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MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
LAGUNA WEST

* This document is being re-recorded to correct a typographical error in the legal description of Parcel 5 as described in Exhibit "A" and Exhibit "D". "Lots 34 thru 38" should read "Lots 34 thru 68".

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MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
LAGUNA WEST

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MASTER DECLARATION
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AND RESERVATION OF EASEMENTS
FOR
LAGUNA WEST

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR LAGUNA WEST is made by Laguna West Partnership, a California limited partnership, and Angelo K. Tsakopoulos, a married man (collectively, "Declarant") in reference to the following facts:

RECITALS

A. Declarant is the owner and master developer of certain parcels of real property (collectively, the "Declarant Property") which are located in the unincorporated area of the County of Sacramento, State of California. Certain Participating Builders also own parcels of real property (collectively, the "Participating Builder Property") which are located in the unincorporated area of the County of Sacramento, State of California. The Declarant Property and the Participating Builder Property are, collectively, commonly known as Laguna West, and collectively referred to herein as the "Properties". The Properties are more particularly described in Exhibit "A" attached hereto.

B. Declarant deems it desirable, for the efficient preservation of the value of properties located, and Improvements and amenities constructed, within the Properties, to create a master planned development pursuant to the Davis-Stirling Common Interest Development Act. The master development will also include a corporation organized under the California Nonprofit Mutual Benefit Corporation Law for the purpose of: (1) owning, maintaining and administering the Association Property for the benefit of its Members and their authorized guests; (2) administering and enforcing the Governing Documents, and (3) collecting and disbursing the Assessments and charges imposed pursuant to this Master Declaration.

C. Declarant proposes to develop the Properties for residential, commercial and related uses. Declarant intends to establish a balanced community and to develop and convey all of the Properties, pursuant to a general plan ("Development Plan") approved by the County of Sacramento. The Development Plan is intended to establish a mixed use planned development which combines the enduring qualities of Sacramento's older successful neighborhoods with newly refined planning principles which seek to improve air quality and reduce traffic congestion while enhancing the sense of community for the development's residents. Specifically, the Development Plan: (1) creates a Town Center which is intended to serve as the focus of jobs, shopping, cultural activities, recreation, public facilities, transit opportunities and high density housing; (2) calls for neighborhoods radiating out of the Town Center; and (3) provides project amenities, including a lake, pleasant bike and pedestrian paths, parks and both high and low density housing.

D. The Development Plan and this Master Declaration contemplate preservation of the common plan and scheme of development within Laguna West and the orderly future development of parcels within the Properties by

providing for the maintenance, care, use and management of the Properties, subject to certain protective covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens and charges (collectively, "Restrictions"), all of which run with the Properties and constitute equitable servitudes as set forth herein.

E. Declarant intends to improve Laguna West by subdividing the lands comprising the Properties into single and multiple family residential Lots, Condominiums, and Commercial Parcels, consistent with the architectural and landscape control requirements for Improvements set forth in this Master Declaration. Declarant intends to sell Phases of Development, as well as Separate Interests, to Participating Builders who will construct Residences, condominium units, apartment units and commercial projects within those portions of the Properties zoned for such uses, and who will sell the Separate Interests thus created to the general public.

F. This Master Declaration is intended to create Restrictions applicable to and running with all lands comprising the Properties to assist in the coordination, development and continued protection of an entire planned community. However, in accordance with article II, section 4, below, Declarant and any Participating Builder may execute, acknowledge and Record Supplemental Declarations affecting solely a Condominium Project, a Planned Development or a Commercial Project developed within portions of the Properties, so long as Declarant or such Participating Builder owns all of the real property to be affected by such Supplemental Declaration. Such Supplemental Declarations may impose further conditions, covenants and restrictions for the operation, protection and maintenance of the Planned Development, Condominium Project, or Commercial Project which is subject thereto, taking into account the unique aspects of concern to Owners of Lots, Commercial Projects or Condominiums in such Planned Development, Commercial Project or Condominium Project. Any Supplemental Declaration may provide for a Sub-Association of Owners (as hereinafter defined) with rights and powers reasonably necessary to control the operation and maintenance of the Planned Development, Commercial Project or Condominium Project located within the Phase of Development subject to the Supplemental Declaration. Without limiting the foregoing, the Supplemental Declaration may include provisions authorizing the Sub-Association to assess the Owners within such Planned Development, Commercial Project or Condominium Project for the cost of such operation and maintenance, or provisions delegating initial or exclusive architectural control or regulation to the Sub-Association.

G. Although Declarant and the Participating Builders consenting to the Recordation of this Master Declaration currently intend to develop the Properties as part of a single master planned development, they may elect not to develop all or any portion of the Properties or they may elect to modify the current development plans either by specific modifications to the Governing Documents, applicable to a portion of the Properties, as set forth in a Supplemental Declaration, or by the decision to subsequently exclude portions of the Properties from this Master Declaration.

H. Declarant hereby covenants, agrees and declares that all of the Properties shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the Restrictions contained in this

Master Declaration all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, Improvement, sale and lease of the Properties, or any portion thereof. The Restrictions set forth herein shall: (1) run with and burden the Properties; (2) be binding upon all persons having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successive Owners and assigns; (3) inure to the benefit of every portion of the Properties and any interest therein; and (4) inure to the benefit of and be binding upon, and may be enforced by, Declarant, the Participating Builders, the Master Association, the Design Review Committee, each Owner, and their respective heirs, executors, administrators, successive owners and assigns.

I. This Master Declaration is prepared pursuant to DRE Regulation 2792.32 under the DRE's authority to review governing documents for master planned communities.

ARTICLE I Definitions

Section 1. Articles. "Articles" means the Articles of Incorporation of the Master Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 2. Assessment. "Assessment" is a collective term which refers to Capital Improvement Assessments, Common Assessments, Reconstruction Assessments and Reimbursement Assessments made or assessed by the Master Association against an Owner and his or her Separate Interest in accordance with the provisions of article V of this Master Declaration.

Section 3. Assessment, Capital Improvement. "Capital Improvement Assessment" means a charge against each Owner and his or her Separate Interest, representing a portion of the costs to the Master Association for installation or construction of any Improvements on any portion of the Association Property which the Master Association may from time to time authorize, pursuant to article V, section 5 of this Master Declaration.

Section 4. Assessment, Common. "Common Assessment" means the annual charge against each Owner and his or her Separate Interest, representing a portion of the Common Expenses which are to be paid by each Owner to the Master Association in the manner and proportions provided in article V, section 4 of this Master Declaration.

Section 5. Assessment, Reconstruction. "Reconstruction Assessment" means a charge against each Owner and his or her Separate Interest, representing a portion of the cost to the Master Association for reconstruction of any portion of the Improvements on the Association Property, levied pursuant to article IX, section 2 of this Master Declaration.

Section 6. Assessment, Reimbursement. "Reimbursement Assessment" means a charge against a particular Owner, directly attributable to or reimbursable by the Owner, equal to the cost incurred by the Master Association for correction of a nonconforming Improvement or a land use violation or amounts

representing a reasonable fine or penalty assessed by the Master Association, plus interest and other charges on such Reimbursement Assessment as provided for in this Master Declaration. Reimbursement Assessments shall not be deemed to include any late payment penalties, interest charges, attorneys' fees or other costs incurred by the Master Association in its efforts to collect any Assessment duly imposed pursuant to this Master Declaration, which costs may be recovered by the Master Association so long as the Master Association meets all of the requirements contained in sections 1366 and 1366.1 of the California Civil Code. (See article V, section 7 of this Master Declaration.)

Section 7. Association Property. "Association Property" means all the real and personal property and Improvements which are owned in fee at any time by the Master Association, or over which the Master Association has an easement for use, care or maintenance, for the common benefit, use and enjoyment of the Owners, as further provided in article V of this Master Declaration. "Association Property" shall include, without limitation, the Lake, an easement over the Wetlands Area, the open space surrounding the Wetlands Area, entry monumentation for the Properties and any other real or personal property hereafter conveyed to the Master Association in fee or by easement. The Association Property as of the Recordation date of this Master Declaration is more particularly described in Exhibit "B" attached hereto.

Section 8. Beneficiary. "Beneficiary" means a Mortgagee under a Mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such Mortgagee or beneficiary.

Section 9. Board of Directors. "Board of Directors" or "Board" means the Board of Directors of the Master Association.

Section 10. Bylaws. "Bylaws" means the Bylaws of the Master Association, as such Bylaws may be amended from time to time.

Section 11. Close of Escrow. "Close of Escrow" means the date on which a deed or other such instrument is Recorded conveying a Separate Interest in the Properties, pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the DRE, with the exception of deeds between Declarant and Participating Builders or deeds between Participating Builders.

Section 12. Commercial Areas. "Commercial Areas" means all of the parcels of real property located within the Properties which are classified as commercial or industrial under the Development Plan and developed for commercial or industrial purposes. The Commercial Areas within the Properties as of the Recordation Date of this Master Declaration are more particularly described in Exhibit "C" attached hereto. Any Commercial Areas in the Properties shall be subject to this Master Declaration only for purposes of: article II, section 5 (pertaining to Supplemental Declarations); the Master Association's right of entry as set forth in article IV, subsection 1(g); Assessments as set forth in article V; the property use restrictions set forth in article VI, section 4, and the design review and regulation provisions of article VII.

Section 13. Commercial Parcel. "Commercial Parcel" means a parcel of real property located in a Commercial Area and developed or undergoing

development with Improvements suitable for commercial, industrial, business or office use. Any reference to a Commercial Parcel shall also include the Improvements located thereon.

Section 14. Common Area. "Common Area" means any portion of the Properties designated in a Supplemental Declaration for the primary benefit of or the maintenance by the Owners of Lots within a particular Planned Development, the Owners of Condominiums within a particular Condominium Project, or the Owners of Commercial Parcels within a particular Commercial Area, to be owned (1) in common by such Owners (as is typical within a Condominium Project), (2) by a Sub-Association in which all such Owners shall be entitled to membership (as is typical within a Planned Development or a Commercial Area), or (3) separately by the individual Owners (such as Common Area easements over portions of Separate Interests within a Planned Development or a Commercial Area). Common Areas shall also include land over which a Sub-Association may have an easement for maintenance purposes.

Section 15. Common Expenses. "Common Expenses" means the actual and estimated costs of the Master Association with respect to: (a) the maintenance, management, operation, repair and replacement of the Association Property and other areas which the Master Association is obligated to maintain or repair, including unpaid Common Assessments, Reconstruction Assessments and Capital Improvement Assessments; (b) costs of management and administration of the Master Association including without limitation compensation paid by the Master Association to managers, accountants, attorneys and other employees or contractors; (c) the costs of all utilities, gardening, security, and other services benefitting the Association Property; (d) the costs of fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Association Property; (e) the costs of bonding the members of the Board of Directors; (f) taxes paid by the Master Association; (g) amounts paid by the Master Association for discharge of any lien or encumbrance levied against the Association Property, or portions thereof; (h) all prudent reserves; and (i) the costs of any other item or items utilized by the Master Association for any reason whatsoever in connection with the Association Property, for the benefit of the Owners in common.

Section 16. Condominium. "Condominium" means a portion of the Properties consisting of a condominium as defined in section 783 of the California Civil Code, or any similar California statute hereinafter enacted.

Section 17. Condominium Project. "Condominium Project" means a condominium project as defined in section 1351(f) of the California Civil Code, or any similar California statute hereinafter enacted, including all property annexed to such project, if such project is developed in phased increments.

Section 18. County. "County" means the County of Sacramento, State of California, and its various departments, divisions, employees and representatives. If any portion of the Properties becomes a portion of an incorporated city, then the term "County" shall be deemed to include the city in which that portion of the Properties is located.

Section 19. Declarant. "Declarant" means Laguna West Partnership, a California limited partnership, and Angelo K. Tsakopoulos, a married man, and any successors-in-interest to all or any portion of Declarant's interest in the Properties who specifically assumes, in writing, the rights and obligations of Declarant as set forth herein, or who succeed to Declarant's rights and obligations hereunder by operation of law.

Section 20. Delegate. "Delegate" means a Person who is selected by Members owning all Separate Interests in a designated Delegate District to represent such Members and to vote on their behalf, as further provided in this Master Declaration, in the Bylaws and in any Supplemental Declaration applicable to a Delegate District. The purpose of Delegates is to facilitate the operation and management of the Master Association by creating a structure of private governance where a few Persons (the Delegates), elected by their peers, can represent the Members within their Delegate Districts and cast votes on behalf of such Members.

Section 21. Delegate District. "Delegate District" means a geographical area within the Properties in which all of the Members shall elect a single Delegate to represent their collective Voting Power. A Delegate District may be established in either of the following ways: (a) when a Supplemental Declaration creates a Sub-Association, the property subject to the Supplemental Declaration shall be a Delegate District; and (b) Delegate Districts may be created within other portions of the Property by Declarant upon Recordation of an instrument creating such Delegate District; all as further provided in article V, section 1, of the Bylaws.

Section 22. Design Guidelines. "Design Guidelines" means the rules adopted by the Design Review Committee pursuant to article VII, section 5 hereof.

Section 23. Design Review Committee. "Design Review Committee" means the committee created in accordance with article VII of this Master Declaration.

