landscaping Maintenance District ("LMD") may be formed to finance the costs of landscaping and lighting trail areas in the vicinity of the Properties. Such LMDs are created by a majority vote of the affected property owners through an assessment balloting procedure at the request of a sponsoring agency. Once approved, the LMD has the power to levy assessments against each Lot or Condominium in the LMD's boundaries. LMD charges will appear on each Owner's property tax bill. Such LMDs have rights to accelerated foreclosure if assessments are delinquent for more than a specified amount of time. The amount of the special tax and any other information pertaining to any such district can be obtained from the County Assessor's office.

17.7 Preliminary Title Report. The preliminary title report issued by the title company that insures the title to a Lot or Condominium which is available for review, inspection and approval by any prospective purchaser as a condition to the Close of Escrow will reveal matters of Record that, unless removed as a condition to the Close of Escrow, will continue to be effective against the Lot or Condominium after the Close of Escrow. The preliminary title report describes easements and rights of Record which include, without limitation, the following:

17.7.1 Utility Easements. The Lots or Condominiums are or will be subject to easements in favor of utility companies for the installation and maintenance of utility lines and facilities that provide service to the Properties. The location of the various lines and facilities are totally within the control of the respective utility companies although facilities such as electrical vaults, telephone, street lights and cable television boxes are generally located in the area behind the sidewalk.

17.8 Proximity to Agricultural Lands and Uses. The Properties are located in the vicinity of lands which are currently in use for agricultural purposes, including without limitation vineyards, row crops, citrus and date palm production. By reason of such agricultural uses, Owners and other residents within the Properties may be subject to dust, noise and odors and may be exposed to pesticides, herbicides, insecticides and other chemicals. Many normal and necessary agricultural land uses, such as production of fruit, result in noise, noxious odors, chemical spraying, dust, irrigation or other potentially detrimental effects to residential use of adjacent properties. Each Owner, for and on behalf of himself, and the members of his Family, his tenants, lessees, guests and invitees, expressly acknowledges and accepts these existing and future impacts and forever waives any and all causes of action against Declarant, each

Participating Builder and the Master Association, and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks. Without limiting the foregoing, in accordance with Riverside County Right-to-Farm Ordinance No. 625, the Owner is given the following notice:

“Owner acknowledges and agrees that the Homesite they are buying is located in proximity to land zoned and currently used for agricultural operations (the “Agricultural Operations”). It is the policy of the State of California and the County of Riverside that no agricultural activity, operation, or facility, or appurtenances thereof, conducted or maintained for commercial purposes, and in a lawful manner consistent with proper and accepted customs and standards, as established by similar agricultural operations in the same locality, shall be or become a nuisance, private or public, due to any changed condition in or about the locality, after it has been in operation for more than three years if it was not a nuisance at the time it began. The phrase ‘agricultural activity, operation, or facility, or appurtenance thereof’ includes, but is not limited to the cultivation and tillage of soil, the production, cultivation, growing, and harvesting of any agricultural commodity, including timber, viticulture, apiculture, horticulture, the raising of livestock, fur bearing animals, fish or poultry, and any practices performed by a farmer or on a farm as incident to or in conjunction with such farming operations, including preparation for market, delivery to storage or to market, or to carriers for transportation to market. The Agricultural Operations which typically occur during the day, but which may occur at night include the use of heavy machinery which may generate noise and dust. Applications of agricultural chemicals that are applied within state and local permit requirements may have noticeable odors associated with their application. Organic fertilizers may be employed that generate their own objectionable odors. When and if frost and/or freezing conditions occur, helicopters may be employed at low altitudes to stir up the air and prevent freezing. Workers traveling to and from agricultural Homesite to engage in work may generate additional traffic and noise on public streets.”

17.9 Proximity to Rural Area. The Properties are located in a rural area. As a result of the rural character of the nearby lands, Owners and other residents of the Properties may encounter wildlife in the Properties, such as reptiles, mammals, insect and plant life typically found in rural areas, which may cause noise, odors, pollen, and other such concerns. Typical animals encountered in rural areas include sheep, scorpions, rattlesnakes, mountain lions, rodents, skunks, coyotes and insects of all kinds. Depending on the season, typical insects encountered will be flies, mosquitoes, termites, spiders, stinging bees, ants, crickets and aphids. Africanized honey bees, Red Imported Fire Ants, and Mediterranean fruit flies have also been found in areas of Riverside County and elsewhere in Southern California. For additional information, Buyers should contact the Riverside County Agricultural Commissioner’s Office. Owners of real property in rural areas must take appropriate precautions to discourage unwanted visits by wildlife from surrounding lands. Neither Declarant, any Participating Builder nor the Master Association are responsible for the control or eradication of any wildlife in the Development.

17.10 Entry Gates. Vehicular access into the Properties may be controlled by electronically operated entry gates and/or by gates manned by staff or contracted access control service providers located at the private street entrances into the Properties, which facilities may each have controlled access pedestrian gates. Prior to conveyance of the entry gate or gates to the Master Association, interim staffing of the gate may be provided by Declarant at Declarant's sole cost and discretion as a part of development operations at the Properties. However, any such interim gate staffing may be modified or eliminated at any time by Declarant without notice.

17.11 Gate Operations During Marketing Period. Declarant has reserved the right to limit the operation of any vehicular entry gates during the Marketing Period when Declarant is offering Lots or Condominiums for sale. During the Marketing Period the entry gates will be open to the general public from approximately 7:00 a.m. to 7:00 p.m. seven days a week. Declarant may change the hours of gate operation in its sole discretion and without notice to accommodate construction and marketing activities.

17.12 Security and Privacy Disclaimer. Entry gates, whether electronic or staffed, are not intended to provide security for Persons, personal property or Dwelling Units in the Properties but are intended for access control purposes. Declarant and the Master Association do not undertake to provide security for the Properties nor do they make any representations or warranties whatsoever concerning the effect the gates may have on vehicular and pedestrian access through the Properties or the privacy and safety of the Properties. Each Owner by acceptance of a grant deed to a Lot releases the Declarant and Master Association from any and all liability relating to criminal acts occurring on the Properties due to any claimed lack of security.

17.13 Fire Protection. There is a fire protection access easement within the Properties and one or more secondary emergency access entry gates. No person may park a vehicle in a manner that blocks the emergency access entry gate or otherwise engage in any activities which may obstruct the Fire Department's access to the Properties in the event of an emergency.

17.14 Wind. All of Southern California is subject to periods of high winds. The Properties are located in the desert and as a result wind speeds may exceed that experienced in other areas of the surrounding region and in addition may result in sand storms. Each Owner must ensure that any structures or other Improvements are constructed or designed to withstand high winds and sand storms. Each Owner is advised to consult with experienced architects and engineers in the design and specification of any structures or Improvements that they plan to add.

17.15 Salton Sea. Each Owner acknowledges that during hot and humid weather patterns the Salton Sea may generate strong odors for temporary periods which may impact Owners and their Lots. Each Owner has taken into account the affects of such odors in acquiring his Lot.

