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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
SKY RANCH
A Residential Community**

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

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SKY RANCH ("*Declaration*") is made by LENNAR HOMES OF CALIFORNIA, INC., a California corporation ("*Declarant*"), being the owner of that certain real property subject to this Declaration, and hereinafter more particularly described.

WITNESSETH:

WHEREAS, Declarant is the owner of the following real property located in the City of Santee, County of San Diego, State of California ("*Properties*"), more particularly described on *Exhibit "A"* attached hereto and incorporated herein by this reference.

The development of the Properties is the first phase of a multi-phase planned community. The Properties are intended to constitute a "Planned Development," as defined in Section 2792.32 of the California Code of Regulations, approved by the City of Santee in its Specific Plan for the Properties for two hundred seventeen (217) Lots and common facilities and improvements. There is no guarantee that all phases will be completed, or that the number of Lots or the Association Property as defined below) facilities and amenities will be developed as described above.

WHEREAS, it is the desire and intention of Declarant to sell and convey residential Lots within the Properties to various individuals subject to certain basic protective restrictions, limitations, easements, covenants, reservations, liens and charges between it and the purchasers or users of said Properties, as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the real property described above, is, and shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. The real property above described, is intended to be made subject to each and all of the provisions of the Davis-Stirling Common Interest Development Act (Section 1350 *et. seq.* of the California Civil Code) and any comparable statute or amendment thereto hereinafter enacted. The provisions of this Declaration shall be enforceable by any of the Owners of an interest in the real property above described, against any other Owner or Owners thereof, and shall also be enforceable by the Board of Directors of the Association, which shall be created for the purpose of governing this Community.

**ARTICLE 1
DEFINITIONS**

Section 1.1. Terms. Whenever used in this Declaration, the following terms shall have the following meanings:

1.1.1 **AAA** shall mean and refer to the American Arbitration Association.

1.1.2 **Annexation** shall mean the addition of real property and all improvements thereto into the scheme created by this Declaration. Upon such annexation, the annexed property shall be governed by, and subject to each and every provision of this Declaration and any amendments thereto. The procedures for annexation of property are set forth in Article 15.

1.1.3 **Annexable Property** shall mean and refer to the real property which may be annexed to the Community by Declarant and the applicable Neighborhood Builder(s) without the consent of the Association, in accordance with the provisions of Section 15.1 hereof. The Annexable Property is that certain real property described in **Exhibit "B"** attached hereto and incorporated herein by this reference.

1.1.4 **Articles** or **Articles of Incorporation** shall mean and refer to the Articles of Incorporation of the Association, as the same may be amended from time to time

1.1.5 **Association** shall mean and refer to the SKY RANCH COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

1.1.6 **Board** or **Board of Directors** shall mean and refer to the governing body of said Association.

1.1.7 **Budget** shall mean and refer to the annual pro forma operating statement for the Association described in Section 6.2 hereof, and shall consist of a Base Budget. The Base Budget shall be applicable to all Lots within the Properties and shall contain the financial information required by Section 6.2.

1.1.8 **Bylaws** shall mean the duly adopted Bylaws of the Association, as the same may be amended from time to time.

1.1.9 **City** shall mean and refer to the City of Santee, California.

1.1.10 **Community** shall mean the Properties described on **Exhibit "A"** hereto, and any other real property that is made subject to this Declaration pursuant to the provisions of Article 15 hereof, and all improvements thereon.

1.1.11 **Community Design Guidelines** shall mean and refer to the architectural guidelines for the Community adopted and approved by the Board of Directors of the Association and enforced by the Community Design Review Committee and/or the Board.

1.1.12 **Community-Wide Standard** shall mean and refer to the standard of conduct, maintenance, and appearance generally prevailing throughout the Community, or the minimum

standards which Declarant, the Board, and the Community Design Review Committee may establish for the Community, as set forth in the Rules and Regulations, or by resolutions, whichever is a higher standard. Such standard may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and demands of the Community change.

1.1.13 **Conditions of Approval** shall mean and refer to Resolution Nos. 037-2005, 038-2005, 039-2005, and 040-2005 of the City Council of the City of Santee and any other resolutions of the City Council of the City of Santee pertaining to the Community.

1.1.14 **Conservation Property** shall mean and refer to that certain open space property within the Community that is required to be preserved and protected in its natural state by the City and the California Department of Fish & Game and is restricted pursuant to a conservation easement deed by and between Declarant and the City, which property is further described on **Exhibit "CP"** attached hereto and incorporated herein by this reference.

1.1.15 **Construction Claims Statute** shall mean and refer to California Civil Code Section 895 et seq., as hereafter amended.

1.1.16 **County** shall mean and refer to the County of San Diego, California.

1.1.17 **Custom Lot** shall mean and refer to those certain Lots designated herein or in a Notice of Annexation as Custom Lots, which are to be constructed by Declarant and sold to a Neighborhood Builder or a member of the general public without any dwelling structure having been constructed thereon. References to "Lot" in the provisions set forth herein shall also apply to Custom Lots. The term "Owner" shall also apply to an owner of a Custom Lot.

1.1.18 **Declarant** shall mean and refer to LENNAR HOMES OF CALIFORNIA, INC., a California corporation, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped Lot from Declarant for the purpose of development and are designated by Declarant as the Declarant for the purpose hereof by a duly recorded written instrument, or successors of Declarant by operation of law or by exercise of the remedies under a mortgage, deed of trust or deed in lieu of foreclosure, and who expressly elects to assume the rights and duties of Declarant with respect to the acquired real property.

1.1.19 **Declaration** shall mean and refer to this enabling Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Sky Ranch, as the same may be amended, changed or modified, from time to time. In the event of any conflict between the provisions of this Declaration and any other of the Governing Documents, the provisions of this Declaration shall control.

1.1.20 **Declarant Party** shall mean and refer to Association, Owner(s), the Declarant, a Neighborhood Builder, or any director, officer, partner, employer, general contractor, subcontractor, material supplier, individual product manufacturer, design professional, consultant, or agent of the Declarant or a Neighborhood Builder.

1.1.21 **Design Review Committee (“DRC”) or Committee** shall mean and refer to an architectural committee appointed by the Board of Directors and composed of three (3) or more, but not to exceed five (5) representatives.

1.1.22 **Fuel Modification Zone or FMZ** shall mean and refer to those certain portions of Lots Neighborhoods located within the Fuel Modification Zone established from time to time by the City in accordance with the requirements and ordinances of the City. For the affected Lots Neighborhoods, the Fuel Modification Zone is that portion thereof as depicted on **Exhibit “FMZ”** attached hereto and incorporated herein by this reference, and such additional FMZ areas as may be described in Notices of Annexation to be recorded with respect to the Annexable Property.

1.1.23 **Governing Documents** shall mean and refer to this Declaration and any applicable Notices of Annexation, By-Laws, Articles of Incorporation, Community Design Guidelines, Rules and Regulations, and Board resolutions, as they may be amended from time to time.

1.1.24 **Improvement** shall mean and refer to a building, fence, wall, stable or other structure, landscaping or improvement.

1.1.25 **Independent Accountant** shall mean and refer to a licensee of the California State Board of Accountancy.

1.1.26 **Institutional Lender** shall mean a Mortgagee which is a bank, savings and loan association, established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

1.1.27 **JAMS** shall mean and refer to Judicial Arbitration and Mediation Services, Inc.

1.1.28 **Landscape Maintenance District or LMD** shall mean and refer to such special districts as may be established by or in conjunction with the City, to be responsible for the maintenance, repair and/or administration of landscaping and/or irrigation or other related improvements within certain portions of the Properties, and the costs of which are funded through assessments, fees or charges levied by such district upon the residential real property within the boundaries of such district.

1.1.29 **LMD Areas** shall mean and refer to those areas within the Properties which are or will be maintained by a Landscape Maintenance District. LMD Areas may include all or any portion of the Association Property if the LMD agrees to assume maintenance responsibility therefor. LMD Areas with the Properties, if any, are shown on **Exhibit “LMD”** attached hereto and incorporated herein by this reference. Additional LMD Areas, or changes in LMD Areas, may be shown and described in Notices of Annexation recorded with respect to the Annexable Property, or other appropriate recorded document.

1.1.30 **Lot** shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, or other recorded document such as a lot line adjustment, that is developed or to be developed as a part of the Community, and shall include all lots and parcels of land, with the exception of the Association Property.

1.1.31 **Maintenance Manual** shall mean and refer to any maintenance manual provided to the Board of Directors of the Association or by Declarant.

1.1.32 **Maintenance Recommendations** shall mean and refer to Declarant's maintenance recommendations and schedules, including the maintenance recommendations and schedules for manufactured products and appliances provided with such Owner's Lot or the Association Property, or any improvements thereon, as well as all commonly accepted maintenance practices.

1.1.33 **Map** shall mean and refer to the Final Subdivision Map for the Community filed with the County Recorder.

1.1.34 **Member** shall mean an Owner with a membership in the Association.

1.1.35 **Model Home** shall mean and refer to a Lot which is being used by Declarant or a Neighborhood Builder for model home, sales office, design center, construction office or similar purposes.

1.1.36 **Mortgage** shall mean and refer to a deed of trust as well as a Mortgage.

1.1.37 **Mortgagee** shall mean a person or entity to which a Mortgage is made, and shall include the beneficiary of a deed of trust.

1.1.38 **Mortgagor** shall mean a person or entity that mortgages his, her or its property to another, i.e., the maker of a Mortgage, and shall include the trustor of a deed of trust.

1.1.39 **Neighborhood Builder** shall mean and refer to any person or entity, other than Declarant, which has or will acquire from Declarant a portion of the Community, or real property annexable thereto, for the purpose of developing and improving such real property in accordance with this Declaration and for sale thereof to members of the general public. A Neighborhood Builder is a "builder" for all purposes of California Civil Code Section 1375.

1.1.40 **Neighborhood** shall mean and refer to a group of Lots designated as a separate Neighborhood herein, in **Exhibit "A,"** or in any Notice of Annexation. A Neighborhood may be comprised of more than one (1) housing type and may include noncontiguous parcels of real property.

1.1.41 **Owner** shall mean and refer to the record Owners, whether one (1) or more persons or entities, of fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

1.1.42 **Phase** shall mean one (1) of the proposed phases of development of this planned community for which a separate Final Subdivision Public Report is issued by the California Department of Real Estate. Declarant and Neighborhood Builder(s) intend to construct certain residential dwelling units and Association Property improvements according to a general plan of development submitted to the California Department of Real Estate.

1.1.43 **Properties** shall mean and refer to that certain real property located in the City of Santee, County of San Diego, California, hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association through the annexation procedures set forth in Article 15.

1.1.44 **Qualified Insurer** shall mean and refer to any insurance company having a Best's Insurance Reports rating of (a) a B general policyholder's rating and a III financial size category, or (b) an A general policyholder's rating and a II financial size category, and licensed in the State of California.

1.1.45 **Residence** shall mean and refer to a single-family residential dwelling structure, including attached or detached garage, or other detached improvements, located within a Lot.

1.1.46 **Rules and Regulations** shall mean and refer to the rules and regulations adopted by the Association that are not inconsistent with the provisions of this Declaration and that are subject to California Civil Code Sections 1357.100 *et seq.*, as the same may be amended, regarding "operating rules." The Rules and Regulations shall include, but not be limited to, rules and regulations regarding the use of the Association Property.

1.1.47 **Slope Easement Areas** shall mean and refer to those certain slope areas of Lots or Neighborhoods located within the Community for which the Association shall have maintenance responsibility in the first Phase, as depicted on **Exhibit "SEA,"** attached hereto and incorporated herein by this reference, and as may be described in future Notices of Annexation recorded with respect to the Annexable Property.

1.1.48 **Trail System** or TS shall mean and refer to a system of trails and sidewalks that runs throughout the Community, at the locations described in **Exhibit "TS,"** attached hereto and incorporated herein by this reference.

1.1.49 **WQM Plan** shall mean and refer to a water quality management plan required by the California State Water Quality Control Board.

Section 1.2. Applicability of Terms. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto (unless the context shall prohibit) recorded pursuant to the provisions of this Declaration.

ARTICLE 2 PROPERTY RIGHTS IN ASSOCIATION PROPERTY

Section 2.1. Title to the Association Property.

2.1.1 Declarant, and each Neighborhood Builder, hereby covenants for itself and its successors and assigns, that it will convey fee title or appropriate easements or other rights to the Association Property to the Association, free and clear of all encumbrances and liens, except easements, covenants, conditions and reservations then of record, including those set forth in this Declaration. Said conveyance for each Phase shall be made to the Association prior to the close of escrow for the conveyance of the first Lot in such Phase to an Owner.

2.1.2 The Association's responsibility to maintain the Association Property conveyed to the Association shall commence concurrently with the recordation of the deed conveying the Association Property to be maintained. Notwithstanding the foregoing, if the contractors or subcontractors of Declarant or the applicable Neighborhood Builder are contractually obligated to maintain or warrant the landscaping or other improvements on the Association Property for a specified period in which said contractors or subcontractors shall perform such maintenance, the Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors shall not serve to postpone the commencement of assessments pursuant to this Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such assessments.

2.1.3 The nature, design, quality and quantity of all improvements in the Association Property shall be determined by Declarant or the applicable Neighborhood Builder in its sole discretion. The Association shall be obligated to accept title to or easements over the Association Property, and shall assume and undertake all maintenance responsibilities for the Association Property when it is conveyed and/or maintenance responsibilities are tendered by Declarant or the applicable Neighborhood Builder pursuant to subparagraphs 2.1.1 and 2.1.2 above. In the event that a dispute arises between Declarant or a Neighborhood Builder and the Association with respect to the nature, design, quality or quantity of the improvements in the Association Property, or the acceptance of maintenance responsibilities therefor, the Association shall be obligated to accept title to or easements over the Association Property and to assume and undertake maintenance responsibilities pending resolution of the dispute, in accordance with the provisions set forth in the Article herein entitled "Dispute Mechanism."

Section 2.2. Easements. The ownership interests in the Lots and Association Property are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots, the Association, the Association Property, the Declarant, Neighborhood Builder(s), and the owner thereof, and each of their respective properties, superior to all other encumbrances applied against or in favor of any portion of the Community. Individual grant deeds to Lots and Association Property may, but shall not be required to, set forth the easements specified in this Article or elsewhere in this Declaration.

Section 2.3. Owner's Easements of Enjoyment. Every Owner of a Lot shall have a right and easement of ingress, egress and of enjoyment in and to the Association Property which shall be appurtenant to and shall pass with the title to every such Lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against such Owner's Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its Rules and Regulations after reasonable written notice and an opportunity for a hearing before the Board as set forth in the Bylaws, which notice satisfies the minimum requirements of Section 7341 of the California Corporations Code, as the same may be amended;

(b) The right of the Association to dedicate or transfer all or substantially all of its assets, including all or any part of the Association Property to any public agency, authority

or utility for such purposes and subject to such conditions as may be agreed to by the Members. Notwithstanding any contrary provision in the Articles or Bylaws, so long as there is any Lot for which the Association is obligated to provide management, maintenance, preservation, or control, no such dedication or transfer shall be effective unless approved by the vote or written assent of sixty-six and two-thirds percent (66-2/3%) of both classes of Members of the Association, or following the conversion of Class B to Class A members, by the vote or written assent of sixty-six and two-thirds (66-2/3%) of the members of the Association, other than Declarant and the Neighborhood Builder(s), and an instrument executed by both the President and Secretary of the Association affecting such dedication or transfer, has been recorded;

(c) The right of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Association Property and in aid thereof, and with the assent of two-thirds (2/3) of each class of Members, to hypothecate any or all real or personal property owned by the Association. After conversion of the Class B membership to Class A membership, the action herein requiring membership approval shall require the vote or written consent of (i) two-thirds (2/3) of the voting power of Members of the Association and (ii) for so long only as the Declarant and the Neighborhood Builder(s) hold or directly control twenty-five percent (25%) or more of the voting power of Members of the Association, two-thirds (2/3) or more of the voting power of the Members of the Association other than Declarant and the Neighborhood Builder(s);

(d) Subject to a concomitant obligation to restore, Declarant, the Neighborhood Builder(s), and their agents shall have:

(i) A nonexclusive easement over the Association Property for the purpose of making repairs to the Association Property or to the Residences, provided access thereto is otherwise not reasonably available;

(ii) The right to the nonexclusive use of the Association Property for the purpose of maintaining model homes, sales offices and signs reasonably necessary to market the Lots, for a period of not more than ten (10) years after conveyance of the Association Property to the Association, or the sale of all residential Lots within the Properties, whichever is first to occur. The use of the Association Property by Declarant, the Neighborhood Builder(s) and their agents shall not unreasonably interfere with the use thereof by the Class A Members of the Association.

Section 2.4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, such Owner's rights of enjoyment to the Association Property and facilities to the members of such Owner's family, tenants or contract purchasers who reside on such Owner's Lot.

Section 2.5. Reciprocal Easements. Upon the annexation of additional land and improvements into the Community, as provided in Article 15, the Owners of Lots in the annexed areas shall have nonexclusive easements for ingress, egress, and recreational use over the Association Property within the Community. Similarly, the Owners of Lots within the original scheme of this Declaration, including previously annexed areas, shall have nonexclusive easements for ingress, egress, and recreational use over the Association Property of the newly annexed areas.

Section 2.6. Utility Easements. Declarant and the Neighborhood Builder(s) hereby grant, reserve, and establish nonexclusive easements over, under, and through each and every Lot and the Association Property within the Community ("*Special Easement Area*").

2.6.1 Each Lot which obtains electrical power or other utilities through an underground utility conduit located within a Special Easement Area of another Lot or Lots is hereby granted and shall have the benefit of a nonexclusive easement through and under such Lot or Lots for the installation, operation and maintenance of such conduit, and the utility lines therein, subject to the restrictions hereinafter set forth.

2.6.2 Each Lot containing a Special Easement Area within which there lies an underground utility conduit and utility lines is hereby declared to be, and shall be conveyed subject to, a nonexclusive easement by reservation for the benefit of the Lot or Lots serviced by such conduit, and the utility lines therein, subject to the restrictions hereinafter set forth.

2.6.3 Said easements granted and reserved shall include incidental rights of installation, operation and maintenance subject to the following limitations:

(a) Repair and replacement of the utility lines within any such conduit shall be performed only at either end of the conduit;

(b) Excavation of any such conduit for any purpose is expressly prohibited except at either end thereof.

2.6.4 The easements hereinabove described shall bind and inure to the benefit of Declarant's and Neighborhood Builder's respective heirs, personal representatives, successors and assigns.

2.6.5 Subject easements shall be construed as covenants running with the land, or equitable servitudes as necessary to achieve Declarant's intent. Declarant hereby acknowledges that it is its express intent to subject each Lot within the Community which contains an underground utility conduit, as described hereinabove, to such restrictions, covenants, easements, and servitudes as are necessary to provide for the continued operation and existence of such utility conduit and utility lines.

Section 2.7. Trail System, Sidewalks Easements. The Association and the County are each responsible for maintaining portions of the TS and the County shall have a non-exclusive easement over the Association Property, as necessary for such purpose, as shown on the recorded Tract Map(s). The TS is available for public use and shall be subject to an easement in favor of the public for such purpose.

Section 2.8. Fuel Modification Zone Easements and Maintenance Requirements. Declarant and the Neighborhood Builder(s) hereby reserve for the benefit of the Association, and hereby grant to the Association, easements of access, ingress and egress for the purpose of inspecting, maintaining, repairing and replacing any and all improvements located within the Fuel Modification Zone, portions of Lots and Neighborhoods in the Community. The areas subject to this easement are shown and described in Exhibit "FMZ" hereto. Use of the FMZ located within any Lots by the Owners thereof, their family, employees, agents, guests and invitees may

be limited or restricted by the Board in the Rules and Regulations, consistent with the requirements and restrictions of the City. The Owners of the respective Lots containing portions of the FMZ shall have the right and duty to maintain those portions of the Lots within the FMZ, and to maintain "Firewise" landscaping, as defined in the Fire Protection Plan and listed on the Plant List attached hereto as Exhibit "PL", and incorporated herein by this reference, on their respective Lots where required, and the Association shall enforce such obligations and shall approve all landscaping and improvements in the rear yards. The Association and shall have reasonable rights of access, ingress and egress over the Lots Neighborhoods, excluding the Residences thereon, for such purposes. Such maintenance shall include brush clearance and weed abatement, and keeping the FMZ in a good, safe condition, at all times in compliance with such standards as may be adopted by the City from time to time. In addition, the City, and its agents and employees, shall have the right of access, ingress and egress, for the purpose of providing such maintenance in the event that the Association fails to perform such maintenance in accordance with such standards. No structures are permitted to be constructed or installed within the FMZ.

Section 2.9. Slope Easement Area Easements. Declarant and the Neighborhood Builder(s) hereby reserve for the benefit of the Association, and hereby grant to the Association, easements of access, ingress and egress for the purpose of maintaining, repairing and replacing the slopes located within certain Lots and Neighborhoods, including any and all improvements located within the areas containing the slopes. All areas within the first Phase of the Community subject to this easement are shown and described in Exhibit "SEA" hereto. Additional Slope Easement Areas may be described in future Notices of Annexation recorded with respect to the Annexable Property. The Association shall have the exclusive right and duty to maintain those portions of Lots and Neighborhoods within the Slope Easement Areas, and to maintain, repair and replace all improvements located therein, including the irrigation systems, landscaping, drainage improvements, slope stabilization improvements, excluding that portion of any walls and/or fences facing any Lot which shall be the responsibility of the individual Owners to maintain. Such maintenance shall include slope maintenance, brush clearance and weed abatement, and keeping the Slope Easement Areas in a good, safe condition, at all times in compliance with the Community-Wide Standard of maintenance. Owners, their family, employees, agents, guests and invitees are prohibited from altering the grade or irrigation of, or entering or using in any manner, the Slope Easement Areas located within their Lots or Neighborhoods or any other Lots or Neighborhoods in the Community.

Section 2.10. LMD Area Easements. Declarant and each Neighborhood Builder have reserved and established nonexclusive easements over, under, and through the Association Property, and have granted to the LMD on the recorded Tract Map(s) such easements as may be necessary or appropriate for the LMD to perform its duties and obligations with respect to such Association Property. All areas within the LMD Area Easements are shown and described in Exhibit "LMD" hereto.

Section 2.11. Emergency Access Easements. Declarant and the Neighborhood Builder(s) hereby reserve, establish, and grant to the Association and the City nonexclusive easements of access, ingress, and egress over all private streets and emergency access roads for fire and emergency vehicles for the benefit of all Members of the Association and for pedestrian access, ingress, and egress for the benefit of the general public over all emergency access roads and at

such other locations as may be deemed appropriate by the Director of Development Services, as required by the City. The Emergency Access Easements are shown and described in Exhibit "EAE" hereto.

Section 2.12. Avigation Easement. The County of San Diego recorded an easement against the Community for the purpose of free and unobstructed passage of aircraft on July 25, 1991, as File No. 91-0366903 of Official Records of the County of San Diego.

Section 2.13. Water District Easement. Declarant and the Neighborhood Builder(s) hereby reserve, establish, and grant to the Padre Dam Municipal Water District nonexclusive easements of access, ingress, and egress over, on through and across the private streets in the Community and those portions of the Community that contain water tanks, as shown on the Map(s) for the Community, in favor of the water district for the purpose of maintenance thereof.

Section 2.14. City Easement for Pressure Station. Declarant and the Neighborhood Builder(s) hereby reserve, establish, and grant to the City nonexclusive easements of access, ingress, and egress over, on through and across the private streets in the Community and those portions of the Community that contain a pressure station, as shown on the Map(s) for the Community, in favor of the City for the purpose of maintenance thereof.

Section 2.15. Right of Declarant to Modify Plan of Development. Declarant hereby reserves the right to modify, amend, change, or eliminate altogether, the multi-phase plan of development hereinbefore described. Such right shall include, without limitation, the right to delete any and all subsequent Phases of development, and to divide the subsequent Phases into additional Phases. There is no guarantee by, or obligation of, Declarant to complete all proposed Phases of development or to annex same into the Properties. Any change or modification of the general plan of development shall, however, require the prior approval of the Department of Real Estate.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

Section 3.1. Formation. Declarant has, at its sole expense, formed the Association. The Association shall be primarily responsible for the management and maintenance of the Association Property and for the maintenance of the landscaping and other items as set forth in this Declaration.

Section 3.2. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 3.3. Neighborhoods; Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of Declarant and the Neighborhood Builder(s), and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. Class B Member shall be Declarant and the Neighborhood Builder(s) and shall be entitled to three (3) votes for each Lot owned. Unless otherwise expressly provided, or required by the context, the rights of the Class B Members (who are Declarant and the Neighborhood Builder(s)) shall be exercised by Declarant. The Class B membership shall cease and be converted to Class A membership on the earliest of the following to occur:

(a) Close of escrow for the sale to Class A Members of seventy-five percent (75%) of the total proposed Lots within the Community and the Annexable Property in accordance with the conditions of approval for the Community; or

(b) Two (2) years from the date of the most recent conveyance of the first subdivision interest in any Phase of the overall development; or

(c) Four (4) years from the date of the first conveyance of a subdivision interest in the first Phase of the overall development.

Any provision in the Articles, Bylaws, or this Declaration calling for membership approval of action to be taken by the Association, except provisions with respect to the action to enforce the obligations of the Declarant or a Neighborhood Builder under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time that there are two outstanding classes of membership. Any requirement elsewhere in the Articles of Incorporation, Bylaws, and Declaration, except provisions with respect to the action to enforce the obligations of Declarant or a Neighborhood Builder under any completion bond, that the vote of Declarant and the Neighborhood Builders shall be excluded in any such determination, shall be applicable only if there has been a conversion of Class B Members to Class A Members, and the same shall be read as requiring the vote of the prescribed percentage of the Class A members and the vote of the prescribed percentage of the Class A Members other than Declarant. The voting rights attributed to any given Lot in the Community as provided for herein, shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Lot. This Section shall not be amended to affect the Class B voting rights without the Declarant's prior written consent.

ARTICLE 4 POWERS OF THE ASSOCIATION AND MEMBERSHIP MEETINGS

Section 4.1. Powers of the Association. The management and control of the Association's affairs and the Community itself will be the responsibility of the Board of Directors, which is to consist of Members of the Association who will be elected by the total Membership. The Association, in its sole and absolute discretion, and as more fully set forth in its Bylaws, shall have the power to perform the following acts:

4.1.1 The Association shall have the sole and exclusive right and duty to manage, operate, control, repair, replace, or restore the Association Property, as defined in Section 1.1.43 herein, all in accordance with the Community-Wide Standard of maintenance and the Conditions of Approval for the Community. The Association shall also be responsible for maintenance of the TS, the Fuel Modification Zones, and the Slope Easement Areas located within the Community, as provided in Sections 2.7, 2.8 and 2.9 above. The Association shall operate,

maintain, and repair all common open space and improvements as shown on the Map(s) for the Community in accordance with this Declaration primarily for the benefit of the residents of the Community and shall continue to operate, maintain, and repair such open space and improvements until such time as the operation, maintenance, and repair of the open space and improvement is assured by some public agency, district, corporation or legal entity approved by the City, all in accordance with the Conditions of Approval for the Community. In addition, the Association shall maintain all landscaping within public rights-of-way within or abutting the Community in accordance with the requirements of the City. The Association shall maintain all landscaping and irrigation in the private parks in conformance with the requirements of Section 17.30.020(A) of the Santee Municipal Code, as the same may be amended, and the Conditions of Approval for the Community. The Association shall maintain all private streets, established fire lanes and common landscaped areas in the Community. The Association shall remove all graffiti from the Association Property within a reasonable time. Each Owner shall be responsible for the removal of graffiti from such Owner's residential structures, walls and fences within a reasonable time.

4.1.2 The Association shall have the right and power to levy and collect assessments.

4.1.3 The Association shall pay the taxes and assessments, if any, which may be levied by any governmental authority on the Association Property of the Community or any part thereof.

4.1.4 The Association shall maintain a bank account or accounts for funds coming under the control of the Association.

4.1.5 The Association shall have the right and power to adopt and enforce Community Design Guidelines.

4.1.6 The Association shall adopt Rules and Regulations. The Association shall have the right and power to adopt and enforce reasonable parking rules and regulations, including but not limited to, the right to tow any vehicles in violation of such rules and regulations and the right to hire someone to patrol the parking areas at the expense of the Owners.

4.1.7 The Association shall have the right and power to enforce the provisions of this Declaration, and the Bylaws, Articles of Incorporation, Community Design Guidelines, and Rules and Regulations of the Association; provided, however, nothing contained in this Section shall be construed to prohibit enforcement of same by any Owner.

4.1.8 The Association has the right and power to contract for and maintain fire, casualty, liability, worker's compensation, medical, hospital, and other insurance insuring Owners, members of the Board, and other persons.

4.1.9 The Association has the right and power to contract, provide and pay for (i) maintenance, utility, gardening and other services benefiting the Community; (ii) payment of persons necessary to accomplish the obligations of the Association; and (iii) legal and accounting services.

4.1.10 Notwithstanding any of the foregoing, the Association, acting through its Board, may not enter into any contract that is binding for a term longer than one (1) year from the effective date thereof without the vote or written consent of a majority of the voting power of the Members of the Association other than the Declarant and the Neighborhood Builders, except as specifically authorized herein or in the Articles or Bylaws.

4.1.11 The Association has the right and power to contract for the purchase of tools, equipment, materials, supplies and other personal property and services for the maintenance and repair of the facilities and improvements of the Community.

4.1.12 The Association has the right and power to contract for and pay for reconstruction of any portion or portions of the Community that are damaged or destroyed.

4.1.13 The Association has the right and power to delegate its powers to others where such delegation is proper and in the best interests of the Association.

4.1.14 The Association has the right and power to enter into a contract to obtain bulk standard, basic cable or satellite television service for each Lot in the Community from a service provider in which Declarant does not have a direct or indirect ownership interest of ten percent (10%) or more, for an initial period of five (5) years, automatically renewable for up to two (2) successive additional five (5) year terms, unless terminated by the Association not less than sixty (60) days in advance of such renewal date. The charges for such service shall be included in the annual assessments levied against each Lot in the Community.

4.1.15 The Association has the right and power to prosecute or defend, and to perform any act reasonably necessary to resolve by alternative dispute resolution proceedings, under the name of the Association, any action affecting or relating to the Community or the personal property thereon, or any action in which all of the Owners have an interest in the subject matter of the action.

4.1.16 Subject to the vote or written consent therefor from sixty-six and two-thirds percent (66-2/3%) of the voting power of the membership, excluding the vote of the Declarant and the Neighborhood Builders, the Association may borrow money, and may mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

4.1.17 The Association may do any and all things that a nonprofit mutual benefit corporation organized under the laws of the State of California may lawfully do, and generally may do and perform any and all other acts which may be either necessary for, or incidental to, the exercise of any of the foregoing powers, and any other such powers as are granted to a nonprofit mutual benefit corporation by the provisions of the laws of the State of California.