Section 24. Development Plan. The Development Plan for the Properties is contained in the documents listed in Exhibit "H" attached hereto.

Section 25. DRE. "DRE" means the California Department of Real Estate or such other governmental agency of the State of California which shall administer the sale of subdivided lands pursuant to section 11000 et seq., of the California Business and Professions Code, or any similar California statute hereafter enacted.

Section 26. Family. "Family" means (a) a group of natural Persons related to each other by blood or legally related to each other by marriage or adoption, or (b) a group not all so related who maintain a common household in a Residence or in a Condominium.

Section 27. FHLMC. "FHLMC" means the Federal Home Loan Mortgage Corporation or the Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporations.

Section 28. FNMA. "FNMA" means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such association.

Section 29. GNMA. "GNMA" means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

Section 30. Governing Documents. "Governing Documents" is a collective term that means and refers to this Master Declaration and to the Articles, the Bylaws and the Rules and Regulations as the same may be amended from time to time. The term "Governing Documents" shall also include the Governing Documents of any Sub-Association and any Supplemental Declaration applicable to any Phase of Development.

Section 31. Improvement. "Improvement" means all structures and appurtenances thereto of every type and kind, including without limitation dwelling units, commercial, industrial or office buildings, and other buildings, outbuildings, walkways, sprinkler pipes, garages, swimming pools, tennis courts, spas or other recreational facilities, television satellite reception dishes, antennas, carports, roads, driveways, parking areas, fences, paint, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, and exterior lighting and air conditioning equipment.

Section 32. Lake. "Lake" means the body of water, approximately 73 acres in size, which is located at the center of the Properties. The Lake is part of the Association Property.

Section 33. Lot. "Lot" means any parcel of real property designated by a number on the Subdivision Map for any portion of the Properties, excluding the Association Property. When appropriate within the context of this Master Declaration, the term "Lot" shall also include the Improvements constructed or to be constructed on a Lot.

Section 34. Lot Line Wall. "Lot Line Wall" means a common boundary line between adjacent Lots as more particularly described in article XIII, section 2, below.

Section 35. Majority of a Quorum. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting (in person or by proxy) or the number of Members casting ballots equals or exceeds the minimum quorum requirement specified in the Bylaws.

Section 36. Manager. "Manager" means the Person, whether an employee or independent contractor, employed by the Master Association, pursuant to the Bylaws, and delegated the day-to-day management duties, powers or functions of the Master Association as limited by the Bylaws and the Master Declaration.

Section 37. Master Association. "Master Association" means Laguna West Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law), its successors and assigns. The Master Association is an "association" as defined in section 1351(a) of the California Civil Code.

Section 38. Master Declaration. "Master Declaration" means this instrument, as it may be amended from time to time.

Section 39. Member. "Member" means every person or entity who holds a membership in the Master Association and whose rights as a Member are not suspended pursuant to article XI, section 6 hereof.

Section 40. Mortgage. "Mortgage" means any mortgage or deed of trust or other conveyance of a Separate Interest or other portion of the Properties to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage."

Section 41. Mortgagee. "Mortgagee" means a Person to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust; "Mortgagor" means a Person who mortgages his or her or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor," and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

Section 42. Notice of Deletion of Territory. "Notice of Deletion of Territory" means an instrument Recorded pursuant to article II, section 3 of this Master Declaration to deannex from the Properties (i) one or more Commercial Phases of Development or (ii) park or open space areas for the purpose of conveyance to an appropriate public agency.

Section 43. Owner. "Owner" means the Person or Persons, including Declarant and any Participating Builder who holds a fee simple interest of Record to a Separate Interest within the Properties, including sellers under executory contracts of sale.

Section 44. Participating Builder. "Participating Builder" means a Person (a) who is designated as such by Declarant and (b) who acquires a portion of the Properties zoned for residential and related uses, for the purpose of developing such portion for resale to the general public, or who acquires a Commercial Parcel; provided, however, that the term "Participating Builder" shall not mean or refer to Declarant or its successors-in-interest. Declarant shall determine, from time to time, which Persons shall qualify as Participating Builders when property is sold to such Persons by Declarant.

Section 45. Person. "Person" means a natural individual, a corporation, a partnership or any other entity with the legal right to hold title to real property.

Section 46. Phase of Development or Phase. "Phase of Development" or "Phase" means (i) any portion of the Properties designated by Declarant to be a Phase of Development, which is intended to be subdivided into Separate Interests; or (ii) all the real property for which a Final Subdivision Public Report is issued by the DRE.

Section 47. Planned Development. "Planned Development" means an area (other than a Condominium Project or a Commercial Area) developed as an increment of the Properties, including all property covered by any

Supplemental Declaration whether or not the increment is developed in stages. Planned developments are more particularly defined in section 1351(k) of the California Civil Code.

Section 48. Properties. "Properties" means all of the real property described in Exhibit "A" attached hereto, together with any other property which may be annexed to the property subject to this Master Declaration and to the jurisdiction of the Master Association in accordance with article II hereof.

Section 49. Record, Recorded and Recordation. "Record," "Recorded" and "Recordation" means, with respect to any document, the recordation or filing of such document in the Office of the Sacramento County Recorder.

Section 50. Residence. "Residence" means a dwelling on a Lot or a Condominium Unit within a Condominium Project, intended for use and occupancy by a single Family.

Section 51. Residential Areas. "Residential Areas" means all of the real property in any portion of the Properties, which is being or will be developed primarily for residential purposes. The Residential Areas within the Properties as of the Recordation of the Master Declaration are more particularly described in Exhibit "D" attached hereto.

Section 52. Residential Lot. "Residential Lot" means a Lot located within a Residential Area and developed or undergoing development with Improvements suitable for residential use, together with the Improvements thereon.

Section 53. Rules and Regulations. "Rules and Regulations" means the Rules and Regulations adopted by the Board pursuant to article IV, section 4, below, and the Design Guidelines adopted by the Design Review Committee pursuant to article VII, section 5, as such Rules and Regulations may be amended from time to time.

Section 54. Separate Interest. "Separate Interest" means a Residential Lot (including a Residential Lot developed as rental apartments), a Condominium or a Commercial Parcel.

Section 55. Sub-Association. "Sub-Association" means any corporation or unincorporated association, or its successor in interest, organized and established or authorized pursuant to, or in connection with, the Recordation of a Supplemental Declaration and of which the membership is comprised of Owners of Separate Interests within a Condominium Project, Planned Development, Commercial Area or other portion of the Properties.

Section 56. Subdivision Map. "Subdivision Map" means the Recorded map for any Phase of Development within the Properties.

Section 57. Supplemental Declaration. "Supplemental Declaration" means any declaration of covenants, conditions and restrictions and/or reservation of easements or similar document supplementing this Master Declaration and affecting solely a Condominium Project, a Commercial Project, or a Planned

Development or other portion of the Properties. Supplemental Declarations may be Recorded in accordance with article II, section 4 of this Master Declaration.

Section 58. Voting Power. "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at any time a determination of Voting Power is made.

Section 59. Wetlands Areas. "Wetlands Areas" means the parcels of property more particularly described in the "Grant of Easement and Maintenance Agreement" to be Recorded concurrently with this Master Declaration, over which the Master Association shall have a non-exclusive easement for maintenance purposes.

ARTICLE II Development of the Properties; Land Classifications; Annexation

Section 1. Land Classification of the Properties. Declarant hereby declares that the Properties are made subject to this Master Declaration and shall be developed pursuant to the following land classifications:

(a) Association Property. The property described in Exhibit "B" attached hereto is hereby classified as Association Property.

(b) Commercial Areas. The properties described in Exhibit "C" attached hereto are hereby classified as Commercial Areas.

(c) Residential Areas. The properties described in Exhibit "D" attached hereto are hereby classified as Residential Areas.

Section 2. Annexation of Additional Property. For purposes of this section, an annexation is defined as any addition of property to the Properties included within the jurisdiction of this Master Declaration and the Master Association. Once annexation occurs, the newly annexed territory, and the Owners of property therein, shall have the same rights, duties, and obligations as any other property included within the Properties and the Owners of such Properties. Any owner of real property which is adjacent to any border of the Properties may make a written request to the Board of Directors that a proposed annexation be submitted to the Members for approval in accordance with subparagraph (a), below. For purposes of this section, a parcel or parcels of property shall be considered contiguous to the Properties and, thus, eligible for annexation ("annexable property") if the parcel shares a common boundary with any portion of the Properties or with any other parcel ("adjoining parcel") which shares a common border with the Properties and which is proposed for annexation contemporaneously with the annexable property. Parcels proposed for annexation must be separate legal parcels and all governmental approvals required as a condition for annexation must be obtained by the owner of the annexable property at his or her sole cost and expense.

(a) Application for Annexation. The written proposal for annexation from the owner of the annexable property to the Board of Directors shall include at least the following:

(i) A copy of the Declaration of Annexation (see subparagraph (d), below) which will be Recorded upon approval of the proposed annexation by the Members;

(ii) A detailed description of the owner's intentions with respect to the development, subdivision, and use of the annexable property, including any special development conditions imposed by the County in connection with the approval of a Subdivision Map for the annexable property or any proposal to create any local districts or County Service Areas which will have jurisdiction over the annexable property or any portion thereof;

(iii) If any additional Association Property is proposed within the annexable property, detailed financial budgets and projections disclosing the maintenance, repair, operations, and capital reserve obligations which are likely to be incurred by the Master Association as a result of the annexation;

(iv) If the proposed annexation will involve the formation of any Sub-Associations with jurisdiction within the annexable property or the Recordation of a Supplemental Declaration as provided in section 4, below, copies of all relevant documentation; and

(v) Any additional information concerning the proposed annexation which the Board of Directors may reasonably request.

(b) Board Approval. Upon receipt of a complete application for annexation, the Board shall have a period of 60 days to evaluate and act upon the proposal. The Board shall either: (1) approve the proposal and call for a membership vote thereon by written ballot in accordance with subparagraph (c), below; (ii) disapprove the proposal; or (iii) approve the proposal subject to the satisfaction of specified conditions. Unless Board approval is obtained, no annexation proposal need be presented to the Members unless a petition requesting a membership vote on the matter is signed by at least five percent (5%) of the Members and presented to the Board. Among other requirements, the Board's approval can be conditioned upon the owner of the annexable property agreeing to defray the costs of photocopying and mailing to the Members of all relevant documentation, the ballot and appropriate solicitation materials.

(c) Membership Approval Required. So long as the requirements of subparagraphs (a) and (b) are satisfied, annexable property may be annexed to the Properties and brought within the general plan and scheme of this Master Declaration upon the approval by vote or written consent of Members entitled to exercise at least sixty-seven percent (67%) of the Voting Power of the Master Association's membership, excluding the Voting Power of Declarant and Participating Builders. The membership vote shall be conducted by written ballot in accordance with the Master Association's Bylaws and the solicitation materials accompanying the ballot shall include a copy of the proposed Declaration of Annexation as well as any other information considered by the Board to be necessary or appropriate for an informed decision by the Members.

(d) Declaration of Annexation; Supplemental Declarations. Any annexations of real property to the Properties authorized under this section

shall be effected by Recording a Declaration of Annexation, or other similar instrument, with respect to the annexable property. The Declaration of Annexation: (i) shall be executed by the owner of the annexable property; (ii) shall extend the general plan and scheme of this Master Declaration to the annexable property; and (iii) may include supplemental restrictions which shall comply with the requirements of a Supplemental Declaration as described in section 4, below, so long as the supplemental restrictions are submitted to the Members for consideration at the time their votes are solicited.

(e) Effect of Annexation. The Recordation of a Declaration of Annexation shall constitute and effectuate the annexation of the annexable property described therein, and thereupon the annexable property shall become and constitute a part of the Properties, and be subject to, and encompassed within, the general plan and scheme of this Master Declaration, subject only to such modifications in said general plan as may be imposed by the Supplemental Declaration. Separate Interests within the annexed property shall thereupon become subject to Assessment by the Master Association and to the functions, powers, and jurisdiction of the Master Association, and the Owners of Separate Interests within the annexed real property shall automatically become Members of the Master Association. Any Association Property (including private roads) which are included within the annexed property shall be conveyed to the Master Association, free of all liens and encumbrances, other than liens, rights-of-way, or other encumbrances disclosed on the preliminary title report for the annexed property and approved by the Master Association. The conveyance of any Association Property to the Master Association shall occur immediately following recordation of the Declaration of Annexation unless otherwise agreed in writing by the owner of the annexed property and the Association Board.

Section 3. Deannexation.

(a) Commercial Phases of Development. Any Phase of Development consisting solely of Commercial Parcels may be deleted from the coverage of this Master Declaration and the jurisdiction of the Master Association so long as: (i) Declarant and all other owners of Commercial Parcels within the same Phase approve the deannexation; (ii) a Notice of Deletion of Territory is Recorded; and (iii) the Commercial Parcel's Assessment obligations to the Master Association are otherwise provided for by a written, Recorded instrument approved by the Board, and by the DRE (for so long as any Phase of Development remains subject to the jurisdiction of the DRE pursuant to section 11018.7 of the California Business and Professions Code). To deannex a Commercial Phase of Development, the Owner thereof shall execute, acknowledge and Record a Notice of Deletion of Territory, containing a legal description of the Phase and recitals attesting to satisfaction of the requirements of this subparagraph (a).