17.16 Indian Reservations. Owner acknowledges that there are various Indian reservations in the vicinity of the Properties and that such reservations are not regulated by state

or local law. Each Owner should perform its own investigation into the operations conducted on such reservations and any regulations relating to the Indian reservations.

17.17 Club Property. Declarant makes no representations or warranties whatsoever that the Club Property will be completed in accordance with any proposed plans or continue to be used for any particular purpose. Portions of the Properties abut the Club Property. Neither Membership in the Master Association nor ownership of a Lot or Condominium, nor occupancy thereof shall confer any ownership interest in the Club. Each of the Owner acknowledge, understand and agree as follows:

17.17.1 No representations or warranties have been or are made by Declarant, the Club Parties, the Master Association or any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Club or the Club Property.

17.17.2 Pools, clubhouses, the pond and other installations, personal property and other features located on the Club Property may be attractive nuisances to children and others and can pose a serious danger of injury or death.

17.17.3 The operation, maintenance and use of the Club will entail the operation and use of (a) noisy and odiferous power equipment such as lawn mowers and blowers on various days of the week, including weekends, during various times of the day, including early morning and late evening hours; (b) sprinkler and other irrigation systems in operation during the day and at night; (c) noisy and odiferous electric, gasoline or other power driven vehicles and equipment used by Club members, guests, invitees, maintenance and operations personnel; (d) application of odiferous pesticides, herbicides and fertilizing chemicals and bio-solids; and (e) noisy and odiferous refuse removal trucks, delivery trucks, vendor vehicles, construction trucks and equipment, member, guest and invitee vehicles and other vehicles entering and exiting the Club Property on various days of the week, including weekends, during various times of the day, including early morning and late evening hours.

17.17.4 The Club clubhouse, parking lots and other Club facilities have exterior lighting and amplified exterior sound, and will be regularly used for entertainment and social events on various days of the week, including weekends, during various times of the day, including early morning and late evening hours.

17.17.5 Water used to irrigate the Club Property and Master Common Areas may be wastewater effluent, storm water and other ground or surface waters ("Project Waters"). The Project Waters are not potable (drinkable) water and consumption of such Project Waters by humans or animals may cause adverse reactions, severe illness or fatalities. The Project Waters may cause objectionable odors and staining on buildings, streets, sidewalks and other real and personal properties and may cause erosion and undermining of Lots, Condominiums and Master Common Areas.

17.17.6 The Properties are subject to Club Easement as set forth in Section 14.8 of the Club Provisions, and such easements may cause interference with the quiet enjoyment of the Owner's Lot or Condominium.

17.17.7 Any Improvements on or to the Club Property may be relocated, reconfigured, eliminated, added or modified from time to time, and may adversely impact Owner Parties' views and peaceful enjoyment of a Lot or Condominium.

17.17.8 The Properties are subject to certain covenants, conditions, restrictions, easements and benefits contained in this Master Declaration and the Club Provisions that may adversely impact an Owner's peaceful enjoyment of a Lot or Condominium, including easements for utilities, drainage and access that may affect the Lots, Condominiums and Master Common Areas.

Each Owner acknowledges, understands and agrees that the existence of the Club may cause inconvenience and disturbance and possible injury or damage to property and to the Owner, including from noise and odors from Club operations, noise from construction and maintenance equipment, noise and disturbance from Club parties and functions, view restrictions caused by planting and maturation of trees and shrubbery on Club Property (whether planted or installed prior to the Owner's occupancy of a Lot or Condominium or subsequently planted or installed) and reduction in privacy caused by traffic, to and from Club Property. Each Owner has considered the location of the Properties and the Lot or Condominium being purchased, leased, used, visited, or occupied and its proximity to the Club Property, and other Improvements within the Club Property before becoming an Owner. **BY ACCEPTANCE OF A DEED, BY ACQUIRING ANY INTEREST IN ANY OF THE PROPERTY SUBJECT TO THIS MASTER DECLARATION, OR BY USING, VISITING OR OCCUPYING A CONDOMINIUM, LOT OR MASTER COMMON AREA, EACH OWNER ACKNOWLEDGES AND ASSUMES THE RISKS OF THE AFORESAID NUISANCE, INCONVENIENCE, DISTURBANCE AND POSSIBLE INJURY, DEATH OR DAMAGE TO PERSONS AND PROPERTY BASED UPON, DUE TO, ARISING FROM OR OTHERWISE RELATED TO THE FOREGOING, AND AGREE TO HOLD THE CLUB PARTIES AND DECLARANT HARMLESS THEREFROM, INCLUDING ANY CLAIM ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF THE CLUB PARTIES.**

17.18 Operation of Club Property. NEITHER THE CLUB OWNER, THE CLUB PROPERTY, NOR THE CLUB IS GOVERNED BY THE MASTER ASSOCIATION. Declarant and the Club Owner make no representations, warranties, guaranties, commitments or promises that the Club Property, if any, will ever be improved with any recreational facilities or operated in any particular manner. By accepting title to any Lot or Condominium, each Owner hereby acknowledges, accepts, covenants and agrees that the Owner has no right, title or interest in the Club Property unless such Owner purchases a Club membership from the Club Owner.

17.18.1 The Club Owner has indicated its intent to develop certain recreational amenities on the Club Property for use by members of the Club, a private

recreational club that is intended to operate recreational and social facilities on the Club Property. Owners have no right to use the Club Property or gain membership to the Club by virtue of their ownership of a Lot or Condominium, unless such Owner purchases a Club membership from the Club Owner.

17.18.2 Each Owner, by acceptance of a deed or contract of sale to a Lot or Condominium acknowledges:

(a) Notwithstanding the fact that the Club Property may be considered open space or a recreation area for purposes of applicable zoning ordinances and regulations, each Owner by acquisition of title to a Lot or Condominium releases and discharges forever the Declarant and the Club Parties from: (a) any claim that the Club Property is, or must be, owned and/or operated by the Master Association or the Owners, and/or (b) any claim that the Owners are entitled to use the Club Property by virtue of their ownership of a Lot or Condominium without paying the applicable membership contribution or membership deposit and dues, fees and charges established by the Club from time to time, and complying with the terms and conditions of the Club rules. Each Owner and the Master Association shall jointly and severally indemnify, defend, and hold harmless the Declarant and the Club Parties against and in respect of, and to reimburse the Declarant and the Club Parties on demand for, any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties, attorney and paralegal fees and disbursements (even if incident to any appeals), that the Declarant and the Club Parties shall incur or suffer, which arise out of, result from or relate to any claim that because the Club Property is deemed to be open space or a recreation area for purposes of applicable zoning ordinances and regulations, the Club Property must be owned and/or operated by the Master Association or the Owners and/or that Owners may use the Club Property without paying the applicable membership fees or complying with the terms and conditions of the Club rules.

(b) That the Club Owner and its designees may add to, remove or otherwise modify the buildings, landscaping, trees, and other features of the Club Property, including newly constructing or changing the location, configuration, design, size and elevation of buildings, walls, fences and other Club facilities; that neither the Club, Club Owner, Declarant, nor the Master Association, shall have any liability to any Owner as a result of such additions to or modifications of the Club Property; and that the Club is not subject to the provisions of Article VIII above; provided, however, all such modifications or changes shall comply with the laws of any applicable governmental authority, the drainage plans on file with the county or municipality in which the Project is located and the Club Provisions.