4.1.18 The Association may acquire by gift, purchase or otherwise own, hold, enjoy, lease, operate, maintain, convey, sell, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real and/or personal property in connection with the business of the Association; provided, however, that the Association shall not in any fiscal year acquire or sell any real or personal property having an individual or aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year by

purchase or lease without first obtaining the vote or written consent therefor from a majority of the voting power of the membership, excluding the vote of the Declarant and the Neighborhood Builders, except as is provided pursuant to the annexation of subsequent phases to this Community. Only with the approving vote or written consent therefor from sixty seven percent (67%) of the voting power of the membership, may the Association grant to an Owner an easement for the exclusive use of any portion of the Association Property, except as otherwise permitted by Section 1363.07 of the California Civil Code.

4.1.19 The Association shall have the right and power to suspend a Member's voting rights for any period during which any assessment against such Member's Lot remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the Rules and Regulations of the Association, provided that any suspension of such voting rights, except for failure to pay assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the Bylaws of the Association.

4.1.19.1 The Association may not cause a forfeiture of an Owner's right to use and enjoy such Owner's Lot for failure of such Owner to comply with the provisions of this Declaration, or the Bylaws of the Association or the Rules and Regulations of the Association, except (1) by judgment of a court or decision arising out of arbitration, or (2) on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association, as set forth in Article 5 hereof.

4.1.20 The Association may take any and all lawful action which may be advisable, proper, authorized or permitted by the Association under and by virtue of any condition, covenant, restriction, reservation, charge or assessment affecting the Community, or any portion thereof, and do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety or general welfare of its Members.

4.1.21 The Association may impose monetary penalties upon Owners as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws, the Declaration or the Rules and Regulations of the Association, (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to the Association Property and facilities thereon for which the Owner is allegedly responsible, or (3) to bring an Owner or its Lot into compliance with the Declaration, Bylaws, or Rules and Regulations of the Association.

4.1.22 The Association shall adopt rules, in accordance with California Civil Code Section 1363.03 regarding the election of candidates for the Board of the Association. Among other things, such rules must ensure equal access to Association media and Association common meeting spaces for all candidates, specify qualifications for candidates and qualification for voting powers of the Members and proxies, and set forth the procedure for nomination of candidates and voting periods. Votes concerning assessments, selection of the Board of directors, amendments to the governing documents, and grant of Exclusive Use Association Property shall be held by secret ballot. Such rules shall also provide for the selection of independent third party inspectors of elections, whose number, qualifications, duties and standard of performance shall comply with California Civil Code Section 1363.03(d). The Association shall comply with

California Civil Code Section 1363.03(e) through (j) as to voting procedures, including distribution of ballots, tabulation, reporting, recordation, custody and storage of votes. The Association is prohibited from using any Association funds for any campaign purposes as set forth in California Civil Code Section 1363.04.

4.1.23 In order to assure consistent landscaping and/or maintenance of the attractive appearance of landscaping throughout the Community, the Association shall have the right and power to assume responsibility for the installation, repair, replacement and/or maintenance of the landscaping within all or any portion of any Lot(s), and the costs thereof, subject to the written consent of the Owner thereof and to the granting to the Association of the necessary license(s) or easement(s) for such purposes. Assumption of such responsibilities by the Association shall not bar the later return of such responsibilities to the Owner(s) of such Lot(s), regardless of such Owner(s) consent.

4.1.24 The Association shall have the right, power and duty to post signs regarding parking restrictions applicable to the private streets in the Community, and to have vehicles that are in violation thereof towed and removed from the Community, provided that such towing is done in compliance with the requirements of California Vehicle Code Section 22658, including any amendments thereto and any successor or similar statutes.

Section 4.2. Fidelity Bond. The Association shall maintain a fidelity bond or insurance in an amount at least equal to the sum of three (3) months' assessments on all Lots in the Community, which names the Association as obligee and insures against loss by reason of acts of members of the Board of Directors, officers and employees of the Association and any management agent and its employees, whether or not such persons are compensated for their services.

Section 4.3. Membership Meetings.

4.3.1 Conduct of Meetings. Meetings of the membership shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Notwithstanding any other provision of law, notice of meetings shall specify those matters the Board intends to present for action by the Members, except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with Article 3 (commencing with Section 8330) of Chapter 13 of Part 3 of Division 2 of Title 1 of the California Corporations Code. Any Member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to executive session to consider litigation, matters that relate to the formation of contracts with third parties, Member discipline or personnel matters. Any matter discussed in executive session shall be generally noted in the minutes of the Board of Directors. In any matter relating to the discipline of a Member, the Board of Directors shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, in addition to Declarant's rights as an Owner and a Member, Declarant shall be entitled to access the Association books and records, including maintenance records, and to attend and speak at meetings of the Board of Directors and the Members. Any comments made by Declarant at any meeting shall be accurately noted in the minutes prepared for such meetings.

4.3.2 Distribution of Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes, of any meeting of the Board of Directors of the Association, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, Declarant shall have the right to receive all distributions of minutes, proposed minutes or summary minutes upon request and reimbursement of the Association's actual copying and mailing costs for making the distribution to Declarant.

4.3.3 Availability of Minutes. Members of the Association shall be notified in writing at the time that the Budget required in Section 6.2 below is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board of Directors, of how and where those minutes may be obtained and of the cost of obtaining such copies. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, Declarant shall also receive notice of its right to have copies of the minutes of meetings and how to obtain such minutes.

ARTICLE 5 ASSESSMENTS

Section 5.1. Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of a Lot by acceptance of a grant deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (a) annual assessments or charges, which shall include an adequate reserve fund for the periodic maintenance, repair and replacement of the Association Property and (b) special assessments as provided in Section 5.4 below, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made, the lien to be effective upon recordation of a Notice. Each such assessment, together with interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to an Owner's successors in title, unless expressly assumed by them.

Section 5.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties, for the improvement and maintenance of the Association Property and the homes situated upon the Lots, and such other purposes as set forth in this Declaration and the Bylaws.

Section 5.3. Maximum Annual Assessment. Until the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, or until the first day of the month following an earlier sale of the first Lot in a new Phase of the Community, the maximum annual assessment for each Lot in the Community shall be as provided for in the budget approved by the

California Department of Real Estate and disclosed in the Final Subdivision Public Report, for the particular Phase of the Community in which such sale occurred, and any amendments thereto. Thus, notwithstanding the limitation on increases in the maximum annual assessments and related time periods contained in this Article, whenever a new Phase is annexed to the Properties, upon the first closing of a sale in such new Phase the amount of the maximum annual assessment for all Lots in the Properties will increase or decrease to the amount stated in the budget approved by the California Department of Real Estate for such new Phase. The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those elements of the Association Property that must be replaced on a periodic basis, and such reserve shall be funded by annual assessments

5.3.1 From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective the first day of each fiscal year by the Board without a vote of the membership, provided that (i) any such increase shall not be more than twenty percent (20%) of the previous year's most recent assessment level (including any increase in such assessment resulting from new Phases being annexed to the Properties during such year), and (ii) the Board of Directors has complied with Section 6.2 below with respect to that fiscal year, including, but not limited to, the preparation and distribution of a pro forma operating budget to all members of the Association as provided in Section 6.2 below, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code. Such annual assessment shall continue in effect for the following twelve (12) calendar months, which period shall be deemed to be the assessment period.

5.3.2 From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the amount provided in subparagraph 5.3.1 by the vote or written assent of at least a majority of Owners in the Association constituting a quorum (as defined below), provided that the Board of Directors has prepared and distributed a pro forma operating budget to all members of the Association as provided in Section 6.2 below. For purposes of this Article 5, "quorum" means more than fifty percent (50%) of the Owners of the Association. The Association shall provide notice by first-class mail to each Owner of any increase in the regular assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

5.3.3 Said maximum assessment may be reduced by maintenance or subsidy agreements approved by the California Department of Real Estate and reflected in the Final Subdivision Public Report.

5.3.4 The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5.4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special 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 Association Property, including fixtures and personal property related thereto, or otherwise, provided that any such assessment for capital improvements to the Association Property which total more than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall have the vote or written assent of a majority of the Owners constituting a quorum. The Association may also levy a special assessment against any Member to reimburse the Association for costs incurred in bringing the Member and such Member's Lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the Bylaws, and the Rules and Regulations, which special assessment may be levied upon the vote of the Board after notice and an opportunity for a hearing which satisfy the requirements of Section 7341 of the California Corporations Code, as set forth in the Bylaws. The above provisions requiring the requisite vote of the membership with respect to special assessments do not apply in the case where a monetary penalty is imposed against an Owner as a disciplinary measure by the Association for the following reasons: (1) for failure of an Owner to comply with the Declaration, Bylaws or Rules and Regulations, or (2) as a means of reimbursing the Association for costs incurred by the Association in the mitigation, remediation and/or repair of damages to Association Property and facilities for which the Owner is allegedly responsible, or (3) to bring an Owner or its Lot into compliance with provisions of this Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and any amendments thereto. The Association shall provide notice by first-class mail to each Owner of any increase in the special assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

Section 5.5. Notice and Quorum for Any Action Authorized Under Sections 5.3 and 5.4. Any action authorized under Sections 5.3 and 5.4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than ten (10) nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be more than fifty percent (50%) of each class of Members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting but such vote is by less than the requisite quorum of more than fifty percent (50%) of each class of Members, Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officer of the Association not later than thirty (30) days from the date of such meeting.

Section 5.6. Uniform Rate of Assessment. Both annual and special assessments, except as may be otherwise provided in Sections 5.4 and 12.3 shall be fixed at a uniform rate for all Lots and shall be collected on a monthly basis.

Section 5.7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots in a Phase on the first day of the month following the conveyance of the first Lot in such Phase to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and such amount is subject to change upon closing of the sale of the first Lot within any newly annexed Phase in accordance with the approved budget for such Phase. Written notice of the annual assessment shall be sent to the Owner of

each Lot within the Community. All Lots within the real property annexed into the Community under the procedure hereinafter set forth in Article 15 shall be obligated to pay annual assessments to the Association as hereinbefore provided. The annual assessments shall automatically commence as to all Lots within the annexed areas on the first day of the first month following the conveyance of the first Lot or within such annexed area to an Owner. The due dates for assessments shall be established by the Board of Directors. If any payment of an assessment installment is less than the amount assessed and the payment does not specify the assessment fund or account into which it is to be deposited, it shall first be applied to pay Association regular annual assessments until the amount due therefor is satisfied, and then to pay the general reserve fund until the amount due therefor is satisfied.

Notwithstanding any other provision of this Declaration, conveyance of a Model Home shall not commence the annual assessments against such Lot or the other Lots within the same Phase of development until discontinuance of such use of such Lot as a Model Home, or conveyance of any other Lot in such Phase not being used as a Model Home to a member of the general public, whichever occurs first. During the period of time commencing on the first day of the calendar month following the sale of a Lot or being used by Declarant or a Neighborhood Builder as a Model Home, and ending on the date annual assessments commence against such Lot, Declarant shall be responsible for the maintenance of all portions of such Phase of development in which such Model Home Lot is located.

5.7.1 The Declarant shall be exempt from the payment of that portion of annual assessments designated for payment of Budget Line Item 205, Cable TV/Master Antenna. The line item assessments for satellite TV services will only be assessed to end user Owners.

Section 5.8. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment made in accordance with this Declaration shall be a debt of the Owner of a Lot from the time the assessment is levied. With respect to each assessment not received by the Association within fifteen (15) days after its due date, the Board may, at its election, require the Owner to pay a late charge in a sum to be determined by the Board, but not to exceed ten percent (10%) or Ten Dollars (\$10.00), whichever is greater. A late charge may not be imposed more than once on any delinquent assessment, but it shall not eliminate or supersede any charges imposed on prior delinquent assessments. If any such assessment is not paid within thirty (30) days after the date said assessment is due, the assessment shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay same, and in addition thereto, or in lieu thereof, after the expiration of thirty (30) days following recordation thereof, may foreclose the lien provided herein below against the Lot.

5.8.1 Any assessment not received by the Association within fifteen (15) days after the due date shall be delinquent. At least thirty (30) days before the Association may place a lien upon the Lot of an Owner as provided herein, the Association shall notify such Owner in writing by certified mail of the fee and penalty procedures of the Association, provide an itemized statement which indicates the principal amount owed, any late charges and the method of calculation, any attorneys' fees, and the collection practices used by the Association, including the right of the Association to the reasonable costs of collection. The amount of any such delinquent assessment or installment, together with any accompanying late charges, interest,

costs (including reasonable attorneys' fees), and penalties, as provided for in this Declaration, shall be and become a lien on the Lot against which the assessment is levied when the Association causes a Notice of Delinquent Assessment (herein the "Notice") to be recorded in the office of the County Recorder of the County in which the Lot or is located. The Notice shall describe the amount of such delinquent assessment or installment and such other charges thereon as may be authorized by this Declaration, a legal description of the Lot against which the same has been assessed, the name of the Owner, and, if the lien is to be enforced by the power of sale under nonjudicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. Such Notice shall be signed by the President or Vice-President, and the Secretary or Assistant Secretary of the Association or any employee or agent of the Association authorized to do so by the Board and shall be mailed in the manner set forth in California Civil Code Section 2924b to all record owners of the Owner's interest in the Lot no later than ten (10) calendar days after recordation. Said Notice shall be recorded along with a legal description of the Lot against which said assessment is levied and the name of the record Owner of said Lot. Unless the Board considers the immediate recording of the Notice to be in the best interests of the Association, the Notice shall not be recorded until fifteen (15) calendar days after the Association has delivered the above-described required written notice of default. Any payments received by the Association on account of such a debt shall first be applied to the principal amount owed, and only after the principal amount owed is paid in full shall such payments be applied to interest or collection expenses. If the delinquent assessment or installment and related charges are paid or otherwise satisfied, the Association shall record a notice of satisfaction and release of lien. Notwithstanding anything to the contrary herein, and in accordance with California Civil Code Sections 1365.1, 1367.1 and 1367.4, an Owner may dispute an assessment debt by submitting to the Board a written request for dispute resolution, and in the event such a request is made, the Association may not initiate foreclosure without participation in an alternative dispute resolution proceeding. In no event shall the Association proceed with judicial or non-judicial foreclosure to enforce any lien if the amount of the delinquent assessments, exclusive of any interest, cost of collection, late fees and other charges, is less than Eighteen Hundred Dollars (\$1,800.00), until such debt has been delinquent for more than twelve (12) months. The decision to record a lien for delinquent assessments shall be made only by a majority vote of the Board in an open meeting, held at least thirty (30) days prior to any public sale. The Board shall record the vote in the minutes of that meeting.

5.8.2 The Board may, after the expiration of thirty (30) days following recordation thereof, enforce any assessment lien which is in excess of Eighteen Hundred Dollars (\$1,800.00), or more than twelve (12) months delinquent, provided for in Section 5.9 hereinabove, by filing an action for judicial foreclosure or, if the Notice contained the name and address of the trustee authorized by the Association to enforce the lien by nonjudicial foreclosure, by recording a notice of default in the form described in California Civil Code Section 2924c(b)(1) to commence a nonjudicial foreclosure. Any nonjudicial foreclosure shall be conducted in accordance with the requirements of California Civil Code Sections 2924, 2924b, 2924c, 2924f, 2924g, and 2924h that apply to nonjudicial foreclosures of Mortgages or deeds of trust. The sale shall be conducted by the trustee named in the Notice or by a trustee substituted in accordance with the provisions of the California Civil Code. The Association may bid on the Lot at the sale, and may hold, lease, mortgage, and convey the acquired Lot or. If the default is cured before the sale, or before completing a judicial foreclosure, including payment of all costs and expenses incurred by the Association, the Association shall record a Notice of Satisfaction and Release of

Lien, and on receipt of a written request by the Owner, a Notice of Rescission of the Declaration of Default and Demand for Sale. Suit to recover a money judgment for unpaid assessments, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. Notwithstanding any provision in the law or in this Declaration to the contrary, a nonjudicial foreclosure by the Association to collect upon a debt for delinquent assessments shall be subject to the right of redemption, as provided in California Civil Code Section 1367.4, which right shall run for a period of ninety (90) days after the sale.

5.8.3 A monetary penalty imposed by the Association as a disciplinary measure (a) for failure of an Owner to comply with this Declaration, the Articles, Bylaws or the Rules and Regulations of the Association, or (b) as a means of reimbursing the Association for costs incurred by the Association in the mitigation, remediation and/or repair of damages to the Association Property and facilities for which the Owner or the Owner's guests or tenants is allegedly responsible, or (c) to bring an Owner or its Lot into compliance with this Declaration, the Articles, Bylaws or the Rules and Regulations of the Association shall not be treated as an assessment which may become a lien against the Owner's Lot or enforceable as provided in Section 2924, 2924(b) and 2924(c) of the California Civil Code. This Section shall not apply to charges imposed against an Owner which are reasonable late payment penalties for delinquent assessments nor charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments.

5.8.4 In addition to the lien power described hereinabove, each Owner vests in the Association or its assigns, the right and power to bring all actions at law against such Owner or other Owners for the collection of delinquent assessments. In lieu of bringing an action at law to collect delinquent assessments, the Association may submit the matter to arbitration pursuant to the rules of AAA. The decision of the arbitrator on such delinquent assessment shall be binding on both the Association and the delinquent Owner and may be enforced in any court of competent jurisdiction. The fee to initiate such arbitration shall be paid by the Association and shall be recoverable as part of the arbitration award, in addition to the late charges and interest on the delinquent assessment as provided above.

Section 5.9. Policies for Assessment Collection. The Board of Directors shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices for enforcing its remedies against Members for defaults in the payment of annual and special assessments, including the recording and foreclosing of liens against Members' Lots.

Section 5.10. Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien for the assessments provided for herein shall be subordinate to the lien of any first Mortgage upon any Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or any conveyance in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of Record or other purchaser of a Lot obtains title to the same as a result of foreclosure or conveyance in lieu thereof, such acquirer of title, including successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to

such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lots including such acquirer, its successors and assigns.

Section 5.11. Estoppel Certificate. The Association shall furnish or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 5.12. Personal Liability of Owner. No Member may be exempted from personal liability for assessments, nor any part thereof, levied by the Association, nor release the Lot owned by such Member from the liens and charges hereof by waiver of the use and enjoyment of the Association Property and facilities thereon, or by abandonment of such Member's Lot or.

Section 5.13. Exempt Property. All Properties dedicated to and accepted by a local public authority, and all Properties owned by a charitable nonprofit organization exempt from taxation by the laws of the State of California, shall be exempt from the assessments created herein. However, no real property or improvements devoted to dwelling use shall be exempt from said assessments.

Section 5.14. Assessment Limitation Not Applicable. The limitation on percentage increases of annual assessments shall not limit assessment increases by the Board for the following emergency situations:

- (a) An extraordinary expense required by an order of court;
- (b) An extraordinary expense necessary to repair or maintain the Community or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered; or
- (c) An extraordinary expense necessary to repair or maintain the Community or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the proforma operating budget pursuant to Article 6 hereof. However, prior to the imposition or collection of an assessment under this subparagraph (c), the Board shall pass 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, and the resolutions shall be distributed to the Members with the notice of assessment.

Section 5.15. Association Statement at Transfer of Title. At the request of any Owner transferring title to such Owner's Lot, the Association shall provide (i) a true statement in writing from an authorized representative of the Association as to the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the Owner's Lot which are unpaid on the date of the statement, and (ii) any change in the Association's current regular and special assessments and fees which have been approved by the Association's Board of Directors, but have not become due and payable as of the date disclosure is provided pursuant to this Section.

Section 5.16. Exemption from Assessments to Association Property. Notwithstanding any other provisions of this Declaration, Declarant or any other Owner shall not be obligated to pay any portion of any assessments, which assessment is for the purpose of defraying expenses and establishing reserves directly attributable to the existence and use of an Association Property improvement that is not complete at the time assessments commence. Any such exemption for the payment of assessments shall be in effect only until a Notice of Completion of the Association Property improvement has been recorded or the Association Property improvement has been placed into use, whichever shall first occur.

Section 5.17. Capital Contributions. Upon acquisition of record title to a Lot from Declarant or a Neighborhood Builder, each Owner of a Lot shall contribute to the capital of the Association the sum of One Hundred Twenty-Five Dollars (\$125.00). This amount shall be deposited by the buyer into the purchase and sale escrow and distributed therefrom to the Association or to Declarant or applicable Neighborhood Builder if Declarant or such Neighborhood Builder has previously advanced such funds to the Association. Such capital contributions shall be deposited into the Association's working capital account and Declarant shall be prohibited from using any of such capital contributions to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while it is in control of the Association.

ARTICLE 6 ACCOUNTINGS

Section 6.1. Books, Records and Minutes. The Association shall maintain books of account of all its receipts and expenditures and minutes of its proceedings. The Association shall make the accounting books and records and the minutes of proceedings of the Association available for inspection and copying by a Member, or the Member's designated representative, at the Association's business office within the Community or a place agreed upon by the Association and the Member. The accounting books, records and the minutes of proceedings of the Association must be made available for Member inspection and copying for the current fiscal year and the previous two (2) fiscal years. Minutes of Member and Board meetings must be made permanently available. Copies of current accounting books, records and minutes must be available within ten (10) business days of receipt of the request for current books, records and minutes or within thirty (30) calendar days of receipt of the request for accounting books, records and minutes prepared during the prior two (2) fiscal years. If the Association and the Member cannot agree upon a place for inspection, or if the Member so requests in writing, the Association may provide copies of the books, records, and minutes by first-class mail within ten (10) days of receiving the Member's request. The Association may bill the Member for the actual cost of copying and mailing, provided the Association notifies the Member of the costs before sending the copies. The Member shall have the option of receiving the specifically identified records by electronic transmission or machine-readable storage media as long as those records can be transmitted in a redacted format that does not allow the records to be altered. The cost of duplication shall be limited to the direct cost of producing the copy of a record in that electronic format. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, Declarant shall have the same rights as Owners under this Section 6.1 to inspect, examine and audit the books of the Association. The

Association may withhold or redact information from the books, records, and minutes for any of the following reasons:

- (a) The release of the information is likely to lead to the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property;
- (b) The release of the information is likely to lead to fraud in connection with the Association;
- (c) The information is privileged under law;
- (d) The release of information is likely to compromise the privacy of an individual Member; or
- (e) The information contains any of the following: (i) records of a-la-carte goods or services provided to Member for which the Association received monetary consideration other than assessments; (ii) records of disciplinary actions, collection activities, or payment plans of Members other than the Member requesting the records; (iii) any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number; (iv) agendas, minutes, and other information from executive sessions of the Board of Directors as described in California Civil Code Section 1363.05, except for executed contracts not otherwise privileged. Privileged contracts shall not include contracts for maintenance, management, or legal services; (v) personnel records other than the payroll records required to be provided; and (vi) interior architectural plans, including security features, for individual homes.

Except as provided by attorney-client privilege, the Association may not withhold or redact information concerning the compensation paid to employees, vendors, or contractors. Compensation information for individual employees shall be set forth by job classification or title, not by any personal information of the employee. The accounting books, records, minutes, and any information from them may not be sold, used for commercial purposes, or used for any other purpose not reasonably related to a Member's interest as a Member.

6.1.1 Commencing not later than ninety (90) days after the close of escrow for the sale of the first Lot, copies of the documents listed below, as soon as readily obtainable, shall be delivered by Declarant to the Board at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the listed documents shall apply to any documents obtained by Declarant no matter when obtained, provided, however, that such obligation shall terminate upon the earlier of (a) the conveyance of the last Lot covered by a subdivision public report or (b) three (3) years after the expiration of the most recent public report, on the Community:

- (1) The recorded subdivision map or maps for the Community.
- (2) The deeds and easements executed by Declarant conveying the Association Property or other interest to the Association, to the extent applicable.

- (3) The recorded Declaration, including all amendments and annexations thereto.
- (4) The Association's Bylaws and all amendments thereto.
- (5) The Association's filed Articles of Incorporation, if any, and all amendments thereto.
- (6) All Design Guidelines and all other rules regulating the use of an Owner's interest in the Community or use of the Association Property which have been promulgated by the Association.
- (7) The plans approved by the local agency or City where the Community is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-built plans and that the plans may bear appropriate restrictions on their commercial exploitation or use and may contain appropriate disclaimers regarding their accuracy.
- (8) All notice of completion certificates issued for Association Property improvements (other than residential structures).
- (9) Any bond or other security device in which the Association is the beneficiary.
- (10) Any written warranty being transferred to the Association for Association Property equipment, fixtures or improvements.
- (11) Any insurance policy procured for the benefit of the Association, the Board or the Association Property.
- (12) Any lease or contract to which the Association is a party.
- (13) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board, and of committees of the Board; and
- (14) Any instrument referred to in California Business and Professions Code Section 11018.6(d), as the same may be amended, but not described above which establishes or defines common, mutual or reciprocal rights or responsibilities of Members.

6.1.2 Commencing not later than ninety (90) days after the annexation of additional Phases to the Community, copies of those documents listed above, which are applicable to that Phase, shall, as soon as readily obtainable, be delivered by Declarant to the Board at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the listed documents shall apply to any documents obtained by Declarant no matter when obtained, provided, however, that such obligation shall terminate upon the earlier of (a) the conveyance of the last Lot covered by a subdivision public report or (b) three years after the expiration of the most recent public report, on the Community.

Section 6.2. Budget.

6.2.1 Except as provided in Section 6.2.2, a Budget for each fiscal year shall be prepared and distributed to each Owner not less than thirty (30) days or more than ninety (90) days prior to the beginning of the fiscal year. The Budget shall contain the following information:

(a) The estimated revenue and expenses of the Association for the upcoming fiscal year on an accrual basis;

(b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 6.2.4 below, based only on assets held in cash or cash equivalents, which shall be printed in bold type and include disclosures in the form required by California Civil Code Section 1365.2.5, and all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component within the Association Property;

(ii) As of the end of the fiscal year for which the study is prepared:

A. The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components within the Association Property;

B. The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components within the Association Property;

(iii) The percentage that the amount determined for purposes of clause B. of subparagraph (ii) above is of the amount determined for purposes of clause A. of subparagraph (ii) above;

(iv) The current deficiency in reserve funding expressed on a per Lot basis and calculated in accordance with California Civil Code 1365(a)(2)(D);

(c) A statement as to all of the following:

(i) Whether the Board of Directors has determined to defer or not undertake repair or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repair or replacement;

(ii) Whether the Board of Directors of the Association consistent with the adoption of a reserve funding plan as required by California Civil Code 1365.5, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component within the Association Property or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment;

(iii) The mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms;

(iv) Whether the Association has any outstanding loans with an original term of more than one (1) year, and, if so, the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to retire.

(d) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Association Property, and facilities for which the Association is responsible. The report shall include, but need not be limited to, reserve calculations made using the formula described in California Civil Code Section 1365.2.5(b)(4), and may not assume a rate of return on cash reserves in excess of two percent (2%) above the rediscount rate published by the Federal Reserve Bank of San Francisco at the time the calculation is made.

6.2.2 In its sole discretion, and in lieu of the procedure set forth in Section 6.2, the Board of Directors may elect to distribute a written summary of the Budget ("**Summary**") to all Owners not less than thirty (30) days nor more than ninety (90) days before the beginning of the fiscal year. In addition to the Summary, the Board of Directors shall include a written Notice, in at least 10 point bold type on the front page of the Summary stating that: a) the Budget is available for review at a location within the Community or at the office of the management company for the Association; and b) upon the written request of an Owner, the Association shall mail one copy of the Budget to an Owner. Such Budget shall be mailed at the Association's expense by pre-paid first class mail and shall be delivered within five (5) days from the date of the receipt of such Owner's written request.

6.2.3 The summary of the Association's reserves disclosed pursuant to paragraph 6.2.1 shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

6.2.4 At least once every three (3) years the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Community if the current replacement value of the major components within the Association Property which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half ($\frac{1}{2}$) of the gross Budget of the Association which excludes the Association's reserve account for that period. The Board shall review, or cause to be reviewed, this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study required hereunder shall at a minimum include:

(a) Identification of the major components within the Association Property which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years;

(b) Identification of the probable remaining useful life of the components identified in Section 6.2.4(a) as of the date of the study;

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in Section 6.2.4(a);

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study;

(e) If any contribution is required pursuant to Section (d) above, a reserve funding plan that indicates how the Association plans to fund the contribution needed to meet the Association's obligation for repair and replacement of items as stated in Section (a) above, not including those items that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and the amount of any change in the regular or special assessments that would need to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board at an open meeting before the membership of the Association as prescribed by California Civil Code Section 1363.05. If the Board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedures set forth in California Civil Code Section 1366.

6.2.5 As used in this Article, "reserve accounts" shall mean moneys that the Association's Board of Directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

6.2.6 As used in this Article, "reserve account requirements" shall mean the estimated funds which the Association's Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

Section 6.3. Initial Financial Report. A balance sheet, as of the accounting date which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of a Lot in the Community, and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed within not less than thirty (30) nor more than (90) days after the accounting date. The operating statement shall include a summary of assessments received and receivable.

Section 6.4. Annual Report. An annual report consisting of the following shall be distributed to each Owner within one hundred twenty (120) days after the close of the fiscal year:

(a) A balance sheet as of the end of the fiscal year;

(b) An operating (income) statement for the fiscal year;

(c) A statement of changes in financial position for the fiscal year;

(d) Any information required to be reported under Section 8322 of the California Corporations Code;

(e) A review of the annual report for the Association account prepared in accordance with generally accepted accounting principles by an Independent Accountant, for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000); and

(f) A statement of policies and procedures employed by the Board of Directors to enforce the collection of delinquent assessments.

Section 6.5. Independent Preparation. Ordinarily the annual report referred to in Section 6.4 above shall be prepared by an Independent Accountant for each fiscal year.

Section 6.6. Copy of Financial Statement to Prospective Buyers. Within ten (10) days of receipt of any written request therefor, the Board of Directors shall furnish any Owner or prospective Owner with a copy of this Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, as amended to date, together with a copy of the Association's most recent annual financial report as described in Section 6.4 hereof, and a true statement of any delinquent assessments, penalties, late charges, attorneys' fees or other charges under this Declaration on such Owner's Lot as of the date the statement is issued. The items required to be made available pursuant to this Section may be maintained in electronic form and requesting parties shall have the option of receiving them by electronic transmission or machine readable storage media if the Association maintains these items in electronic form. The Board of Directors may charge a reasonable fee for providing such documents and reports based upon the Association's actual cost to procure, prepare and reproduce same.

Section 6.7. Association Officer Statement. If the report referred to in Section 6.5 above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the report was prepared without audit from the books and records of the Association.

Section 6.8. Association's Policies and Practices Statement. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its Members shall be annually delivered to the Members, not less than thirty (30) nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

Section 6.9. Reconciliation of Accounts. The Board of Directors shall do the following not less frequently than quarterly:

(a) Cause a current reconciliation of the Association's operating accounts to be made and review the same;

(b) Cause a current reconciliation of the Association's reserve accounts to be made and review the same;

(c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(d) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts; and

(e) Review an income and expense statement for the Association's operating and reserve accounts.

Section 6.10. Reserve Account.