(b) Park and Open Space Areas. The Master Plan for the Properties currently provides for the development of parks which are not currently identified as separate legal parcels on any Subdivision Map. When such park areas have been mapped as separate legal parcels, they may be deannexed by the owner thereof (by Recordation of a Notice of Deletion of Territory) for purposes of conveyance to an appropriate public agency, if required or requested by the agency.

Section 4. Supplemental Declarations.

(a) Authorization for Recordation of Supplemental Declarations. During the course of developing the Properties, it may become necessary or appropriate for the Declarant or a Participating Builder to Record a Supplemental Declaration which is applicable to Separate Interests and Common Areas within a particular Phase of Development, including, without limitation, any portion of the Properties which is not subject to a final Subdivision Map as of the date of this Master Declaration. Recordation of Supplemental Declarations by Declarant is hereby approved. Participating Builders may Record Supplemental Declarations with respect to any Phase of Development they own with Declarant's prior written consent which shall be evidenced by Declarant's co-execution of the Supplemental Declaration.

(b) Content of Supplemental Declaration. Any Supplemental Declaration shall describe the Phase which is subject thereto, recite that the Supplemental Declaration is being Recorded pursuant to the authority conferred by this section and may include without limitation:

(i) A description of any Common Areas (including all exclusive use common areas, as that term is defined in section 1351(i) of the California Civil Code) within the Phase of Development;

(ii) Property use restrictions and design and building standards which shall apply solely to the Separate Interests (and any Improvements constructed thereon) within the Phase of Development which is subject to the Supplemental Declaration. To the extent such property use restrictions modify, rescind or supplement any property use restriction contained herein (see particularly article VI) the Supplemental Declaration shall make specific reference to the provision(s) of this Master Declaration which is being modified, rescinded or supplemented;

(iii) A separate design review committee to perform the review and approval functions set forth therein, or may indicate that those functions are to be performed by the Design Review Committee referred to in article VII of this Master Declaration. If a particular Separate Interest is affected by a Supplemental Declaration which establishes a separate design review committee, then that committee shall have jurisdiction over the initial design and construction of any Improvements proposed for construction on such Separate Interest; and

(iv) A Supplemental Declaration for a Phase of Development may, but need not, provide for the establishment of a Sub-Association, to be comprised of Owners of Lots, Condominiums or Commercial Parcels within the Planned Development, Condominium Project or Commercial Area, as applicable, described in the Supplemental Declaration.

(c) Priority of Declarations in the Event of Conflict. This Master Declaration shall control if there is any conflict between any Supplemental Declaration and the provisions of this Master Declaration; provided, however, that to the extent that any provision hereof is expressly modified by a Supplemental Declaration, no conflict shall be deemed to exist; and, provided

further that this Master Declaration and any Supplemental Declaration shall be construed to be consistent with one another to the extent possible.

The inclusion in any Supplemental Declaration of covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens or charges which are more restrictive or more inclusive than the Restrictions contained in this Master Declaration shall not be deemed to constitute a conflict with the provisions of this Master Declaration.

ARTICLE III
Permitted Uses and Restrictions
of the Association Property

Section 1. Owners' Rights of Enjoyment in Association Property. Every Owner and, to the extent permitted by such Owner, such Owner's Family, guests, invitees, lessees, and contract purchasers who reside within such Owner's Separate Interest, shall have a right of ingress and egress and of enjoyment in, to and over the Association Property which shall be appurtenant to and shall pass with title to every Separate Interest, subject to the following provisions:

(a) The right of the Master Association to reasonably limit the number of guests of Owners who may use the Association Property and any facilities located thereon, except for any facilities or Association Property which are open to public access and use by virtue of applicable laws or governmental regulations.

(b) The right of the Master Association to establish uniform Rules and Regulations pertaining to the use of the Association Property and any facilities located thereon (see article IV, section 4, below).

(c) The right of Declarant or the Master Association to install and maintain a master television or other antenna or cable service facilities on or within the Association Property.

(d) The right of the Master Association, in accordance with the Articles, the Bylaws and this Master Declaration, to borrow money for the purpose of improving the Association Property and any facilities located thereon and in aid thereof, and, subject to the provisions of article IV of this Master Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, with the vote or written assent of at least two-thirds of the Voting Power of the Master Association.

(e) The right of the Master Association to suspend the voting rights of any Owner for any period during which any Assessment against such Owner's Separate Interest remains unpaid and delinquent; and for a period not to exceed 30 days for any noncontinuing infraction of the Rules and Regulations. Any suspension of voting rights shall be made only by the Board and shall be conditioned upon providing the alleged violator with notice and an opportunity for a hearing in accordance with article XI, below.

(f) Subject to the provisions of article XII of this Master Declaration ("Mortgagee Protection"), the right of the Master Association to dedicate, release, alienate or transfer all or any portion of the Association Property owned in fee by the Master Association to any public agency, authority, utility or other Person for such purposes and subject to such conditions as may be approved by the Members. No such dedication, release, alienation or transfer shall be effective, unless previously approved by at least two-thirds of the Voting Power of the Members and a certificate signifying such approval is executed by two officers of the Master Association and Recorded. Recordation of such certificate shall constitute prima facie evidence that the required membership approval was obtained.

(g) The right of Declarant and any Participating Builders (and their respective guests, invitees, and successors) to the non-exclusive use of the Association Property and the facilities thereof, for access, ingress and egress for purposes of developing and improving the Properties pursuant to this Master Declaration, which right Declarant hereby reserves; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

(h) The right of the Master Association (by action of the Board) to reconstruct, repair, replace or refinish any Improvement or portion thereof which is located within or upon the Association Property, in accordance with the original design, finish or standard of construction of such Improvement, or of the general Improvements within the Properties, as the case may be; and, subject to the other provisions of this Master Declaration, if not in accordance with such original design, finish or standard of construction, only with the vote or written consent of at least a majority of the Voting Power of the Members, and by the vote or written consent of at least fifty-one percent (51%) of the Beneficiaries of first Mortgages upon the Separate Interests within the Properties.

(i) The right of the Master Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Association Property.

(j) The right of the Master Association or its contractors or agents to restrict access to any Association Property, including, without limitation, the Lake or any Wetlands Areas, when required in connection with any maintenance, repair or restoration of said Association Property.

Section 2. Delegation of Use. Any Owner of a Separate Interest may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Association Property and facilities to his or her Family members, tenants, lessees or contract purchasers who occupy the Owner's Separate Interest, or any portion thereof, subject to reasonable regulation by the Master Association. Without limiting the foregoing, it is expressly agreed that the provisions of the Governing Documents shall be binding on any tenant or lessee to the same extent as such documents are binding upon the Owner-lessor.

Section 3. Master Antenna Cable Service Easement. Declarant hereby reserves for itself a nonexclusive easement of access, ingress, and egress over the Association Property, for purposes of the installation, operation,

maintenance, repair, inspection, and removal of master antenna or cable television service lines, facilities, and equipment. Such easement shall be freely transferable by Declarant to any other individual or entity for the purpose of providing master antenna or cable service to the Properties, or any portion thereof.

Section 4. Shoreline Maintenance and Encroachment Easement. The boundaries of residential Lots contiguous to the Lake within the Association Property actually extend beyond the shoreline of the Lake at times when the Lake is at full capacity as indicated on the Subdivision Maps for any Phases of Development which include a portion of the Lake. The Master Association is hereby declared to have an easement over all Lots adjoining the Lake for the purpose of accommodating the Lake water encroachment on Lot areas. The Master Association, its agents, employees and contractors, shall also have and are hereby granted a nonexclusive easement along, over and across a 15-foot wide strip running along the lakefront portion of each Lot contiguous to the shoreline of the Lake for the purpose of Lake and shoreline maintenance and control.

Section 5. Access Easement for Maintenance of Wetlands Areas and Water Quality Monitoring Ponds. The Master Association shall have a non-exclusive easement for maintenance over the Wetlands Area, as more particularly provided for in the "Grant of Easement and Maintenance Agreement" to be Recorded concurrently with this Master Declaration. The Master Association shall hereby have a non-exclusive easement of access, maintenance and repair in, to and over the water quality monitoring ponds to be constructed on the Properties.

Section 6. Waiver of Use. No Owner may exempt himself/herself from personal liability for assessments duly levied by the Master Association, or release the Owner's Separate Interest or other property owned by such Owner from the liens and charges hereof, by waiver of the use and enjoyment of the Association Property and the facilities thereon or by abandonment of his or her Separate Interest or any other property within the Properties.

Section 7. Title to the Association Property. Declarant has conveyed or will convey to the Master Association, in fee simple or by easement or encroachment right, all Association Property in a Phase of Development prior to or concurrently with the first Close of Escrow for the sale of a Separate Interest in that Phase of Development. If the Improvements planned to be constructed on the Association Property of any Phase of Development have not been completed at the time of the first Close of Escrow for the sale of a Separate Interest therein to the public, then the completion of such Improvements shall be assured in accordance with section 11018.5 of the California Business and Professions Code, or any superseding statute.

Section 8. Property Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Master Association to obtain separate real estate tax assessments for each Separate Interest within the Properties. If any taxes or assessments may, in the opinion of the Master Association, constitute a lien on the Association Property, or any part thereof, they may be paid by the Master Association and each Owner shall be obligated to pay or to reimburse the Master Association for, as the case may be, the taxes and assessments assessed by the County assessor or other taxing

authority against the Association Property and attributable to his or her Separate Interest and the Owner's interest in the Association Property.

Section 9. Notification Regarding Governing Documents.

(a) As more particularly provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any residential Separate Interest, the Owner thereof must give the prospective purchaser: (i) a current copy of the Governing Documents; (ii) the Master Association's most recent current financial statement; and (iii) a true statement in writing from the Master Association ("delinquency statement") as to the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and reasonable costs of collection which, as of the date the statement is issued, are or may become a lien on the residential Separate Interest being sold.

(b) The Master Association shall, within 10 days of the mailing or delivery of a request for the information described in subparagraph (a), above, provide the Owner with a copy of the current Governing Documents, together with the financial statement and the delinquency statement referred to in the immediately preceding paragraph. The Master Association shall be entitled to impose a fee for providing the Governing Documents and the financial and delinquency statements equal to (but not more than) the reasonable cost of preparing and reproducing the requested materials.

(c) The provisions of this section, except for those provisions relating to the furnishing of a delinquency statement, shall not apply to any Owner subject to the requirements of section 11018.6 of the California Business and Professions Code.

ARTICLE IV
Laguna West Association

Section 1. Organization of Laguna West Association. The Laguna West Association, a California nonprofit mutual benefit corporation, is the Master Association within the Properties. The Master Association is charged with the duties and vested with the powers and set forth in the Governing Documents or otherwise prescribed by law. Neither the Articles nor the Bylaws of the Master Association shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Master Declaration. If any ambiguity in any provision of the Articles or Bylaws exists, then such provision shall be construed, to the extent possible, so as to be consistent with the provisions of this Master Declaration.

Section 2. Master Association Membership. Members of the Master Association shall be (a) Declarant (regardless of whether Declarant is the Owner of a Separate Interest), for so long as Declarant is entitled to cast a Class C vote pursuant article V, section 2(c) of the Bylaws (the "Class C Membership"), and (b) each Owner (including Declarant and Participating Builders) of one or more Separate Interests within the Properties. All aspects of membership in the Master Association, including the conduct of membership meeting and the voting rights of Members, shall be as set forth in the Bylaws. An Owner's membership in the Master Association shall be in addition to membership in any Sub-Association created to own, operate and/or

maintain any portion of a Planned Development, Condominium Project or Commercial Area in which an Owner's Separate Interest is located.

Section 3. Powers and Duties. The Master Association shall have all of the powers of a California Nonprofit Mutual Benefit Corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Master Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Master Association. Without in any way limiting the generality of the foregoing provisions, the Master Association, acting through the Board, shall have the following powers and responsibilities:

(a) Assessments. The power and the duty to levy Assessments on the Owners of Separate Interests within the Properties and to enforce payment of such assessments in accordance with the provisions of this Master Declaration.

(b) Repair and Maintenance of Association Property.

(i) Overall Responsibility. The power and the duty to paint, plant, replace, remove, resurface, maintain and repair in a neat and attractive condition, in accordance with standards adopted by the Board, all Association Property and all Improvements thereon. The Master Association shall also have the power and duty to pay for utilities, landscaping services, security services and other necessary utility and/or other services for the benefit of the Association Property.

(ii) Property Maintained by Governmental Agency or Sub-Association. Notwithstanding the foregoing, the Master Association shall have no responsibility to provide the services referred to in this subparagraph with respect to any property or Improvement which is accepted for maintenance by any state, local or municipal governmental agency or entity, or with respect to which the maintenance responsibility has been delegated to any Sub-Association pursuant to a Supplemental Declaration. In such case, the maintenance responsibility shall be that of the applicable agency, entity or Sub-Association.

(iii) Maintenance of Association Property by Declarant. Additionally, to the extent that maintenance and/or services are provided by Declarant with respect to Association Property pursuant to a DRE authorized subsidy or maintenance agreement, the Master Association's responsibilities for maintaining the Association Property and providing other services hereunder shall be temporarily suspended for so long as the maintenance and/or other services are furnished by Declarant pursuant to such agreements.