(c) The limitations, restrictions, responsibilities, obligations and liabilities imposed upon Owner by this Master Declaration, and the limitations, restrictions, responsibilities, obligations and liabilities imposed upon Owner and the Master Association under the Club Provisions may adversely impact the number of potential future purchasers of Owner's Lot or Condominium, the ability of Owner to re-

sell its Lot or Condominium, and the amount of consideration to be received by Owner upon the re-sale of its Lot or Condominium.

(d) That no representations or warranties which are inconsistent with this Section, either oral or written, have been made or are made by Declarant or the Master Association or by any person acting on behalf of any of the foregoing.

EACH OWNER HEREBY RELEASES AND AGREES TO INDEMNIFY THE DECLARANT, THE MASTER ASSOCIATION, AND THE CLUB PARTIES FROM ANY AND ALL CLAIMS, ACTIONS, SUITS, DEMANDS, CAUSES OF ACTION, LOSSES, DAMAGES OR LIABILITIES (INCLUDING STRICT LIABILITY) BASED UPON, DUE TO, ARISING OUT OF OR RELATING TO ANY NUISANCE, INCONVENIENCE, DISTURBANCE, INJURY, DEATH, DAMAGE, OR DIMINUTION OF VALUE, TO PERSONS AND PROPERTY ARISING OUT OF OR RELATING TO ACTIVITIES OR OCCURRENCES DESCRIBED IN THIS SECTION 17.18.

17.19 Mitigation Agreement. Each Owner and the Master Association agree and acknowledge that the adjacent owners of the Los Palos/Zenda Property (as defined in the Mitigation Agreement) will have the right to use the entry gates and the streets on Polo Club Drive within the Properties to access the Los Palos/Zenda Property pursuant to the Roadway Access Easement Agreement. **Such use of the entry gates and the streets shall be free of charge, without any reimbursement from the owners of the Los Palos/Zenda Property.** The current form of the Roadway Access Easement Agreement states that if more than twenty-four (24) residences are constructed in the Los Palos/Zenda Property, then the owners of the Los Palos/Zenda Property shall be jointly and severally responsible to contribute to the costs of maintenance, repair and replacement of the entry gates and streets. However, Declarant makes no representation or guarantee that the Los Palos/Zenda Property will ever contain more than twenty-four (24) residences and therefore, each Owner and the Master Association agree and acknowledge that the entire cost associated with maintaining such entry gates and streets may remain entirely with the Master Association. Declarant shall provide the final, executed version of the Mitigation Agreement and a recorded copy of the Roadway Access Easement Agreement to the BRE. This Section 17.19 may not be amended without the prior consent of the BRE.

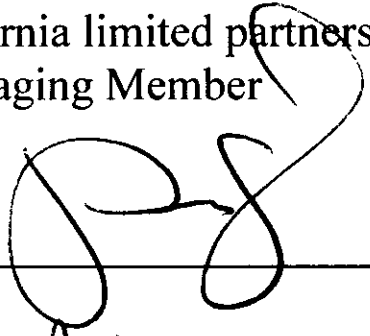
[SIGNATURES ON FOLLOWING PAGE]

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

This Master Declaration is dated for identification purposes March 7, 2014.

POLO ESTATES VENTURES, LLC,
a Delaware limited liability company

By: Shea Homes Limited Partnership,
a California limited partnership,
its Managing Member

By:  _____

Its: Authorized Agent

“Declarant”

State of California)
County of Riverside)

On March 7th 2014, before me, A. Palleschi, Notary Public
(insert name and title of the officer)

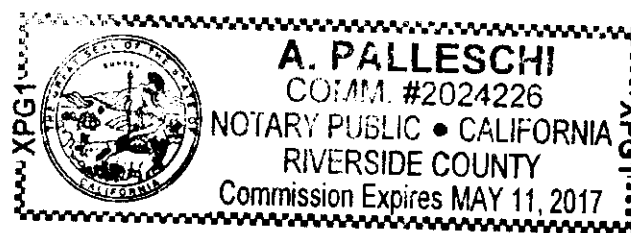
Notary Public, personally appeared Ryan Smith,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their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

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

WITNESS my hand and official seal.

Signature A. Palleschi

(Seal)



State of California)
County of _____)

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

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

That certain real Property in the City of Indio, Riverside County, California, more particularly described as follows:

POLO ESTATES VENTURES LLC PROPERTY

PARCEL 1:

LOTS 1 THROUGH 121, INCLUSIVE AND LETTERED LOTS "A" THROUGH "D", AMENDED LOT "E", LOTS "F" THROUGH "Z", AND LOTS "AA" THROUGH "VV" OF AMENDED TRACT NO. 33004-1 IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 439 PAGES 57 THROUGH 72 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOTS 1 THROUGH 34, 39, 60 THROUGH 144, 150 THROUGH 164 AND LETTERED LOTS "A" AMENDED LOT "B" AND LOTS "C" THROUGH "K" OF AMENDED TRACT NO. 33004-2 IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 438 PAGES 85 THROUGH 94 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, EXCEPTING THEREFROM PHASE 1.

PARCEL 3:

PARCEL A AS SHOWN ON CERTIFICATE OF COMPLIANCE NO. 2007-7, AS EVIDENCED BY DOCUMENT RECORDED FEBRUARY 23, 2007 AS INSTRUMENT NO. 2007-0129678 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF SAID LOT 170 LYING NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHWESTERLY TERMINUS OF THAT CERTAIN LINE ON THE NORTHWESTERLY BOUNDARY OF SAID LOT 170 AS SHOWN ON SAID TRACT MAP NO. 33004-1 AS HAVING A BEARING OF N44°55'32"E AND A DISTANCE OF 450.00 FEET; THENCE ALONG SAID LINE N44°55'32"E 88.40 FEET TO THE TRUE POINT OF BEGINNING; THENCE S45°04'28"E 450.00 FEET TO A POINT ON THE SOUTH-EASTERLY BOUNDARY OF SAID LOT 170, SAID LINE ALSO BEING THE NORTHWESTERLY RIGHT OF WAY OF CELEBRATION DRIVE, 44.00 FEET WIDE.

EXHIBIT "A"

TO MASTER DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND RESERVATION OF EASEMENTS

PARCEL 4:

PARCEL B AS SHOWN ON CERTIFICATE OF COMPLIANCE NO. 2007-7, AS EVIDENCED BY DOCUMENT RECORDED FEBRUARY 23, 2007 AS INSTRUMENT NO. 2007-0129678 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF SAID LOT 170 LYING NORTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHWESTERLY TERMINUS OF THAT CERTAIN LINE ON THE NORTHWESTERLY BOUNDARY OF SAID LOT 170 AS SHOWN ON SAID TRACT MAP NO. 33004-1 AS HAVING A BEARING OF N44°55'32"E AND A DISTANCE OF 450.00 FEET; THENCE ALONG SAID LINE N44°55'32"E 88.40 FEET TO THE TRUE POINT OF BEGINNING; THENCE S45°04'28"E 450.00 FEET TO A POINT ON THE SOUTH-EASTERLY BOUNDARY OF SAID LOT 170, SAID LINE ALSO BEING THE NORTHWESTERLY RIGHT OF WAY OF CELEBRATION DRIVE, 44.00 FEET WIDE.