6.10.1 Withdrawal of funds from the Association's reserve account shall require the signatures of either: 1) two (2) members of the Board of Directors, or 2) one (1) member of the Board of Directors and an officer of the Association who is not also a member of the Board of Directors.

6.10.2 The Board of Directors shall not expend funds designated as reserve funds for any purpose other than:

(a) The repair, restoration, replacement, or maintenance of major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established, or

(b) Litigation involving the purposes set forth in (a) above.

6.10.3 Notwithstanding Section 6.10.2 above, the Board:

(a) May authorize the temporary transfer of money from the reserve account to the Association's operating account to meet short term cash flow requirements or other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in California Civil Code Section 1363.05. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed and describing when and how the money will be repaid to the reserve account.

(b) Shall cause the transferred funds to be restored to the reserve account within one (1) year of the date of initial transfer; however, the governing body may, after giving the same notice required for considering a transfer, upon making a documented finding that a temporary delay of restoration of the funds to the reserve account would be in the best interests of the development, temporarily delay the restoration until such time it reasonably determines to be necessary; and

(c) Shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits specified in (b) above. Any such special assessments shall be subject to the five percent (5%) limitation specified in Section 5.4 above. The Board may, at its discretion, extend the date the payment on the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve account to pay for litigation, the Board shall notify the Members of that decision in the next available mailing to all Members pursuant to Section 5016 of the California Corporations Code, as the same may be amended, and of the availability of an accounting of the expenses related to litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's office.

Section 6.11. Transfer of Title. The Board of Directors shall not impose or collect any assessment, penalty or fee in connection with the transfer of title or any other interest except the Board of Directors' actual costs to change its records and the fee for providing documents pursuant to Section 6.6.

ARTICLE 7 DESIGN REVIEW COMMITTEE

Section 7.1. Submissions and Approvals Required. No Improvement shall be commenced, erected, placed or altered upon any Lot until the location and full, complete and legible plans and specifications, in form acceptable to the Board or the Design Review Committee ("**DRC**"), showing the nature, kind, shape, height and materials, including the color scheme, have been submitted by personal delivery or certified mail, return receipt requested, to and approved in writing as to harmony of external design and location of surrounding structures and topography by the Board of Directors of the Association, or by the DRC. The DRC shall be permitted to charge a design review fee in an amount set forth in the Architectural Guidelines of the Association as well as a security deposit that shall be returned to Owner upon confirmation that the completed Improvements have not caused damage to any Lots, Association Property, or streets surrounding Owner's Lot. The DRC may designate an agent (i.e., an architect) for the purpose of assisting in the review of such location, plans and specifications or other requests and may charge the Owner making a submission its reasonable costs of such agent's review. Approval shall be by majority vote of the Board or its designated committee. In making its decisions hereunder, the DRC shall, among other matters, consider whether the proposed Improvements comply with the Applicable Building Laws (as defined below). In the event the Board or its designated committee fails to approve or disapprove such location, plans and specifications or other requests within thirty (30) days after receipt of the submission thereof to it of a complete application with all required documents in acceptable form, then such application will be deemed to be denied. Grade, level or drainage characteristics of the Lot or any portion thereof, shall not be altered without the prior written consent of the Board or its designated committee. Pursuant to the requirements of the City and as set forth in Section 8.1 below, Owners must submit proposed plans for front- and side- yard landscaping, as applicable, to the DRC within forty-five (45) days of the close of escrow for such Owner's Lot, and must submit proposed plans for rear yard landscaping within one hundred and eighty (180) days of the close of escrow for such Owner's Lot.

7.1.1 Variances. The DRC may authorize variances, with Board approval, from compliance with any of the architectural provisions of the Governing Documents, including 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 approved by the Board and shall be evidenced in writing and signed by a majority of the DRC, and become effective on recordation. The Board must approve any variance recommended by the DRC before any such variance becomes effective. If a variance is granted, no violation of the covenants, conditions and restrictions contained in the Governing Documents 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 the Governing Documents 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 or her Residence.

7.1.2 Zoning Applicable to Future Property Improvements. Per the Conditions of Approval for the Community, the following zoning is applicable to future property improvements:

(a) R-2 zoning site development criteria shall apply to Lots 1 through 84, inclusive, and 114 through 118, inclusive, as shown on the Map(s) for the Community;

(b) R1-A zoning site development criteria shall apply to Lots 85 through 93, inclusive, 103 through 113, inclusive, 119 through 141, inclusive and 152 through 175, inclusive, as shown on the Map(s) for the Community;

(c) R1 zoning site development criteria shall apply to Lots 94 through 102, inclusive, 142 through 151, inclusive, and 176 through 223, inclusive, as shown on the Map(s) for the Community;

(d) Notwithstanding the site development standards above, all Lots originally developed with a single-story residence shall not be allowed to construct a second story;

(e) Patio cover design shall be architecturally integrated with the residence design and have quality comparable to the prototype patio covers constructed for the models.

7.1.3 The DRC shall deliver its written approval, disapproval or request for additional information or materials to the Applicant at the address listed in the Application within forty-five (45) calendar days after the date on which the Association has issued its Acknowledgement of Receipt of Complete Application to the Applicant. The Application shall not be deemed approved if the DRC fails to respond to Applicant at the end of the forty-five (45) day approval period. Upon failure by the Association to respond to Applicant within 45 days, the Applicant must submit by U.S. mail, with return receipt requested, a written request for notification of the status of the Application. If the DRC fails to respond to the Applicant within 45 days of confirmed receipt, the Application shall be deemed approved if the Applicant can prove the receipt of both the Acknowledgement of Receipt of Application and confirmation of receipt of the Request for Status by the Association. Without both confirmations, the Application shall be deemed disapproved and a new Application must be submitted to the DRC.

7.1.4 This approval requirement shall not apply to the original construction of Declarant. Each Owner shall be responsible for obtaining all necessary approvals or permits

from applicable governmental entities or agencies and shall comply with all laws, codes and regulations concerning the construction of any such Improvement.

7.1.5 Any Owner who desires to modify such Owner's Lot shall be the sole responsible party, and hereby covenants to take whatever actions are necessary, including obtaining any necessary insurance policies and hiring consultants/experts to advise such Owner, the Association and the DRC whether any proposed modifications to an Owner's Lot ("**Modifications**") are in full compliance with any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the California Government Code), any applicable building codes, and/or any other applicable laws governing land use or public safety ("**Applicable Building Laws**").

7.1.6 Any such Owner shall represent and warrant to the Association and the DRC, in a signed certificate, the form and substance of which are reasonably acceptable to the Board, that the Modifications are in full compliance with any and all Applicable Building Laws, and shall indemnify, defend and hold Declarant, Neighborhood Builder, Board, Association and DRC ("**Indemnified Parties**") harmless from any and all liabilities, fines, sanctions, costs and expenses, including attorneys' fees and costs, levied against or incurred by any or all of the Indemnified Parties resulting from any violation of the above covenant, representation and warranty by such Owner.

7.1.7 The approval by the DRC of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the DRC under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

7.1.8 A copy of the Design Guidelines, if any have been adopted, or, if none, a written notice of the requirements for Association approval of physical changes to a Lot that are subject to this Article, shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year. Such written notice shall include a copy of the procedures used for architectural review of an application for a proposed change under this Article.

Section 7.2. Appointment of DRC. Declarant may appoint all of the original members of the DRC and all replacements until the first anniversary of the original issuance of the Final Subdivision Public Report for the Community. Thereafter, Declarant may appoint a majority of the members of the DRC until ninety percent (90%) of the Lots in the Community have been sold or until the fifth (5th) anniversary of the original issuance of the Final Subdivision Public Report for the Community, whichever first occurs. After one (1) year from the date of the original issuance of the Final Subdivision Public Report for the Community, the Board of Directors of the Association shall have the power to appoint one (1) member to the DRC until ninety percent (90%) of the Lots in the Community have been sold or until the fifth (5th) anniversary of the original issuance of the Final Subdivision Public Report for the Community, whichever first occurs. Thereafter, the Board of Directors of the Association shall have the power to appoint all of the members of the DRC. Members appointed to the DRC need not be Members of the Association.

Section 7.3. Views. In granting or denying the architectural approvals required hereunder, the DRC shall consider the effect of any Improvement on the views of adjacent Lots. No vegetation or other obstruction shall be approved in any location of such height as to unreasonably obstruct the view from any other Lot in the vicinity thereof; nor will any vegetation be allowed to grow to such a height or density as to unreasonably obstruct such views. In the event of a dispute between Owners as to the obstruction of a view from a Lot, such dispute shall be submitted to the DRC whose decision in such matters shall be binding. Any such obstruction shall, upon request of the DRC, be removed or otherwise altered to the satisfaction of the DRC, by the Owner upon whose Lot said obstruction is located. If said Owner fails to take such action as required, the Association, DRC, or their authorized agents or employees, may, but is not obligated to, enter upon such Lot, rectify the condition, and charge such Owner the cost thereof. Declarant makes no assurance whatsoever concerning the impact on views of any construction of Improvements by anyone after completion of Declarant's original construction, whether such construction is approved by the DRC or constructed on property contiguous to the Properties.

Section 7.4. Non-Liability of Design DRC Members. Neither Declarant, the Association, the Board or the DRC, or the members or designated representatives thereof, shall be liable for damages to any Owner submitting plans or specifications to them for approval, or to any Owner in the Community affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance, unless due to willful misconduct or bad faith of the DRC. The DRC's approval or disapproval of a submission shall be based solely on the consideration set forth in this Article, and in such rules and regulations as may be promulgated by the DRC, and the DRC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety and conformance with building or other codes, which responsibility, pursuant to Section 7.1.3 hereof, shall be the sole responsibility of Owner.

Section 7.5. Fences and Walls. Each Owner shall maintain the fences and walls installed by Declarant or the Neighborhood Builder along the side and rear perimeters of such Owner's Lot, except to the extent that the Association has responsibility for such maintenance. No alteration of such walls and fences shall be permitted without the prior approval of the Design Review DRC. Such fences and walls shall be built so as to straddle the boundary lines of a Lot, and only one fence or wall shall be constructed on the boundary lines of adjoining Lots. Each Owner shall obtain all necessary permits for such construction and shall comply with all local laws and ordinances in connection with such construction. The cost of construction and maintenance of the fences and walls shall be borne by the Owner thereof, except that the cost of construction and maintenance for fences and walls which straddle boundary lines of adjoining Lots shall be borne equally by such adjoining Lots as required by California Civil Code Section 841. The block retaining walls in the Community, as shown on Exhibit "BRW", attached hereto and incorporated herein by this reference, and adjacent roads shall be owned by the Association. The interior surfaces thereof shall be the responsibility of the respective Owners of such Lots to maintain and the Association shall be responsible for the maintenance of the exterior surfaces thereof and the caps thereon, and for the structural repair and replacement of such walls. The Lots containing such walls subject to this paragraph, and the approximate locations thereof, are described on Exhibit "BRW", and/or in Exhibits to Notices of Annexation for future Phases of the Community.

7.5.1 The soil nail walls and fences located in the Community and shown on Exhibit "WF" attached hereto and incorporated herein by this reference, and/or in Exhibits to Notices of Annexation for future Phases of the Community, shall be owned by the Association. The exterior of these walls shall be maintained by the Association and the interior portions shall be maintained by the Owner of the Lot on which the wall sits.

7.5.2 In the event any Owner fails to maintain the fences and walls as required hereunder, then the Association may, after due notice to the Owner involved and opportunity to be heard, shall have the right of access to such Owner's Lot to conduct such maintenance as may be necessary and said Owner shall be liable for all costs incurred by the party conducting such activities.

ARTICLE 8 USE RESTRICTIONS AND OBLIGATIONS OF OWNERS

Section 8.1. Landscaping of Lots. Unless landscaping is installed by Declarant, each Owner of a Lot shall, at the Owner's sole expense, comply with the following:

8.1.1 Pursuant to the requirements of the City, Owner must install landscaping in the Owner's front and side yards that are visible from the street within one hundred eighty (180) days from the close of escrow of the Owner's Lot. To meet this requirement, Owner must submit plans for such landscaping to the DRC pursuant to Article 7 of this Declaration within forty-five (45) days of the close of escrow for Owner's Lot.

8.1.2 Owner must install landscaping in the rear yard, within one (1) year of the close of escrow of the Owner's Lot, and must submit proposed plans for rear yard landscaping to the DRC within one hundred and eighty (180) days of the close of escrow for such Owner's Lot.

Section 8.2. Leasing of Lots. Pursuant to any anti-speculation agreement, any Owner may lease such Owner's Lot subject to the following:

8.2.1 No Owner shall be permitted to lease such Owner's Lot for transient, time-share, extended vacation rental, halfway house, or hotel or similar purposes.

8.2.2 No Owner may lease less than the entire Lot.

8.2.3 Any lease agreement is required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, the Bylaws and any Rules and Regulations adopted by the Association and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease.

8.2.4 All leases are required to be in writing and copies shall be submitted to the Association.

Section 8.3. Use Restrictions. In addition to all other covenants contained herein, the use and enjoyment of the Properties and each Lot therein shall be subject to the following:

8.3.1 Restriction on Non-Residential Uses. No Lot shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any Lot or Lots(s) in the Community owned by Declarant for a model home site or sites and display and sales office until the last Lot is sold by Declarant or seven (7) years following the date of the sale of the first Lot in the Community, whichever shall first occur. No tent, shack, trailer, garage, outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently.

8.3.2 Limited Non-Residential Uses Permitted. No part of the Community shall ever be used or caused to be used directly, or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes. However, the provisions of this Section shall not preclude professional and administrative occupations within the Community, or other reasonable business activity, which have no signs or other external evidence thereof, for so long as such occupations are in conformance with all applicable governmental ordinances, are merely incidental to the use of the Lot as a residential home, and do not in any manner disturb other occupants or generate pedestrian traffic, deliveries or other nuisance.

8.3.3 Signs. No sign or billboard of any kind shall be displayed by any Owner on any portion of the Community or Lot, except one sign of reasonable size, advertising that the particular Lot is for sale or rent, or except by Declarant and the Neighborhood Builders in connection with initial sales of the Lots, during the sales period set forth in Section 8.2.1, hereinabove. No provision herein shall be read or construed to prohibit the posting or displaying of noncommercial or political signs, posters, flags, or banners on or in an Owner's separate Lot (not Association Property), in accordance with California Civil Code Sections 1353.5 and 1353.6. All such signs, posters, flags, or banners shall be permitted only so long as they are in good presentable condition. The Association shall have the right and power to impose reasonable restrictions on the duration of the posting or displaying of such signs, posters, flags or banners. Owners are advised to refer to the Rules and Regulations promulgated by the Board.

8.3.4 Nuisances. No noxious or offensive activity shall be carried on in any Lot or any part of the Community, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of such Owner's respective Lot or which shall in any way increase the rate of insurance.

8.3.5 Vehicles and Equipment. No trailer, camper, boat, golf cart, mobile home, recreational vehicle, recreational motor home, truck with commercial signage, truck camper larger than a three quarters (3/4) ton pick-up truck, or that has a mounted camper shell which protrudes from the truck from either side or from beyond the rear gate or above the cab ceiling, or similar equipment or inoperative automobile shall be permitted to remain upon the Community unless placed and maintained entirely within a Lot on a paved driveway, subject to the approval of the City and the DRC, and only if Owner's Lot is large enough to accommodate such vehicle in the side-yard area that is screened from view from the streets and Common Areas. No recreation vehicles (including boats and trailers) shall be permitted to be parked on the private or public streets within the Community. The foregoing restriction shall not be

deemed to prevent washing and polishing of an Owner's primary motor vehicles (e.g., automobile or motorcycle), or those activities normally incident and necessary to such washing and polishing, however, the washing and/or polishing of boats, jets-skis, trailers, campers or all-terrain vehicles within the Community is prohibited. Furthermore, such restriction shall not apply to (i) emergency vehicle repairs, (ii) commercial deliveries, (iii) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any work or improvement approved in accordance with Article 7 or work by Declarant or any Neighborhood Builder relating to the construction or sale of Residences, or (iv) the loading and unloading of such vehicles and the temporary parking of such vehicles for purposes of loading and unloading so long as such vehicles are not parked on a regular basis and are not parked for a period of time exceeding forty-eight (48) hours over a two week period.

8.3.5.1 The Plan and BMPs referenced in Section 8.3.23 below may contain restrictions related to the washing and polishing of vehicles within the Community. In the case of any conflict between the BMPs and this Declaration with regards to the washing and polishing of vehicles, the more restrictive provisions shall control.

8.3.6 Parking; Garage. Unless otherwise permitted by the Board, no Owner shall leave his or her automobile parked or left within the Community other than within a garage or an appurtenant driveway (or other area within Owner's Lot approved by the DRC), or any designated parking area or parking space, and at no time shall a motor vehicle of any kind be permitted on the front yard landscaping or within the sidewalk. Except for Model Homes used by Declarant or a Neighborhood Builder, the garages shall be used for parking automobiles only and shall not be converted for living or recreational activities or used for the storage of ATVs or other recreational vehicles that would not leave sufficient space for Owners to park their vehicles in the garage. Garage doors to garages shall be kept closed except during the removal or entry of vehicles therefrom or thereto. Per the Conditions of Approval for the Community, garages shall be maintained in such a way as to allow sufficient space for the parking of two (2) vehicles at all times and automatic garage door openers are mandatory. Garages may not accommodate large trucks or SUVs. Each Owner is responsible for ensuring that the garage is suitable for such Owner's vehicles prior to purchasing a Lot in the Community. Owners must park their automobiles in their garages. Owners and Owners' family members may be prohibited from parking on any street in the Community. The Association may establish additional parking guidelines and regulations to accommodate guest parking and parking regulations set forth and enforced by the local jurisdiction. Garages may never be used for temporary or permanent living purposes (for people or any kind of animal, including but not limited to dogs, cats, rodents and reptiles), regardless of whether the garage space is needed for the storage of motor vehicles. The Association shall have the right to establish procedures to enforce the parking and garage restrictions and requirements, and will have the right to inspect the garage, if violation is claimed.

8.3.7 Parking Signage. The Association may, in accordance with California Vehicle Code Section 22658.2, or comparable superseding statutes, install a sign at each vehicular entrance to the Community containing a statement that public parking is prohibited and that all vehicles not authorized to park in the Community will be removed at the Owner's expense. The sign shall contain the telephone number of the local traffic law enforcement agency and shall be not less than seventeen inches (17") by twenty-two inches (22") in size with lettering no less than

one inch (1") in height. The Board shall assure that "No Parking" signs are maintained along those areas of the private streets, driveways and fire lanes of the Community where parking is not permitted in accordance with the Conditions of Approval for the Community, and shall continuously and diligently enforce such parking restrictions.

8.3.8 Pets and Animals. An Owner may keep and maintain in such Owner's Lot a reasonable number of domesticated pets such as dogs, cats or other usual and ordinary household pets, not to exceed two (2) dogs and two (2) cats (not to exceed a total of four (4) pets), or as determined by the Board from time to time in its sole discretion, taking into consideration the type of pet and the residential density of the property, and provided that such pets shall not be allowed in the Association Property except as may be permitted by the Rules and Regulations which may be promulgated from time to time by the Board. Except as hereinabove provided, no animals, livestock, birds or poultry shall be brought within the Community or kept in any Lot thereof. Owners keeping pets shall be accountable to the other Owners for the acts of such pets, and should any Owner be unable to control barking or other noise or acts of such Owner's pets which disturb any neighbors such Owner shall be required to remove such pet from the Community. Each Owner of a pet shall forthwith clean up and remove any animal waste such pet may deposit on the Association Property or the property of another Owner. No dog will be allowed on the Association Property without being supervised and on a leash. Any Owner (including such Owner's family, guests and invitees) who maintains any pet, animal, reptile, livestock or other living creature of any kind, within the Community, whether in compliance with this Declaration and the Rules and Regulations or otherwise, shall indemnify, defend and hold the Association harmless from and against any damages, claims, causes of action or losses of any kind or nature, including reasonable attorney's fees and costs, incurred by the Association as a result of any alleged damage or injury caused by such living creature to the Association, to its property, to the Association Property, or to the Members, their family, guests or invitees, or their property.

8.3.9 Aggressive Dog Breeds. Dogs which are of a breed known to be aggressive or commonly trained for fighting (referred to herein as "*aggressive dogs*"), such as dogs commonly referred to as "pit bulls" for example, are subject to the following special requirements relating to handling, confinement and liability insurance:

8.3.9.1 Aggressive dogs must at all times be securely confined indoors or confined in a securely and completely enclosed and locked pen in a backyard or sideyard area. Any such pen, if one is permitted to be constructed in such Lot, or in such location, under the Community Design Guidelines, shall not exceed six feet (6') in height if it is to be located within fifteen feet (15') of a Lot boundary line, and shall be posted with a conspicuous sign displaying the words "Dangerous Dog" that complies with the Community Design Guidelines of the Association. At any time that an aggressive dog is not confined, the dog shall be muzzled in such a manner as to prevent it from biting or injuring any person or animal, and kept on a leash.

8.3.10 Oil and Mining Operations Prohibited. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind, shall be permitted within the Community, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of or within five hundred (500) feet below the surface of the Community. No derrick

or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted within the Community.

8.3.11 Clotheslines, Woodpiles, Storage, Etc. All rubbish, trash and garbage shall be regularly removed from the Community, and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, wood-piles, storage areas, machinery and equipment shall be prohibited within the Community unless obscured from the view of adjoining Lots and streets.

8.3.11.1 Weeds, rubbish, debris, unsightly material or objects and trash may not be kept upon the Lot or on any Association Property abutting or visible from Homesites in the Community. All trash containers shall be located so as to be out of public view. Trash may be kept in individual and sanitary containers in rear yards or garages, or otherwise at curbside areas in accordance with the Rules and Regulations, if applicable. Trash containers may be exposed to the view of neighboring Lots for a reasonable period from 5:00 p.m. the night before the scheduled trash collection and shall be promptly returned to the appropriate screened area by 10:00 p.m. the day of trash collection. No odor may be permitted to arise from such containers so as to render any portion of the Lot offensive or detrimental to any other property in the vicinity thereof or to its occupants. Trash containers owned by the Association may be kept on the Association Property so long as they are contained in an enclosure installed by Declarant or a Neighborhood Builder approved by the DRC. No exterior fires are permitted, except in barbecues and professionally manufactured cooking equipment permitted by and installed with the approval of the DRC.

8.3.12 Antennas. Owners are prohibited from installing any antenna on the exterior of a residence for any purpose, except for an "Authorized Antenna" which may be installed so long as the proposed location for such installation is reviewed and approved by the DRC prior to its installation in order to ensure that the visibility of the Authorized Antenna is minimized with respect to other Owners. The DRC may require that the location of the Authorized Antenna be moved, and the Board may impose additional restrictions on installation or use of an Authorized Antenna, so long as such review by the DRC, or such additional restrictions, do not (a) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna, or (c) preclude reception of an acceptable quality signal. The Board may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of managers, agents or employees of the Association and other Owners, or for any other safety related reason established by the Board. The Board may also prohibit the installation of an Authorized Antenna on property to which an Owner does not hold fee title or is not entitled to exclusively use under this Declaration, or may allow an Owner to install an antenna other than an Authorized Antenna subject to the Design Guidelines and review and approval by the DRC. An "Authorized Antenna" means an antenna that is (a) designed to receive direct broadcast satellite service, including direct-to-home satellite service and that is one meter or less in diameter, and, (b) that is designed to receive video programming service, including multi-channel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and that is one meter or less in diameter, or (c) an antenna that is designed to receive television broadcast signals. Each Owner may maintain individual radio or television antennae systems if located entirely within such Owner's dwelling and if such

system is not visible from other Lots or the Association Property, and provided that such system does not interfere with radio and television reception of other Owners within the Community.

8.3.13 Window Coverings. The use of aluminum foil, newspaper, paint, reflective tint as window covering, or any other material deemed unattractive by the Association in its Design Guidelines or Rules and Regulations, is prohibited. The Association has the power to permit temporary window coverings, such as white or pastel color sheets, for a limited period of time after the close of escrow and pending the installation of drapes, curtains, shutters or other appropriate interior window coverings. All window coverings shall be of a uniform neutral color harmonious with and not in conflict with the color scheme of the exterior wall surface of the Lot and the Community. Window tinting shall not be permitted. Window coverings shall be subject to the approval of the DRC.

8.3.14 Holiday Decorations. Outdoor holiday decorations, if permitted, or indoor holiday decorations that are visible from outside, shall be limited to a reasonable period of time prior to the date of the holiday, as determined by the Association, and shall be removed within no more than fourteen (14) days after such holiday.

8.3.15 Fences, Walls and Other Similar Improvements. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any kind shall be erected or maintained on or around any portion of any structure or elsewhere within the Community except those that are installed in accordance with the original construction by Declarant or a Neighborhood Builder, or as are authorized and approved in accordance with Article 7. No gates or other means of access to Association Property adjacent to a Lot are permitted to be installed in any wall or fence of a Lot. In addition, all fences or walls installed on a Lot after the original construction of the Community by Declarant and the Neighborhood Builders shall be constructed in accordance with the Community Design Guidelines.

8.3.15.1 No Owner shall be permitted to install, cause to be installed or otherwise place fencing constructed from wood or any other combustible material anywhere on such Owner's Lot.

8.3.15.2 No Owner shall be permitted to move or cause to be moved his or her fence to a location that is different from Declarant's or Neighborhood Builder's original placement of such fence.

8.3.15.3 Walls throughout the Community are covered by fabric ("**Keystone Walls**") and must be treated with care. Owner may not plant trees or bushes near the Keystone Walls that could grow on or through the fabric. If Owner's trees or bushes begin to grow on or through the fabric of the Keystone Walls, Owner shall cause such vegetation to be removed. Owners whose trees or bushes destroy, alter or otherwise affect the fabric on the Keystone walls may be subject to fines imposed by the Association pursuant to this Declaration and/or the Rules and Regulations.

8.3.16 LMD Area Restrictions. Certain portions of the Association Property may be conveyed to and/or maintained by a Landscape Maintenance District or other special district, which shall assume responsibility for the maintenance and repair of the landscaping and/or other

improvements therein. In the event portions of the Association Property are to be maintained by an LMD and become LMD Areas, (a) no improvement, excavation or work which would in any way alter any portion of any LMD Areas shall take place, except (i) in compliance with all applicable laws and regulations, and (ii) upon the prior approval of the LMD, and (b) such LMD Areas shall be held, maintained and used to meet the recreational interests of the Owners or to enhance their enjoyment of the natural environment of the LMD Areas and for no other purpose. If for any reason, any LMD Area ceases to be maintained by the LMD, the Association shall immediately undertake the maintenance and repair responsibility for such LMD Areas in accordance with this Declaration.

8.3.17 Fuel Modification Zone Maintenance. Each Owner of a Lot that includes a "Fuel Modification Zone" setback area where combustible materials are not permitted, or where "Firewise" landscaping (as defined in the Fire Protection Plan) is required, or a fire management easement of the Association is located, shall maintain such areas in compliance with all applicable requirements, limitations and restrictions of the Fire Protection Plan for the Community for such Fuel Modification Zone areas. The Fuel Modification Zone areas are shown and/or described in Exhibit "FMZ" attached hereto.

8.3.18 Security. Owners and occupants of a Lot, and their respective guests and invitees, are responsible for their own personal safety and the security of their property within the Community. Neither the Association nor Declarant or any Neighborhood Builder shall in any way be considered an insurer or guarantor of safety or security within the Community, nor shall such parties be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism, gate, or other system for limiting access to the Community, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees, Declarant and the Neighborhood Builders, are not insurers or guarantors of safety and security and that each person within the Community assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Residences, resulting from acts of third parties.

8.3.19 Utility and Drainage Easements. Easements for surface water drainage and for installation and maintenance of utilities, sewer pipelines and facilities and drainage facilities over, under and across each of the Lots, and all pipelines and other facilities located and to be located in said easements, are reserved for the benefit of the Declarant, the Association, and the other Lots within the Community, where such facilities are installed and as may be shown on the recorded Maps of the Community. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of the flow of drainage channels, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or a utility is responsible. In addition, all sewer pipelines and other sewer

facilities located or to be located within public roads, streets and highways abutting each of the Lots are reserved.

8.3.20 Preservation of Improvements. Each Owner of a Lot has the responsibility and duty to maintain the appearance and integrity of such Owner's Lot and of all slope areas and drainage devices located within such Owner's Lot. If an Owner should fail to maintain or make the necessary repairs or replacements which are the responsibility of such Owner, the Association shall have the right, but not the obligation, upon a vote of a majority of the Board of Directors, after not less than thirty (30) days' notice to the Owner and an opportunity to be heard, to enter the Lot and provide such maintenance or make such repairs or replacements as are necessary, the cost thereof to be added to the assessments chargeable to that Lot.

8.3.21 Access for Slope Maintenance. Each grantee of a Lot within the Community covenants for such Owner, such Owner's heirs, successors and assigns, that such Owner will permit free access by Owners of adjacent or adjoining Lots and by the Association, its agents and employees, to all slope areas, if any, or drainageways, if any, located on such Owner's Lot, which affect said adjacent or adjoining Lots, which access is essential for the maintenance or permanent stabilization of said slopes, or maintenance of the drainage facilities for Lots other than the Lot on which the slope or drainageway is located.

8.3.22 Alteration of Slope Improvements Prohibited. Each grantee of a Lot within the Community covenants for such Owner, such Owner's heirs, successors and assigns, that such Owner will not in any way interfere with the established drainage patterns or create erosion or sliding problems over such Owner's Lot from adjoining or other Lots within the Community, and that such Owner will make adequate provisions for proper drainage in the event it is necessary to change the established drainage over such Owner's Lot. For the purposes hereof, "established drainage" is defined as the drainage which occurred at the time the overall grading of the Community was completed by Declarant.

8.3.23 Water Quality Management Requirements and post-construction Best Management Practices.

8.3.23.1 The Community is subject to a water quality management plan ("**Plan**") required by the California State Water Quality Control Board and local government. Generally, the Plan imposes requirements for the design, implementation and maintenance of Best Management Practices ("**BMPs**"), which are intended to prevent the discharge of anything other than water into private and public storm drains during and after construction of the Community. The requirements imposed by the Plan are in addition to any requirements imposed by local ordinances concerning discharges into storm drains.

8.3.23.2 The Plan also imposes post-construction requirements on both the Association and all Owners in the Community. The Association and all owners, as well as their respective contractors and agents, are required to comply with all BMPs to prevent the discharge of anything other than water (including, without limitation, soil, sand, sediment, oil, gasoline and other hydrocarbons, paint, fertilizers, pool chemicals and other household chemicals) into the storm drains located in the Community. For example, many BMPs are common practices utilized in our daily activities, such as: 1) insuring that irrigation water is properly applied to

landscape, not the sidewalk and gutters; 2) requiring that sandbags be placed around soil and sod when installing landscaping in order to prevent run-off into the storm drains; 3) when fertilizing landscaping, measures must be taken to prevent over-watering the landscaping to ensure that fertilizer and other lawn chemicals do not run into the storm drains; and 4) using dry clean-up methods (e.g., kitty litter) instead of hosing down “spillage” into the gutter. In addition, the BMPs may include restrictions on hosing down motor vehicles and paved areas and prohibit residents from performing automotive work (other than emergency repairs) within the Community.