(iv) Maintenance of the Lake and Wetlands Areas. Without limiting the foregoing, until such time as Lake or Wetlands maintenance has been transferred to and accepted by a public entity and approved by the County, the Master Association shall have the specific duty of maintaining the Lake in accordance with the County-approved Lake Management Plan, Drainage Maintenance Plan and Final Urban Run-Off Treatment/Monitoring Program which are required by County Condition of Approval Nos. 33 and 34, a copy of which is attached hereto as Exhibit "E", and the Wetlands Areas in accordance with said plans, as applicable, and the Open Space Management Plan.

(c) Transportation Management. The Master Association shall have the obligation to implement the Transportation Management Plan ("TMP") for the Commercial Areas, pursuant to the conditions of approval of the tentative map of Laguna Creek Unit No. 4, and shall have the power, but not the duty, to develop and implement the TMP for the Residential Areas. The specific requirements of the TMP are summarized in Exhibit "F", attached hereto.

(d) Utility Services. The power and the duty to obtain, for the benefit of the Association Property, all commonly metered water, gas and electric services; and the power but not the duty to obtain cable or master antenna television service and to provide for all refuse collection as deemed necessary.

(e) Easements and Rights-of-Way. The power, but not the duty, to grant and convey, to any Person, easements and rights-of-way in, on, over or under the Association Property, including parcels or strips of land which comprise a portion of the Association Property, for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder: (i) roads, streets, walks, driveways, parkways and open space areas; (ii) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, television, telephone and other similar purposes; (iii) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and (iv) any similar public or quasi-public Improvements or facilities.

(f) Manager. The power, but not the duty, to employ or contract with a Manager to perform all or any part of the duties and responsibilities of the Master Association. The Board shall have the power to delegate its powers to committees, officers and employees. Any such management agreement, or, except as approved by the DRE, any agreement providing for services by Declarant to the Master Association, shall be for a term not in excess of one (1) year, unless a longer term is approved either by vote or written assent of at least a majority of the Voting Power (excluding the Voting Power of Declarant), in which case the maximum term of the management agreement shall be three (3) years. Each management agreement shall provide for its termination by either party with cause upon not more than thirty (30) days' written notice to the other party, and without cause and without penalty or payment of a termination fee upon not more than ninety (90) days' written notice to the other party. Any prospective manager must comply with the provisions of section 1363.1 of the California Civil Code.

(g) Rights of Entry and Enforcement. Without limiting the foregoing description of powers, the Master Association and its agents shall have the specific right to enter on any Separate Interest, when necessary, to perform the Master Association's obligations under this Master Declaration, including: (i) obligations to enforce the land use restrictions and architectural controls of articles VI and VII hereof; (ii) any obligations with respect to construction, maintenance and repair of any facilities located on the Association Property; or (iii) to make necessary repairs or maintenance that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, the Association Property or the Owners in common. The Association's rights hereunder shall not include the right to enter any private Residence, Condominium or apartment unit and, with the exception of actions taken in response to emergency situations, the Master

Association shall have no right to initiate any corrective action or alter any Improvement on the Owner's Separate Interest without complying with the notice and due process requirements of article XII.

The Master Association's rights of entry under this subparagraph shall be exercisable as follows:

(i) The Master Association shall have an immediate right of entry in the case of an emergency originating in or threatening the Separate interest where entry is required, or any adjoining Separate Interest or Association Property, and the Master Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(ii) In all other nonemergency situations the Master Association, or its agents, shall furnish the Owner or his or her lessee with at least 10 days' written notice of its intent to enter the Separate Interest, specifying the purpose and scheduled time of such entry. In the case of all entries other than entries required to respond to emergency situations, the Association shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing in the Separate Interest.

(h) Other Services. The power and the duty to maintain the integrity of the Association Property and provide such other services as may be necessary or proper to carry out the Master Association's obligations and business under the terms of this Master Declaration, in order to enhance the enjoyment of the Members of the Association Property or to facilitate the use of the Association Property by the Members in common.

(i) Legal and Accounting Services. The power, but not the duty, if deemed appropriate by the Board, to retain and pay for legal and accounting services which the Board considers necessary or appropriate to the proper operation and management of the Master Association and the Association Property, the enforcement of this Master Declaration, or the performance of any of the other duties or rights of the Master Association under the Governing Documents.

(j) Construction on Association Property. The power, but not the duty, by action of the Board, to construct new Improvements or additions to the Association Property, or demolish existing Improvements in accordance with the provisions of this Master Declaration.

(k) Contracts. The Master Association, acting through the Board, may enter into contracts with Sub-Associations, Owners within the Properties, management, landscape and lake maintenance companies and other Persons to provide services or to maintain and repair Improvements and maintenance areas within the Properties and elsewhere which the Master Association is not otherwise required to provide or maintain pursuant to this Master Declaration, provided, that any such contract or service agreement shall provide for the payment to the Master Association for the costs of providing such services or maintenance.

(1) Management of Sub-Association. The power, but not the duty, to enter into an agreement, on behalf of the Master Association, to provide management services to any Sub-Association and to collect a fee for such services. Such management agreement may provide that the Master Association collect, on behalf of the Sub-Association; assessments levied by such Sub-Association against the Members of such Sub-Association.

Section 4. Rules and Regulations. The Board may adopt such Rules and Regulations as it deems proper for the use and enjoyment of the Association Property. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be available for inspection at the Master Association's principal office and may be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the Rules and Regulations shall have the same force and effect as if they were set forth and were a part of the Governing Documents; provided, however, that the Rules and Regulations shall be enforceable only to the extent that they are consistent with the other Governing Documents, and the Rules and Regulations may not be used to amend any of such documents. In addition, if any Owner has actual knowledge of any particular Rule or Regulation, such Rules and Regulations shall be enforceable against such Owner as though notice of such Rules and Regulations had been given pursuant to this section.

Section 5. Performance of Maintenance Responsibilities by Local Governmental Agencies. Within the boundaries of the Properties, several local governmental agencies have jurisdiction with respect to various municipal functions, including without limitation, the construction and maintenance of park Improvements, extended police protection for parking enforcement, street and highway sweeping on streets with tree wells; street and highway lighting and maintenance, water quality monitoring and the maintenance of drainage facilities and structures. The responsible agencies include the Elk Grove Community Services District, a Lighting and Landscape Assessments District and a County Service Area. The costs of rendering authorized services will be charged by agencies to the Owners of Separate Interests through the imposition of special taxes and assessments which are placed on the tax bill for each Separate Interest included within the agency's jurisdiction. The ordinances and other enabling legislation authorizing the formation of such local agencies may, under certain circumstances, authorize and empower one or more of the local agencies to assume responsibility for various maintenance and other functions which are currently the responsibility of the Master Association under the Governing Documents.

ARTICLE V Master Association Assessments

Section 1. Assessments, Generally.

(a) Covenant to Pay Assessments. Declarant, each Participating Builder, and each Owner of one or more Separate Interests, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or conveyance, covenants and agrees to pay to the Master Association (i) annual Common Assessments for Common Expenses, (ii) Capital Improvement Assessments, (iii) Reimbursement Assessments, and (iv) Reconstruction

Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments (including Reimbursement Assessments), together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the Separate Interest at the time the Assessment was levied. Each Owner who acquires title to a Separate Interest (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Separate Interest so purchased which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments incurred by prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed, and if a lien has been duly recorded against the Separate Interest and the lien is not removed in escrow, it may be enforced in accordance with section 12, below, regardless of the transfer of title.

(c) Creation of Assessment Lien. All Assessments (other than Reimbursement Assessments), together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Separate Interest and shall be a continuing lien upon the Separate Interest against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in section 12 hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself from personal liability for Assessments duly levied by the Master Association, nor release the Separate Interest or other property owned by him/her from the liens and charges hereof, by waiver of the use and enjoyment of the Association Property or any facilities thereon or by abandonment or non-use of his/her Separate Interest or any other portion of the Properties.

Section 2. Master Association Maintenance Funds. The Board shall establish and maintain at least the following separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Master Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Master Association under the Governing Documents:

(a) General Operating Fund. A General Operating Fund for current expenses of the Master Association; and

(b) General Reserve Fund. A General Reserve Fund for capital replacements, painting and repairs (which would not reasonably be expected to recur on an annual or less frequent basis) of the landscaping and other Improvements within the Association Property;

The Maintenance Funds shall be established as trust savings or trust checking accounts at federally insured banking or lending institutions. To qualify for higher returns on accounts held at banking or savings

institutions, the Board of Directors may commingle any amounts deposited into any of the Maintenance Funds with one another, provided that the integrity of each individual Maintenance Fund shall be preserved on the books of the Master Association by accounting for disbursements from, and deposits to, each Maintenance Fund separately. Nothing contained herein shall limit, preclude, or impair the establishment of additional Maintenance Funds by the Master Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Master Declaration.

Section 3. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Master Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety and welfare of individuals residing within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Association Property. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Separate Interest against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4. Common Assessments. Except as modified in subparagraph (i) of this section with respect to Unmapped Phases (as defined therein), the following rules shall apply to the levy and collection of Common Assessments:

(a) Common Assessments Generally. In preparing the pro forma operating budget for each fiscal year in accordance with article XII, section 5 of the Bylaws, the Board shall determine the estimated Common Expenses of the Master Association for that fiscal year. Subject to the Member approval requirements for certain Assessment increases, as specified in subparagraph (g) and subparagraph (h), below, such estimated amount shall constitute the amount which will be assessed against all Owners as Common Assessments for that fiscal year (the "Aggregate Common Assessment Amount"). If the Board fails to establish the Common Assessments for any fiscal year, then the Aggregate Common Assessment Amount for that fiscal year shall be established in accordance with the budget last approved by the Board or by the DRE, as the case may be. Each annual Common Assessment shall constitute an aggregate of separate assessments for each of the applicable Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Reserve Funds, Operating Funds, and any other Maintenance Funds established by the Master Association.

(b) Allocation of the Common Assessment. The Common Expenses of the Master Association shall be assessed to the Owners of Separate Interests and the Owners of Unmapped Phases in the following manner:

(i) Assessment Units. Assessment Units shall be calculated as follows:

(A) Residential Assessment Unit. A Residential Assessment Unit shall be calculated as two thirds (2/3) of the Aggregate Common Assessment Amount divided by the sum of:

(1) The number of single Family Residential Lots; plus

(2) The number of Condominiums; plus

(3) For Residential Lots to be developed as rental apartments, but for which a notice of completion has not yet been Recorded, one third (1/3) of the maximum permitted number of apartments which may be constructed on each such Lot; plus

(4) For Residential Lots developed as rental apartments, and for which a notice of completion has been Recorded, one third (1/3) of the actual number of apartments constructed on each such Lot; plus

(5) For Unmapped Phases (as defined below), the maximum permitted density of Separate Interests in each such Phase.

(B) Commercial Assessment Unit. A Commercial Assessment Unit shall be calculated as one third (1/3) of the Aggregate Common Assessment Amount divided by the product of three times the gross acreage of all Commercial Areas.

(ii) Allocation of Assessment Units. The Assessment Units shall be allocated as follows:

(A) The Owner of each single Family Residential Lot shall be assessed one Residential Assessment Unit;

(B) The Owner of each Condominium shall be assessed one Residential Assessment Unit;

(C) The Owner of each Residential Lot to be developed as rental apartments, but for which a notice of completion has not yet been recorded, shall be assessed one Residential Assessment Unit for each three apartments which may be constructed on each such Lot, plus one Residential Assessment Unit for any remainder if the total number is not exactly divisible by the integer three (3);

(D) The Owner of each Residential Lot developed as rental apartments, and for which a notice of completion has been recorded, shall be assessed one Residential Assessment Unit for each three apartments actually constructed on each such Lot, plus one Residential Assessment Unit for any remainder if the total number is not exactly divisible by the integer three (3);

(E) The Owner of each Unmapped Phase shall be assessed one Residential Assessment Unit for each Separate Interest permitted under the maximum density for each such Phase;

(F) The Owner of each Commercial Parcel shall be assessed one Commercial Assessment Unit for each 1/3 gross acre or fraction thereof in each such Commercial Parcel.

(c) Commencement Date for Common Assessments. Common Assessments shall commence as to each Separate Interest and as to each Unmapped Phase upon the earlier to occur of (i) the date specified in a Notice of Commencement of Common Assessments, Recorded by Declarant, which date shall be after the date of Recordation of this Master Declaration and the Notice of Commencement of Assessments; or (ii) the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Separate Interest in the Properties. Each Separate Interest and each Unmapped Phase in the Properties shall, thereafter, be subject to its share of the then established annual Common Assessment as set forth herein.

(d) Notice of Assessment. Written notice of any change in the amount of the annual Common Assessment shall be sent to every Owner subject thereto, not less than 45 days nor more than 60 days prior to the effective date of such change.

(e) Installment Payments. All installments of annual Common Assessments shall be due and payable in advance to the Master Association by the assessed Owners (including Declarant and Participating Builders) during the fiscal year in monthly, quarterly or semiannual installments and on such due dates and in such other manner or frequency as the Board may designate in its sole and absolute discretion. The receipt of funds by the Master Association from an Owner shall be credited to each Maintenance Fund in proportion to the respective amounts budgeted to each such Maintenance Fund in the Master Association's annual budget for the fiscal year in question.