PARCEL 5:

THAT PORTION OF THE NORTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION; THENCE SOUTH, ON THE EAST LINE OF SAID SECTION, 30 FEET; THENCE WEST, PARALLELL WITH THE NORTH LINE OF SAID SECTION, 40 FEET, TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WEST, PARALLEL WITH THE NORTH LINE OF SAID SECTION, 330 FEET, TO THE EAST LINE OF THAT CERTAIN PARCEL CONVEYED TO EDWARD L. MORENO AND SYLVIA MORENO, HUSBAND AND WIFE, BY DEED RECORDED FEBRUARY 19, 1962 AS INSTRUMENT NO. 15634; THENCE SOUTH, PARALLEL WITH THE EAST LINE OF SAID SECTION, 639.55 FEET, TO THE SOUTH LINE OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE EAST, PARALLELL WITH THE NORTH LINE OF SAID SECTION, 330 FEET; THENCE, PARALLEL WITH THE EAST LINE OF SAID SECTION, 639 FEET, TO THE TRUE POINT OF BEGINNING.

EXCEPT THE NORTH 522.55 FEET THEREOF 767-090-013

COMMERCIAL PARCEL

PARCEL 1 OF PARCEL MAP NO. 31203, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 206, PAGES 20 AND 21 OF PARCEL MAPS, RECORDS OF SAID COUNTY. 767-110-021

CENTURY DEVELOPMENT GROUP

LOTS 35 THROUGH 38, INCLUSIVE, LOTS 40 THROUGH 59, INCLUSIVE, AND LOTS 145 THROUGH 149, INCLUSIVE, OF AMENDED TRACT NO. 33004-2 IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 438 PAGES 85 THROUGH 94 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PAPPEN

PARCEL 1:

PARCELS 1 AND 2 OF PARCEL MAP 16822 ON FILE IN BOOK 90, PAGE 48 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA. 767-070-021 AND 767-070-022

PARCEL 2:

THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF.

EXCEPT THE WEST 10 ACRES THEREOF, AND ALSO EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, BEING THE WEST HALF OF THE EAST HALF OF LOT 2 IN THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE SOUTH, ON THE EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, 208.00 FEET; THENCE AT RIGHT ANGLES, WESTERLY, 208.00 FEET; THENCE AT RIGHT ANGLES, NORTHERLY, 208.00 FEET; THENCE AT RIGHT ANGLES, EASTERLY, 208.00 FEET TO THE POINT OF BEGINNING. 767-070-013

PARCEL 3:

THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, BEING THE WEST HALF OF THE EAST HALF OF LOT 2 IN THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, BEING THE WEST HALF OF THE EAST HALF OF LOT 2 IN THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE SOUTH, ON THE EAST LINE OF THE WEST HALF OF THE NORTHEAST

QUARTER OF THE NORTHWEST QUARTER, 208.00 FEET; THENCE AT RIGHT ANGLES, WESTERLY, 208.00 FEET; THENCE AT RIGHT ANGLES, NORTHERLY, 208.00 FEET; THENCE AT RIGHT ANGLES, EASTERLY, 208.00 FEET TO THE POINT OF BEGINNING. 767-070-014

PARCEL 4:

THE EAST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER; BEING THE EAST HALF OF THE EAST HALF OF LOT 2 IN THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM THE NORTH 30 FEET THEREOF FOR ROAD PURPOSES. 767-070-015

BEAZER

ALL THAT PROPERTY LOCATED IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS: THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF. 767-090-001

TUFFLI

PARCEL 1:

PARCEL 3 AS SHOWN ON A CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 15, 1998 AS INSTRUMENT NO. 446564, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY CALIFORNIA ALSO DESCRIBED IN THE DOCUMENT AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1 AND 3 OF PARCEL MAP NO. 28058 AS RECORDED IN BOOK 186 OF PARCEL MAPS AT PAGES 56 THROUGH 59, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL 3, SAID POINT BEING ON THE EASTERLY RIGHT OF WAY LINE OF MONROE STREET;

THENCE SOUTH 00° 06' 30" EAST, ALONG THE EASTERLY RIGHT OF WAY LINE OF MONROE STREET AS SHOWN ON SAID PARCEL MAP NO. 28058, A DISTANCE OF 38.00 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 89° 53' 30" EAST, A DISTANCE OF 479.40 FEET;

THENCE SOUTH 19° 28' 55" EAST A DISTANCE OF 9396 FEET;

THENCE SOUTH 01° 58' 02" EAST, A DISTANCE OF 22.01 FEET;
 THENCE SOUTH 00° 20' 28" WEST, A DISTANCE OF 60.40 FEET;
 THENCE SOUTH 03° 43' 16" WEST, A DISTANCE OF 28.80 FEET;
 THENCE SOUTH 10° 44' 24" WEST, A DISTANCE OF 56.49 FEET;
 THENCE SOUTH 06° 51' 32" WEST, A DISTANCE OF 170.74 FEET;
 THENCE SOUTH 01° 11' 57" WEST, A DISTANCE OF 250.10 FEET;
 THENCE SOUTH 55° 43' 13" WEST, A DISTANCE OF 293.20 FEET;
 THENCE SOUTH 84° 40' 03" WEST, A DISTANCE OF 73.21 FEET;
 THENCE SOUTH 15° 05' 13" WEST, A DISTANCE OF 106.77 FEET;
 THENCE SOUTH 00° 09' 55" EAST, A DISTANCE OF 479.37 FEET TO A POINT ON THE
 NORTHERLY RIGHT OF WAY LINE OF 52ND AVENUE;
 THENCE NORTH 89° 54' 15" WEST, A DISTANCE OF 86.03 FEET;
 THENCE NORTH 45° 00' 23" WEST, A DISTANCE OF 21.18 FEET, THE PREVIOUS TWO
 COURSES BEING ALONG THE NORTHERLY RIGHT OF WAY LINE OF 52ND AVENUE
 AS SHOWN ON SAID PARCEL MAP NO. 28058;
 THENCE NORTH 00° 06' 30" WEST, ALONG THE EASTERLY RIGHT OF WAY LINE OF
 MONROE STREET A DISTANCE OF 1333.98 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

PARCEL 4 AS SHOWN ON A CERTIFICATE OF COMPLIANCE RECORDED OCTOBER
 15, 1998 AS INSTRUMENT NO. 446564, OF OFFICIAL RECORDS OF RIVERSIDE
 COUNTY CALIFORNIA ALSO DESCRIBED IN THE DOCUMENT AS FOLLOWS:

THOSE PORTIONS OF PARCELS 1, 3 AND 4 OF PARCEL MAP NO. 28058 AS
 RECORDED IN BOOK 186 OF PARCEL MAPS AT PAGES 56 THROUGH 59, RECORDS
 OF RIVERSIDE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS
 FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID PARCEL 4;

THENCE N 89° 48' 36" W, A DISTANCE OF 663.51 FEET;