8.3.23.3 The Plan affirmatively obligates the Association and all Owners to take immediate corrective action whenever there is a violation of the Plan. Penalties (including significant fines) may be imposed against any Owner who fails to comply with the BMPs set forth in the Plan. A copy of the Plan will be available in the Association’s or management company’s office. The Plan is also available at the California State Water Quality Control Board office for your area and the local City or County department of public works.

8.3.23.4 The Plan and associated BMPs may be changed at any time by Declarant during construction and/or at any time during construction or in the future by any public agency with jurisdiction over such matters in order to remain in compliance with governmental laws and regulations. Changes in the Plan, could cause your monthly Association assessments to increase in the future beyond what was contemplated in the original budget prepared for the Community.

8.3.24 Lighting. All lighting must be installed and maintained in conformance with Section 17.2.3 hereof.

8.3.25 Rights of Declarant and Neighborhood Builders. Conveyance of a substantial number of the Lots is essential to the establishment and welfare of said Community as a residential community. In order that all work necessary to complete the Community and establish a substantially occupied residential community be completed as rapidly as possible, no Owner shall and nothing in this Declaration shall be understood or construed to:

8.3.25.1 Prevent Declarant, its contractor or subcontractors, from doing work on said Community or any part thereof whenever it determines such work to be reasonably necessary or advisable in connection with the completion or marketing of the Community; or

8.3.25.2 Prevent Declarant, or its representatives from erecting, constructing and maintaining on any part or parts of said property owned or controlled by Declarant, its contractors, or subcontractors, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing the Community as a residential community and disposing of the same by sale, lease, or otherwise.

8.3.25.3 Declarant, in exercising its rights hereunder, shall not unreasonably interfere with the Members’ use of the Association Property.

8.3.26 Standard of Maintenance. All structures and improvements within the Community shall at all times be maintained by their respective Owners in a clean, first-class and properly painted condition, in accordance with the Community-Wide Standard.

8.3.27 Solar Access. Each Owner of a Lot may install a solar energy system which serves his or her Lot so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances and (b) said design and location receive the prior written approval of the DRC.

Section 8.4. Additional Restrictions. *NOTE: The provisions set forth in this Section 8.4 appear as required by Declarant's legal obligations. The related provisions throughout this Declaration may be more or less restrictive than what is set forth in this Section 8.4. In case of conflict between any such provisions in this Declaration, the more restrictive provisions shall be controlling.*

8.4.1 Homeowners whose rear property line abuts preserved open space may not install gates in yards allowing access to the preserve areas. Homeowners whose rear property line abuts preserved open space shall not be permitted to move their rear fence line farther than the lesser of (1) the border between brush management zone 1 and 2, (2) the rear property line, and (3) 10 feet down from the top of the slope.

8.4.2 Solar power technology may be installed by an Owner, provided such improvements are subject to reasonable design requirements imposed by the DRC.

8.4.3 The habitat manager for the proposed open space adjacent to the Community shall have the right, but not the obligation, to enforce those provisions of this Declaration that benefit the preserved open space (including Section 8.4.1 above) (and to collect attorneys fees and costs as the prevailing party) against the Association and individual Owners pursuant to Section 9.1 of this Declaration.

Section 8.5. Construction Limits.

8.5.1 Notwithstanding any other provision of this Declaration to the contrary, the provisions of this Section 8.5 and the following standards and procedures shall apply with respect to all construction undertaken by or done on behalf of Owners of Custom Lots within the Community. This Section 8.5 shall not apply to Declarant or Neighborhood Builder, as long as such non-application does not contradict any other provision in this Declaration.

8.5.2 Screening shall be required for all locations of permanent construction material storage areas, chemical toilets, appropriate receptacles, and other unsightly items from the line of sight of any other Lot in the Community to the extent practical after taking into account differences in grade of such Lots and the Community. For purposes of this Section, "line of sight" shall mean visibility to a standing person of six feet (6') in height.

8.5.3 All construction areas shall be kept in reasonably good order. All debris shall be placed in appropriate receptacles which shall be emptied as necessary during the construction in order to prevent spillage of debris on the ground.

8.5.4 Except for required drainage, or as set forth in the approved drainage plan for the Community, any permanent open trenches shall be designed so as to minimize any adverse aesthetic impact on the Community.

8.5.5 Excavation. Any trenches located within a distance of ten feet (10') from another Lot, Custom Lot must be closed overnight unless effectively barricaded and marked to indicate a hazardous condition.

8.5.6 Construction Vehicles and Parking. Construction parking shall be restricted to the site being developed or within reasonably close proximity to the site being developed, as long as the vehicles do not interfere with normal access to other Lots, Custom Lots within the Community.

8.5.7 Blasting. All blasting shall be conducted in ways designed to minimize noise, debris, and safety hazards and shall be in accordance with all applicable state and federal regulations.

8.5.8 Noise. No radios, tape, compact disc or record players, telephone horns, unusually loud bells or other similar noise producing apparatuses will be allowed on any property located within a distance of one hundred fifty feet (150') from any Lot or Custom Lot occupied by its Owner or tenant.

8.5.9 Signage. The signage restrictions set forth in Section 8.3.3 of this Declaration shall apply.

8.5.10 Additional Construction Restrictions. The Association and each Owner of a Custom Lot shall assure that, with respect to any work they cause to be performed:

8.5.10.1 All contractors shall schedule and perform their work in a good and workmanlike manner and use reasonable efforts to minimize any detrimental impact on the Community and the use and enjoyment of other Lots, Custom Lots.

8.5.10.2 Except as permitted by this Declaration or the Neighborhood Association Declaration, no work shall be allowed that will unreasonably restrict or otherwise materially hinder or interfere with access to any other Lot, Custom Lot, or Association Property facility (except in the event of any emergency) unless such work is coordinated with, and approved by, the Board of the Association, the approval or disapproval of which shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 9 SCOPE OF ENFORCEMENT

Section 9.1. Enforcement. The Declarant, the Association, and any Owner shall have the right, but not the obligation, to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration. Failure by Declarant, the Association, or any Owner to enforce any covenants or restrictions herein contained shall, in no event, be deemed a waiver of the right to do so thereafter. The limitations, restrictions, conditions and covenants set forth in this Declaration constitute a general scheme for (i) the maintenance, protection and enhancement of the value of the Community and (ii) the benefit of all Owners. Said limitations, restrictions, conditions and covenants are and shall be covenants running with the land or equitable servitudes, as the case

may be. Each remedy provided for in this Declaration shall be cumulative and not exclusive. The result of or condition caused by any violation of any of the provisions of this Declaration is and shall be a nuisance, and every remedy in law or equity now or hereafter available against public or private nuisance may be exercised by any person affected thereby. Any of the foregoing to the contrary notwithstanding, no action to enforce this Declaration shall be instituted unless and until a written notice of such breach setting forth the facts of such breach has been delivered by certified mail to the Owner of such Lot. In the event the Association or any Owner(s) should commence litigation to enforce any of the provisions of this Declaration, that party, if such Owner should prevail, shall be entitled to have judgment against and recover from any defendant in such litigation, such attorneys' fees (other than nominal) as the court may adjudge reasonable and proper. Each Owner shall have a right of action against the Association for any failure of the Association to comply with the provisions of the Declaration, Articles of Incorporation, Bylaws, or Rules and Regulations of the Association.

ARTICLE 10 DAMAGE TO LOTS AND ASSOCIATION PROPERTY

Section 10.1. Repairs. In the event that an Owner fails to maintain or repair such Owner's Lot or the improvements thereon or otherwise comply with the provisions of this Declaration, the Bylaws or the Rules and Regulations, the Association, or their agents or employees shall have the right, but not the obligation, to bring the Lot into compliance with the provisions of this Declaration and the cost incurred therefor shall be assessed to that Owner as a special assessment as set forth in this Declaration.

Section 10.2. Damage to Association Property. In the event the need for repair of the Association Property is caused through the willful or negligent acts of a Member or such Member's guests or invitees, the Association, or their agents or employees shall have the right, but not the obligation, to make such repairs and the liability of the Member and the cost of repair shall be assessed to that Member as a special assessment as set forth in this Declaration.

Section 10.3. Association Maintenance Obligations. Except as otherwise provided in this Declaration, from and after the date of conveyance of fee title or appropriate easements thereto to the Association, the Association will be responsible for the maintenance, repair, replacement, irrigation, brush clearance, landscaping and preservation of the appearance of the Association Property in strict compliance with the Maintenance Manual, and Best Management Practices, in accordance with all commonly accepted maintenance practices. To ensure compliance with the requirements of the Maintenance Manual, for a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, Declarant shall have the right, but not the obligation, at its own cost and expense, to retain the services of appropriate consultant(s) to: (a) prepare, update and keep current, the Maintenance Manual for the Association maintenance, repair and replacement of the Association Property, (b) conduct annual inspections of all elements of the Association Property covered by the Maintenance Manual, and (c) prepare a report covering the results of such inspections and deliver such report to Declarant and to the Association. Declarant hereby reserves non-exclusive easements on, over, under, across and through all Association Property within the Community, for the purpose of such inspections and activities related thereto. The Association shall provide

Declarant's consultant(s) with copies of its maintenance log, and related records reasonably requested by such consultant(s), at least thirty (30) days prior to the date scheduled for the Declarant's annual inspection. Declarant shall provide any updates to the Maintenance Manual to the Association. The Association shall cause such Association Property to be regularly maintained, irrigated, painted, repaired, and/or replaced in accordance with the requirements and recommendations of the Maintenance Manual, as revised from time to time and shall perform all remedial maintenance in accordance with the recommendations of the annual inspection reports prepared by Declarant's consultant(s). The provisions of this Section shall not be amended without the prior written consent of Declarant.

Section 10.4. Maintenance Manual Compliance. The Association has the duty and obligation, along with the attendant rights and power to carry out the Declarant's and its consultant(s)' required maintenance of the Association Property, as set forth in the Maintenance Manual. The Board shall regularly determine whether the recommended inspections and maintenance activities have been followed, and, if any such recommendations have not been followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Association Property. The Board shall keep a record of such determinations in the Board's minutes. The Board shall review the Maintenance Manual for any needed appropriate revisions at appropriate intervals, but in no event less frequently than annually, and shall make appropriate recommendations to Declarant and Declarant's consultant(s) for revisions to the Maintenance Manual within thirty (30) days of its determination that revisions to the Maintenance Manual should be recommended to Declarant.

Section 10.5. Association Inspections. If in any year Declarant elects not to perform an annual maintenance inspection as provided for in Section 10.4 above, the Board shall have the duty and obligation to cause an inspection and report to be made in accordance with the provisions hereof. The Board's annual inspections shall (i) determine whether the Association Property is being maintained adequately in accordance with the standards of maintenance established herein and by the Maintenance Manual, (ii) identify the condition of the Association Property, including the existence of any hazards or defects, and the need for performing additional maintenance, repair, refurbishing or replacement, and (iii) recommend preventative actions, which may be taken to reduce potential maintenance costs to be incurred in the future. The Association may employ such experts and consultants as necessary to perform such inspections. Within thirty (30) after the Board's annual inspection, the Board shall have a report of the results of the inspection prepared, and such report shall include the following: (i) a description of the condition of the Association Property, including a list of items inspected and the status of maintenance, repair and need for replacement of all such items; (ii) a description of all maintenance, repair and replacement planned for the ensuing fiscal year and; (iii) if any maintenance, repair or replacement is to be deferred, an explanation must be given for such deferral; (iv) a summary of all reports of inspections performed by any expert or consultant employed by the Association to perform inspections; (v) a report of the status of compliance with the maintenance, replacement and repair needs set forth in all inspection reports from Declarant's consultant(s) and of its own inspection, for preceding years; and (vi) such other matters as the Board deems appropriate. The Board shall promptly cause a copy of each inspection report prepared in accordance with this Section to be delivered to Declarant. The Association's obligations under this Section shall continue until the expiration of the (10) year period following the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report. The requirements

of this Section are in addition to the Board's obligations to perform ongoing reserve studies as required by Section 6.2.4. The provisions of this Section shall not be amended without the prior written consent of Declarant.

ARTICLE 11 INSURANCE

Section 11.1. Liability Insurance. A general public liability and property damage insurance policy covering the Association Property shall be purchased by the Board of Directors as promptly as possible following its election and shall be maintained in force at all times, the premium thereon to be paid out of the monies collected from the assessments. The minimum amount of coverage shall be the amounts set forth in Section 1365.9 of the California Civil Code. The policy shall name the Association and all Owners as insureds, including Declarant, during such time as Declarant shall remain the Owner of one or more Lots. The manager, if any, shall also be a named insured on such policy, during such time as such manager's agency shall continue. The insurance shall also contain a cross-liability endorsement to cover negligent injury by one Owner to another, if reasonably available. The Association shall prepare and distribute to all Members a summary of the Association's property, general liability, and earthquake and flood insurance policies, which shall be distributed within not less than thirty (30) nor more than ninety (90) days preceding the beginning of the Association's fiscal year, that includes all of the following information about each policy: (a) the name of the insurer, (b) the type of insurance, (c) the policy limits of the insurance, and (d) the amount of deductibles, if any. The Association shall, as soon as reasonably practical, notify the Members by first-class mail if any of the policies described in this paragraph have lapsed, been canceled, and are not immediately renewed, restored or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal of a policy described in this paragraph, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent that any of the information required to be disclosed pursuant to this paragraph is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Members. The summary distributed pursuant to this paragraph shall contain in at least 10-point boldface type, the statement required by California Civil Code Section 1365(f)(4). For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, the Association's obligations under this Section 11.1 to provide summaries of insurance, notices of significant changes in coverage and notice if a policy is not renewed to its Members shall also extend to Declarant.

Section 11.2. Hazard Insurance. The Board of Directors shall purchase a "Special Form Causes of Loss" property insurance policy (commonly referred to as all-risk or special perils coverage) issued by a Qualified Insurer, providing coverage equal to one hundred percent (100%) of the current replacement cost of all Association Property improvements to the Community then subject to assessments under Article 5 of this Declaration (including all service and mechanical equipment in the Community). Said insurance policy may contain an earthquake damage endorsement if such coverage is available at a cost deemed by the Board to be in the best interests of the Members. Replacement cost may exclude land, foundations, excavation, and

other items normally excluded from coverage. All hazard insurance required to be maintained by the Board hereunder shall be maintained strictly in accordance with the provisions contained in the FHLMC Seller/Service Guide. The premiums for said insurance policy shall be paid by the Board out of the monies collected from the assessments. The policy may also contain an agreed amount endorsement, a special form endorsement, and a clause to permit cash settlement covering the full value of the improvements in the event of partial destruction and a decision not to rebuild. The policy shall name as insureds all Owners and Declarant, so long as Declarant is the Owner of any Lot within the Community, and all Mortgagees of record, as their respective interests may appear. The proportionate interest of each Owner in any insurance proceeds in relation to the other Owners, shall be based upon a ratio of each Lot's "fair market value" to the "fair market value" of the entire Community. The "fair market value" in both instances, shall be determined by an independent appraiser. In the event that the insurer under said hazard insurance policy shall cease to be licensed in the State of California, or shall cease to be approved by the Federal Home Loan Mortgage Corporation (so long as insurers continue to be so approved), the Association shall exercise its best efforts to obtain from another Qualified Insurer, a replacement hazard policy comparable to the prior hazard policy, including all required endorsements.

11.2.1 Personal property of a Lot Owner and additional fixtures added by a Lot Owner should be insured separately by the Lot Owner.

Section 11.3. Individual Coverage. If available, underlying coverage for individual Lots and shall be written as part of or in conjunction with, said policy where necessary to protect individual lenders. If such coverage is not available, each Owner shall purchase, at such Owner's own expense, and maintain fire and hazard insurance coverage as may be required by such Owner's individual lender. Any such underlying coverage shall contain a replacement cost endorsement, and to the extent available, such other endorsements as may be a part of the policy. Such insurance shall also contain a loss-payable endorsement to the Mortgagees of individual Lots, as their interests shall appear.

Section 11.4. Board as Trustee. All insurance proceeds payable pursuant to Section 11.2 of this Article and subject to the rights of Mortgagees under Section 11.7 hereof shall be paid to the lending institutions holding first Mortgages on Lots within the Community, to the extent of their interests therein, and shall be applied only to the repair and restoration of the damaged premises or to the reduction of the aggregate principal amounts of the mortgage loans secured by such damaged or destroyed premises. Insurance proceeds shall be paid out in accordance with Article 12. In the event repair or reconstruction is authorized, the Board shall have the duty to contract for such work, as provided in Article 12 hereof.

Section 11.5. Other Insurance. The Board may purchase and maintain in force at all times, demolition insurance in adequate amounts to cover demolition in the event of destruction and a decision not to rebuild. The premium therefor shall be paid out of the monies collected from the assessments. Such policy, if purchased, shall contain a determinable demolition clause or similar clause, to allow for the coverage of the cost of demolition in the event of destruction and a decision not to rebuild. The Board of Directors shall also purchase and maintain Worker's Compensation Insurance to the extent that the same shall be required by law for employees of the Association. The Board of Directors may also purchase and maintain insurance on commonly

owned personal property and such other insurance as it deems necessary, the premium thereof to be paid out of the monies collected from the assessments, including, but not limited to, umbrella or excess liability coverage.

Section 11.6. Owners' Other Insurance. An Owner may carry such additional personal liability and property damage insurance respecting individual Lots as such Owner may desire.

Section 11.7. Right of Mortgagees. With respect to insurance coverage under Sections 11.2 and 11.3 hereof, any Mortgagee of record shall have the option to apply insurance proceeds payable to it to reduce the obligation secured by the Mortgage.

Section 11.8. Annual Review. The Board shall review the insurance carried by the Association at least annually for the purpose of determining the amount of the casualty and property insurance referred to in Section 11.1 above. The Board shall obtain current appraisal of the full replacement value of the improvements in the Association Property and of the Lots, except for foundations and footings, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

ARTICLE 12 DESTRUCTION OF IMPROVEMENTS

Section 12.1. Proceeds Greater Than Eighty-Five Percent (85%) of Cost to Repair. In the event of total or partial destruction of the improvements in the Association Property and if the available proceeds of the insurance carried pursuant to Article 11 are sufficient to cover not less than eighty-five (85%) percent of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt, unless, within ninety (90) days from the date of such destruction, seventy-five (75%) percent of each class of membership present and entitled to vote in person or by proxy, at a duly constituted meeting, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board of Directors shall be required to execute, acknowledge, file and record, not later than one hundred twenty (120) days from the date of said destruction, a certificate declaring the intention of the Association to rebuild.

Section 12.2. Proceeds Less Than Eighty-Five Percent (85%) of Cost to Repair. If the proceeds of such insurance are less than eighty-five (85%) percent of the cost of reconstruction, such reconstruction may, nevertheless, take place, if within ninety (90) days from the date of said destruction, at least sixty-six and two-thirds percent (66-2/3%) of each class of membership elect to rebuild.

Section 12.3. Additional Contributions From Owner. If the Association determines to rebuild, pursuant to either Sections 12.1 or 12.2, each Owner shall be obligated to contribute such funds as shall be necessary to pay such Owner's proportionate share of the cost of reconstruction over and above the insurance proceeds, and the proportionate share of each Owner shall be based upon the ratio of the fair market value of such Owner's Lot to the fair market value of all the Lots. In the event of failure or refusal by any Owner to pay such Owner's proportionate share, after notice to such Owner, should such failure or refusal continue for a period of sixty (60) days, the Board of Directors may levy a special assessment against such Owner, which may be enforced under the lien provisions, hereinbefore contained.

Section 12.4. Association to Contract for Rebuilding. If the Owners determine to rebuild, the Board of Directors shall obtain bids from at least two (2) reputable contractors and shall award construction work to the lowest bidder. The Board of Directors shall have the authority to enter into a written contract with said contractor for such reconstruction and the insurance proceeds held by the Board shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible date.

Section 12.5. Insufficient Vote to Rebuild. If the vote of the Owners shall be insufficient to authorize rebuilding, either pursuant to Sections 12.1 or 12.2 above, the following shall apply:

12.5.1 Any insurance proceeds available for such rebuilding shall be distributed among the Owners and their individual lenders by the Board, as their respective interests may appear. The proportionate interests of each Owner in said proceeds in relation to other Owners shall be based upon a ratio of each Lot's "fair market value," just prior to destruction. "Fair market value" shall be determined by an independent appraiser.

12.5.2 The Board shall have the duty, within one hundred twenty (120) days of the date of such loss, to execute, acknowledge and record a certificate setting forth the determination of the Association not to rebuild, and shall promptly cause to be prepared and filed, such revised maps and other documents as may be necessary to show the conversion of the Association Property to the status of unimproved land.

Section 12.6. Revival of Right to Partition. Upon recordation of such certificate, referred to in Section 12.5.2, above, the right of any Owner to partition such Owner's Lot through legal action, shall forthwith revive.

Section 12.7. Arbitration. In the event of a dispute among the Owners, with respect to the provisions of this Article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the Members of the Board and all Owners as promptly as possible after reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all Owners. The arbitrator may include in the decision an award for costs and/or attorneys' fees against any one or more of the parties to the arbitration.

ARTICLE 13 MORTGAGEE PROTECTION

Section 13.1. Mortgagee Protection. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce lenders and investors to participate in the financing of the sale of Lots in the Community, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control):

13.1.1 No breach of any of the covenants, conditions and restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any

first Mortgage (meaning a Mortgage with first priority over any other Mortgage) on any Lot made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

13.1.2 Each holder of a first Mortgage encumbering any Lot is entitled upon request to timely written notification from the Association of any default by the Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration, the Bylaws or Rules and Regulations of the Association which is not cured within sixty (60) days. Any Institutional Lender holding a first Mortgage on any Lot within the Community shall be entitled to prior written notice of certain proposed actions of the Association as hereinafter set forth in Sections 13.1.5.1 through 13.1.5.8, inclusive, provided that such Institutional Lender furnishes the Association with a written request for notice which request sets forth the particular Institutional Lender's mailing address and identifies the Lot on which it holds an encumbrance.

13.1.3 Each holder of a first Mortgage encumbering any Lot which obtains title to such Lot pursuant to: (a) remedies provided in such Mortgage, or (b) by accepting a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor, shall be exempt from any "right of first refusal," if any, contained in the Declaration or the Bylaws of the Association. Further, any such "right of first refusal" shall not impair the rights of a first Mortgagee or interfere with a subsequent sale or lease of a Lot so acquired by the Mortgagee.

13.1.4 Each holder of a first Mortgage or third party foreclosure purchaser which obtains title to a Lot pursuant to foreclosure of the first Mortgage, shall take the Lot free of any claim for unpaid dues, assessments or charges against the Lot which accrue prior to the time such holder obtains title to such Lot (except for claims for a share of such assessments or charges resulting from a reallocation of such dues, assessments or charges among all Lots, including the mortgaged Lot). The lien assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter placed upon a Lot subject to assessment; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure or trustee sale. Such sale or transfer shall not release such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

13.1.5 Unless at least two-thirds (2/3) of the Institutional Lenders holding a first Mortgage on a Lot within the Community (based upon one vote for each first Mortgage owned), or at least two-thirds (2/3) of the Owners (other than the Declarant) have given their prior written approval, the Association and its Members shall not be entitled to:

13.1.5.1 By act or omission, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Association Property, party walks or common fences and driveways, or the upkeep of lawns and plantings in the Community;

13.1.5.2 Change the pro rata interest or obligations of any Lot for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

13.1.5.3 Partition or subdivide any Lot;

13.1.5.4 By act or omission, seek to abandon, subdivide, encumber, sell or transfer the Association Property or partition the Association Property except as provided for herein. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Association Property and the Community shall not be deemed a transfer within the meaning of this clause;

13.1.5.5 Use hazard insurance proceeds for losses to any Association Property for other than repair, replacement or reconstruction of such Association Property, except as provided by statute in case of substantial damage to the Association Property of the Community;

13.1.5.6 Fail to maintain fire and extended coverage on insurable planned development common property within the Community on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

13.1.5.7 Effectuate any decision of the Association to terminate professional management and assume self management of the Community; and

13.1.5.8 Amend any part of this Article 13.

13.1.6 First Mortgagees shall have the right to examine the books and records of the Association during normal business hours.

13.1.7 The annual assessments shall include an adequate reserve fund for maintenance, repair and replacement of the improvements to the Association Property and those portions thereof that must be replaced on a periodic basis, and shall be payable in annual assessments rather than by special assessments.

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

13.1.9 In the event of substantial damage to or destruction of any Lot or any element of the Association Property or possible condemnation or eminent domain procedure, the Institutional Lender under any first Mortgage on a Lot is entitled to timely written notice of any such damage, destruction or proposed acquisition and no provision in the Bylaws, nor in this Declaration shall be interpreted to entitle any Owner or any other party to priority over any first Mortgagee with respect to the distribution to such Owner of any insurance proceeds or condemnation awards for losses to, or a taking of, Lots and/or Association Property.

13.1.10 Any agreement for professional management of the Community, or any other contract providing for services by the Declarant shall provide for termination by either party without cause or payment of a termination fee upon written notice as set forth in such contract, and that the term of any such contract shall not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

13.1.11 The Association shall, upon the request of any Institutional Lender under a first Mortgage on a Lot: (i) give written notice of all meetings of the Association and permit the Institutional Lender to designate a representative to attend all such meetings, and (ii) transmit to such Institutional Lender an annual audited financial statement of the Community within ninety (90) days following the end of any fiscal year of the Community.

13.1.12 No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, or the Association, or any Owner may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation, and/or to recover damages; provided, that any such violation shall not defeat or render invalid the lien of any Mortgage made in good faith and for value as to said Lot or any part thereof. Said covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee's sale or otherwise.

13.1.13 First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Association Property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Association Property. First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. This provision shall constitute an agreement by the Association for the express benefit of all first Mortgagees and upon request of any first Mortgagee the Association shall execute and deliver to such first Mortgagee a separate written Agreement embodying this provision.

ARTICLE 14 AMENDMENTS

Section 14.1. Amendments. During the period of time prior to conversion of the Class B membership to Class A membership, this Declaration may be amended only by an affirmative vote of at least seventy-five percent (75%) of the voting power of each class of Members of the Association. After the conversion of Class B membership in the Association to Class A membership, the Declaration may be amended only by an affirmative vote of (i) at least seventy-five percent (75%) of the total voting power of the Association, and (ii) at least seventy-five percent (75%) of the voting power of the Association other than Declarant. In no event shall the percentage of the voting power necessary to amend a specific provision of this Declaration be less than the percentage of affirmative votes prescribed for action to be taken under said provision. An Amendment hereto shall be effective after (a) the approval of the percentage of Owners required in this Section has been given, (b) that fact has been certified in a writing executed and acknowledged by the officer designated by the Association for that purpose, or if no one is designated, by the president of the Association and (c) that writing has been recorded in the county in which the Community is located. Any amendment of this Declaration which would defeat the obligation of the Association to maintain the Association Property and facilities as described in Article 4 hereof, must receive the written approval of the California Department of Real Estate prior to the recordation thereof.

Notwithstanding any other provision of this Section, for so long as Declarant owns any portion of the Properties or the Annexable Property, Declarant may unilaterally amend this Declaration by recording an instrument in writing, signed by Declarant, without the consent of the Association or any other Owner, provided that such amendment is made in order to conform this Declaration to the requirements of the City, County, DRE, the United States Department of Veterans Affairs, FHA, FNMA, GNMA, FHLMC, or any other governmental entity.

Section 14.2. Effectiveness of Amendment. From and after its effective date, each amendment made pursuant to the preceding paragraph shall be as effective as to all Lots within the Community, the Owners thereof and their successors in interest.

Section 14.3. Petition the Superior Court. Nothing in this Declaration shall restrict the ability of any Owner at any time to petition the Superior Court in the county in which the Community is located to amend this Declaration as provided under California Civil Code Section 1356.

ARTICLE 15 ANNEXATION

Section 15.1. Annexation of Additional Property by Declarant. All or portions of the Annexable Property described in Exhibit "B" hereto may be annexed into the Community by the Declarant without the consent of the Members of the Association, provided, however, that the Commissioner of the Department of Real Estate makes the following determinations:

(a) That the proposed annexation will not result in an overburdening of the Association Property;

(b) That the proposed annexation will not result in a substantial increase in the assessments of the existing Lots which was not disclosed in the Final Subdivision Public Report under which the existing Owners purchased their respective Lots;

(c) That the real property and the total number of residential units proposed to be annexed were adequately identified; and

(d) That Declarant executes a written commitment concurrently with the closing of escrow for the first sale of a Lot in the annexed property to pay to the Association appropriate amounts for reserves for replacement or deferred maintenance of Association Property improvements in the annexed property necessitated by, or arising out of the use and occupancy of Lots under a rental program conducted by Declarant which has been in effect for a period of at least one (1) year as of the date of closing of the escrows for the first sale of a Lot in the annexed property.

Said conditions shall be deemed to be satisfied upon issuance by the Department of Real Estate of a Final Subdivision Public Report with respect to the real property proposed to be annexed.

Section 15.2. Annexation of Additional Property by Association. Upon approval in writing by the Association, pursuant to the vote of at least two-thirds (2/3^{rds}) of the voting power of its

Members or the written assent of such Members, excluding the voting power or written assent of Declarant, the Owner of any real property who desires to add such property to the scheme of this Declaration and to subject same to the jurisdiction of the Association, may file of record a Notice of Annexation which shall extend the scheme of this Declaration to such property.

Section 15.3. Annexation Procedure. The annexation of additional real property authorized under Sections 15.1 and 15.2 shall be made by filing of record a Notice of Annexation, or similar instrument, covering said additional real property, which Notice of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional real property. The Notice of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration as are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Notice of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 15.4. Obligations of Annexed Property. The obligation of Owners in the annexed property to pay assessments levied by the Association and the right of such Owners to exercise voting rights in the Association in such annexed property shall not commence until the first day of the month following close of the first sale of a Lot by Declarant or Neighborhood Builder in that particular Phase of development.

Section 15.5. De-Annexation. Declarant hereby reserves the right to de-annex any Lot or Lots within the Community and to delete said Lot or Lots from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the de-annexation shall be made prior to the closing date of the sale of the first Lot in the annexed property within the Community.

ARTICLE 16 PARTY WALLS

Section 16.1. Rights and Duties. The rights and duties of the Owners of Lots with respect to party walls shall be governed by the following:

16.1.1 Each wall which is constructed as a part of the original construction and located between separate Lots shall constitute a party wall, and with respect to such wall, each of the adjoining Owners shall jointly assume the burdens and share the cost of reasonable maintenance and repair in proportion to such use. Each Lot shall be subject to an easement for that portion of the party wall which is necessary for support, and each such Owner shall be liable for all property damage due to negligence or willful acts or omissions in connection with such wall.

16.1.2 If any such party wall is damaged or destroyed through the act of one of the adjoining Owners, any member of such Owner's family, a guest, agent (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, the Owner responsible for the damage or destruction thereon shall be required to make any and all necessary repairs thereto, without cost to the adjoining Owner.