(f) Delinquency Statement. The Master Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Master Association, setting forth whether the assessments on a specified Separate Interest have been paid (see article III, section 11). A properly executed certificate of the Master Association as to the status of Assessments against a Separate Interest shall be binding upon the Master Association as of the date of its issuance.

(g) Limitations on Common Assessment Increases Above Maximum Authorized Amounts; Member Approval Requirements. Except as provided in section 6, below ("Assessments to Address Emergency Situations"), the Board shall not levy, for any fiscal year, an annual Common Assessment which exceeds the "Maximum Authorized" amount as determined pursuant to subparagraphs (i) and (ii), below, without the vote of Members representing at least a Majority of a Quorum of the Voting Power. Any Member vote required by this subparagraph (g) shall be conducted in accordance with section 11, below.

For purposes of this subparagraph (g), the Maximum Authorized Common Assessment shall be as follows:

(i) Maximum Authorized Common Assessment for Initial Year of Operations. Until the first day of the fiscal year immediately following the fiscal year in which Common Assessments commence, the Maximum Authorized Common Assessment per Separate Interest shall equal one hundred twenty percent

(120%) of the amount of the Common Assessment disclosed in the current budget of the Master Association on file with the DRE at the time Common Assessments commence.

(ii) Maximum Authorized Common Assessment for Subsequent Fiscal Years. Beginning with the first fiscal year immediately following the fiscal year in which Common Assessments commence, the Maximum Authorized Common Assessment in any fiscal year shall equal one hundred twenty percent (120%) of the Common Assessment levied in the last month (or other billing cycle) of the immediately preceding fiscal year, annualized over an entire year.

(iii) Supplemental Common Assessments. If the Board, by majority vote, determines that the important and essential functions of the Master Association may be properly funded by an annual Common Assessment in an amount less than the Maximum Authorized Common Assessment computed in accordance with subparagraphs (i) and (ii), above, it may levy such lesser Common Assessment. If the Board determines that the estimated total charges for the current year are, or will become, inadequate to meet all expenses for the Properties for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the then Maximum Authorized Common Assessment computed in accordance with subparagraphs (i) and (ii), above, the Board shall have the authority to levy, at any time by a majority vote, a supplemental Common Assessment, reflecting a revision of the total charges to be assessed against each Separate Interest.

(iv) Automatic Increases in Common Assessments. Notwithstanding any other provisions of this subparagraph (g), upon the annexation of additional property pursuant to article II hereof, the Common Assessments shall be automatically increased by the amount, if any, necessary to maintain any Association Property located within such additional property in accordance with the standards prescribed by the then current DRE Operating Cost Manual or, if the Operating Cost Manual is no longer maintained by the DRE, pursuant to standards prescribed by comparable maintenance cost guidelines prepared in accordance with prudent property management practices. However, such increase shall occur only if (A) the annexation of such additional property is permitted by the DRE and is effected in accordance with article II of this Master Declaration, and (B) the amount of such increase does not result in the levy of a Common Assessment which is greater than the maximum potential Common Assessment increase disclosed in all Final Subdivision Public Reports for the Properties previously issued by the DRE.

(h) Limitations on Common Assessment Increases for Failure to Distribute Operating Budget. In addition to the Common Assessment increase limitations in subsection (g) above, the Board may not increase Common Assessments in any fiscal year in which the Board fails to distribute a copy of the operating budget to each Member not less than 45 days nor more than 60 days prior to the beginning of that fiscal year unless the Board first obtains the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Master Association conducted in accordance with the Bylaws.

(i) Common Assessments Levied Against Phases For Which Subdivision Maps Have Not Been Recorded ("Unmapped Phases").

(i) Unmapped Phase Assessments. It is possible that Common Assessments will commence for some Phases prior to the Recordation of Subdivision Maps subdividing those Phases into Separate Interests. In such cases, until the next fiscal year following the fiscal year in which the first Close of Escrow for the sale of a Separate Interest in the Phase occurs, each such Phase shall be assigned an aggregate Common Assessment obligation ("Unmapped Phase Assessment") for each fiscal year. The Unmapped Phase Assessment shall be calculated in accordance with section 4(b)(i) of this article, based on the maximum permitted density of Separate Interests in that Phase.

(ii) Owner's Liability For Unmapped Phase Assessment. The Owner of the Unmapped Phase shall be obligated to pay the entire Unmapped Phase Assessment allocated to such Phase for each fiscal year until such time as the first Close of Escrow for the sale of a Separate Interest in the Phase occurs. Following the first Close of Escrow, the Owners of Separate Interests in the Phase, including the Owner of the Phase with respect to any Separate Interests owned by said Owner, shall be liable for Common Assessments as follows:

(A) Maximum Density Reflected In Subdivision Map. If the Subdivision Map Recorded with respect to a previously Unmapped Phase creates the maximum permitted density of Separate Interests, then for the balance of the fiscal year in which the first Close of Escrow occurs, the Owner of each Separate Interest within the Phase shall be liable for an equal proportionate share of the remaining Unmapped Phase Assessment. For each subsequent fiscal year, the Common Assessment for each Separate Interest in the Phase shall be calculated pursuant to subsections (a) through (h) above.

(B) Less Than Maximum Density Reflected In Subdivision Map. If the Subdivision Map Recorded with respect to a previously Unmapped Phase creates fewer Separate Interests than the maximum permitted density, then for the balance of the fiscal year in which the first Close of Escrow occurs, the Owner of each Separate Interest shall be liable for the same Common Assessment payable by Owners of Separate Interests in Phases not subject to Unmapped Phase Assessments. The difference between (i) the Common Assessments payable by such Owners and (ii) the remaining Unmapped Phase Assessment for that fiscal year, shall be the obligation of the Owner of the Phase. For each subsequent fiscal year, the Common Assessment for each Separate Interest in the Phase shall be calculated pursuant to subsections (a) through (h) above.

Section 5. Capital Improvement Assessments.

(a) Purpose of Capital Improvement Assessments. Subject to subparagraph (b), below, the Board may levy, in any fiscal year, a Capital Improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a Capital Improvement upon the Association Property, including fixtures and personal property related thereto.

(b) Capital Improvement Assessments Requiring Member Approval. All Capital Improvement Assessments in excess of five percent (5%) of the budgeted gross expenses of the Master Association for such fiscal year must be approved by the vote of Members representing a Majority of a Quorum of the Voting Power conducted in accordance with section 11, below. The foregoing Member approval requirements shall not limit Capital Improvement Assessments applicable to that fiscal year which exceed five percent (5%) of the budgeted gross expenses of the Master Association if such Assessment is necessary to address an "emergency situation" as defined in section 6, below.

(c) Allocation of Capital Improvement Assessments. All Capital Improvement Assessments shall be levied equally among the Owners based upon the number of Separate Interests owned.

Section 6. Assessments to Address Emergency Situations. The requirement of a Member vote to approve certain Common Assessment increases (section 4(g)) and certain Capital Improvement Assessments (section 5(b)) shall not apply to Assessment increases imposed to address emergency situations. As used herein, an "emergency situation" is (i) an extraordinary expense required by an order of a court, (ii) an extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Master Association is responsible where a threat to personal safety on the Properties is discovered, or (iii) an extraordinary expense necessary to repair or maintain the Properties or any portion thereof for which the Master Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the Budget for the fiscal year in question ("Unforeseen Expense"). However, prior to the imposition or collection of a Common Assessment for an Unforeseen Expense, the Board shall pass a resolution containing written findings as to the necessity of the Unforeseen Expense and why the Unforeseen Expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to all Members subject to the Unforeseen Expense along with the notice of assessment.

Section 7. Reimbursement Assessments.

(a) Authority to Levy Reimbursement Assessments. Maintenance, repairs or replacements of the Association Property arising out of or caused by the willful or negligent act of an Owner, his or her family, guests, or invitees shall be performed at such Owner's expense or, after notice and a hearing in accordance with article XI hereof, a Reimbursement Assessment shall be levied against the Owner to cover the costs incurred by the Master Association or its agents or contractors to accomplish such work.

(b) Payment of Reimbursement Assessments. Once a Reimbursement Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a), above, such Reimbursement Assessment shall be recorded on the Master Association's Assessment roll, notice thereof shall be mailed to the affected Owner and the Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Master Association within thirty (30) days following conclusion of the hearing or on such other terms as the Master Association may approve in the hearing decision.

Section 8. Disposition of Excess Funds. At the end of any fiscal year, the Board may determine that all excess funds remaining in the Master Association's Operating Funds, over and above the amounts used for the operation of the Properties, may be returned to the Members in the same proportion as such funds were collected from the Members, or may be retained by the Master Association and used to reduce the following year's Common Assessment. Upon dissolution of the Master Association for any reason, any amounts remaining in any of the Maintenance Funds shall be distributed to or for the benefit of the Members in accordance with the Articles of Incorporation.

Section 9. Special Declarant/Participating Builder Assessment Rules.

(a) Maintenance Agreements. Notwithstanding any other provisions of this Master Declaration or the Bylaws regarding the term and termination of contracts with Declarant or Participating Builders for providing services to the Master Association, Declarant and/or Participating Builders may enter into a written maintenance agreement with the Master Association under which Declarant or Participating Builders shall pay all or any portion of the operating Common Expenses or perform services related thereto in exchange for a temporary suspension or reduction of Common Assessments. Any such maintenance agreement shall extend for a term, and shall be on such conditions, as are approved by the DRE, and may require Owners to reimburse Declarant or Participating Builders through the Master Association for a portion of the costs expended in satisfaction of Common Expenses.

(b) Uncompleted Common Facilities. Notwithstanding any other provisions of this Master Declaration, until the earlier to occur of (i) the Recordation of a notice of completion of a Master Association common facility, or (ii) the placement into use of the common facility, each Owner (including Declarant and Participating Builders) shall be exempt from paying that portion of any Common Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such common facility.

Section 10. Exempt Property. The following property subject to this Master Declaration shall be exempt from the Assessments herein:

(a) All properties dedicated to and accepted by the County or any other public authority;

(b) Any Association Property; and

(c) All Common Areas owned in fee by any Sub-Associations or owned by the Owners of appurtenant Separate Interests as tenants-in-common (as in a condominium project).

Section 11. Notice and Procedure for Member Approval Pursuant to Sections 4 and 5. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to sections 4 and 5 of this article, approval of the requisite percentage of the Members shall be solicited through the Members' Delegates either by written ballot conducted in accordance with section 7513 of the California Corporations Code and

article IV, section 7 of the Bylaws or at a meeting of the Members in each Delegate District called for that purpose, duly noticed in accordance with article IV, section 9 of the Bylaws. The quorum required for such action shall be Delegates representing more than fifty percent (50%) of the Members subject to the Assessment increase.

Section 12. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any Assessment is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law from and after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code sections 1366(c) and 1366.1 or comparable superseding statutes.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in section 1367 of the California Civil Code or comparable superseding statute, the amount of any delinquent Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Separate Interest of the Owner so assessed only when the Master Association causes to be Recorded a Notice of Delinquent Assessment executed by an authorized representative of the Master Association, setting forth: (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this article and section 1366 of the California Civil Code; (B) the legal description of the Owner's Separate Interest against which the Assessments and other sums are levied; (C) the name of the Owner of Record of such Separate Interest; and (D) the name and address of the Master Association, and (E) in order to enforce the lien by nonjudicial foreclosure, the name and address of the trustee authorized by the Master Association to enforce the lien by sale.

(ii) Remedies Available to the Master Association to Collect Assessments. The Master Association may bring legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Separate Interest or accept a deed in lieu of foreclosure. Foreclosure by the Master Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Separate Interest by a trustee acting pursuant to this section shall be conducted in accordance with sections 2924, 2924b and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust.

(iii) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Master Association by Recording a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Separate Interest and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any Assessment

which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent Assessment is owed, and the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall state the election of the Master Association to sell the Separate Interest or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under section 2924c of the California Civil Code, or comparable superseding statute.

The Master Association shall have the rights conferred by section 2934a of the California Civil Code to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said section 2934a, the Master Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Master Association shall be entitled to employ the services of a title insurance company or other responsible company authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Master Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

After deducting from the sale proceeds all costs, fees, and expenses incurred by the Master Association, the net proceeds shall be applied to the payment of all sums secured by the Master Association's lien at the time of sale, including interest, costs and attorneys' fees, and the remainder, if any, shall be disbursed to the person or persons legally entitled thereto.

(iv) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Master Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

(c) Curing the Default. Upon the timely curing of any default for which a Notice of Assessment was filed by the Master Association, the officers thereof shall Record an appropriate Release of Lien, upon payment by the defaulting Owner of a reasonable fee, to be determined by the Master Association, to cover the cost of preparing and Recording such release. A certificate executed by any two members of the Board or the Manager of the Master Association stating the indebtedness secured by the liens upon any Separate Interest created hereunder shall be conclusive upon the Master Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, to be determined by the Board.