THENCE S 00° 13' 26" E A DISTANCE OF 1239.71 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF 52ND AVENUE AS SHOWN ON SAID PARCEL OF MAP NO. 28058, THE PREVIOUS TWO COURSES BEING ALONG THE EASTERLY LINE OF SAID PARCEL 4;

THENCE N 89° 54' 15" W, ALONG THE NORTHERLY RIGHT OF WAY LINE OF 52ND AVENUE A DISTANCE OF 1832.04 FEET;

THENCE N 00° 09' 55" W, A DISTANCE OF 344.80 FEET;

THENCE S 44° 17' 57" E, A DISTANCE OF 55.00 FEET;

THENCE S 32° 54' 01" E, A DISTANCE OF 80.77 FEET;

THENCE S 86° 47' 35" E, A DISTANCE OF 118.10 FEET;

THENCE N 88° 22' 02" E, A DISTANCE OF 161.32 FEET;

THENCE N 89° 52' 00" E, A DISTANCE OF 132.61 FEET;

THENCE N 38° 02' 25" E, A DISTANCE CF 55.54 FEET;

THENCE S 89° 47' 30" E, A DISTANCE CF 185.81 FEET;

THENCE S 89° 57' 52" E, A DISTANCE Of 792.70 FEET;

THENCE N 48° 11' 22" E, A DISTANCE OF 63.28 FEET;

THENCE N 02° 16' 36" W, A DISTANCE OF 51.66 FEET;

THENCE N 12° 32' 55" E A DISTANCE OF 98.28 FEET;

THENCE N 00° 32' 13" W, A DISTANCE OF 179.37 FEET;

THENCE N 00° 26' 47" W, A DISTANCE OF 553.72 FEET;

THENCE N 06° 31' 56" W, A DISTANCE OF 259.27 FEET;

THENCE N 23° 40' 40" W, A DISTANCE OF 100.18 FEET;

THENCE N 02° 54' 00" W, A DISTANCE OF 187.08 FEET;

THENCE N 00° 26' 27" E, A DISTANCE OF 123.23 FEET;

THENCE N 55° 12' 13" E, A DISTANCE OF 183.13 FEET;

THENCE N 84° 14' 46" E, A DISTANCE OF 260.45 FEET;

THENCE N 63° 35' 28" E, A DISTANCE OF 136.08 FEET;

THENCE N 55° 48' 17" E, A DISTANCE OF 225.65 FEET;

THENCE N 51° 32' 18" E, A DISTANCE OF 202.13 FEET;

THENCE N 56° 52' 14" E, A DISTANCE OF 144.52 FEET;

THENCE S 00° 15' 45" E, A DISTANCE OF 1148.95 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF PARCEL 4, OF THE CITY OF INDIO LOT LINE ADJUSTMENT 16-53, APPROVED ON JULY 24, 1998, RECORDED AS INSTRUMENT 446564, ON OCTOBER 15, 1998, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHERLY END OF A LINE, PER SAID CITY OF INDIO LOT LINE ADJUSTMENT 16-53, WITH A COURSE SHOWN AS SOUTH 00° 32' 13" EAST A DISTANCE OF 179.37 FEET;

THENCE ALONG SAID LOT LINE ADJUSTMENT, SOUTH 12° 32' 55" WEST A DISTANCE OF 98.28 FEET;

THENCE ALONG SAID LOT LINE ADJUSTMENT, SOUTH 02° 16' 36" EAST A DISTANCE OF 51.66 FEET;

THENCE LEAVING SAID LOT LINE ADJUSTMENT, NORTH 28° 25' 46" EAST A DISTANCE OF 42.71 FEET,

THENCE NORTH 00° 32' 13" WEST A DISTANCE OF 110.00 FEET, TO THE POINT OF BEGINNING.

AS DESCRIBED IN A CERTIFICATE OF COMPLIANCE RECORDED JULY 7, 2003 AS INSTRUMENT NO. 2003-501284.

APN: 767-110-019 and 767-110-023 and 767-110-014-7 and 767-110-018-1

ARRIOLA

PARCEL 1 IN THE COACHELLA VALLEY COUNTY WATER DISTRICT IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER RECORD OF SURVEY ON FILE IN BOOK 35, PAGE 58 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. APN: 767-100-012

LONG

PARCEL 2 IN THE COACHELLA VALLEY COUNTY WATER DISTRICT IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER RECORD OF SURVEY ON FILE IN BOOK 35, PAGE 58 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. APN: 767-100-003

TIRA

PARCEL 1 OF PARCEL MAP 33957, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 219 OF PARCEL MAPS, PAGES 44 TO 46 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA. APN: 767-100-022

PERAFAN

PARCEL 2 OF PARCEL MAP 33957, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 219 OF PARCEL MAPS, PAGES 44 TO 46 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA. APN: 767-100-023

HARRIES

PARCEL 2 OF PARCEL MAP 27474, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 181 OF PARCEL MAPS, PAGES 76 AND 77, RECORDS OF SAID COUNTY. APN: 767-100-011

FUTTERMAN

PARCEL 4 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 35, PAGE 58 OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. APN: 767-100-007

LAZZARINI

PARCEL 5 IN THE COACHELLA VALLEY COUNTY WATER DISTRICT IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER RECORD OF SURVEY ON FILE IN BOOK 35, PAGE 58 OF RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. EXCEPT THE SOUTHERLY 30.00 FEET AS CONVEYED TO THE COUNTY OF RIVERSIDE BY DEED RECORDED JANUARY 16, 1962 IN BOOK 3057, PAGE 358 OF MAPS. APN: 767-100-008

SANDI

PARCEL 6 AS PER MAP RECORDED IN BOOK 35 OF RECORDS OF SURVEY ON PAGE 58, RECORDS OF RIVERSIDE COUNTY, EXCEPTING THE SOUTH 30.00 FEET OF

PARCEL 6, AS CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED JANUARY 16, 1962, IN BOOK 3057, PAGE 568 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. APN: 767-100-006

PARITY

PARCEL 7 OF RECORD OF SURVEY, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP ON FILE IN BOOK 35, PAGE 58 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. APN: 767-100-004

BARMEN-BROOKS

PARCEL 1:

PARCEL B AS SHOWN IN LOT LINE ADJUSTMENT NO. 16-94 RECORDED JULY 7, 2003, AS INSTRUMENT NO. 2003-501285 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEING ALL OF PARCEL 8 OF RECORD OF SURVEY, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA FILED IN BOOK 35, PAGE 58 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE WESTERLY 67.00 FEET OF PARCEL 8 A RECORD OF SURVEY RECORDED IN BOOK 35, PAGE 58 OF RECORD OF SURVEYS, RECORDS OF SAID RIVERSIDE COUNTY.

ALSO EXCEPT THEREFROM THE SOUTHERLY 30 FEET OF SAID PARCEL 8 AS CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED JANUARY 16, 1962 IN BOOK 3057, PAGE 568, OFFICIAL RECORDS.