16.1.3 If any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, such Owner's agents, or family (including, but not limited to, earthquake damage), each adjoining Owner shall be required to make any and all necessary repairs thereto at their joint and equal expense.

16.1.4 Any Owner proposing to modify, make additions to, or rebuild such Owner's Lot in any manner which requires the extension or alteration of any party wall, shall be required to first obtain the written consent of the adjoining Owner. Such Owner must also comply with all dictates of this Declaration which may be relevant.

16.1.5 The right of any Owner to receive contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

16.1.6 In the event of a dispute between Owners with respect to the repair of a party wall or with respect to the sharing of the cost thereof, the matter shall be submitted to the Board for resolution upon the written request of either Owner. Any decision of the Board of Directors shall be final and conclusive upon the parties.

ARTICLE 17 COVENANTS IN FAVOR OF LOCAL JURISDICTION

Section 17.1. Local Jurisdiction. The local governmental entity with primary jurisdiction over this residential planned development is the City of Santee, a municipal corporation in the State of California. The Association shall, at all times, abide by all City ordinances, statutes and resolutions as well as the laws of the State of California.

Section 17.2. Special Covenants. The following covenants shall be binding upon the Association and all Members in favor of the City of Santee:

17.2.1 The Association shall at all times provide for the maintenance of all Association Property in compliance with this Declaration and the Conditions of Approval for the Community.

17.2.2 In accordance with the Conditions of Approval for the Community, the City of Santee has the right, but not the obligation, to provide for the maintenance of all slope areas, the Association Property and all improvements thereon if the Association fails to perform its maintenance obligations regarding the slope areas and Association Property. The cost of such maintenance by the City of Santee shall become a lien on the Lot.

17.2.3 In accordance with the Conditions of Approval for the Community, all light fixtures shall be designed and adjusted to reflect light downward, away from the road or street, and away from any adjoining premises, and shall otherwise conform to the requirements of Title 17 of the Santee Municipal Code. Lighting shall not be permitted under any circumstances to shine onto the Conservation Property.

17.2.4 In accordance with the Conditions of Approval for the Community, the entitlements for the Community include the following plans: (a) Landscape Plan; (b) Fence Plan;

(c) Fuel Modification Plan, (d) Trail Plan; and (e) Entry Monument Plan. Revisions to any of the aforementioned plans must be approved by the Director of Development Services for the City of Santee.

ARTICLE 18 GENERAL PROVISIONS

Section 18.1. Extension of Declaration. The provisions of this Declaration shall run with the land and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time the provisions of this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by at least sixty-six and two-thirds (66 2/3%) of the then Owners of Lots, has been recorded within six (6) months of the anticipated termination date. The contents of such instrument shall contain the agreement to terminate this Declaration as it may be supplemented in whole or in part.

Section 18.2. Encroachment Easement. In the event any improvement to a Lot encroaches upon the Association Property as a result of the initial construction, or as the result of repair, shifting, settlement or movement of any portion thereof, an easement for the encroachment and for the maintenance of same, shall exist so long as the encroachment exists. Further, each Owner within the Properties is hereby granted an easement over all adjoining Lots for the purpose of accommodating any minor encroachment, due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhang, architectural or other appendants for so long as any such encroachment continues to exist.

Section 18.3. Ownership Interest. An ownership interest in a Lot within the Community may pass from the estate of a deceased person to more than one (1) person; provided, however, that only one (1) living individual shall be entitled to have membership privileges in the Association derived from such ownership.

Section 18.4. Severability. In the event any limitation, restriction, condition, covenant or provision contained in this Declaration is to be held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

Section 18.5. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community.

Section 18.6. Termination of Declarant's and Neighborhood Builder's Obligations. In the event Declarant or a Neighborhood Builder shall convey all of its right, title and interest in and to the Community to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant, or such Neighborhood Builder, shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant, or such Neighborhood Builder.

Section 18.7. Number, Gender. The singular shall include the plural and the plural the singular unless the context requires to the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

Section 18.8. Non-Liability of Declarant. Each Owner, by acceptance of a deed, shall be deemed to have agreed that Declarant shall have no liability whatsoever resulting from any term or provision hereof having been held to be unenforceable in whole or in part.

Section 18.9. Grantees Subject to this Declaration. Each grantee of a conveyance or purchaser under a contract or agreement of sale, by accepting the deed or contract of sale or agreement of purchase, accepts the same subject to all of the limitations, restrictions, conditions and covenants, and agreements set forth in this Declaration, and agrees to be bound by the same.

Section 18.10. Bonded Obligations. In the event that improvements to the Community have not been completed prior to the issuance of the Final Subdivision Public Report for the Community, and the Association is obligee under a bond or other security (hereinafter "**Bond**") to secure performance of the commitment of the Declarant or a Neighborhood Builder to complete such improvements, the following provisions shall apply:

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

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

18.10.3 The only Members entitled to have their votes represented at such meeting of Members shall be the Owners other than Declarant and the Neighborhood Builders. A vote at such meeting of a majority of the voting power of such Members other than Declarant and the Neighborhood Builders to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

18.10.4 The Association shall act in a reasonably prompt manner to exonerate Declarant or such Neighborhood Builder and its surety under any Bond in favor of the Association upon completion of the improvements.

Section 18.11. Declarant's Rights after Sale of all Lots in the Community. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community covered by a Final Subdivision Public Report, in addition to Declarant's rights as an Owner and a Member, Declarant shall have the following rights: (1) access to and the right to inspect the Association books and financial records, (2) access to and the right to inspect the Association's maintenance records; (3) access to and the right to inspect the Association Property of the Community; (4) right to receive notice of, attend and speak at all regular and special meetings of the Board of Directors and meetings of the Members; and (5) right to receive copies of the minutes of the meetings of the Board of Directors and meetings of the Members, upon request and payment of the actual costs to copy and distribute such records.

Section 18.12. Notice of Airport in Vicinity. This property is presently located in the vicinity of an airport (Gillespie Field Airport), within what is known as an airport influence area. For that reason, the Community may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, and odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Section 18.13. Disclosures Required by the Conditions of Approval (Soil Conditions and Future Assessments). As required by the Conditions of Approval for the Community, all Owners shall receive, prior to the close of escrow for a Lot in the Community, a written statement disclosing the soil conditions in the Community and any known special assessments or special taxes that may be levied against Owners in the Community by a governmental entity, such as street lighting districts or other improvement district.

Section 18.14. Notice of Your "Supplemental" Property Tax Bill. California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one (1) or two (2) supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your local Tax Collector's Office.

ARTICLE 19 DISPUTE MECHANISM

Section 19.1. Notice to Members Prior to Filing Civil Action. Not later than thirty (30) days prior to the filing of any civil action by the Association against the Declarant or other developer of the Community for alleged damage to the Association Property, alleged damage to the Lots that the Association is obligated to maintain or repair, or alleged damage to the Lots that arises out of, or is integrally related, to damage to the Association Property or Lots that the Association is obligated to maintain or repair, the Board shall provide written notice to each Member who appears on the records of the Association at the time notice is given, specifying (a) that a meeting of Members will be held to discuss problems that may lead to the filing of a civil action, (b) the

options, including civil actions, that are available to address the problems, and (c) the time and place of the meeting. If the Association has reason to believe that the applicable statute of limitations will expire before the association files the civil action, the Association may give the foregoing notice not later than thirty (30) days after the filing of the action.

Section 19.2. Dispute Resolution. Any disputes between all or any of the Declarant Parties, arising under this Declaration or relating to the Properties, shall be subject to the following provisions of this Section 19.2 and the following Sections 19.3, 19.4 and 19.5.

Section 19.3. Construction Defect Disputes.

19.3.1 Notice of Construction Claims Statute. The Construction Claims Statute delineates standards for how various components of residential dwelling units should be constructed and function, limits the time frames for bringing various claims against the builder to anywhere from one (1) year to ten (10) years (as listed in the Construction Claims Statute) from the close of escrow for the residential dwelling unit, imposes an obligation on all Owner's and the Association to follow Declarant's and/or a Neighborhood Builder's maintenance recommendations and schedules, or other applicable maintenance guidelines, and establishes a non-adversarial claims resolution procedure that must be followed by an Owner and the Association before the Owner or the Association can initiate an adversarial claim and proceed to judicial reference or binding arbitration, as described in Section 19.5 below. THE CONSTRUCTION CLAIMS STATUTE AFFECTS EACH OWNER'S AND THE ASSOCIATION'S LEGAL RIGHTS. OWNERS, ON BEHALF OF THEMSELVES, AND AS MEMBERS OF THE ASSOCIATION, ARE ADVISED TO READ THE STATUTE CAREFULLY AND SEEK LEGAL ADVICE IF OWNER HAS ANY QUESTIONS REGARDING ITS AFFECT ON OWNER'S OR THE ASSOCIATION'S LEGAL RIGHTS. PURSUANT TO CALIFORNIA CIVIL CODE SECTION 914, DECLARANT IS PERMITTED TO ELECT TO USE ALTERNATE CONTRACTUAL NON-ADVERSARIAL PROCEDURES INSTEAD OF USING THE STATUTORY PRE-LITIGATION PROCEDURES PROVIDED IN THE CONSTRUCTION CLAIMS STATUTE, AND DECLARANT HAS ELECTED TO USE ITS OWN CONTRACTUAL NON-ADVERSARIAL PROCEDURES AS PROVIDED BELOW.

19.3.1.1 Obligation to Follow Maintenance Recommendations and Schedules. All Owners and the Association are obligated by Section 907 of the California Construction Claims Statute to follow Maintenance Recommendations. Per Section 945.5 of the California Construction Claims Statute, failure to follow the Maintenance Recommendations may reduce or preclude Owner's and the Association's right to recover damages relating to such Lot or Association Property, which could have been prevented or mitigated had the Maintenance Recommendations been followed.

19.3.1.2 Obligation to Retain Documents and Provide Copies to Successors. All Owners, who originally purchased a Lot from Declarant or a Neighborhood Builder were provided copies of certain documents in conjunction with the purchase of their Lot, including copies of this Declaration, maintenance recommendations from Declarant or a Neighborhood Builder, maintenance recommendations for manufactured products or appliances included with the Lot, a limited warranty, claim forms, and other documentation relating to the Construction

Claims Statute. All Owners are required by the Construction Claims Statute to retain these documents and provide copies of such documents to their successors in interest upon the sale or transfer of such Owner's Lot.

19.3.2 Owners' Construction Defect Claims. Prior to the commencement of any legal proceeding by any Owner against Declarant or any Declarant Party based upon a claim for defects in the design or construction of any Lot, Residence, Association Property, or any improvements thereon, the Owner must first comply with the provisions of this paragraph. If at any time during the ten (10) year period following the close of escrow for the original Owner's purchase of such Owner's Lot from Declarant, as such period may be extended by any applicable tolling statute or provision, or any shorter period as provided by applicable law, such Owner believes that any Declarant Party has violated any of the standards set forth in the Construction Claims Statute ("**Claimed Defect**"), which such Owner feels may be the responsibility of Declarant, such Owner shall promptly notify Declarant's agent for notice of construction defect claims on file with the Secretary of State, whose name and address is: Lennar Corporation, 700 NW 107 Avenue, 4th Floor, Miami, FL 33172, attention General Counsel, in writing, with a copy to Lennar Corporate Legal Department – Western Region, 25 Enterprise, Aliso Viejo, CA 92656 attention Litigation Counsel, Western Region, or, if with respect to a Neighborhood Builder's Lots, to such Neighborhood Builder's agent for notice at its address on file with the Secretary of State, or as otherwise provided to the purchasers of its Lots. Such notice shall be deemed a notice of intention to commence a legal proceeding and shall include: (a) a detailed description of the Claimed Defect; (b) the date upon which the Claimed Defect was first discovered,; and (c) dates and times when Owner or Owner's agent will be available during ordinary business hours, so that service calls or inspections by Declarant can be scheduled. Declarant shall, in its sole discretion, be entitled to inspect the applicable property regarding the reported Claimed Defect and, within its sole discretion, shall be entitled to cure such Claimed Defect. Nothing contained in this Article shall obligate Declarant to perform any such inspection or repair, nor shall this Section be deemed to increase Declarant's legal obligations to Owner. Owner's written notice delivered to Declarant shall be a condition precedent to Owner's right to institute any legal proceeding and to proceed to judicial reference or binding arbitration as set forth Section 19.5 below, and Owner shall not pursue any other remedies available to it, at law or otherwise, including without limitation the filing of any legal proceeding or action, until Declarant has had the reasonable opportunity to inspect and cure the Claimed Defect. During the term of any written Limited Warranty provided to the original Owner of the Lot by Declarant, any conflict between the provisions of this Section and the Limited Warranty shall be resolved in favor of the Limited Warranty. Declarant shall not be liable for any general, special or consequential damage, cost, diminution in value or other loss which Owner may suffer as a result of any Claimed Defect in the Unit, which reasonably might have been avoided had Owner given Declarant the notice and opportunity to cure as described above within a reasonable time of discovering the Claimed Defect. Except as otherwise provided in the written Limited Warranty, if any, provided to Owner, nothing contained herein shall establish any contractual duty or obligation on the part of Declarant to repair, replace or cure any Claimed Defect. If an Owner sells or otherwise transfers ownership of such Owner's Unit to any other person during such ten (10) year period, as such period may be extended by any applicable tolling statute or provision, Owner covenants and agrees to give such other person written notice of these procedures by personal delivery. Owner's continuing obligation under this covenant shall be binding upon Owner and Owner's successors and assigns.

19.3.3 Association's Construction Defect Claims. DECLARANT ELECTS TO USE THE ALTERNATE CONTRACTUAL NON-ADVERSARIAL PROCEDURES CONTAINED IN CALIFORNIA CIVIL CODE SECTION 1375, EXCEPT AS OTHERWISE PROVIDED HEREIN, RATHER THAN THE STATUTORY PRE-LITIGATION PROCEDURES OF THE CONSTRUCTION CLAIMS STATUTE, WITH RESPECT TO CLAIMS BY THE ASSOCIATION. Prior to the commencement of any legal proceeding by the Association against Declarant or any Declarant Party based upon a claim for defects in the design or construction of the Association Property, or any improvements thereon, or any other area within the Community which the Association has standing to make a claim for defects in the design or construction thereof, the Association must first comply with all of the applicable requirements of California Civil Code Section 1375, as the same may be amended from time to time, or any successor statute thereto. For purposes of claims under this Section, notice to "builder" under California Civil Code Section 1375 shall mean notice to Declarant's agent for notice of construction defect claims on file with the Secretary of State, with a copy to Declarant, as provided above. In addition to the requirements of said Section 1375, Declarant shall have an absolute right, but not an obligation, to repair any alleged defect or condition claimed by the Association to be in violation of the standards set forth in the Construction Claims Statute, within a reasonable period of time after completion of the inspection and testing provided for in such Section and prior to submission of builder's settlement offer under such Section. If the parties to such dispute are unable to resolve their dispute in accordance with the procedures established under California Civil Code Section 1375, as the same may be amended from time to time, or any successor statute, the dispute shall be resolved in accordance with the judicial reference or binding arbitration provisions of Section 19.5 below and the parties to the dispute shall each be responsible for their own attorneys' fees. The Association shall have the power to initiate claims against a Declarant Party for violations of Construction Claims Statute, as soon as the Association has one (1) Class A Member other than Declarant. Upon the written request of any Class A member to the Board of Directors, the Board shall establish a committee consisting exclusively of Class A Member(s) other than Declarant to investigate claimed violations of the standards of the Construction Claims Statute. Upon the committee's determination that cause exists to initiate a claim, the decision of whether to initiate a claim shall be made by a vote of the Class A Members other than Declarant. A majority of the votes cast shall be deemed to be the decision of the Association, which the Board shall carry out by submitting the necessary claim to Declarant or the appropriate Declarant Party; provided, however, that the vote is either conducted at a properly convened meeting with the requisite quorum in accordance with the provisions of the Bylaws relating to meetings and voting, or the vote was conducted without a meeting in accordance with California Corporations Code Section 7513, as authorized by the Bylaws.

Section 19.4. Other Disputes. Any other disputes arising under this Declaration, or otherwise, between the Association or any Owner and Declarant or any Declarant Party (except for any action taken by the Association against Declarant for delinquent assessments, and any action involving enforcement of any completion bonds) shall be resolved in accordance with the alternate dispute resolution provisions of Section 19.5 below; provided, however, that with regard to disputes between the Association and an Owner where the alternative dispute resolution procedure is invoked by the Association, the Owner may elect not to participate in the procedure. The dispute resolution procedure in Section 19.5, as it applies solely to disputes under this Section 19.4, shall be deemed to satisfy the alternative dispute requirements of

California Civil Code Sections 1363.810, 1369.510, and following, or any successor statute, as applicable.

Section 19.5. Alternate Dispute Resolution Procedures. The following procedures provide for resolution of disputes through general judicial reference or, in the alternative, binding arbitration. In either event, Declarant, the Association and each Owner of a Lot or within the Community, expressly acknowledge and accept that, by invoking or electing to participate in the procedure, they are waiving their respective rights to a jury trial.

19.5.1 Judicial Reference. Subject to compliance with the provisions of Sections 19.2 through 19.4, to the extent applicable, it is the intention of Declarant that, except as otherwise expressly provided herein, any and all disputes, based upon which litigation is filed, shall be resolved by judicial reference under California law. Accordingly, except as otherwise expressly provided in this Declaration (such as the collection of delinquent assessments), any dispute, between the Association or any Owner(s) and the Declarant, or other developer of the Community, or between the Association and any Owner with respect to the interpretation of any of the provisions of this Declaration, or with respect to any alleged breach hereof, or with respect to any other claim related to a Lot or the Association Property, including, without limitation, any alleged latent or patent construction or design defect in the Community, any Lot or any part thereof, any alleged violation of the standards set forth in the Construction Claims Statute, any judicial determination to be made under California Civil Code Section 1375(h), or for alleged damage to the Association Property, alleged damage to the Lots or that the Association is obligated to maintain or repair, or any alleged damage to Lots that arises out of, or is integrally related to the Association Property or Lots that the Association is obligated to maintain or repair, shall be heard by a referee pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.2. Notwithstanding any other provision of this Declaration, this Article shall not be amended without the written consent of Declarant. In the event litigation is filed based upon any such dispute, the following shall apply:

19.5.1.1 The proceeding shall be brought and held in the County in which the Community is located, unless the parties agree to an alternative venue.

19.5.1.2 The parties shall use the procedures adopted by JAMS for judicial reference and selection of a referee (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties).

19.5.1.3 The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters.

19.5.1.4 The parties to the litigation shall agree upon a single referee who shall have the power to try any and all of the issues raised, whether of fact or of law, which may be pertinent to the matters in dispute, and to issue a statement of decision thereon to the court. Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction in accordance with California Code of Civil Procedure Sections 638 through 642.

19.5.1.5 The referee shall be authorized to provide all remedies available in law or equity appropriate under the circumstances of the controversy.

19.5.1.6 The referee may require one (1) or more pre-hearing conferences.

19.5.1.7 The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

19.5.1.8 A stenographic record of the trial shall be made.

19.5.1.9 The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable.

19.5.1.10 The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

19.5.1.11 The parties shall promptly and diligently cooperate with each other and the referee and perform such acts, as may be necessary for an expeditious resolution of the dispute.

19.5.1.12 Except as otherwise agreed by the parties or as required by applicable law, neither the Association nor any Owner shall be required to pay any fee of the judicial reference proceeding except to the extent of the cost that would be imposed upon the Association or Owner if the dispute had been resolved as a dispute in court. The referee may not award against the Association or any Owner any expenses in excess of those that would be recoverable as costs if the dispute had been litigated to final judgment in court. Each party to the judicial reference proceeding shall bear its own attorneys' fees and costs in connection with such proceeding.

19.5.1.13 The statement of decision of the referee upon all of the issues considered by the referee shall be binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action that may be brought by any of the parties.

19.5.2 Binding Arbitration. If for any reason the judicial reference procedures in Section 19.5.1 are legally unavailable or unenforceable at the time a dispute would otherwise be referred to judicial reference, then such dispute shall be submitted to binding arbitration under the rules and procedures in this Section 19.5.2. Any dispute submitted to binding arbitration shall be administered by AAA in accordance with the AAA's Construction Industry Arbitration Rules and AAA's Supplementary Procedures for Residential Construction Disputes in effect on the date of the submission. If such entity is not then in existence, then the dispute shall be submitted to JAMS, and administered in accordance with either the Streamlined Arbitration Rules and Procedures, or (if applicable) the Comprehensive Arbitration Rules of JAMS. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such dispute. If the claimed amount exceeds Two-Hundred Fifty Thousand

Dollars (\$250,000.00) or includes a demand for punitive damages, the dispute shall be heard and determined by three (3) arbitrators. Otherwise, unless mutually agreed to by the parties, there shall be one (1) arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved. All decisions concerning the arbitrability of any dispute shall be decided by the arbitrator(s). At the request of any party, the award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither party nor the arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

19.5.3 Applicability of Federal Arbitration Act. The binding arbitration procedures contained in Sections 19.5.2 are implemented for the Community in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Section 1 et seq.) ("*FAA*"), which is designed to encourage the use of alternative methods of dispute resolution and avoid costly and potentially lengthy traditional court proceedings. The binding arbitration procedures in said Section are to be interpreted and enforced as authorized by the FAA. Parties interpreting this Section shall follow the federal court rulings, which provide among other things that: (1) the FAA is a congressional declaration of liberal federal policy favoring alternate dispute resolution notwithstanding substantive or procedural state policies or laws to the contrary, (2) alternate dispute resolution agreements are to be rigorously enforced by state courts; and (3) the scope of issues subject to alternate dispute resolution are to be interpreted in favor of alternate dispute resolution.

Section 19.6. Use of Damage Award Amounts. Any and all amounts awarded to a claimant on account of a claimed construction or design defect in the Community, or damage suffered as a result thereof, shall be expended by such claimant for the attorney fees and costs of the proceeding and the repair, rehabilitation, or remediation of the claimed defect or damage.

Section 19.7. California Civil Codes Sections 1368.5, 1375, 1375.05 and 1375.1. Nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 1368.5, 1375, 1375.05, or 1375.1.

Section 19.8. Disputes Relating To Enforcement Of Governing Documents. In the event of a dispute between the Association and an Owner, or between an Owner and another Owner, relating to the enforcement of the governing documents of the Association, the parties shall comply with the provisions of California Civil Code Sections 1363.810, 1369.510, and following, prior to filing of any civil action.

Section 19.9. Miscellaneous. Nothing in the Article shall constitute a waiver of any of the benefits of statute of limitations or equitable defense of any party. Furthermore, notwithstanding any other provision of this Declaration, this Article may not be amended without the prior written consent of the Declarant.

ARTICLE 20
CONSERVATION PROPERTY

Section 20.1. Association Maintenance of Conservation Property and Easement. The Conservation Property is intended to be conveyed in fee by Declarant to the Center for Natural Lands Management ("*Center*"). If such conveyance to the Center does not take place, the Association may be required to assume the duty and obligation to maintain, manage, and preserve the Conservation Property under and pursuant to the terms of, and in accordance with the requirements of, a conservation easement to be recorded in the Office of the County Recorder of San Diego County. Whether or not the Conservation Property is conveyed in fee, the long-term maintenance, management, and preservation of the Conservation Property is expected to be performed by the Center pursuant to an agreement between the Center, the City, and the Declarant. It is expressly understood that, notwithstanding such conveyance and/or agreement, the Association and not the Center shall have the responsibility for maintaining the TS, portions of which may be located in the Conservation Property conveyed to the Center. Declarant hereby grants to the Association easements of access, ingress, egress, on, over, under, across and through the Conservation Property, for the performance of such maintenance, management, preservation, and related duties and responsibilities as intended and/or required by this Article, the Conditions of Approval for the Community issued by the City, the conservation easement, and any related requirements of a governmental entity with respect to the Conservation Property. The Board shall have the following obligations regarding those certain long-term maintenance activities mentioned above:

20.1.1 The Board shall annually cause an internal review to be performed by a competent consultant to determine the Association's full compliance with the terms of this Article and any requirements of the conservation easement to be recorded and any governmental agency having jurisdiction over the Conservation Property.

EXHIBIT "A"
PROPERTIES

RESIDENTIAL LOTS 45 THROUGH 50, INCLUSIVE, OF COUNTY OF SAN DIEGO TRACT NO. 2004-08, SKY RANCH UNIT 2, ACCORDING TO MAP THEREOF NO.15646, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, ON NOVEMBER 28, 2007; AND

ASSOCIATION PROPERTY LOTS "K" AND "L", OF COUNTY OF SAN DIEGO TRACT NO. 2004-08, SKY RANCH UNIT 1, ACCORDING TO MAP THEREOF NO. 15514, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, ON FEBRUARY 6, 2007.

EXHIBIT "B"
ANNEXABLE PROPERTY

RESIDENTIAL LOTS 1 THROUGH 9, INCLUSIVE, AND ASSOCIATION PROPERTY LOTS "F" THROUGH "J," INCLUSIVE, "M", AND "N", OF COUNTY OF SAN DIEGO TRACT NO. 2004-08, SKY RANCH UNIT 1, ACCORDING TO MAP THEREOF NO. 15514, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, ON FEBRUARY 6, 2007; AND

RESIDENTIAL LOTS 10 THROUGH 58, INCLUSIVE, AND 149 THROUGH 217, INCLUSIVE, , INCLUSIVE, AND ASSOCIATION PROPERTY LOTS "A" THROUGH "J," INCLUSIVE, LOTS "P," "R," "S," "T," "U," "V," AND 230-233, INCLUSIVE, OF COUNTY OF SAN DIEGO TRACT NO. 2004-08, SKY RANCH UNIT 2, ACCORDING TO MAP THEREOF NO. 15646, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, ON NOVEMBER 28, 2007; AND

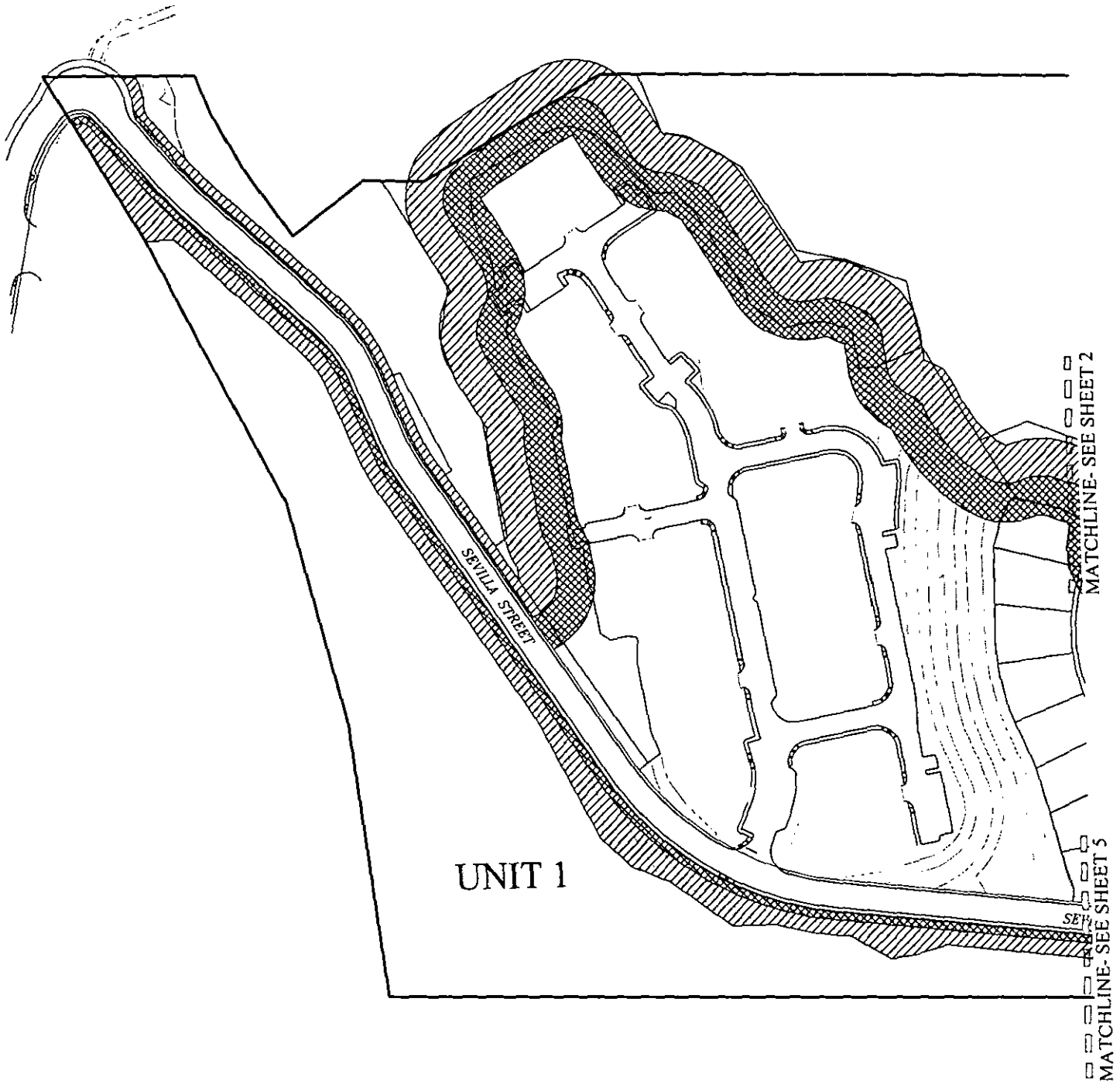
RESIDENTIAL LOTS 59 THROUGH 148, INCLUSIVE, AND ASSOCIATION PROPERTY LOTS "A" THROUGH "H," INCLUSIVE, 226, 228 AND 229, INCLUSIVE, OF COUNTY OF SAN DIEGO TRACT NO. 2004-08, SKY RANCH UNIT 3, ACCORDING TO MAP THEREOF NO. 15647, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, ON NOVEMBER 28, 2007.

LOT 224 OF TRACT NO. 2004-08 UNIT 1, IN THE CITY OF SANTEE, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS PER MAP NO. 15514, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY ON FEBRUARY 6, 2007.