(d) Cumulative Remedies. The assessment liens and the rights of foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Master Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 13. Transfer of Separate Interest by Sale or Foreclosure. Except as otherwise provided herein, the sale or transfer of any Separate Interest shall not affect any Assessment lien duly Recorded with respect to such Separate Interest prior to the sale or transfer. However, the sale or transfer of any Separate Interest pursuant to the foreclosure of any first Mortgage shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer of a Separate Interest as the result of foreclosure, exercise of a power of sale or otherwise shall relieve the new Owner of such Separate Interest, whether it be the former beneficiary of the first Mortgage or some other person, from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the first Mortgagee or other purchaser of a Separate Interest obtains title to the same as a result of foreclosure of any such first Mortgage or exercise of a power of sale, the person acquiring title, his or her successors and assigns, shall not be solely liable for the Assessments chargeable to such Separate Interest which became due prior to the acquisition of title. Instead, such unpaid Assessments shall be deemed to be Common Expenses collectible from the Owners of all of the Separate Interests, including such acquirer, his or her successors and assigns. Furthermore, foreclosure shall not affect the Master Association's right to maintain an action for the collection of delinquent assessments against the foreclosed party personally.

Section 14. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Separate Interest prior and superior to all other liens except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage or deed of trust with first priority over other Mortgages or deeds of trust) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of power of sale or a judicial foreclosure involving a default under such first Mortgage or deed of trust.

Section 15. Unallocated Taxes. In the event that any taxes are assessed against the Association Property, or the personal property of the Master Association, rather than being assessed to the Separate Interests, such taxes shall be included in the Common Assessments imposed pursuant to section 4 of this article and, if necessary, a Supplemental Common Assessment may be levied against the Separate Interests in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

ARTICLE VI Property Use Restrictions

Section 1. Restrictions Applicable to All Separate Interests. The following restrictions shall apply to all Separate Interests within the Properties:

(a) No Further Subdivision. Except as expressly authorized in a Supplemental Declaration, no Lot, Condominium, Common Area or Association Property may be further subdivided without the prior written approval of the Board; provided, however, that nothing in this subparagraph (a) shall be deemed to prevent an Owner from, or require the approval of the Board for: (i) selling a Lot in a Planned Development or selling a Condominium in any Condominium Project; (ii) transferring or selling any Separate Interest to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (iii) leasing or renting by any Owner of all of his or her Separate Interest, provided that any such lease or rental shall be (A) in writing; (B) for a period of not less than 30 days; and (C) made expressly subject to the Governing Documents. If two or more Separate Interests are merged into one or more Separate Interests, then the resulting Separate Interest(s) and their Owner or Owners shall be entitled to voting rights and be obligated to pay Assessments hereunder computed as if the original number of Separate Interests still existed. For example, if two Separate Interests are merged into one, the Owner of the resulting Separate Interest shall be entitled to two votes and shall be obligated to pay two Assessment Units.

(b) Signs. No sign of any kind shall be displayed to the public view from any Separate Interest, Common Area or Association Property without the approval of the Board except: (a) one sign of customary and reasonable dimensions advertising a Separate Interest for sale, lease, rent or exchange displayed from the Separate Interest, subject to the prior written approval of the Design Review Committee, which may adopt, as part of its guidelines, uniform restrictions governing signs (see article VII, section 5); (b) such signs as may be used by Declarant or its assignees or Participating Builders for the purpose of selling or leasing Separate Interests; (c) such other signs or notices as are required or permitted by law; and (d) political campaign signs, provided that such signs shall be removed immediately following the election or vote for which the sign pertains.

(c) Nuisances. No Separate Interest shall be maintained in a fashion which renders the Properties, or any portion thereof, unsanitary, unsightly, offensive or detrimental to the Owner(s) or occupant(s) of any neighboring Separate Interests or when viewed from any public or private street or other Separate Interest. No noise, objectionable odor, or other nuisance shall be permitted to exist or operate upon any portion of a Separate Interest within the Properties so as to be offensive or detrimental to any other Separate Interest or their occupants.

(d) Drainage. There shall be no interference with the established drainage pattern over any Separate Interest within the Properties so as to affect any other Separate Interest unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Design Review Committee and the Owner(s) of any adjacent Separate Interests which share the same drainage course and may be adversely affected in the opinion of the Design Review Committee. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time the overall final grading (if any) of any Separate Interest in the Properties, is completed by Declarant or any Participating Builder or later grading changes which are shown on plans approved by the Design Review Committee, which may include drainage from the Association Property over any Separate Interest within the Properties.

(e) Water and Sewer Systems. No individual water supply system, water softener system or sewage disposal system shall be permitted on any Separate Interest or in any Improvement located thereon, unless such system is designed, located, constructed and equipped in accordance with the requirements, standards, and recommendations of the applicable water or sewer district and any applicable governmental health authority having jurisdiction.

(f) No Hazardous Activities. No activities shall be conducted, nor shall any Improvements be constructed, on the Properties which are or might be unsafe or hazardous to any Person or Separate Interest in the Properties.

(g) Refuse Collection/Absence of Unsightly Articles. No unsightly articles, including clotheslines, shall be permitted to remain on any Separate Interest which are visible from any public or private street or from any other Separate Interest. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in such covered, sanitary containers or other areas, if any, as may be provided on approval by either the Master Association or by any Sub-Association. Such containers or trash disposal areas shall be screened from view from any street, neighboring Separate Interest, the Association Property or any Common Area, except when the container is placed at the curb of the street for trash collection purposes (not to exceed 12 hours before and after scheduled trash collection hours). Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon the vacation of premises or during the construction or modification of Improvements) shall be removed from the Properties to a public dump or trash collection area by the Owner or tenant at his or her expense. The Master Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this subparagraph (g).

(h) Exterior Fires. Except as specifically authorized in writing by the Master Association (and subject to applicable ordinances and fire regulations), there shall be no exterior fires whatsoever, except barbecue fires contained within receptacles commercially designed therefor, such that they do not create a fire hazard.

(i) No Temporary Structures. Unless approved in writing by the Design Review Committee, no tent or shack or other temporary building, Improvement or structure shall be placed upon any portion of the Properties. No previously used buildings constructed or located on other real property shall be moved from other locations to the Properties, unless authorized in writing by the Design Review Committee.

(j) No Mining and Drilling. The Properties shall not be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Properties or within 500 feet below the surface of the Properties.

(k) Insurance Rates. Nothing shall be done or kept in the Properties which will increase the rate of insurance on any Association Property without

the approval of the Board, nor shall anything be done or kept in the Properties which would result in the cancellation of insurance on any of the Association Property or which would be in violation of any law.

(l) Improvements and Alterations. There shall be no excavation, construction, alteration or erection of any projection which in any way alters the exterior appearance of any Improvement from any public or private street, or from any other portion of the Properties (other than minor repairs or rebuilding pursuant to this article) without the prior approval of the Design Review Committee pursuant to article VII hereof. This restriction shall not apply to any Improvements undertaken by a Condominium Owner with respect to his or her Unit's interior, unless such Improvement projects are regulated by a Supplemental Declaration Recorded with respect to the Condominium Project.

(m) Weed Abatement/Maintenance and Repair of Improvements and Landscaping. Each Owner and Sub-Association shall be responsible for removing weeds and other debris located on such Owner's Separate Interest or, in the case of a Sub-Association, on any Common Area, and for maintaining, repairing and replacing in a good state of repair and in a neat and attractive condition all other Improvements located on such Separate Interest or Common Area. The Board has adopted Rules and Regulations proposed by the Design Review Committee and designated as the "Landscape Guidelines" to regulate landscaping permitted and required in the Properties. If any Owner or Sub-Association fails to abate weeds or other debris on a Separate Interest or Common Area or allows a Separate Interest or Common Area or any Improvements thereon to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board, upon 30 days' prior written notice to such Owner or Sub-Association, shall have the right either to seek any remedies at law or in equity which it may have or to correct such condition and, after notice and hearing, to enter upon such Separate Interest or Common Area for the purpose of doing so, and the Owner of the Separate Interest or the Sub-Association responsible for maintaining the Common Area shall promptly reimburse the Master Association for the cost thereof. The cost of corrective work performed on an Owner's Separate Interest shall be a Reimbursement Assessment against such Owner.

(n) View Obstructions. Each Owner by accepting a deed to a Separate Interest hereby acknowledges that any construction or installation by Declarant or any Participating Builder on adjacent properties may impair the view of such Owner and hereby consents to such impairment. However, no other Improvement or obstruction shall be constructed, planted or maintained upon any Separate Interest in such location or of such height as to unreasonably obstruct the view from any other Separate Interest in the vicinity thereof. If there is a dispute between Owners concerning the obstruction of a view from a Separate Interest, the dispute shall be submitted to the Design Review Committee whose decision in such matters shall be final and binding upon the disputing parties. The Design Review Committee shall ensure that the vegetation on the Association Property is cut at reasonable intervals so that the view of any Owner is not unreasonably obstructed.

(o) Excavation. No excavation shall be made on, and no sand, gravel, soil, or other material shall be removed from, any Association Property, except in connection with the construction of Improvements. Upon completion

of such construction, exposed openings shall be backfilled to grade, and disturbed ground shall be graded, level and paved or landscaped in conformity with the requirements of the Governing Documents.

(p) Diseases and Pests. No Owner shall permit any thing or condition to exist upon his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 2. Restrictions Applicable to Residential Lots and Condominiums. The following additional restrictions shall apply to all Residential Lots and Condominium Units within the Properties:

(a) Residential Use Restriction. All Residential Lots and Condominiums shall be used solely for the construction of Residences and Units whose occupancy shall be restricted to residential dwelling purposes for single Families. Notwithstanding the foregoing single Family Residential restriction, Owners may construct residential accessory dwellings ("granny flats") in accordance with Condition No. 2 and Condition No. 3 of Special Development Permit No. 90-SPBS-0002 (a copy of which is attached as Exhibit "G") and other applicable governmental regulations. Each Lot which contains a granny flat shall be deemed to be only one Separate Interest for purposes of calculating voting rights, Assessment allocations, and for interpretation and implementation of the use restrictions contained in this article.

Notwithstanding the foregoing, Declarant and any Participating Builder shall be entitled to use Lots owned by Declarant or the Participating Builder and the Residences/Units located thereon, as models, sales offices or construction headquarters for the purpose of constructing Residences/Units, and marketing Lots or Condominium Units within the Properties until all Separate Interests owned by Declarant or any Participating Builder are sold.

(b) Minimum Square Footage Requirements. The residential building Improvements constructed on any Lot shall have a fully enclosed floor area (exclusive of roofed or unroofed porches, decks, terraces, granny flats, garages, carports or other outbuildings) of not less than:

(i) Nine hundred fifty (950) square feet for one-story Residences and one thousand one hundred fifty (1,150) square feet for two-story Residences constructed on Lots zoned R-9;

(ii) One thousand one hundred (1,100) square feet for one-story Residences and one thousand three hundred (1,300) square feet for two-story Residences constructed on Lots zoned R-7;

(iii) One thousand four hundred (1,400) square feet for one-story Residences and one thousand six hundred (1,600) square feet for two-story Residences constructed on Lots zoned R-5; and

(iv) One thousand eight hundred (1,800) square feet for one-story Residences and two thousand (2,000) square feet for two-story Residences constructed on any custom home Lot facing on the Lake.

(c) Household Pets. The following restrictions regarding the care and maintenance of pets within the Properties shall be observed by each Owner and resident:

(i) A reasonable number of common household pets may be kept on each Lot so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised on any Lot or in any Residence.

(ii) Dogs shall only be allowed on the Association Property and the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners.

(iii) No household pet shall be left chained or otherwise tethered in front of a Lot, Condominium Project, or within any Association Property or Common Area. Pet owners shall be responsible for the prompt disposal of pet wastes deposited by their pets on any portion of the Association Property or Common Area.

(iv) Each person bringing or keeping a pet on the Properties shall be solely responsible for the conduct of the pet. The Master Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Master Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(v) The Board of Directors shall have the right to establish and enforce additional rules and regulations defining in a uniform and nondiscriminatory manner what constitutes a "reasonable number" of pets depending on their size, disposition and/or maintenance requirements and imposing standards for the reasonable control and keeping of household pets in, upon and around the Properties to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by other Owners and residents.

(d) Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, Condominium, garage or out building or in any portion of any Lot without the prior written approval of the Board; provided, however, the foregoing restriction shall not apply to the activities, signs or activities of the Master Association in the discharge of its responsibilities under the Governing Documents or Declarant's/ Participating Builder's activities in connection with the development, sale and marketing of the Properties. Furthermore, the Restrictions contained herein shall not be construed in such a manner so as to prohibit any Owner from: (i) maintaining his or her personal library in his or her Residence; (ii) keeping his or her personal business records or accounts therein; (iii) handling his or her personal or professional telephone calls or correspondence therefrom; (iv) leasing or renting his or her Residence or Condominium in accordance with article III, section 2, hereof; or (v) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Master Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization.

The uses described in subparagraphs (i) through (v), above, are expressly declared to be customarily incidental to the principal residential use and not in violation of this subparagraph (d).

(e) Storage. Storage of personal property on any Lot or in any Condominium shall be entirely within enclosed storage areas. The Master Association and any Sub-Association shall have the right to establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Master Association/Sub-Association in connection with its planting, building, repair, maintenance and preservation of the structures, landscaping and other Improvements located within the Association Property or any Common Area.

(f) Antennas and Similar Devices. Owners of Residences are entitled to maintain antennas on their Residences which are designed for customary television and radio broadcast reception. Nevertheless, in order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes on or about the exterior of any building within the Properties unless Design Review Committee approval is first obtained in accordance with article VII, hereof. Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

(g) Basketball Standards. No basketball standards or fixed sports apparatus shall be attached to any Residence or building containing Condominium Units or erected on any Lot in a location which is visible from any neighboring Lot, the Association Property or any Common Area.