PARCEL 2:

AN EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS, FOR THE PURPOSE OF MAINTAINING THE STANDPIPE AND THE WATER PIPELINE, BY AGREEMENT RECORDED JULY 7, 2003 AS INSTRUMENT NO. 2003-501289, RECORDS OF RIVERSIDE COUNTY.

APN: 767-100-014

NOT A PART 52.043 ACRE PARCEL

IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THAT CERTAIN 52.043 ACRE NOT A PART PARCEL LYING NORTHERLY OF POLO CLUB DRIVE AS SHOWN ON AMENDED TRACT MAP NO. 33004-1, ON FILE IN BOOK 439, AT PAGES 57 THROUGH 72, INCLUSIVE, OF MAPS, RIVERSIDE COUNTY RECORDS,

LOCATED IN THE NORTHEAST QUARTER OF FRACTIONAL SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID 52.043 ACRE NOT A PART PARCEL, ALSO BEING THE NORTHWEST CORNER OF LOT "L" AS SHOWN ON SAID AMENDED TRACT MAP NO. 33004-1;

THENCE ALONG THE WESTERLY, NORTHERLY, EASTERLY AND SOUTHERLY LINES OF SAID 52.043 ACRE NOT A PART PARCEL THROUGH THE FOLLOWING THIRTY (30) COURSES:

- (1) THENCE NORTH 00°10'10" WEST A DISTANCE OF 1893.21 FEET;
- (2) THENCE NORTH 89°46'34" EAST A DISTANCE OF 1199.72 FEET;
- (3) THENCE SOUTH 00°04'48" EAST A DISTANCE OF 164.01 FEET;
- (4) THENCE NORTH 89°55'12" EAST A DISTANCE OF 13.12 FEET;
- (5) THENCE SOUTH 00°04'48" EAST A DISTANCE OF 610.00 FEET;
- (6) THENCE SOUTH 03°50'15" WEST A DISTANCE OF 62.58 FEET;
- (7) THENCE SOUTH 04°55'35" WEST A DISTANCE OF 57.79 FEET;
- (8) THENCE SOUTH 00°04'48" EAST A DISTANCE OF 60.00 FEET;
- (9) THENCE SOUTH 05°07'19" EAST A DISTANCE OF 106.03 FEET;
- (10) THENCE SOUTH 00°04'48" EAST A DISTANCE OF 422.42 FEET;
- (11) THENCE SOUTH 02°41'58" EAST A DISTANCE OF 49.42 FEET;
- (12) THENCE SOUTH 02°42'52" WEST A DISTANCE OF 73.75 FEET;
- (13) THENCE SOUTH 15°21'06" WEST A DISTANCE OF 80.55 FEET;
- (14) THENCE SOUTH 28°32'54" WEST A DISTANCE OF 80.55 FEET;
- (15) THENCE SOUTH 41°44'43" WEST A DISTANCE OF 80.55 FEET;
- (16) THENCE SOUTH 50°40'39" WEST A DISTANCE OF 28.55 FEET;
- (17) THENCE SOUTH 59°36'34" WEST A DISTANCE OF 80.55 FEET;

- (18) THENCE SOUTH 72°48'23" WEST A DISTANCE OF 80.55 FEET;
- (19) THENCE SOUTH 84°50'47" WEST A DISTANCE OF 66.48 FEET;
- (20) THENCE NORTH 89°42'43" WEST A DISTANCE OF 70.52 FEET;
- (21) THENCE NORTH 00°17'17" EAST A DISTANCE OF 95.00 FEET;
- (22) THENCE NORTH 89°42'43" WEST A DISTANCE OF 4.28 FEET;
- (23) THENCE SOUTH 45°17'17" WEST A DISTANCE OF 20.51 FEET;
- (24) THENCE SOUTH 00°17'17" WEST A DISTANCE OF 90.50 FEET;
- (25) THENCE NORTH 89°42'43" WEST A DISTANCE OF 73.00 FEET;
- (26) THENCE NORTH 00°17'17" EAST A DISTANCE OF 90.50 FEET;
- (27) THENCE NORTH 44°42'43" WEST A DISTANCE OF 20.51 FEET;
- (28) THENCE NORTH 89°42'43" WEST A DISTANCE OF 5.50 FEET;
- (29) THENCE SOUTH 00°17'17" WEST A DISTANCE OF 95.00 FEET;
- (30) THENCE NORTH 89°42'43" WEST A DISTANCE OF 677.67 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,266,979 SQUARE FEET OR 52.043 ACRES, MORE OR LESS.

NOT A PART 42.507 ACRE PARCEL

IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THAT CERTAIN 42.507 ACRE NOT A PART PARCEL LYING EASTERLY OF LOT "H" AS SHOWN ON AMENDED TRACT MAP NO. 33004-1, ON FILE IN BOOK 439, AT PAGES 57 THROUGH 72, INCLUSIVE, OF MAPS, RIVERSIDE COUNTY RECORDS, LOCATED IN THE SOUTH HALF OF FRACTIONAL SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID 42.507 ACRE NOT A PART PARCEL, ALSO BEING THE MOST EASTERLY SOUTHEAST CORNER OF SAID LOT "H" AS SHOWN ON SAID AMENDED TRACT MAP NO. 33004-1;

THENCE ALONG THE EASTERLY, SOUTHERLY, WESTERLY AND NORTHERLY LINES OF SAID 42.507 ACRE NOT A PART PARCEL THROUGH THE FOLLOWING SIXTY-EIGHT (68) COURSES:

(1) THENCE SOUTH $00^{\circ}17'17''$ WEST A DISTANCE OF 55.15 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE WESTERLY, HAVING A RADIUS OF 179.50 FEET;

(2) THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $07^{\circ}34'24''$, AN ARC DISTANCE OF 23.73 FEET;

(3) THENCE SOUTH $01^{\circ}51'41''$ WEST A DISTANCE OF 5.14 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 24.50 FEET;

(4) THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $82^{\circ}30'19''$, AN ARC DISTANCE OF 35.28 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 320.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH $00^{\circ}22'00''$ EAST;

(5) THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $00^{\circ}37'37''$, AN ARC DISTANCE OF 3.51 FEET;

(6) THENCE SOUTH $89^{\circ}44'23''$ WEST A DISTANCE OF 5.33 FEET;

(7) THENCE SOUTH $00^{\circ}15'37''$ EAST A DISTANCE OF 59.43 FEET;

(8) THENCE SOUTH $02^{\circ}55'20''$ WEST A DISTANCE OF 41.64 FEET;

(9) THENCE SOUTH $11^{\circ}22'01''$ WEST A DISTANCE OF 68.79 FEET;

(10) THENCE SOUTH $22^{\circ}34'32''$ WEST A DISTANCE OF 121.92 FEET;

(11) THENCE SOUTH $20^{\circ}43'02''$ WEST A DISTANCE OF 49.26 FEET;

(12) THENCE SOUTH $17^{\circ}54'21''$ WEST A DISTANCE OF 49.26 FEET;

(13) THENCE SOUTH $15^{\circ}05'40''$ WEST A DISTANCE OF 49.26 FEET;

(14) THENCE SOUTH $12^{\circ}30'40''$ WEST A DISTANCE OF 45.57 FEET;