12793

EXHIBIT "FMZ"
FUEL MODIFICATION ZONE

Please see attached



LEGEND

-  ZONE 1 FUEL MODIFICATION
PERMANENT IRRIGATION
-  ZONE 2 FUEL MODIFICATION
TEMPORARY IRRIGATION

SKY RANCH
EXHIBIT 'FMZ'
FUEL MODIFICATION
ZONES- TRACT 2004-08
 NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



MATCHLINE - SEE BELOW

MATCHLINE - SEE SHEET 1

MATCHLINE - SEE ABOVE

MATCHLINE - SEE SHEET 3

UNIT 1

UNIT 2

CALICO STREET

MIRADOR STREET

MIRADOR STREET

LEGEND



ZONE 1 FUEL MODIFICATION
PERMANENT IRRIGATION



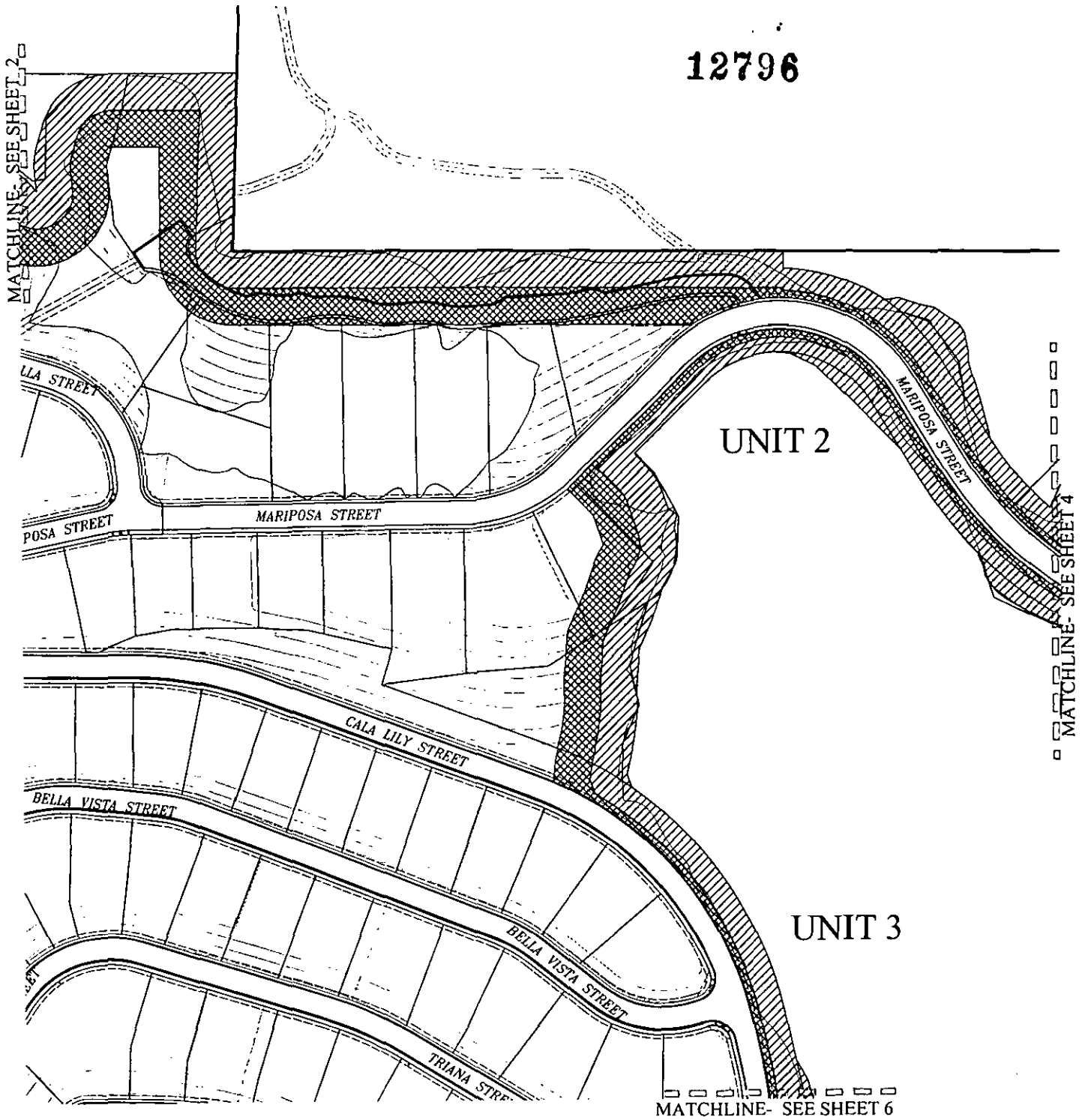
ZONE 2 FUEL MODIFICATION
TEMPORARY IRRIGATION

SKY RANCH
EXHIBIT 'FMZ'
FUEL MODIFICATION
ZONES- TRACT 2004-08
NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride

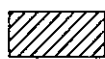



12796



SKY RANCH
EXHIBIT 'FMZ'
FUEL MODIFICATION
ZONES- TRACT 2004-08
 NOVEMBER 2007- NOT TO SCALE

LEGEND

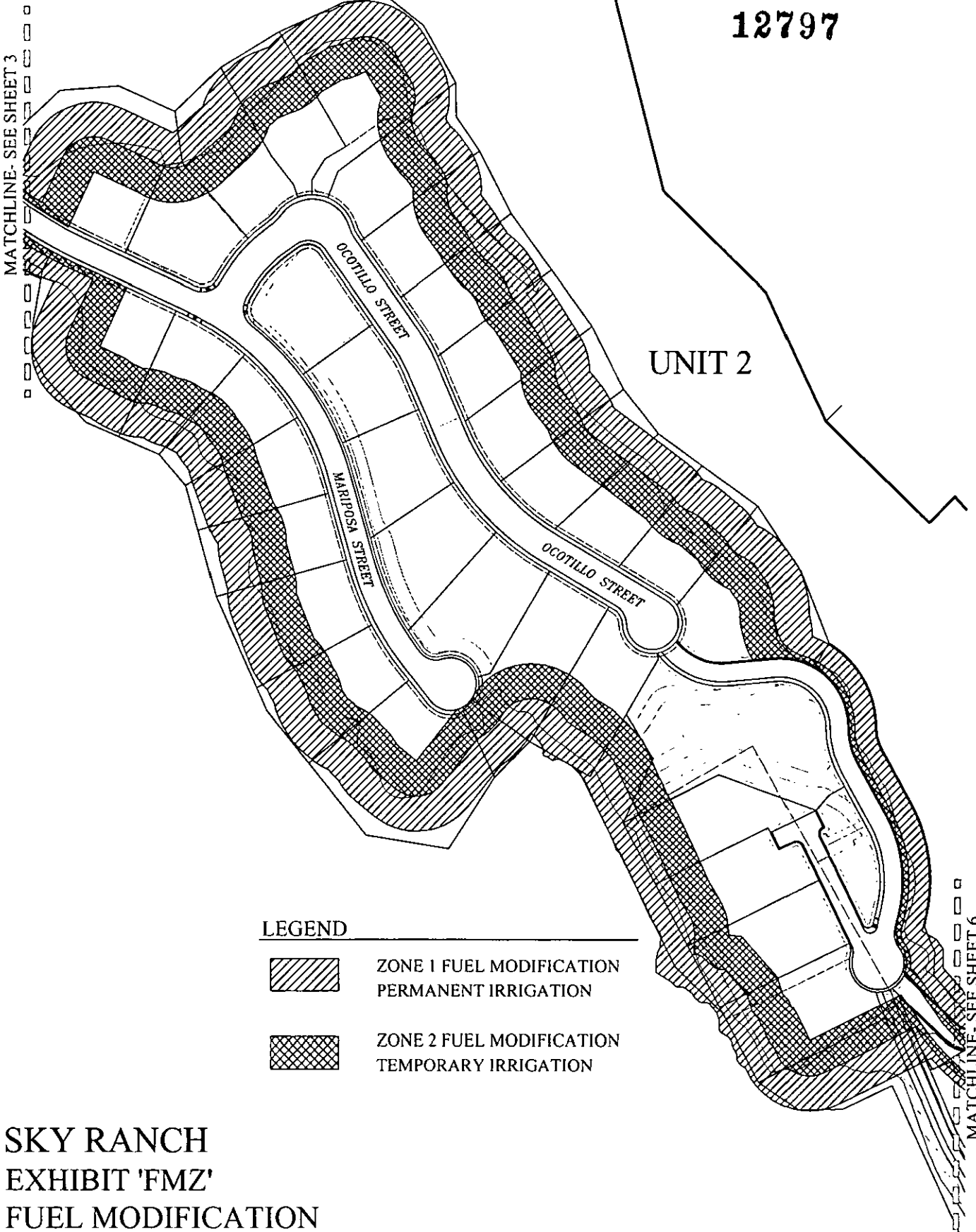
-  ZONE 1 FUEL MODIFICATION
PERMANENT IRRIGATION
-  ZONE 2 FUEL MODIFICATION
TEMPORARY IRRIGATION

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



12797

UNIT 2



LEGEND



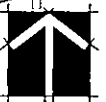
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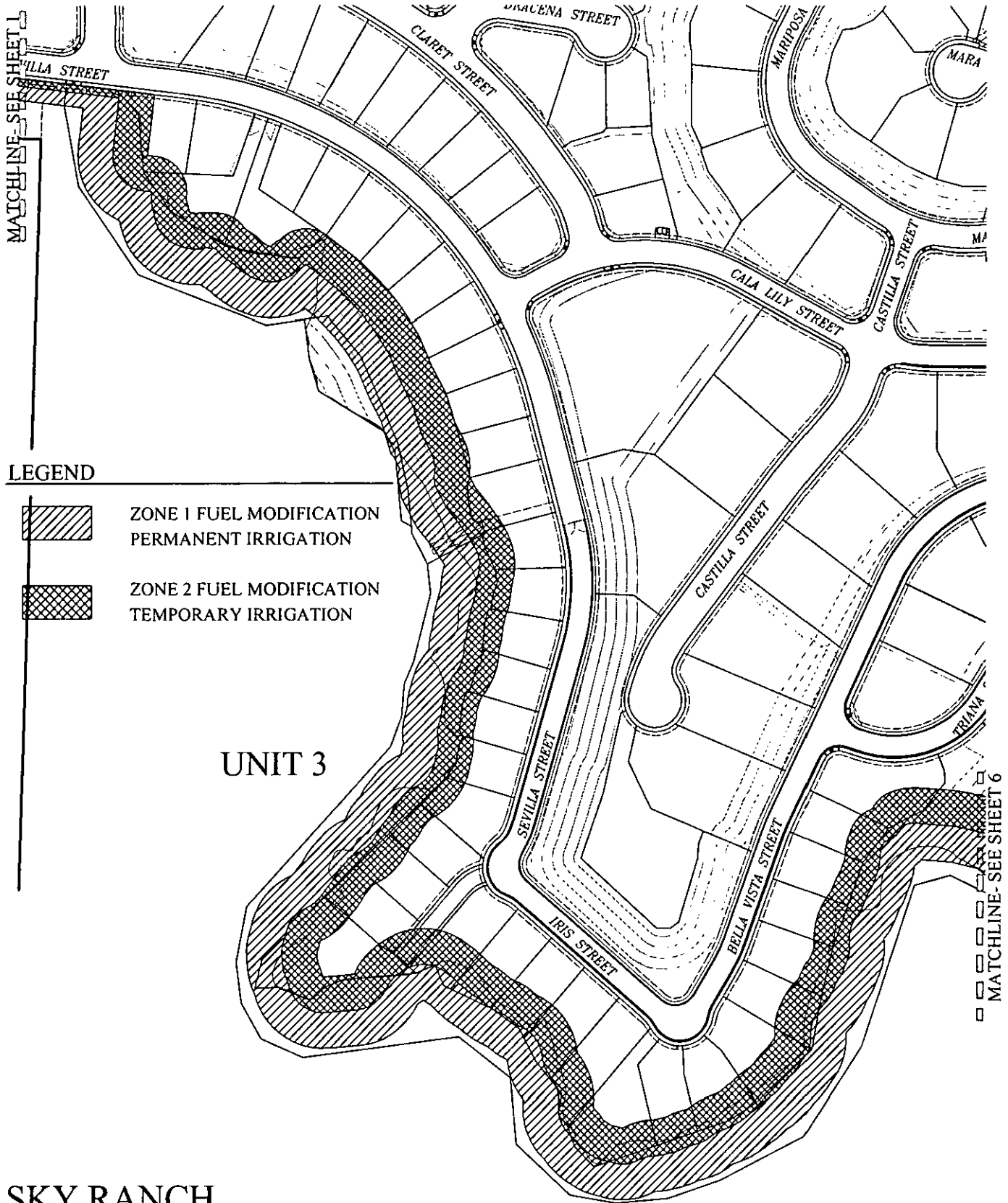


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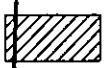
SKY RANCH
EXHIBIT 'FMZ'
FUEL MODIFICATION
ZONES- TRACT 2004-08
 NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





LEGEND



ZONE 1 FUEL MODIFICATION
PERMANENT IRRIGATION

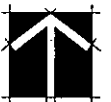


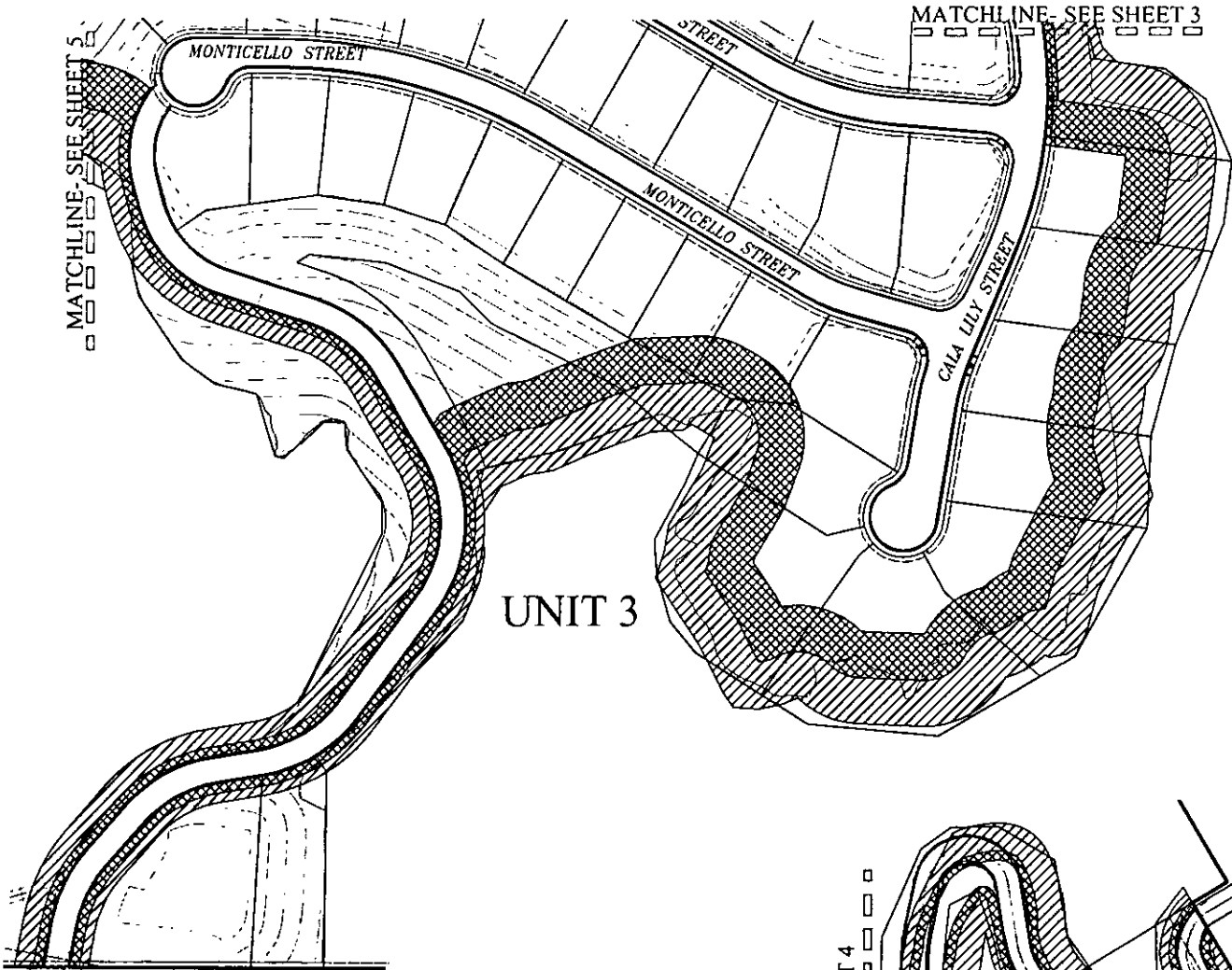
ZONE 2 FUEL MODIFICATION
TEMPORARY IRRIGATION

UNIT 3

SKY RANCH
 EXHIBIT 'FMZ'
 FUEL MODIFICATION
 ZONES- TRACT 2004-08
 NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built
 conditions will over-ride





UNIT 3

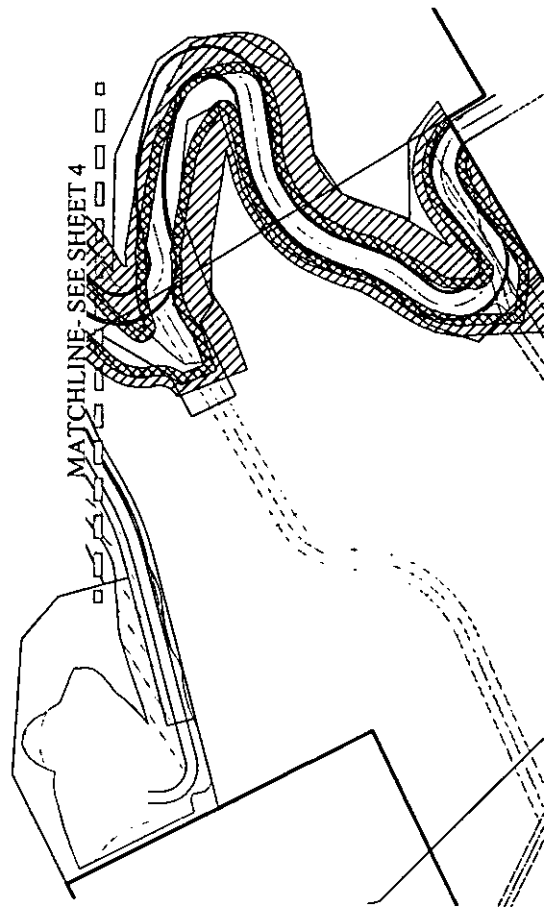
LEGEND



ZONE 1 FUEL MODIFICATION
PERMANENT IRRIGATION



ZONE 2 FUEL MODIFICATION
TEMPORARY IRRIGATION



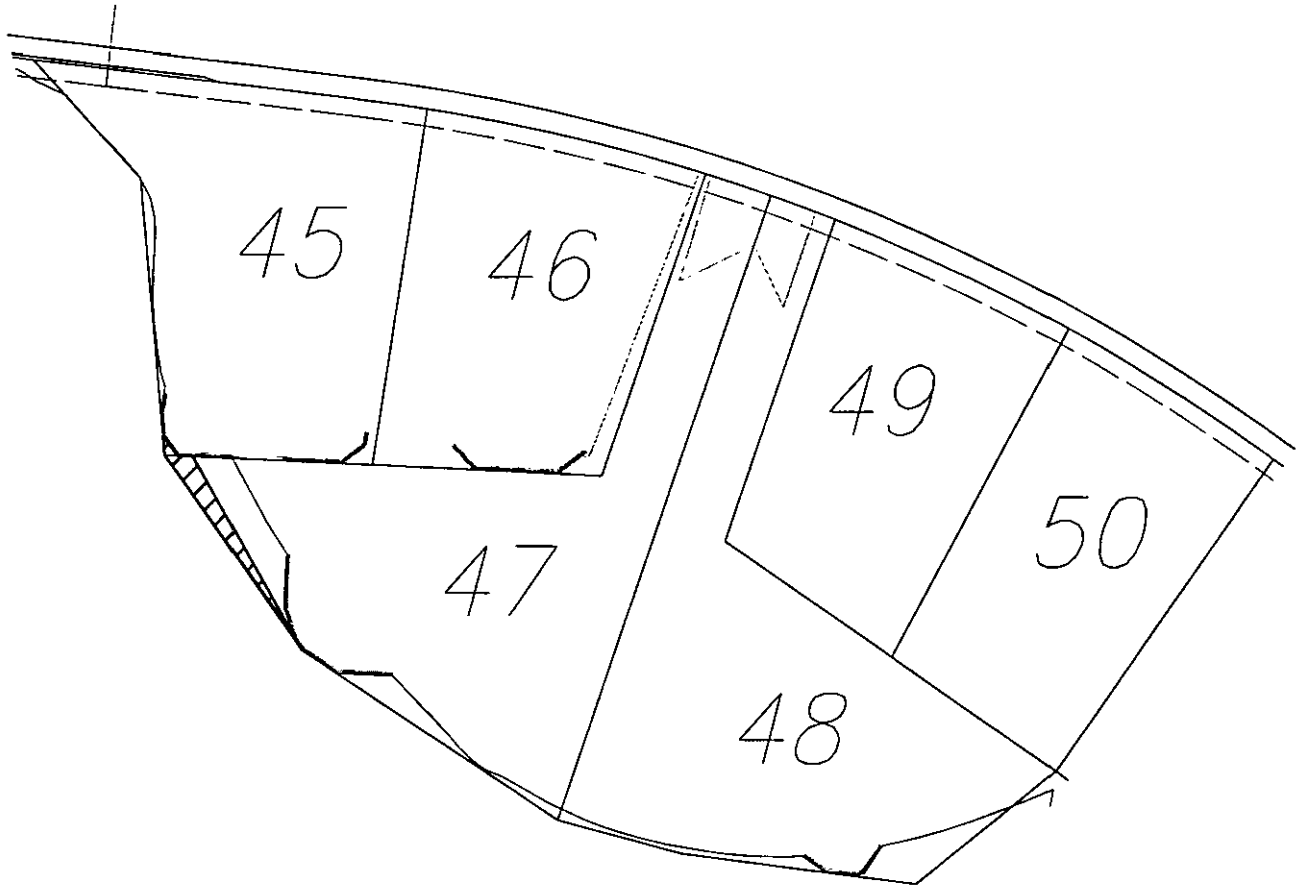
SKY RANCH
 EXHIBIT 'FMZ'
 FUEL MODIFICATION
 ZONES- TRACT 2004-08
 NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



EXHIBIT "SEA"
SLOPE EASEMENT AREAS

Please see attached



SKY RANCH
EXHIBIT 'SEA'
SLOPE EASEMENT
AREAS- TRACT 2004-08
NOVEMBER 2007- NOT TO SCALE

LEGEND- Unit 2



SLOPE EASEMENT AREAS
Irrigated landscape
Brush Management

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride

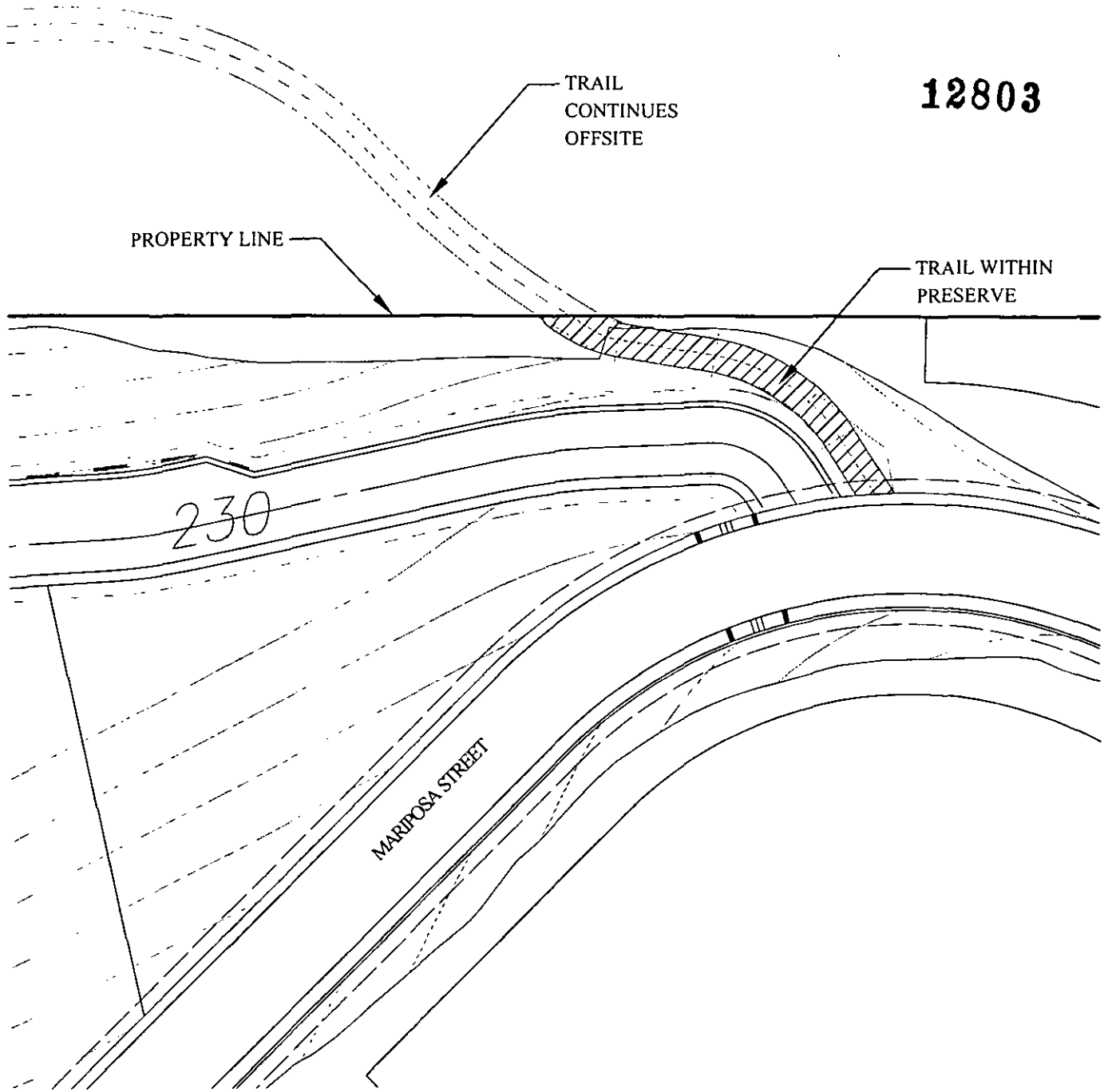


12802

EXHIBIT "TS"
TRAIL SYSTEM

Please see attached.

12803



SKY RANCH
EXHIBIT 'TS'
TRAIL SYSTEM-
TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE

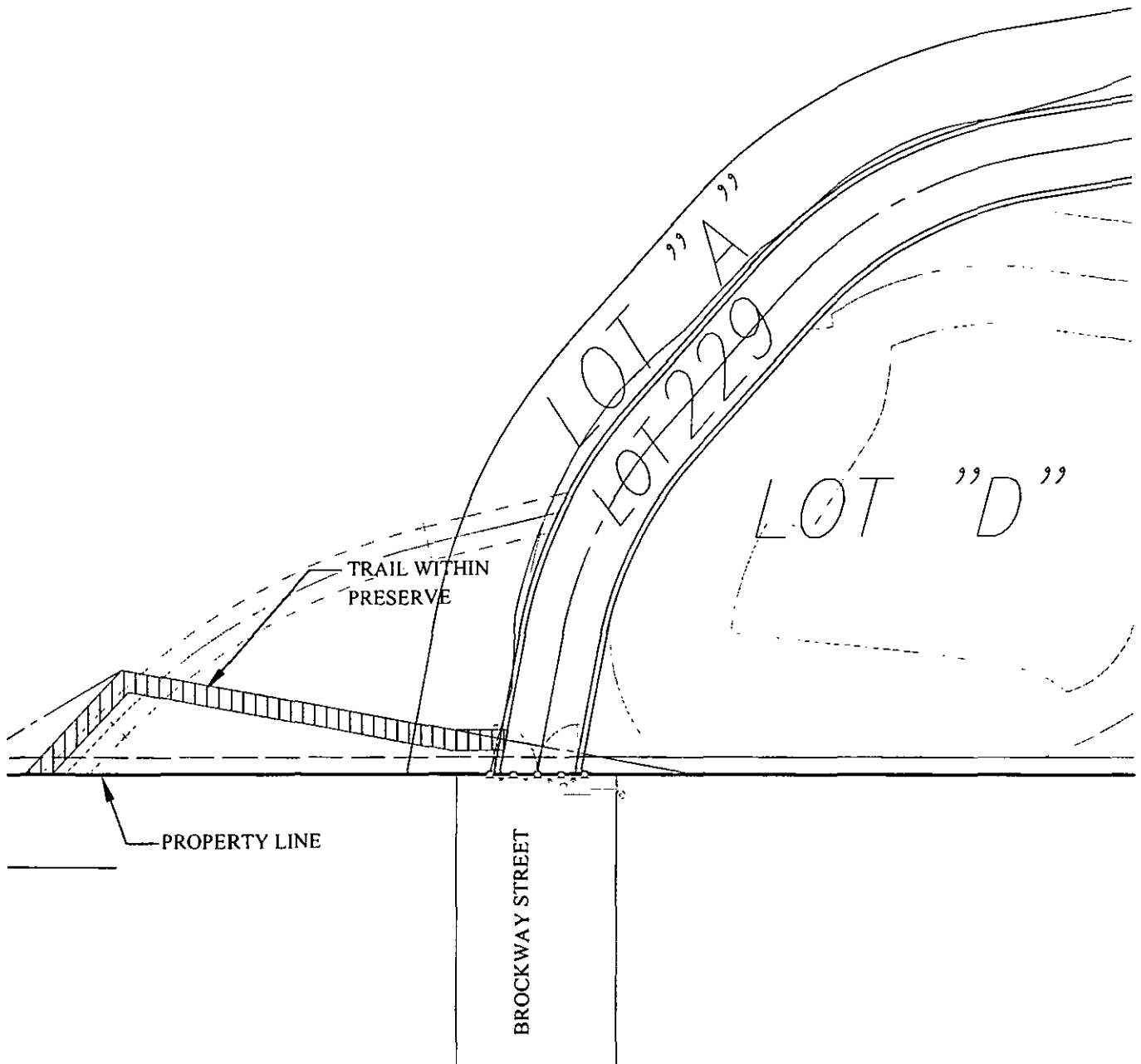
LEGEND



TRAIL UNIT 2

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





SKY RANCH
EXHIBIT 'TS'
TRAIL SYSTEM-
TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE

LEGEND



TRAIL UNIT 3

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride

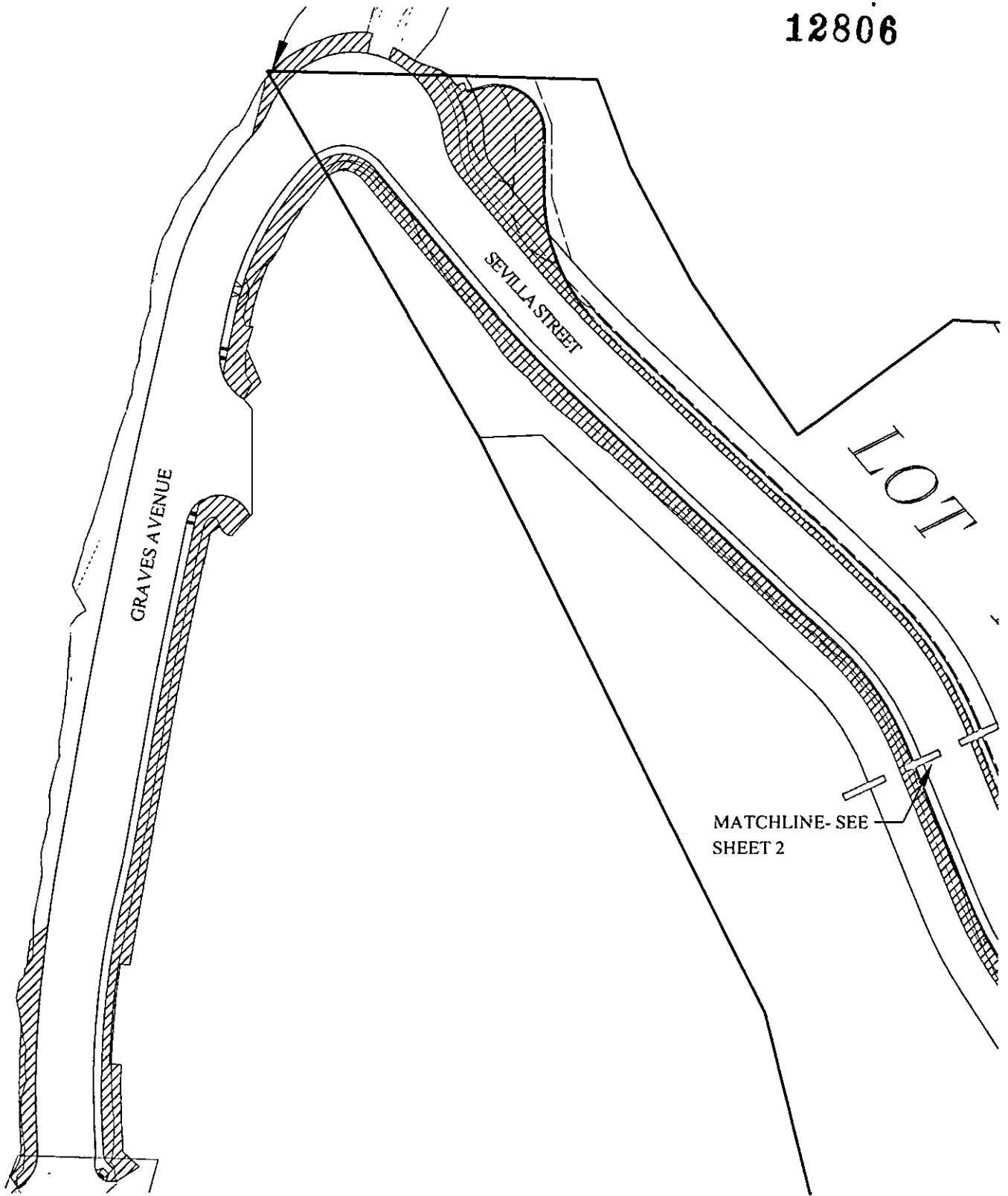


12805

EXHIBIT "LMD"
LMD AREAS

Please see attached

12806



SKY RANCH
EXHIBIT 'LMD'
LMD AREAS-
TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE

1 OF 5

LEGEND



LMD AREA UNIT 1

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



12807

MATCHLINE- SEE SHEET 1

'' F ''

22

LOT SEVILLA STREET LOT

LOT '' A ''

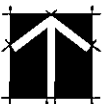
MATCHLINE- SEE SHEET 3

LEGEND



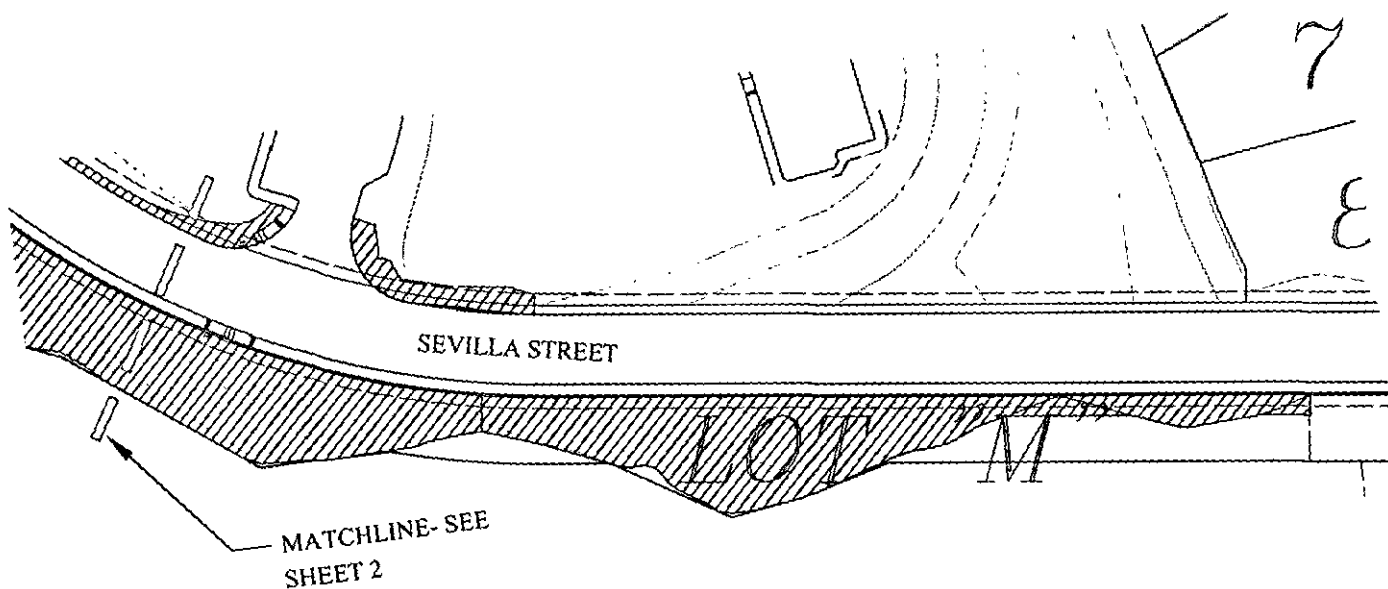
LMD AREA UNIT 1

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



SKY RANCH EXHIBIT 'LMD' LMD AREAS-TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE



**SKY RANCH
EXHIBIT 'LMD'
LMD AREAS-
TRACT 2004-08**
NOVEMBER 2007- NOT TO SCALE

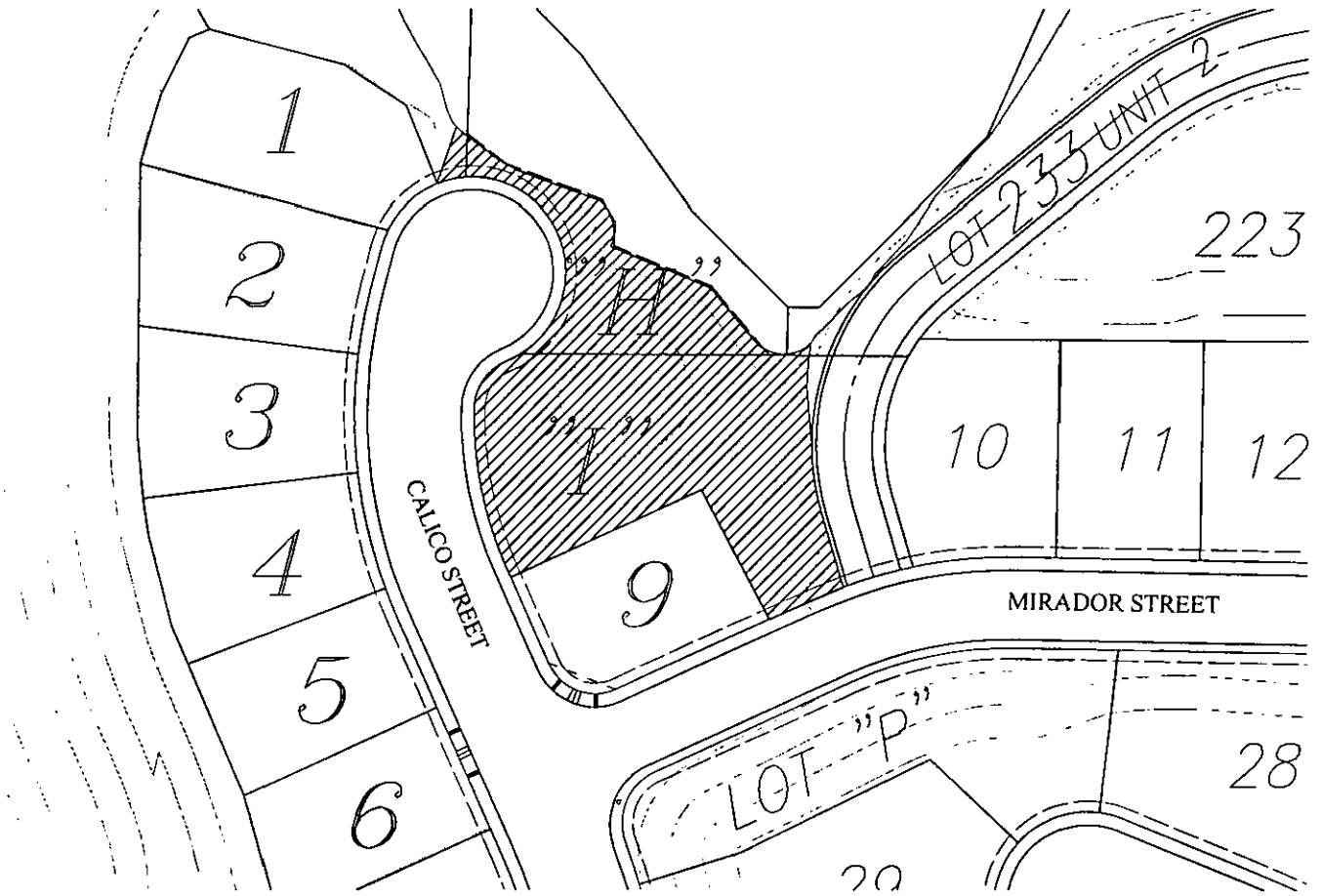
LEGEND



LMD AREA UNIT 1

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





SKY RANCH
EXHIBIT 'LMD'
LMD AREAS-
TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE

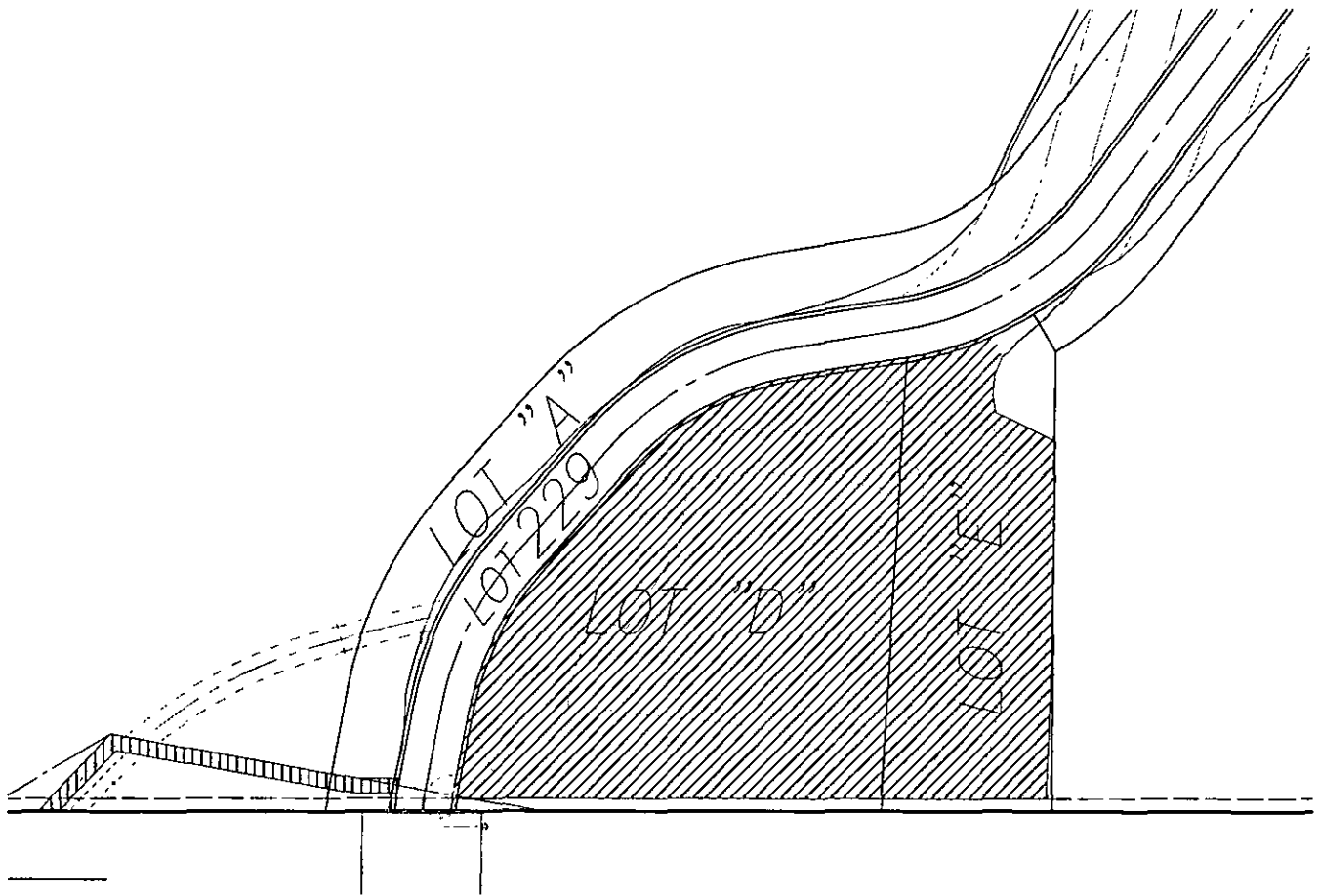
LEGEND



LMD AREA UNIT 1

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





SKY RANCH
EXHIBIT 'LMD'
LMD AREAS-
TRACT 2004-08

NOVEMBER 2007- NOT TO SCALE

LEGEND



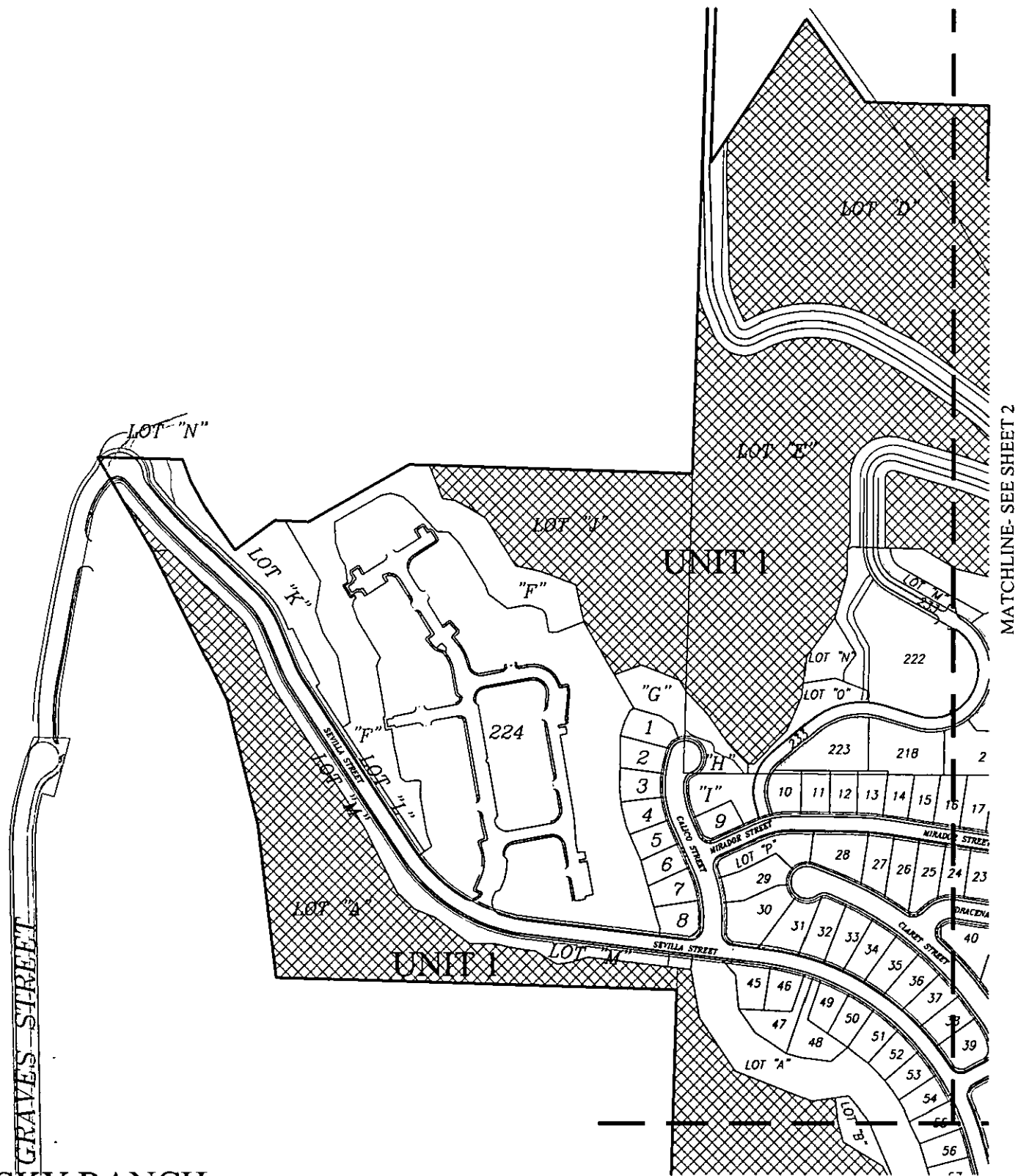
LMD AREA UNIT 3

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



EXHIBIT "CP"
CONSERVATION PROPERTY

Please see attached



**SKY RANCH
EXHIBIT 'CP'
CONSERVATION
PROPERTY- TRACT
2004-08**

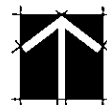
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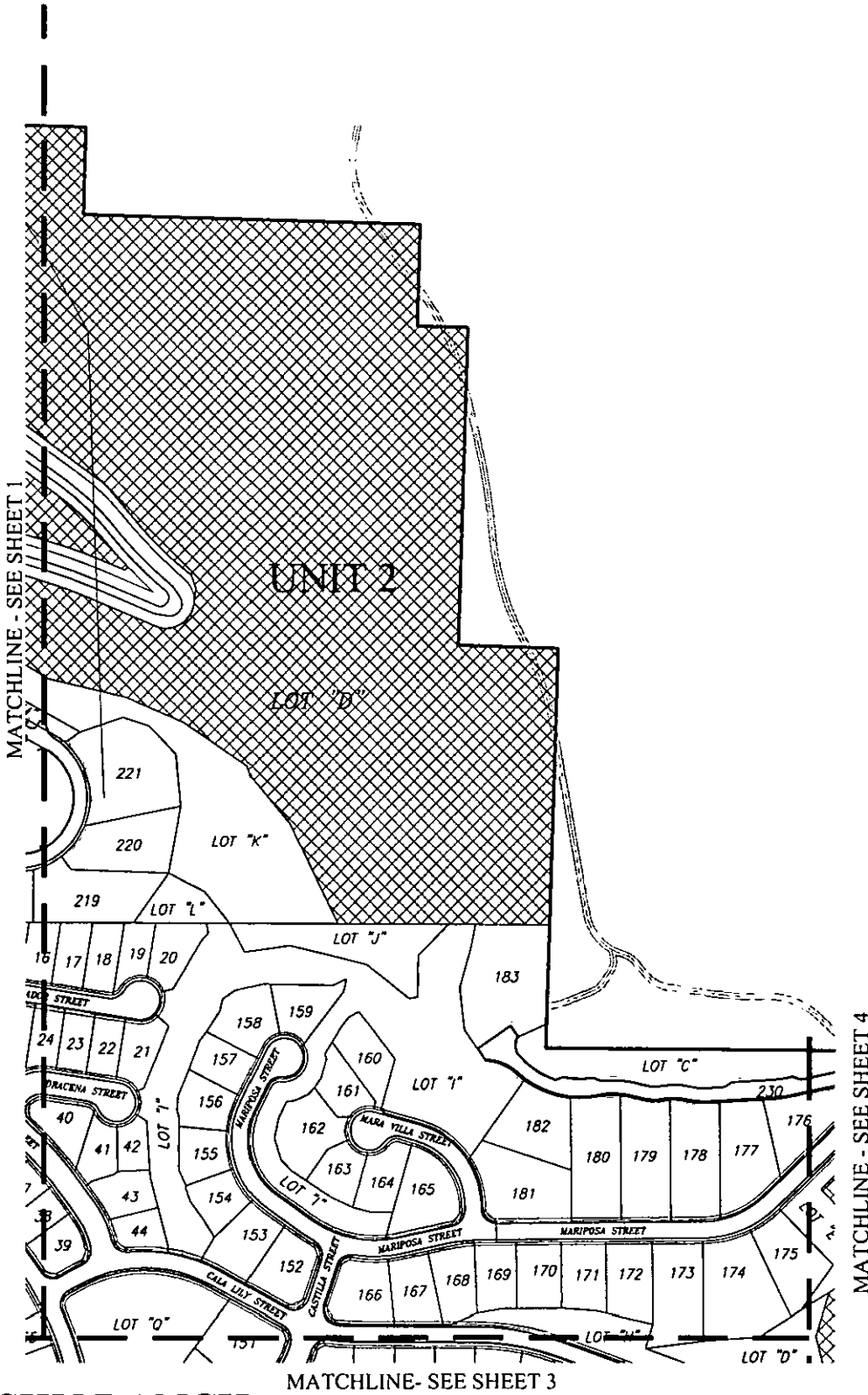
LEGEND



CONSERVATION PROPERTY

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





**SKY RANCH
EXHIBIT 'CP'
CONSERVATION
PROPERTY- TRACT
2004-08**

NOVEMBER 2007- NOT TO SCALE

LEGEND

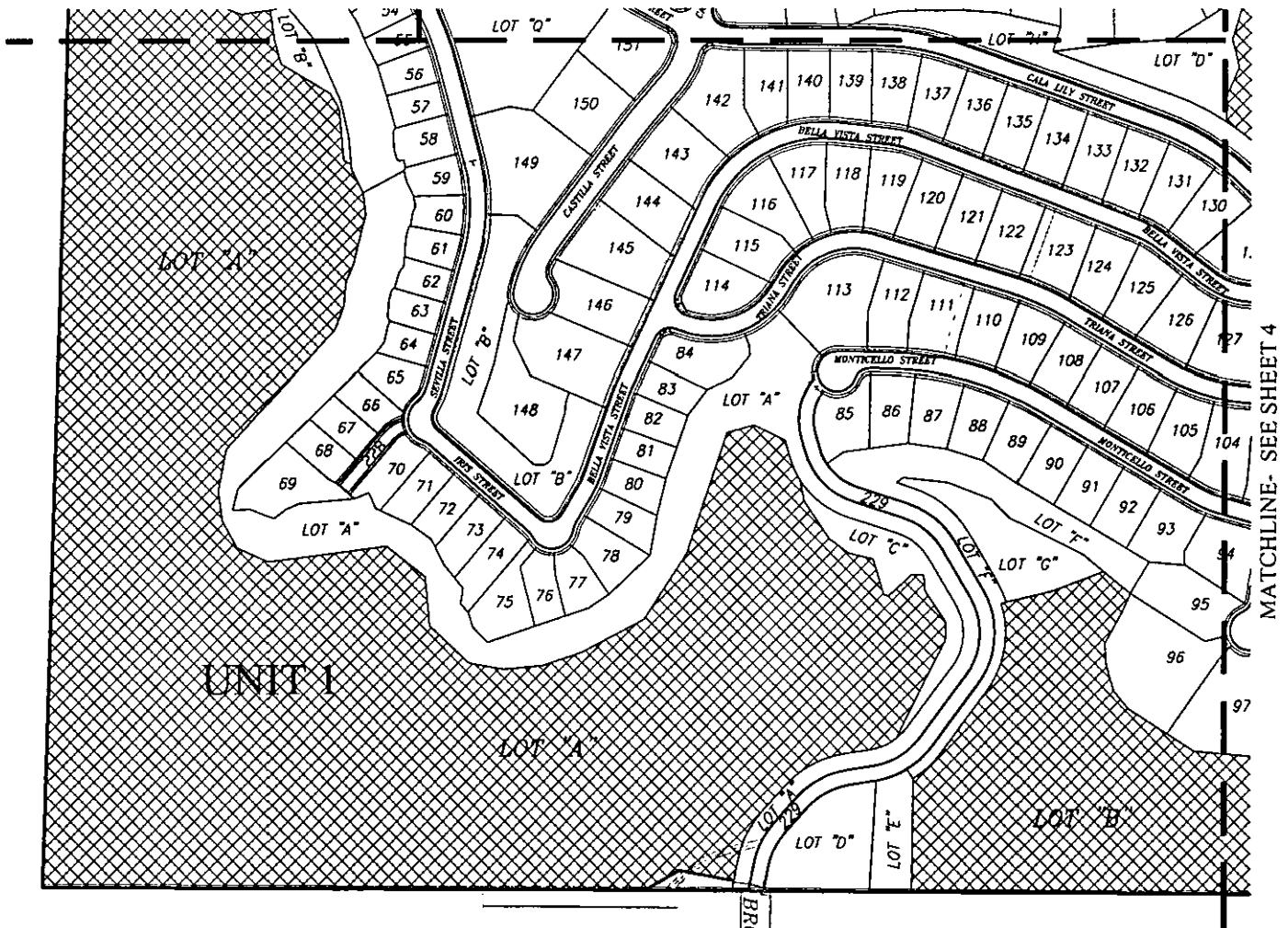


CONSERVATION PROPERTY

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



MATCHLINE- SEE SHEETS 1 & 2



UNIT 1

LOT A

LOT D

LOT E

LOT F

LEGEND



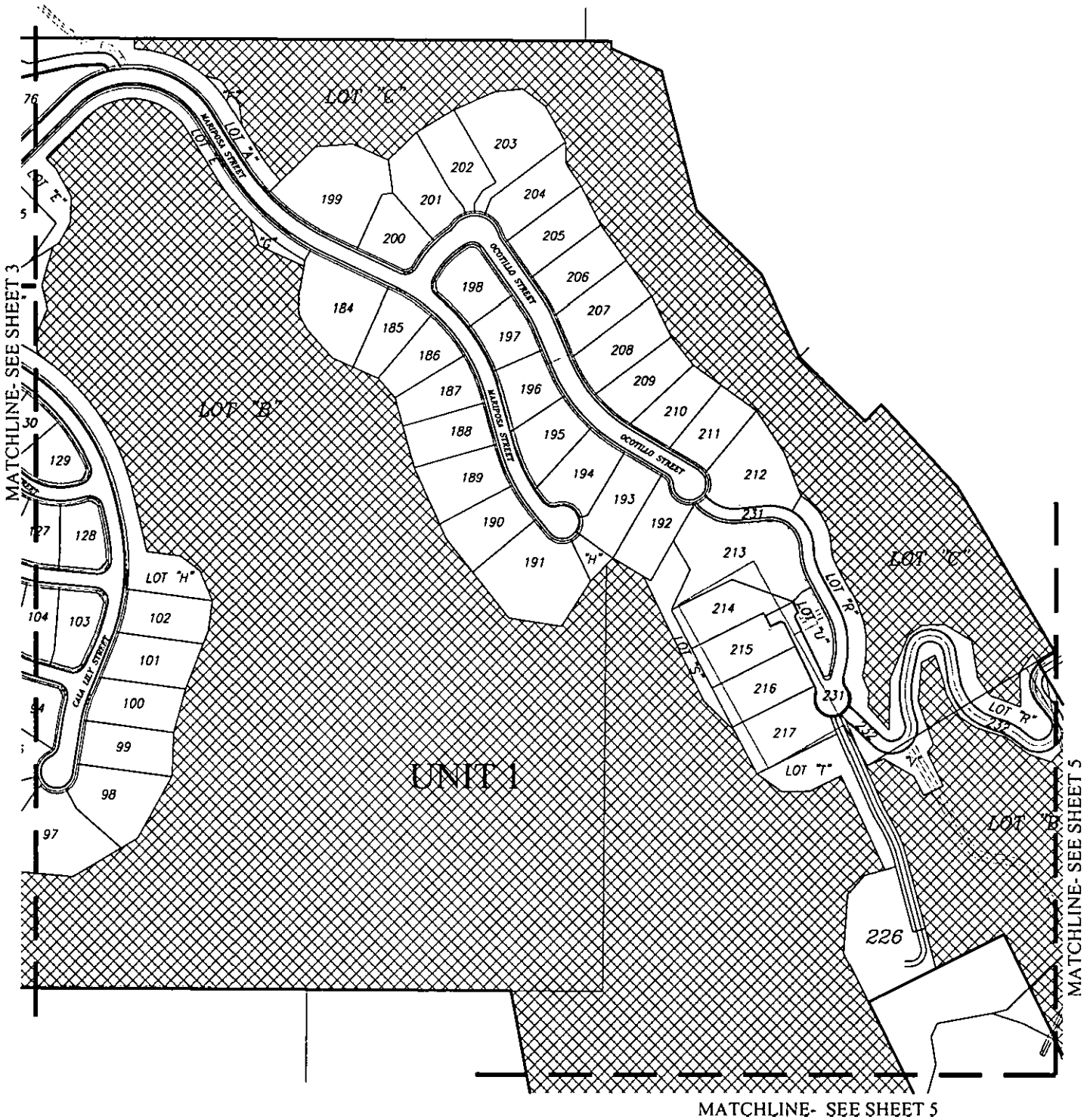
CONSERVATION PROPERTY

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



SKY RANCH
 EXHIBIT 'CP'
 CONSERVATION
 PROPERTY- TRACT
 2004-08

NOVEMBER 2007- NOT TO SCALE



SKY RANCH
 EXHIBIT 'CP'
 CONSERVATION
 PROPERTY- TRACT
 2004-08
 NOVEMBER 2007- NOT TO SCALE

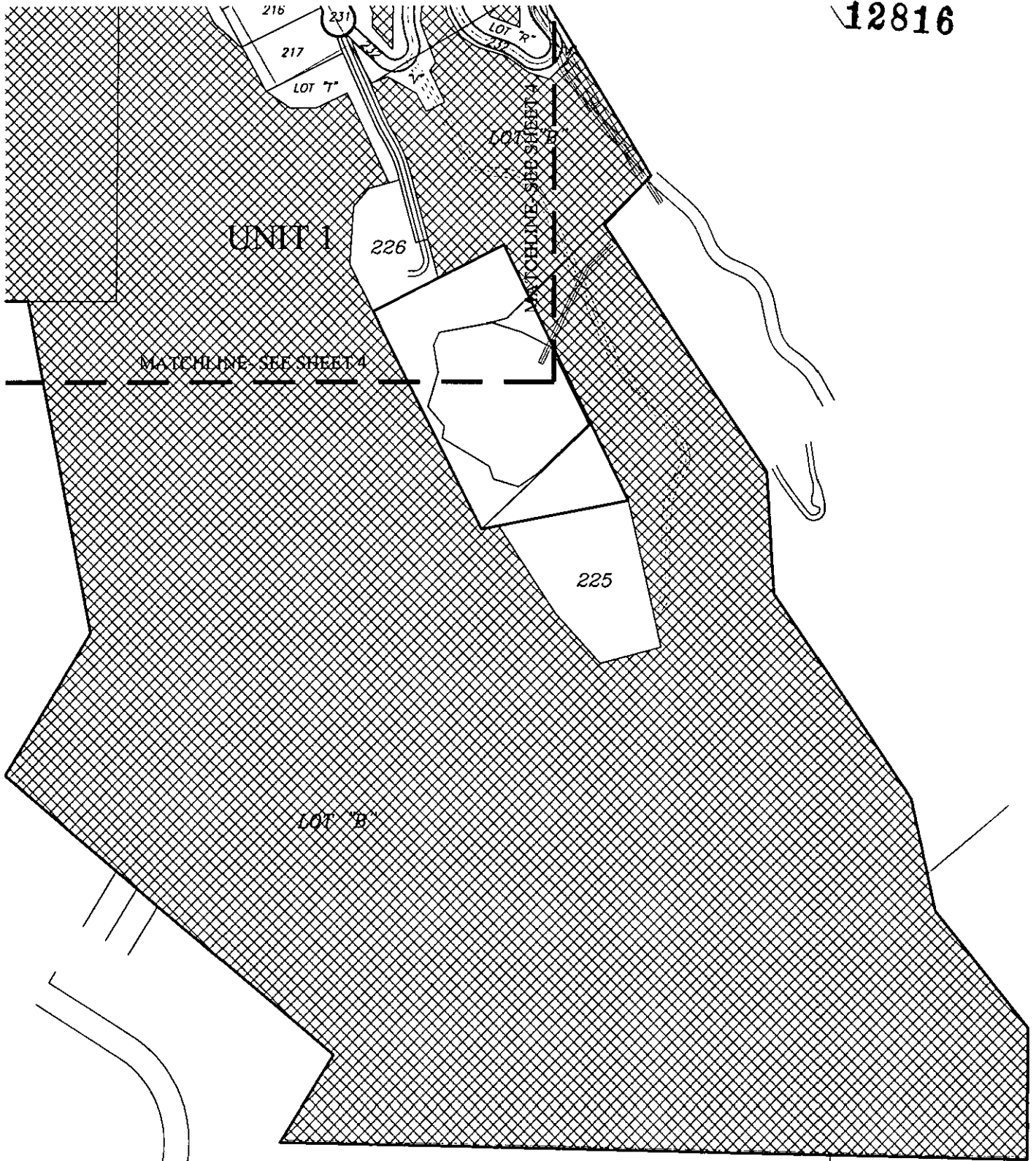
LEGEND



CONSERVATION PROPERTY

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride





SKY RANCH
EXHIBIT 'CP'
CONSERVATION
PROPERTY- TRACT
2004-08

NOVEMBER 2007- NOT TO SCALE

5 OF 5

LEGEND



CONSERVATION PROPERTY

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride



12817

EXHIBIT "PL"
PLANT LIST

Please see attached

**EXHIBIT "PL"
PLANT LIST**

PLANTS ACCEPTABLE FOR FIREWISE LANDSCAPES

The following plants have been determined by the County of San Diego to be acceptable for planting in high fire hazard zones. All the plants on the following list are considered to be drought-tolerant in the particular climate zone noted. Those that grow best in riparian areas, as indicated by the (R), are the least drought-tolerant plants on the list.

PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
TREES		
Acer platanoides	Norway Maple	M
rubrum	Red Maple	M
saccharinum	Silver Maple	M
saccarum	Sugar Maple	M
macrophyllum	Big Leaf Maple	C/ (R)
Alnus rhombifolia	White Alder	C//M (R)
Arbutus unedo	Strawberry Tree	All zones
Archontophoenix cunninghamiana	King Palm	C
Arctostaphylos spp.	Manzanita	C//D
Brahea armata	Blue Hesper Palm	C/D
edulis	Guadalupe Palm	C/D
Ceratonia siliqua	Carob	C//D
Cercidium floridum	Blue Palo Verde	D
Cercis occidentalis	Western Redbud	C//M
Cornus nuttallii	Mountain Dogwood	I/M
stolonifera	Redtwig Dogwood	I/M
Eriobotrya japonica	Loquat	C//D
Erythrina caffra	Kaffirboom Coral Tree	C
Gingko biloba "Fairmount"	Fairmount Maidenhair Tree	I/M

**EXHIBIT "PL"
PLANT LIST**

PLANTS ACCEPTABLE FOR FIREWISE LANDSCAPES

The following plants have been determined by the County of San Diego to be acceptable for planting in high fire hazard zones. All the plants on the following list are considered to be drought-tolerant in the particular climate zone noted. Those that grow best in riparian areas, as indicated by the (R), are the least drought-tolerant plants on the list.

PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Gleditsia triacanthos	Honey Locust	I/D/M
Juglans californica hindsii	California Walnut California Black Walnut	I C/I
Lagerstroemia indica	Crape Myrtle	I/D/M
Ligustrum lucidum	Glossy Privet	I
Liquidambar styraciflua	Sweet Gum	C/I/M
Liriodendron tulipifera	Tulip Tree	I
Lyonothamnus floribundus ssp. asplenifolius	Fernleaf Catalina Ironwood	C
Melaleuca spp.	Melaleuca	C/I/D
Parkinsonia aculeata	Mexican Palo Verde	D
Pistacia chinensis vera	Chinese Pistache Pistachio Nut	C/I/D I
Pittosporum phillyraeoides viridiflorum	Willow Pittosporum Cape Pittosporum	C/I/D C/I
Platanus acerifolia racemosa	London Plane Tree California Sycamore	All zones C/I/M
Populus alba	White Poplar	D/M

**EXHIBIT "PL"
PLANT LIST**

PLANTS ACCEPTABLE FOR FIREWISE LANDSCAPES

The following plants have been determined by the County of San Diego to be acceptable for planting in high fire hazard zones. All the plants on the following list are considered to be drought-tolerant in the particular climate zone noted. Those that grow best in riparian areas, as indicated by the (R), are the least drought-tolerant plants on the list.

PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
fremontii	Western Cottonwood	I
trichocarpa	Black Cottonwood	I/M
Prunus		
xblireiana	Flowering Plum	M
caroliniana	Carolina Laurel Cherry	C
ilicifolia	Hollyleaf Cherry	C
lyonii	Catalina Cherry	C
serrulata 'Kwanzan'	Flowering Cherry	M
yedoensis 'Akebono'	Akebono Flowering Cherry	M
Quercus		
agrifolia	Coast Live Oak	C/I
engelmannii	Engelmann Oak	I
suber	Cork Oak	C/I/D
Rhus		
lancea	African Sumac	C/I/D
Salix spp.	Willow	All zones (R)
Tristania conferta	Brisbane Box	C/I
Ulmus		
parvifolia	Chinese Elm	I/D
pumila	Siberian Elm	C/M
Umbellularia californica	California Bay Laurel	C/I
SHRUBS		
Agave	Century Plant	D
americana	Desert Century Plant	D
deserti	Shaw's Century Plant	D
shawii		

EXHIBIT "PL"
PLANT LIST

PLANTS ACCEPTABLE FOR FIREWISE LANDSCAPES

The following plants have been determined by the County of San Diego to be acceptable for planting in high fire hazard zones. All the plants on the following list are considered to be drought-tolerant in the particular climate zone noted. Those that grow best in riparian areas, as indicated by the (R), are the least drought-tolerant plants on the list.

PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
<i>Amorpha fruticosa</i>	False Indigobush	I
<i>Arbutus menziesii</i>	Madrone	C/I
<i>Arctostaphylos</i> spp.	Manzanita	C//D
<i>Atriplex</i> <i>canescens</i> <i>lentiformis</i>	Hoary Saltbush Quail Saltbush	I D
<i>Baccharis</i> <i>glutinosa</i> <i>pilularis</i>	Mule Fat Coyote Bush	C/I C//D
<i>Carissa grandiflora</i>	Natal Plum	C/I
<i>Ceanothus</i> spp.	California Lilac	C//M
<i>Cistus</i> spp.	Rockrose	C//D
<i>Cneoridium dumosum</i>	Bushrue	C
<i>Comarostaphylis diversifolia</i>	Summer Holly	C
<i>Convolvulus cneorum</i>	Bush Morning Glory	C//M
<i>Dalea</i> <i>orcuttii</i> <i>spinosa</i>	Orcutt's Delea Smoke Tree	D I/D
<i>Elaeagnus pungens</i>	Silverberry	C//M
<i>Encelia</i> <i>californica</i> <i>farinosa</i>	Coast Sunflower White Brittlebush	C/I D/I
<i>Eriobotrya deflexa</i>	Bronze Loquat	C/I

EXHIBIT "PL"
PLANT LIST

PLANTS ACCEPTABLE FOR FIREWISE LANDSCAPES

The following plants have been determined by the County of San Diego to be acceptable for planting in high fire hazard zones. All the plants on the following list are considered to be drought-tolerant in the particular climate zone noted. Those that grow best in riparian areas, as indicated by the (R), are the least drought-tolerant plants on the list.

PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Eriophyllum confertiflorum staechadifolium	Golden Yarrow Lizard Tail	C/I C
Escallonia spp.	Escallonia	C/I
Feijoa sellowiana	Pineapple Guava	C//D
Fouquieria splendens	Ocotillo	D
Fremontodendron californicum mexicanum	Flannelbush Southern Flannelbush	I/M I
Galvezia juncea speciosa	Baja Bush-Snapdragon Island Bush-Snapdragon	C C
Garrya elliptica flavescens	Coast Silktassel Ashy Silktassel	C/I I/M
Heteromeles arbutifolia	Toyon	C//M
Lantana spp.	Lantana	C//D
Lotus scoparius	Deerweed	C/I
Mahonia spp.	Barberry	C//M
Malacothamnus clementinus fasciculatus	San Clemente Island Bush Mesa Bushmallow	C C/I
Melaleuca spp.	Melaleuca	C//D

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Mimulus spp.	Monkeyflower	C/I (R)
Nolia		
parryi	Parry's Nolina	I
parryi ssp. wolfii	Wolf's Bear Grass	D
Photinia spp.	Photinia	All zones
Pittosporum		
crassifolium		C/I
rhombifolium	Queensland Pittosporum	C/I
tobira 'Wheeleri'	Wheeler's Dwarf	C/I/D
undulatum	Victorian Box	C/I
viridiflorum	Cape Pittosporum	C/I
Plumbago auriculata	Cape Plumbago	C/I/D
Prunus		
caroliniana	Carolina Laurel Cherry	C
ilicifolia	Hollyleaf Cherry	C
lyonii	Catalina Cherry	C
Punica granatum	Pomegranate	C/I/D
Pyracantha spp.	Firethorn	All zones
Quercus dumosa	Scrub Oak	C/I
Rhamus		
alaternus	Italian Blackthorn	C/I
californica	Coffeeberry	C/I/M
Rhaphiolepis spp.	Rhaphiolepis	C/I/D
Rhus		
integrifolia	Lemonade Berry	C/I
laurina	Laurel Sumac	C/I

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
lentii	Pink-Flowering Sumac	C/D
ovata	Sugarbush	I/M
trilobata	Squawbush	I
Ribes		
viburnifolium	Evergreen Currant	C/I
speciosum	Fuschia-Flowering	C/I/D
Romneya coulteri	Matilija Poppy	I
Rosa		
californica	California Wild Rose	C/I
minutifolia	Baja California Wild Rose	C/I
Salvia spp.	Sage	All zones
Sambucus spp.	Elderberry	C/I/M
Symphoricarpos mollis	Creeping Snowberry	C/I
Syringa vulgaris	Lilac	M
Tecomaria capensis	Cape Honeysuckle	C/I/D
Teucrium fruticans	Bush Germander	C/I
Toxicodendron diversilobum	Poison Oak	I/M
Verbena lilacina	Lilac Verbena	C
Xylosma congestum	Shiny Xylosma	C/I
Yucca		
schidigera	Mojave Yucca	D
whipplei	Foothill Yucca	I

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
GROUNDCOVERS		
Achillea	Yarrow	All zones
Aptenia cordifolia	Aptenia	C
Arctostaphylos spp.	Manzanita	C//D
Baccharis pilularis	Coyote Bush	C//D
Ceanothus spp.	California Lilac	C//M
Cerastium tomentosum	Snow-in-Summer	All zones
Coprosma kirkii	Creeping Coprosma	C//D
Cotoneaster spp.	Redberry	All zones
Drosanthemum hispidum	Rosea Ice Plant	C/I
Dudleya brittonii	Britton's Chalk Dudleya	C
pulverulenta	Chalk Dudleya	C/I
virens	Island Live-Forever	C
Eschscholzia californica	California Poppy	All zones
Euonymus fortunei 'Carrierei'	Glossy Winter Creeper	M
'Coloratus'	Purple-Leaf Winter Creeper	M
Ferocactus viridescens	Coast Barrel Cactus	C
Gaillardia grandiflora	Blanket Flower	All zones
Gazania spp.	Gazania	C/I

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Helianthemum spp.	Sunrose	All zones
Lantana spp.	Lantana	C/I/D
Lasthenia californica glabrata	Common Goldfields Coastal Goldfields	I C
Lupinus spp.	Lupine	C/I/M
Myoporum spp.	Myoporum	C/I
Pyracantha spp.	Firethorn	All zones
Rosmarinus officinalis	Rosemary	C/I/D
Santolina chamaecyparissus virens	Lavender Cotton Santolina	All zones All zones
Trifolium frageriferum	O'Connor's Legume	C/I
Verbena rigida	Verbena	All zones
Viguiera laciniata	San Diego Sunflower	C/I
Vinca minor	Dwarf Periwinkle	M
VINES		
Antigonon leptopus	San Miguel Coral Vine	C/I
Distictis buccinatoria	Blood-Red Trumpet Vine	C/I/D
Keckiella cordifolia	Heart-Leaved Penstemon	C/I

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Lonicera japonica 'Halliana' subspicata	Hall's Honeysuckle Chaparral Honeysuckle	All zones C/I
Solanum jasminoides	Potato Vine	C/I/D
PERENNIALS		
Coreopsis gigantea grandiflora maritima verticillata	Giant Coreopsis Coreopsis Sea Dahlia Coreopsis	C All zones C C/I
Heuchera maxima	Island Coral Bells	C/I
Iris douglasiana	Douglas Iris	C/M
Iva hayesiana	Poverty Weed	C/I
Kniphofia uvaria	Red-Hot Poker	C/I/M
Lavandula spp.	Lavender	All zones
Limonium californicum var. mexicanum perezii	Coastal Statice Sea Lavender	C C/I
Oenothera spp.	Primrose	C/I/M
Penstemon spp.	Penstemon	C/I/D
Satureja douglasii	Yerba Buena	C/I
Sisyrinchium bellum californicum	Blue-Eyed Grass Golden-Eyed Grass	C/I C

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Solanum xantii	Purple Nightshade	C/I
Zauschneria californica	California Fuschia	C/I
cana	Hoary California Fuschia	C/I
'Catalina'	Catalina Fuschia	C/I
ANNUALS		
Lupinus spp.	Lupine	C/I/M
Key to the above Climate Zones:		
C - Coast		
D - Desert		
I - Inland, Coastal		
M - Mountain		
<i>FIRE WISE 2000, INC.</i>		
1465 Anoché Glen • Escondido, CA 92026 • Telephone/Fax: (760) 745-3947		

OTHER PLANTS NOT ON THE LIST BUT ACCEPTED BY FIREWISE FOR THE SKY RANCH PROJECT		
TREES		
Brachychiton Populneus	Bottle Tree	
Jacaranda Mimosifolia	Jacaranda	
Koelreuteria Bipinnata	Chinese Flame Tree	
Prunus Carasifera 'Autropurpurea'	Purple Leaf Plum	

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Pyrus Kawakami	Evergreen Pear	
Quercus Ilex	Hollyleaf Oak	
Tipuana Tipu	Tipu Tree	
SHRUBS		
Agave Vilmoriana	Octopus Agave	
Dietes Bicolor	Fortnight Lily	
Hesperaloe Parvifolia	Red Yucca	
Kniphofia Uvaria	Red Hot Poker	
Opuntia Littoralis	Prickly Pear	
Phormium Tenax	New Zealand Flax	
Rosa Banksiae	Lady Banks Rose	
Yucca Filamentosa	Adam's Needle	
PLANTS ON THE DO NOT PLANT LIST		
Acacia Spp.	Acacia	
Adenostoma Fasciculatum	Chamise	
Adenostoma Sparsifolium	Red Shanks	
Artemesia Californica	California Sagebrush	

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PLANTS FOR FIRE PRONE AREAS	COMMON NAME	LOCATION
Bamboo Spp.	Bamboo	
Cedrus Spp.	Cedar	
Cupressus Spp.	Cypress	
Cortaderia Selloana	Pampas Grass	
Eriogonum Fasciculatum	Common Buckwheat	
Eucalyptus Spp.	Eucalyptus	
Juniperus Spp.	Junipers	
Pennisetum Spp.	Fountain Grass	
Pinus Spp.	Pines	
Rosmarinus Spp.	Rosemary	
Salvia Spp.	Sage (some varieties are o.k.)	

EXHIBIT "EAE"
EMERGENCY ACCESS EASEMENTS

Please see attached

LOT "D"

LOT "E"

LOT "J"

LOT "M"
233

222

221

218

223

LOT "O"

10

11

12

"G"

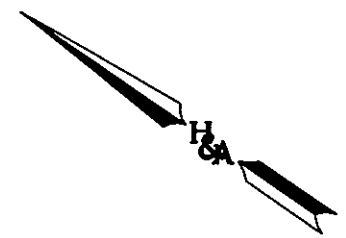
"H"

"I"


9

LOT "P"

Channel Area Contour



LEGEND

EMERGENCY ACCESS ROAD 

*DEPICTION IS FOR ILLUSTRATIVE PURPOSES ONLY.
AS-BUILT CONDITIONS WILL CONTROL.



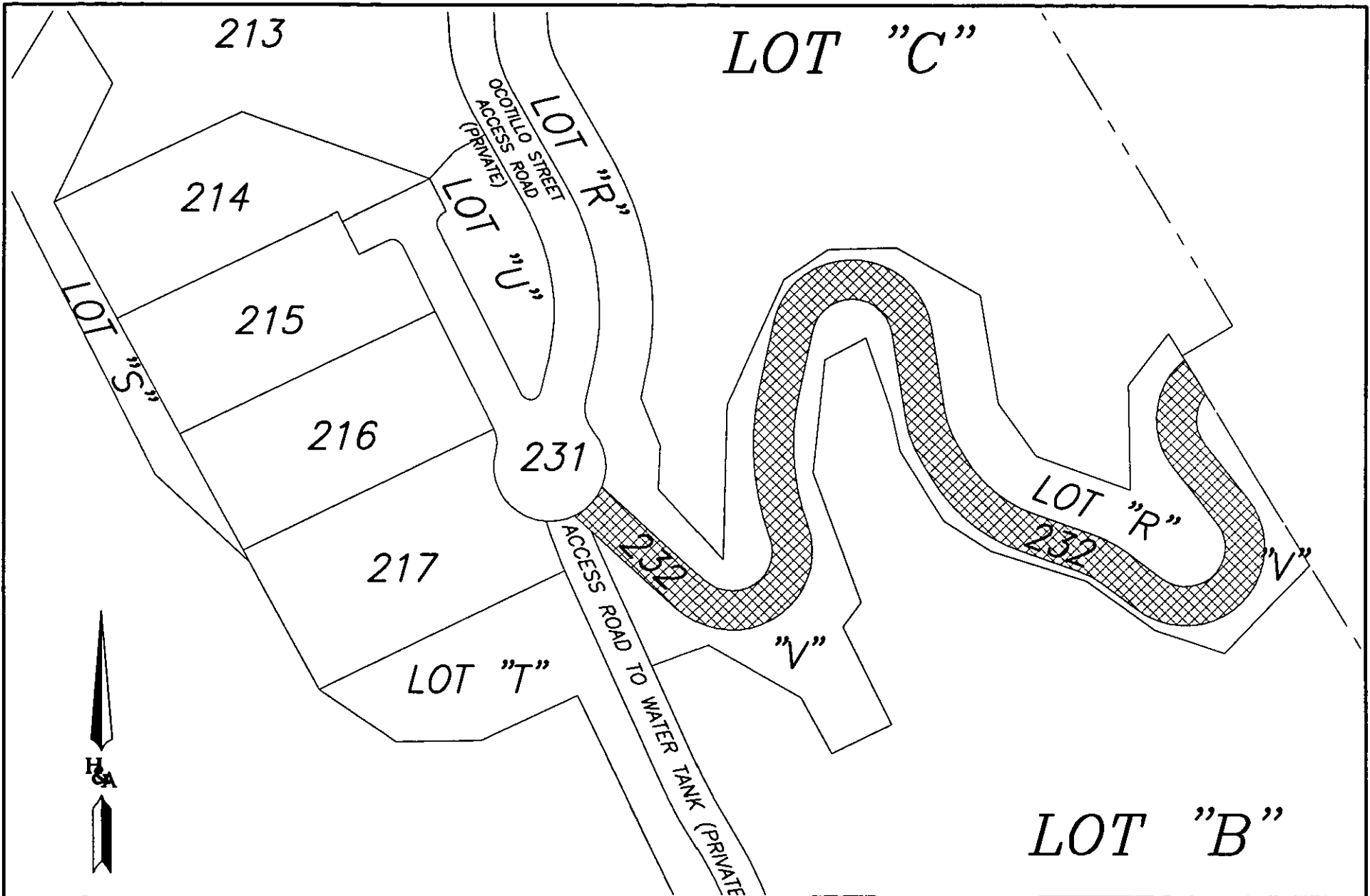
**HUNSAKER
& ASSOCIATES**
SAN DIEGO, INC.

PLANNING 9707 Waples Street
ENGINEERING San Diego, Ca 92121
SURVEYING PH: 619/558-4500 FAX: 619/558-1414

EXHIBIT "EAE"
SKY RANCH-UNIT 2
EMERGENCY ACCESS

SHT. 1 OF 3

12832



12833

LEGEND

EMERGENCY ACCESS ROAD 

*DEPICTION IS FOR ILLUSTRATIVE PURPOSES ONLY.
AS-BUILT CONDITIONS WILL CONTROL.

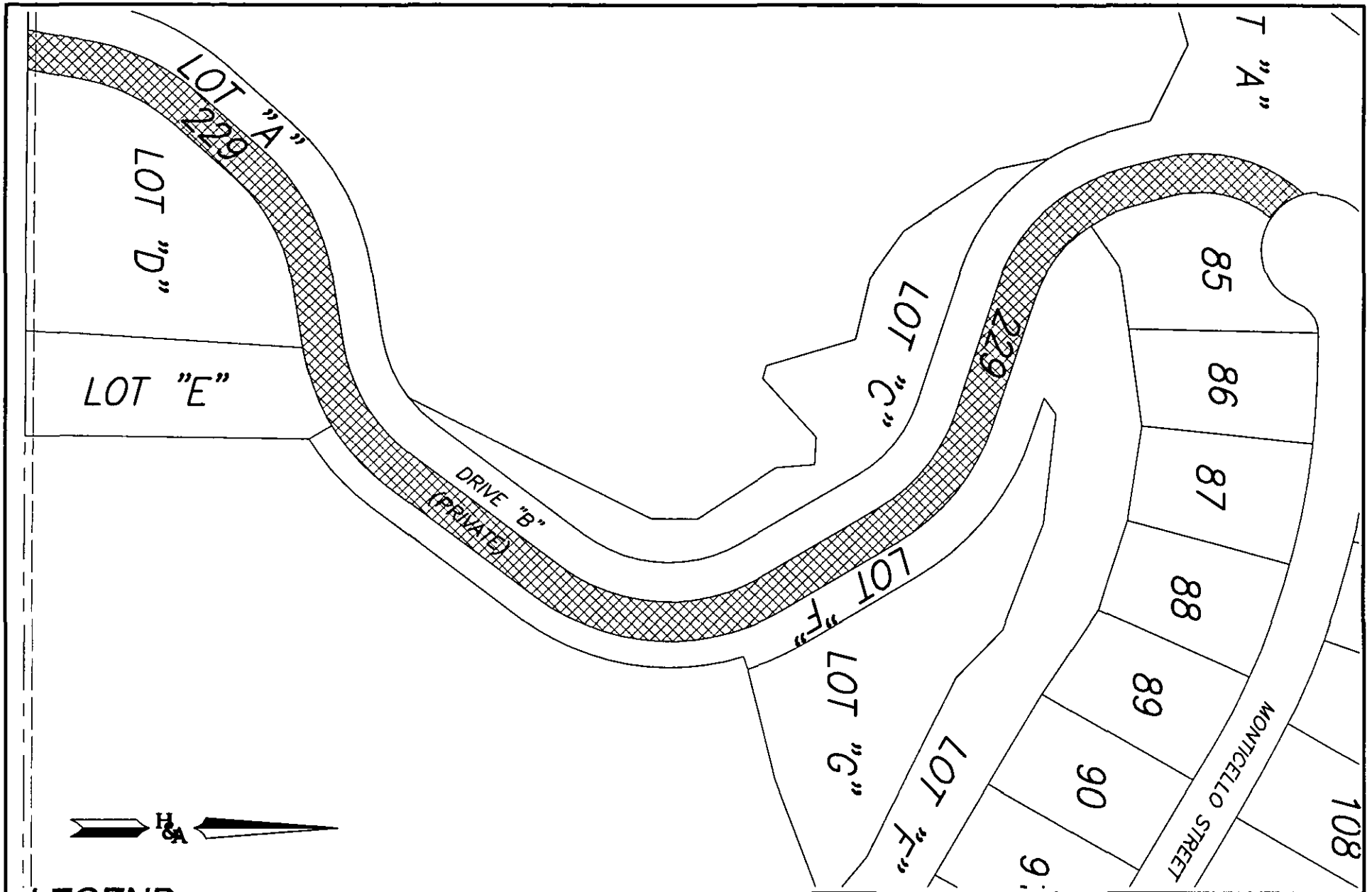


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EXHIBIT "EAE"
SKY RANCH-UNIT 2
EMERGENCY ACCESS
SHT. 2 OF 3

K:\0432\Eng\Exhibits\1119 Emergency Access Exhibit for DRL.dwg Nov-29-2007 13:11



12834

LEGEND

EMERGENCY ACCESS ROAD 

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EXHIBIT "EAE"
SKY RANCH-UNIT 3
EMERGENCY ACCESS

SHT. 3 OF 3

12835

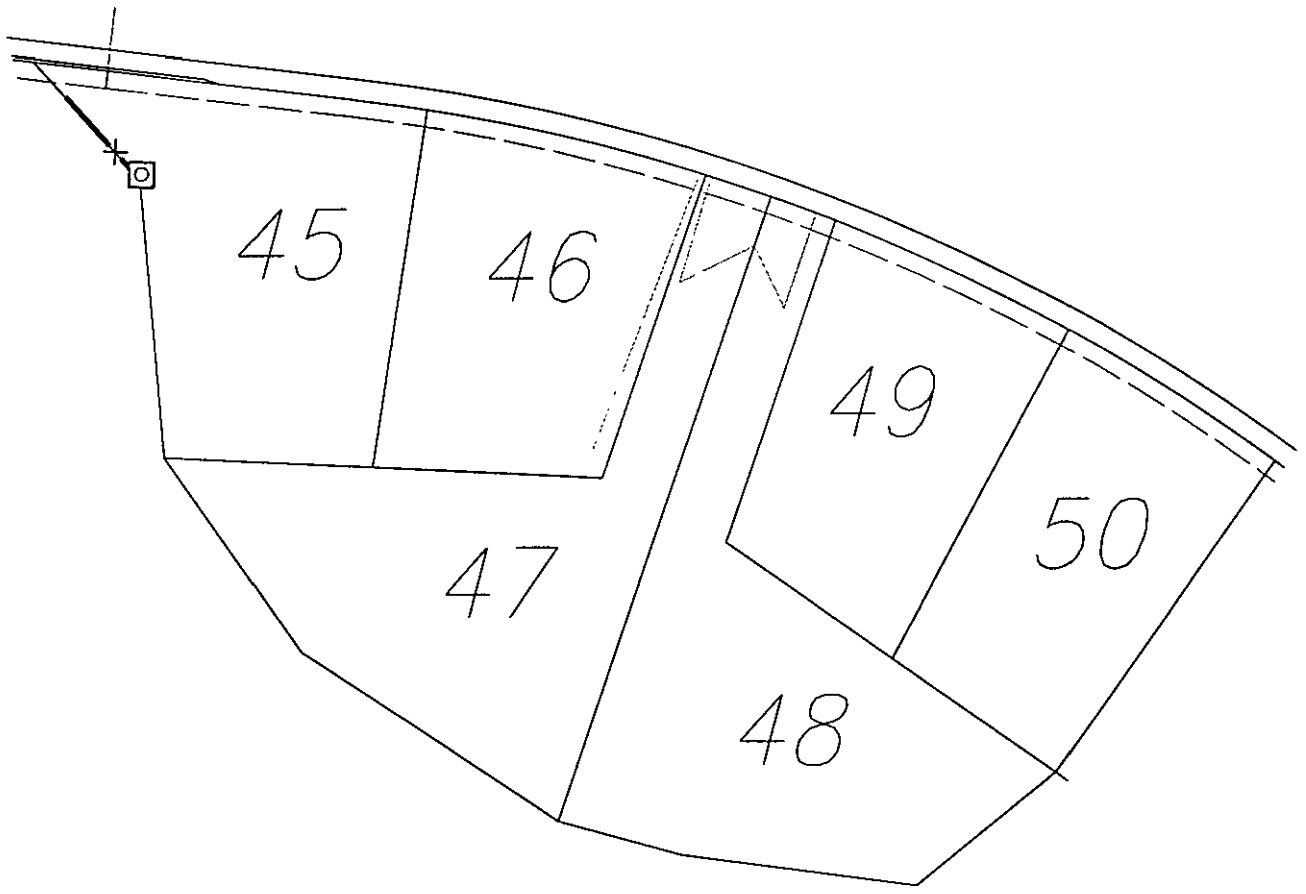
EXHIBIT "BRW"
BLOCK RETAINING WALLS

NONE IN THIS PHASE

12836

EXHIBIT "WF"
WALLS AND FENCES

Please see attached



LEGEND- Unit 2

- x— Woodcrete Split Rail
- - - - Tubular Steel View Fence
- o— Cedarcrete Fence
- ~~~~~ Cable Rail
- ||||| Chainlink
- ⊠ 6' Pilaster
- ⊠ 42" Pilaster

SKY RANCH
 EXHIBIT 'WF'
 WALL & FENCE- TRACT
 2004-08
 NOVEMBER 2007- NOT TO SCALE

Note: Depiction is for illustrative purpose only. As-built conditions will over-ride