(h) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon any Lot or Condominium Unit, except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private Residence or appurtenant structures within the Properties.

(i) Parking and Vehicle Restrictions.

(i) All driveways, carports and garages shall be maintained in a neat and orderly condition and garage doors shall be kept in a closed position except as necessary to permit ingress and egress of vehicles or to clean or work in the garage or carport area. Carports and garages are to be used for the parking of standard passenger vehicles and trucks not to exceed three-quarter tons in towing capacity, boats or the storage of similar items of personal property so long as such storage of personal property will not necessitate or result in the parking of vehicles on streets within the Properties. Furthermore, carports and garages shall not be converted to living quarters or work shops which will preclude the parking of vehicles.

(ii) Designated guest parking areas within the Association Property or any Common Area are to remain open for use by guests only and are not to be used by Owners or other residents, either permanently or temporarily, for the

parking of their passenger vehicles or the storage of boats, trailers or similar items. No vehicle shall be parked or left on any street except within specified parking areas so designated by the Board.

(iii) No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however, that the provisions of this subparagraph (iii) shall not apply to emergency vehicle repairs.

(iv) Campers, boats, trailers, motorcycles, commercial vehicles and trucks in excess of three-quarter tons in towing capacity are not to be parked in any carports, garages or other parking areas within the Properties, other than within enclosed garages, except for periods not to exceed six hours for the purpose of loading and unloading; provided, however, that campers, trailers and recreational vehicles may be parked in designated vehicle storage areas within the Properties, if any, (subject to payment of a reasonable rental fee as established from time to time by the Master Association).

(v) The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored on any private street within the Association Property in violation of this section. The Board shall post such notices or signs within the Association Property as may be required by law to effectuate this towing provision.

(vi) The Board shall have the authority to promulgate such further rules and restrictions regarding parking and vehicles within the Properties as may be deemed prudent and appropriate.

(j) Solar Heating Equipment. It is the intention of the Declarant to encourage solar power. However, to the extent permitted by applicable law, the installation of solar panels shall be subject to the prior written approval of the Design Review Committee having jurisdiction over the Separate Interest upon which the solar panels will be installed if the same are visible from any street or the Association Property or any Common Area. Solar swimming pool heaters visible from any street, the Association Property or any Common Area shall be of the trellis type or some other aesthetically pleasing type which blends naturally with the Improvements and vegetation on the Separate Interest.

(k) Nuisances. Without limiting the generality of section 1(c) of this article, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items of personal property which may unreasonably disturb other Owners or their tenants shall be located, used or placed on any portion of the Properties without the prior written approval of the Design Review Committee.

Section 3. Restrictions Applicable to the Lake and Lakefront Lots. The following restrictions shall apply to use of the Lake and to all Residential Lots adjoining any portion of the Lake. These restrictions are in addition to the restrictions applicable to such Lots under section 2, above. The term

"Bank Area" and "Bank" shall mean that portion of the rear yard of any Residential Lot adjoining the Lake which lies within the 15-foot easement described in article III, section 6, hereof:

(a) Ownership of the Lake. Subject to the limitations contained in subparagraph (e), below, and except as provided in article III, section 6, above, the water in and the land under the Lake are or shall be owned by the Master Association. The location of the Lake, as well as its normal maximum water elevation, is or will be shown on the Recorded map of each Phase of Development to the extent applicable.

(b) Limitations on Water Rights. Except as otherwise provided in article III, section 6, no Owner of a Lot contiguous to the Lake shall have any rights with respect to the Lake, the land thereunder, the water therein, or its or their elevation, use or condition. Nor shall any Owner have any riparian rights incidental or appurtenant to the Lake. No person shall acquire or be divested of title to any land in the Properties by accretion, reliction, submergence or changing water levels in the Lake.

(c) Right to Remove Accretions. The Master Association shall have the right at any time to dredge the Lake or otherwise remove any accretion or deposit from any lakefront Lot in order that the shoreline of the Lake may be moved toward or to, but not inland beyond, the location of said shoreline as it would be established on the date hereof if the water elevation in the Lake were one vertical foot above the normal water level indicated on the Recorded map of any Phase of Development in which any portion of the Lake is located, and title shall pass with such dredging or other removal as by erosion.

(d) Nonresponsibility for Damages. The Master Association shall not be liable for damages caused naturally by erosion, washing, or other action of the water of the Lake.

(e) Right to Change Level of the Lake. The Master Association shall have the right to raise and lower the water level of the Lake in connection with development activities, Lake maintenance activities or otherwise as the Master Association deems appropriate; provided, however, that such right shall not permit raising the water level in excess of one vertical foot above the normal lake elevation. Declarant shall possess a similar right to raise and lower the water level of the Lake when necessary or appropriate in connection with Declarant's development activities within the Properties.

(f) Water Treatment. The Master Association shall have the right to treat the water to maintain its purity and clarity and may take such measures as it deems advisable to prevent the growth of algae, plant life, insect life and undesirable animal life, so long as such actions are consistent with the Final Lake Management Plan and Final Urban Runoff Treatment/Monitoring Program approved by the County. The Master Association shall also have the right to maintain the stability, cleanliness and aesthetic appearance of the Bank Area, but shall not be required to do so. As more particularly provided in article IV, section 5 hereof, the Master Association's responsibilities hereunder may be transferred to, and assumed by, the County Service Area or similar governmental agency with jurisdiction within the Properties.

(g) No Dwellings. No boat, raft, float, dock or pier, or other watercraft or structure, shall be used for dwelling purposes or as a dwelling while on or within the Lake or moored to its shoreline.

(h) Watercraft. No boat or other watercraft in excess of sixteen feet (16'), and no gasoline, diesel or other combustion-type engine-powered boat shall be allowed on the Lake. This limitation shall not apply, however, to boats operated by Declarant or by the Master Association for purposes of safety, maintenance or promotion of the Master Association, including sales promotion.

(i) Docks. No dock or float or pier shall be installed or maintained on or in the Lake until the design has been approved in writing by the Master Association, and by the Design Review Committee.

(A) It is the intention of Declarant to encourage professionally manufactured docks. No dock shall be wider than eight feet (8'), longer than sixteen feet (16') or project more than eighteen feet (18') from the bulkhead into the Lake.

(B) No pier shall be wider than five feet (5') or project more than twelve feet (12') from the bulkhead into the Lake.

(C) Docks shall be maintained in a neat and orderly fashion, and shall be painted or stained, when necessary, to maintain an attractive appearance, colors of paint or stain to remain as originally approved by the Design Review Committee.

(j) Fishing. No persons fishing in or on the Lake shall use any live bait other than earthworms. There shall be no trapping or taking of any wildlife by other than the Master Association or as expressly permitted by the Master Association, except fishing by use of hook and line.

(k) Foreign Objects/Exotic Fish. No waste materials, sewage, garbage, petroleum or other chemical product, paper, food or other foreign object shall be placed or permitted in the Lake and no activity shall be carried on, except as required by necessary construction, which shall stir up, contaminate or pollute the Lake's waters. This subsection shall not prevent the use of chemicals and other products in the Lake by the Master Association in carrying out its responsibilities and exercising its rights pursuant to this Master Declaration, or the application in normal quantities of customary insect, animal or plant control substances, fertilizers and plant foods, or paints and protective compounds on Lots and Lake Lots, or the discharge of storm drains even if containing materials prohibited by this subsection, but all such activities shall be carried out in a manner to minimize contamination of the Lake. The Master Association shall, at least once a year, notify all Owners within the Properties that the Lake is part of the drainage system and that contaminants that drain or are placed in gutters eventually pass through the Lake. The notice shall include suggestions to minimize the occurrence of pollutants reaching the Lake. No exotic or unusual fish species shall be introduced into the Lake by any Person.

(1) Structures, Fences and Plantings. No structure other than those fences, docks, bulkheads and landscaping (including swimming pools) approved by the Design Review Committee may be constructed or maintained within the Bank Areas. In that regard:

(A) No fence, hedge or mass planting shall be made or maintained in the Lake;

(B) All planting within the Bank Area must be approved by the Design Review Committee. In reviewing and approving planting plans, the Committee shall normally encourage landscaping that includes the placement of trees, shrubs and groundcovers close to the Lake's edge with the expectation that over time, the Lake and Bank Area will develop in such a manner consistent with natural bodies of water in the Sacramento Valley. The intent is to: (1) promote a natural look along the edge of the Lake; (2) encourage different but compatible landscape designs; and (3) use landscaping to create increased privacy in rear yards. Care must be taken to select: (4) shrubs which at maturity will generally grow no higher than four feet (4'); (5) species of trees which at maturity will have the main foilage at least six feet (6') above ground level; and (6) groundcovers that grow full enough to cover the concrete bulkhead but not so full as to grow into the Lake. The Committee shall normally disapprove large trees and shrubs at the edge of a Lot which will interfere with views of other Lots, shall normally encourage trees which at maturity can hang over the Lake and not obstruct the view and shall take into account the length of time a particular tree or shrub will inhibit such views prior to the time it reaches maturity.

(C) Structures visible from the Lake must be designed, constructed and maintained in such a manner that the facade facing the Lake is architecturally consistent with the front and sides of the structure, attractive from the Lake and adjoining Lots, and to the extent reasonably possible, roof vents on such structures shall be run to the sides of the structure which are least visible from the Lake. The materials used on the rear or side elevations of any residence visible from the Lake shall be consistent with the front elevation, as shall the roofing material.

(D) Side yard fences subject to the provisions below for Lots with frontage on the Lake shall be no higher than six feet (6') in height measured from the grade of the Lot as sold by Declarant and shall be made of masonry, stone, wrought iron or wood.

(E) Side or rear yard fences for Lots with frontage on the Lake shall not exceed three feet (3') in height from the rear Lot line to whichever of the following points is closest to the rear Lot line:

(1) twenty feet (20') from the rear Lot line;

(2) a point on the side Lot line at a right angle from the corner of the house; or

(3) a point on the side Lot line at a right angle from the corner of the house on the adjacent lot. Side yard fences within an area where they are required to be no higher than three feet (3') in height shall

be made of masonry, stone or wrought iron or a combination of those materials. Wood fences will normally be disapproved unless designed in such a manner that the Design Review Committee is convinced that the initial appearance as well as the future appearance will be guaranteed. Any wood fences approved by the Committee shall be painted with heavybody stain or paint, shall have caps top and bottom, and shall have the "good" side facing the Lake and/or the adjoining neighbors.

(F) Lots with frontage on the Lake shall be required to construct front yard wing fences.

(G) All heating, air conditioning, heat pumps, pool filters, spa filters, etc., and shall be screened from public view.

(H) Variances to the fence requirements may be granted by the Design Review Committee in situations where one or more of the provisions need not apply or would create an undue hardship if it were to apply.

(m) No Pumping. No water shall be pumped out of the Lake by any person for any reason, except by the Declarant or by the Master Association or except as is otherwise approved in writing by the Master Association.

(n) Access to the Lake. Subject to all the foregoing, the various Lots with frontage on the Lake shall be entitled to access to the Lake through the Owner's property. Owners of other property within the Properties without Lake frontage and members of the general public shall have access to the Lake through one or more park areas and Lake access facilities. Notwithstanding the foregoing, there shall be no swimming or other use or activities within the Lake which require body contact with the Lake water, other than contact by Declarant or Master Association personnel in the ordinary conduct of their Lake maintenance responsibilities.

(o) Delegation of Authority By Design Review Committee. The authority of the Design Review Committee pursuant to this section 3 may be delegated in whole or in part to a design review or architectural committee established by a Supplemental Declaration to perform similar functions within one or more Phases of Development containing Lots with frontage to the Lake. See article II, section 2(c), above.

(p) Waterfowl. Feeding waterfowl on or around the Lake creates a dependence by the waterfowl on unnatural sustenance which is ultimately harmful to the waterfowl and also tends to result in overpopulation. In addition, while the waterfowl contribute to the aesthetic beauty of the Properties, their accumulation in large numbers can cause damage and littering to the docks and garden areas of the Separate Interests. Therefore, feeding the indigenous waterfowl is prohibited within the Properties.

Section 4. Restrictions Applicable to Commercial Parcels. The restrictions contained in this section shall apply to all Commercial Parcels within the Properties. Only those operations and uses described in subparagraphs (a) and (b) of this section shall be permitted on any Commercial Parcel.

(a) Business Park, Professional Offices and Research and Development Facilities:

- (i) Administrative, executive and business offices;
- (ii) Business service offices, including employment agencies, accountants, notaries, stenographic, addressing, computing, and related services;
- (iii) Business consultant offices;
- (iv) Design professions offices (engineering, architectural, drafting, etc.);
- (v) Research, development, analytical and scientific offices;
- (vi) Manufacturers' representatives and sales offices;
- (vii) Headquarters or region-wide finances, insurance and real estate offices;
- (viii) Travel agencies;
- (ix) Medical/dental clinics and related health maintenance organization, not including the manufacturer, fabrication or sale of any article or commodity other than those incidental to the services provided;
- (x) Licensed child care facilities, with the consent of the Design Review Committee;
- (xi) Prescription pharmacies, provided that at least eighty percent (80%) of the interior display area shall be used for the preparation and sale of prescription or trade drugs;
- (xii) Manufacture and assembly of business machines, including electronic data processing equipment, accounting machines, calculators, typewriters and related equipment, and communications and testing equipment;
- (xiii) Photographic processing;
- (xiv) Printing, lithographing and engraving;
- (xv) Engineering, drafting and design facilities;
- (xvi) Manufacture of prototypes;
- (xvii) Any research and development use listed above may be operated in conjunction with any allowed light industrial use or office use; and
- (xix) Any use not otherwise prohibited by subparagraph (d), below and which is approved by the Design Review Committee.