(15) THENCE SOUTH $09^{\circ}28'18''$ WEST A DISTANCE OF 52.95 FEET;

(16) THENCE SOUTH $06^{\circ}39'41''$ WEST A DISTANCE OF 49.31 FEET;

(17) THENCE SOUTH $05^{\circ}22'15''$ WEST A DISTANCE OF 316.62 FEET;

(18) THENCE SOUTH $84^{\circ}37'45''$ EAST A DISTANCE OF 158.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 24.50 FEET;

(19) THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $04^{\circ}40'57''$, AN ARC DISTANCE OF 2.00 FEET;

(20) THENCE NON-TANGENT TO SAID CURVE SOUTH $05^{\circ}22'15''$ WEST A DISTANCE OF 41.16 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 24.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH $10^{\circ}03'12''$ EAST;

(21) THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $04^{\circ}40'57''$, AN ARC DISTANCE OF 2.00 FEET;

(22) THENCE NORTH $84^{\circ}37'45''$ WEST A DISTANCE OF 158.00 FEET;

(23) THENCE SOUTH $05^{\circ}22'15''$ WEST A DISTANCE OF 76.38 FEET;

(24) THENCE SOUTH $08^{\circ}53'48''$ WEST A DISTANCE OF 52.82 FEET;

(25) THENCE SOUTH $16^{\circ}07'32''$ WEST A DISTANCE OF 71.61 FEET;

(26) THENCE SOUTH $34^{\circ}46'35''$ WEST A DISTANCE OF 67.93 FEET;

(27) THENCE SOUTH $38^{\circ}30'12''$ WEST A DISTANCE OF 56.15 FEET;

(28) THENCE SOUTH $57^{\circ}01'32''$ WEST A DISTANCE OF 125.11 FEET;

(29) THENCE SOUTH $59^{\circ}22'36''$ WEST A DISTANCE OF 395.45 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTH- WESTERLY, HAVING A RADIUS OF 220.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH $46^{\circ}37'02''$ EAST;

(30) THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $12^{\circ}45'34''$, AN ARC DISTANCE OF 49.10 FEET;

(31) THENCE SOUTH $30^{\circ}37'24''$ EAST A DISTANCE OF 109.30 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 24.50 FEET;

(32) THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $04^{\circ}40'57''$, AN ARC DISTANCE OF 2.00 FEET;

(33) THENCE NON-TANGENT TO SAID CURVE SOUTH $59^{\circ}22'36''$ WEST A DISTANCE OF 41.16 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 24.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH $64^{\circ}03'33''$ EAST;

(34) THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $04^{\circ}40'57''$, AN ARC DISTANCE OF 2.00 FEET;

(35) THENCE NORTH $30^{\circ}37'24''$ WEST A DISTANCE OF 109.30 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 179.50 FEET;

(36) THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $17^{\circ}01'05''$, AN ARC DISTANCE OF 53.32 FEET;

(37) THENCE NORTH $47^{\circ}38'29''$ WEST A DISTANCE OF 25.15 FEET;

(38) THENCE SOUTH $48^{\circ}57'44''$ WEST A DISTANCE OF 140.94 FEET;

(39) THENCE SOUTH $42^{\circ}21'31''$ WEST A DISTANCE OF 113.55 FEET;

(40) THENCE SOUTH $39^{\circ}40'07''$ WEST A DISTANCE OF 66.08 FEET;

(41) THENCE SOUTH $33^{\circ}46'03''$ WEST A DISTANCE OF 78.87 FEET;

(42) THENCE SOUTH $28^{\circ}12'03''$ WEST A DISTANCE OF 57.87 FEET;

(43) THENCE SOUTH $25^{\circ}50'44''$ WEST A DISTANCE OF 163.92 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTH- WESTERLY, HAVING A RADIUS OF 220.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH $19^{\circ}55'00''$ EAST;

(44) THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $13^{\circ}54'58''$, AN ARC DISTANCE OF 53.56 FEET TO THE BEGINNING OF A REVERSE CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 179.50 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH $33^{\circ}49'58''$ WEST;

(45) THENCE EASTERLY ALONG THE ARC OF LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF $25^{\circ}26'49''$, AN ARC DISTANCE OF 79.72 FEET;

(46) THENCE SOUTH $81^{\circ}36'51''$ EAST A DISTANCE OF 11.63 FEET;

(47) THENCE SOUTH $08^{\circ}23'09''$ WEST A DISTANCE OF 41.00 FEET;

(48) THENCE NORTH $81^{\circ}36'51''$ WEST A DISTANCE OF 11.63 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 220.50 FEET;

(49) THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $17^{\circ}30'23''$, AN ARC DISTANCE OF 67.37 FEET TO THE BEGINNING OF A

REVERSE CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 24.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 25°53'32" EAST;

(50) THENCE SOUTHWESTERLY ALONG THE ARC OF LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF 101°15'48", AN ARC DISTANCE OF 43.30 FEET TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE EASTERLY, HAVING A RADIUS OF 179.50 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 75°22'16" WEST;

(51) THENCE SOUTHERLY ALONG THE ARC OF LAST SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°37'08", AN ARC DISTANCE OF 20.74 FEET;

(52) THENCE SOUTH 84°37'32" EAST A DISTANCE OF 108.75 FEET;

(53) THENCE SOUTH 00°05'55" WEST A DISTANCE OF 159.38 FEET;

(54) THENCE SOUTH 04°10'12" WEST A DISTANCE OF 14.20 FEET;

(55) THENCE SOUTH 14°15'30" WEST A DISTANCE OF 20.96 FEET;

(56) THENCE SOUTH 29°00'12" WEST A DISTANCE OF 30.35 FEET;

(57) THENCE SOUTH 46°27'32" WEST A DISTANCE OF 30.35 FEET;

(58) THENCE SOUTH 63°54'53" WEST A DISTANCE OF 30.35 FEET;

(59) THENCE SOUTH 81°22'14" WEST A DISTANCE OF 30.35 FEET;

(60) THENCE NORTH 89°54'05" WEST A DISTANCE OF 283.70 FEET;

(61) THENCE NORTH 00°05'55" EAST A DISTANCE OF 100.04 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTH- EASTERLY, HAVING A RADIUS OF 60.50 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 02°18'17" WEST;

(62) THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 82°00'45", AN ARC DISTANCE OF 86.60 FEET;

(63) THENCE NON-TANGENT TO SAID CURVE NORTH 89°54'05" WEST A DISTANCE OF 100.44 FEET;

(64) THENCE NORTH 00°13'20" WEST A DISTANCE OF 1030.21 FEET;

(65) THENCE SOUTH 89°48'24" EAST A DISTANCE OF 663.50 FEET;

(66) THENCE NORTH 00°15'37" WEST A DISTANCE OF 1196.73 FEET;

(67) THENCE NORTH 28°04'03" EAST A DISTANCE OF 103.75 FEET;

(68) THENCE SOUTH 89°42'43" EAST A DISTANCE OF 899.22 FEET TO THE POINT OF BEGINNING.

CONTAINING 1,851,622.58 SQUARE FEET OR 42.507 ACRES, MORE OR LESS.

NOT A PART 20.618 ACRE PARCEL

IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, THAT CERTAIN 20.618 ACRE NOT A PART PARCEL LYING NORTHWESTERLY OF CELEBRATION DRIVE AS SHOWN ON AMENDED TRACT MAP NO. 33004-1, ON FILE IN BOOK 439, AT PAGES 57 THROUGH 72, INCLUSIVE, OF MAPS, RIVERSIDE COUNTY RECORDS, LOCATED IN THE SOUTHEAST QUARTER OF FRACTIONAL SECTION 2, TOWNSHIP 6 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID 20.618 ACRE NOT A PART PARCEL, ALSO BEING THE SOUTHEAST CORNER OF LOT "S" AS SHOWN ON SAID AMENDED TRACT MAP NO. 33004-1;

THENCE ALONG THE WESTERLY, NORTHWESTERLY, NORTHERLY, EASTERLY, SOUTHEASTERLY AND SOUTHERLY LINES OF SAID 20.618 ACRE NOT A PART PARCEL THROUGH THE FOLLOWING THIRTY-FOUR (34) COURSES:

- (1) THENCE NORTH 00°06'03" EAST A DISTANCE OF 65.23 FEET;
- (2) THENCE NORTH 64°23'10" EAST A DISTANCE OF 163.60 FEET;
- (3) THENCE NORTH 51°15'25" EAST A DISTANCE OF 163.60 FEET;
- (4) THENCE NORTH 39°31'47" EAST A DISTANCE OF 129.02 FEET;
- (5) THENCE NORTH 33°53'50" EAST A DISTANCE OF 650.00 FEET;
- (6) THENCE NORTH 44°55'32" EAST A DISTANCE OF 450.00 FEET;
- (7) THENCE NORTH 46°36'50" EAST A DISTANCE OF 49.11 FEET;
- (8) THENCE NORTH 50°00'15" EAST A DISTANCE OF 49.11 FEET;
- (9) THENCE NORTH 53°23'40" EAST A DISTANCE OF 49.11 FEET;
- (10) THENCE NORTH 56°47'05" EAST A DISTANCE OF 49.11 FEET;
- (11) THENCE NORTH 60°10'30" EAST A DISTANCE OF 49.11 FEET;

- (12) THENCE NORTH 63°33'55" EAST A DISTANCE OF 49.11 FEET;
- (13) THENCE NORTH 66°57'20" EAST A DISTANCE OF 49.11 FEET;
- (14) THENCE NORTH 70°20'45" EAST A DISTANCE OF 49.11 FEET;
- (15) THENCE NORTH 73°44'10" EAST A DISTANCE OF 49.11 FEET;
- (16) THENCE NORTH 77°07'35" EAST A DISTANCE OF 49.11 FEET;
- (17) THENCE NORTH 80°31'00" EAST A DISTANCE OF 49.11 FEET;
- (18) THENCE NORTH 83°54'25" EAST A DISTANCE OF 49.11 FEET;
- (19) THENCE NORTH 84°14'59" EAST A DISTANCE OF 49.11 FEET;
- (20) THENCE SOUTH 01°00'27" EAST A DISTANCE OF 19.82 FEET;
- (21) THENCE NORTH 89°33'37" EAST A DISTANCE OF 239.14 FEET;
- (22) THENCE SOUTH 00°26'23" EAST A DISTANCE OF 236.99 FEET;
- (23) THENCE SOUTH 89°33'37" WEST A DISTANCE OF 100.00 FEET;
- (24) THENCE SOUTH 00°26'23" EAST A DISTANCE OF 100.00 FEET;
- (25) THENCE NORTH 89°33'37" EAST A DISTANCE OF 100.00 FEET;
- (26) THENCE SOUTH 00°26'23" EAST A DISTANCE OF 24.17 FEET;
- (27) THENCE SOUTH 44°33'37" WEST A DISTANCE OF 1.17 FEET;
- (28) THENCE SOUTH 89°33'37" WEST A DISTANCE OF 143.98 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 422.00 FEET;
- (29) THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 44°38'05", AN ARC DISTANCE OF 328.75 FEET;
- (30) THENCE SOUTH 44°55'32" WEST A DISTANCE OF 663.06 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 422.00 FEET;
- (31) THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 44°49'29", AN ARC DISTANCE OF 330.15 FEET;

(32) THENCE SOUTH 00°06'03" WEST A DISTANCE OF 143.66 FEET;

(33) THENCE SOUTH 45°06'03" WEST A DISTANCE OF 36.53 FEET;

(34) THENCE NORTH 89°53'57" WEST A DISTANCE OF 795.10 FEET TO THE POINT OF BEGINNING.

CONTAINING 898,099 SQUARE FEET OR 20.618 ACRES, MORE OR LESS.

EXHIBIT "B"

GENERAL DEPICTION OF LOCATION OF ACCESS EASEMENTS IN PHASE 1

[See Attached]

EXHIBIT "B"

TO MASTER DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND RESERVATION OF EASEMENTS

EXHIBIT "C"

GENERAL DEPICTION OF LOCATION OF SIDE YARD EASEMENTS IN PHASE 1

[NONE]

EXHIBIT "C"

TO MASTER DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND RESERVATION OF EASEMENTS

SUBORDINATION

The undersigned, Union Bank, N.A., is the Beneficiary under that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated July 24, 2013, and recorded on August 1, 2013 in the Official Records of Riverside County, California as Instrument No. 2013-0374294 ("Deed of Trust"), which Deed of Trust is between Polo Estates Ventures, LLC, a Delaware limited liability company, as Trustor, and UnionBanCal Mortgage Corporation, a California Corporation, as Trustee. As such, the undersigned hereby expressly subordinates such Deed of Trust and the beneficial interest thereunder to the "Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements", recorded concurrently herewith in the Official Records of Riverside County, California, to which this Subordination is attached. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure, or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements, including, without limitation, all easements provided for thereunder, which shall remain in full force and effect.

Dated: MARCH 7, 2014

UNION BANK, N.A.,

By: 

Name: KAREN WILLIAMS

Its: V.P.

State of California)
 County of Orange)

On March 7, 2014, before me, Christine T. Gorman, Notary Public,
 (here insert name and title of the officer)

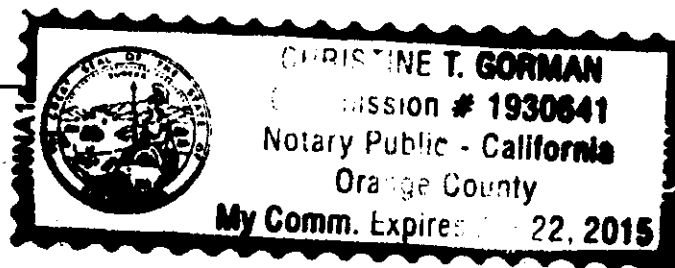
personally appeared Karen Williamson,
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~
 subscribed to the within instrument, and acknowledged to me that ~~he/she/they~~ executed the same
 in ~~his/her/their~~ authorized capacity(~~ies~~), and that by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

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

WITNESS my hand and official seal.

Signature

Christine T. Gorman
Exp APR 22, 2015



(Seal)