(b) Retail and Commercial.

- (i) Department stores;
- (ii) Retail outlets;
- (iii) Restaurants;
- (iv) Financial institutions;
- (v) Service entities;
- (vi) Service Stations;
- (vii) Hotels/motels;
- (viii) Theaters;
- (vix) Auto dealerships and support uses; and

(x) Any use not otherwise prohibited by subparagraph (d), below, and which is approved by the Design Review Committee.

(c) Conduct of Permitted Uses. All permitted uses on Commercial Parcels shall be performed or carried out entirely within a building designed and constructed for that use. Activities which cannot be carried on within a building may be permitted so long as: (i) the Design Review Committee consents in writing to said use and to the location for such activity; (ii) the use is permitted by the then existing zoning or other applicable land use regulations; (iii) the use is not specifically prohibited by subparagraph (d), below; (iv) the outdoor activity is screened so as not to be visible from neighboring property; and (v) all lighting required for such use is shielded from adjacent streets.

(d) Prohibited Uses. The following operations and uses shall not be permitted on any Commercial Parcel.

- (i) Residential use of any type;
- (ii) Trailer courts; mobile home parks or recreation vehicle campgrounds;
- (iii) Junk yards or recycling facilities;
- (iv) Drilling for and/or the removal of oil, gas or other hydrocarbon substances (except that this provision shall not be deemed to prohibit entry to the Property below a depth of 500 feet for such purposes;
- (v) Commercial excavation except in the course of approved construction;
- (vi) Distillation of bones;

(vii) Dumping, disposal, incineration or reduction of garbage, sewage, offal, dead animals or refuse;

(viii) Fat rendering;

(ix) Stockyard or slaughter of animals;

(x) Cemeteries;

(xi) Refining of petroleum or its products;

(xii) Smelting of iron, tin, zinc, or other ores;

(xiii) Jail or honor farms;

(xiv) Labor or migrant worker camps;

(xv) Truck or bus terminals;

(xvi) Petroleum storage yards;

(xvii) Tractor-trailer truck dealerships, wrecking, auto or truck repair or painting, except in connection with an auto dealership;

(xviii) Boat manufacturing and/or repair, except in connection with a boat dealership;

(xix) Storage, handling and disposal of toxic and radioactive materials, except the storage, handling and disposal of such materials in connection with a permitted use and only then if the Design Review Committee, the Sacramento County Health Department and any other governmental entity having jurisdiction over such materials shall give its prior written approval to the storage, handling and disposal of such materials; and

(xx) Adult bookstores, adult motion picture theaters, massage parlors and escort services.

(e) Emissions. No use shall be permitted on any Commercial Parcel which:

(i) Emits excessive amounts of dust, sweepings, dirt, cinders, fumes, odors, radiation, gases, or vapors;

(ii) Discharges excessive amount of liquid or solid wastes or other environmentally harmful matter into the atmosphere or any stream, river, canal, flood control channel or other body of water, which may adversely affect (A) the health or safety of persons or (B) the use or enjoyment of the Property or (C) vegetation within any Commercial Area;

(iii) Discharges waste or any substance or materials of any kind into any public sewer serving the Properties or any part thereof in violation of any regulations of any public body having jurisdiction;

(iv) Produces intense glare or heat unless such use is performed only within an enclosed or screened area and then only in such manner that the glare or heat emitted will not be discernible from beyond any property line of said Commercial Parcel;

(v) Creates a sound pressure level in violation of any regulation of any public body having jurisdiction;

(vi) Allows the visible emissions of smoke or steam (outside any building), other than the exhausts emitted by motor vehicles or other transportation facilities, in violation of any regulation of any public body having jurisdiction; or

(vii) Creates a ground vibration that is perceptible, without instruments, at any point along or beyond any of the property lines of the Commercial Parcel.

(f) Garbage and Refuse Disposal. All rubbish, trash and garbage shall be removed by a franchised refuse collector at least once a week from each Commercial Parcel, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

(g) Antennas and Other Devices. No television, radio or other electronic antenna, microwave dish, solar panel or similar device of any type shall be erected, constructed, or permitted to remain on any Commercial Parcel unless and until the same shall have been approved in writing by the Design Review Committee.

(h) Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Properties, except for pet stores or small animals used for on-site research and development.

(i) Nuisances. Without limiting the generality of section 1(c) of this article, no noxious, illegal, or offensive activities shall be carried on upon any Commercial Parcel, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each Owner of his or her respective Commercial Parcel.

Section 5. Multiple Family Residential Lots (Other than Condominiums). Any Lot which is zoned for multiple family residential use, and which is not improved as a Condominium Project, shall be subject to such further restrictions as may be set forth in the Supplemental Declaration pertaining to the multiple family Lot.

Section 6. Variances. Upon application by any Owner, the Design Review Committee shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this article, if specific application of the restrictions will, in the sole discretion of the Committee, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Master Declaration. In considering and acting upon any request for a variance, the

Committee shall follow the procedures set forth in article VII, section 18 for the granting of architectural and design variances.

Section 7. Enforcement of Property Use Restrictions. The objective of this Master Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Master Association Board or its management becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under article XI, section 6 hereof, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her appeal rights (see article XI, hereof).

ARTICLE VII

Design Review and Landscaping Control

Section 1. Design Review Committee Approval, Generally. Subject to this article and except as otherwise provided in any Supplemental Declaration approved and Recorded in accordance with article II, section 4, hereof, no construction, alteration, grading, landscaping, addition, excavation, modification, decoration, redecoration or reconstruction of any exterior Improvement on any Separate Interest within the Properties shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Design Review Committee and approved in writing by the Design Review Committee. The Design Review Committee shall approve plans and specifications submitted for its approval only if it deems that (a) the Improvements contemplated in the locations indicated will not be detrimental to the appearance of any surrounding areas of the Properties, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Association Property or the enjoyment thereof by the Members, (d) the upkeep and maintenance thereof will not become a burden on the Master Association, and (e) the proposed Improvement and the plans and specifications therefore comply with the requirements of all applicable Design Guidelines (see section 5, below). The address of the Design Review Committee for all purposes, including the submission of plans for approval, shall be at the principal office of the Master Association, as designated by the Board pursuant to the Bylaws.

Section 2. Members of Design Review Committee. The Design Review Committee shall consist of five (5) members; provided, however, that such number may be increased or decreased by resolution of the Board of Directors. The Design Review Committee shall be initially composed of three (3) persons, each of whom shall be a representative of Declarant, and two (2) persons appointed by the Master Association Board. Members of the Design Review Committee may be removed at any time without cause by the person appointing such member as provided herein.

Section 3. Rights of Appointment to Design Review Committee.

(a) Members Appointed by Declarant. Declarant shall have the right to appoint a majority of the members of the Design Review Committee until the earlier to occur of the following:

(i) At such time as the Close of Escrow shall have occurred for the sale by Declarant and any Participating Builders to the public of at least one thousand six hundred and seventy-one (1671) Lots and Condominiums within the Properties pursuant to a Final Subdivision Public Report issued by the DRE; or

(ii) The tenth (10th) anniversary of the first Close of Escrow for the sale of a Lot or a Condominium in the Properties pursuant to a Final Subdivision Public Report issued by the DRE.

(b) Members Appointed by the Board. The Master Association Board shall have the right to appoint those members of the Design Review Committee which Declarant is not authorized to appoint until such time as Declarant's rights of appointment have expired, and therefore the Board shall have the right to appoint and remove all members of the Design Review Committee. Design Review Committee members appointed by the Board shall serve for a term of one year or until their respective successors are appointed. At least one (1) member of the Design Review Committee shall be an Owner of a Separate Interest in the Properties with no affiliation with the Declarant.

(c) Notice of Appointment. Whenever a Design Review Committee member is appointed or removed while both Declarant and the Board have rights of appointment, written notice of such appointment or removal shall be given by the appointing party to the other party.

Section 4. Review of Plans and Specifications; Scope of Review. The Design Review Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Master Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of Improvements during the course of construction to assure that the Improvement conforms with the plans and specifications approved by the Design Review Committee. Owners shall obtain a written receipt for such plans and specifications from an authorized agent of the Design Review Committee.

The Design Review Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of the considerations set forth in section 1 hereof. The Design Review Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 5. Design Guidelines. The Design Review Committee may, from time to time and with approval of the Board of Directors, adopt, amend and repeal rules and regulations to be known as "Design Guidelines." It is the intention of the Declarant to promulgate several sets of Design Guidelines for

different categories of projects, including "Single Family Design Guidelines", "Multi-Family Design Guidelines", "Landscape Design Guidelines (single and multi-family)" and "Signage Guidelines".

The Design Guidelines are intended to interpret and implement the provisions hereof by setting forth: (a) standards and procedures for Design Review Committee review; (b) guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use within the Properties; (c) the criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents (see section 18 (variances) below); and (d) the minimum requirements regarding the content of plans and specifications which must be submitted with respect to any request for architectural approval. Notwithstanding the foregoing, no Design Guidelines shall be in derogation of the minimum standards required by this Master Declaration. In the event of any conflict between the Design Guidelines and this Master Declaration, the provisions of the Master Declaration shall prevail.

When a proposed work of Improvement is submitted to the Design Review Committee for review, the Committee shall grant the requested approval only if each of the following provisions is satisfied:

(a) The Committee finds that the Owner has complied with all requirements of the Design Guidelines;

(b) The Committee finds that the Owner's plans and specifications: (i) conform to this Master Declaration and the Design Guidelines in effect at the time such plans are submitted to the Committee; (ii) will result in the construction of an Improvement that is in harmony with the external design of other structures and/or landscaping within the Properties; and (iii) will not interfere with the reasonable enjoyment of any other Owner of his or her property, including, without limitation, the other Owner's rights to scenic and solar access free of unreasonable obstructions; and

(c) The Committee, in its sole discretion, determines that the proposed Improvement, if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Properties and with the overall plan and scheme of development and the purposes of this Master Declaration.

While it is recognized that the Design Review Committee's determination will, of necessity, involve subjective judgments by the Committee, the members of the Committee shall act reasonably and in good faith and shall consider such factors as the quality of workmanship and materials proposed for the Improvement project, the harmony of its exterior design, finish materials and color with that of other existing structures in the same vicinity, and the proposed location of the Improvement in relation to the existing topography, finished grade elevations, roads, Association Property, Common Areas and other existing structures. The Committee shall also be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Separate Interest, even if the same or a similar Improvement/component has previously been approved for use at another location

if factors such as drainage, topography, noise or visibility from roads, Association Property, Common Areas or other Separate Interests or prior adverse experience with the product, the design or with similar Improvements mitigate against erection of the Improvement or use of a particular component thereof on the Separate Interest involved in the Owner's submittal.

Section 6. Authority to Condition Approval. The Design Review Committee may condition its approval of proposed Improvements or plans and specifications for any Improvement upon compliance with any of the following conditions: (a) upon agreement by the Person submitting the same (the "Applicant") to furnish to the Design Review Committee a bond or other security acceptable to the Design Review Committee, in an amount reasonably sufficient to (i) assure the completion of such Improvement or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (ii) to protect the Master Association and the other Owners against mechanic's liens or other encumbrances which may be Recorded against their respective interests in the Properties as a result of such work; (b) upon such changes in the plans and specifications as it deems appropriate; (c) upon the agreement of the Applicant to conform all construction and maintenance of Improvement with such guidelines as may be adopted from time to time by the Design Review Committee; (d) to replace any trees or landscaping, the removal of which has been authorized by the Design Review Committee; or (e) to require submission of additional plans and specifications, or other information prior to approving or disapproving the materials which the Applicant has submitted.

Section 7. Authority to Require Professional Review. The Design Review Committee may engage the services of an architect or other qualified professional to assist in reviewing plans and specifications and may also issue rules or guidelines setting forth procedures for the submission of plans for approval or additional factors which it will take into consideration in reviewing submissions, including without limitation permissible or impermissible styles of Improvements.

Section 8. Authority to Impose Fees. The Design Review Committee may require the Applicant to pay a review fee to accompany each application for approval. The Committee may provide that the amount of such fee shall be uniform, or that it may be determined in any other reasonable manner, such as based upon the reasonable cost or completion of the construction, alterations or additions contemplated, or the cost of architectural or other professional fees incurred by the Master Association in reviewing plans.

Section 9. Modification of Approval Requirements Within Annexed Phase. The Design Review Committee may vary its Design Guidelines and standards for various Phases of Development to account for varying product types and/or land uses, so long as such variations are consistent with any Supplemental Declaration applicable to the Phase.

Section 10. Content of Plans and Specifications; Approval by Sub-Association. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and description or samples of exterior material and

colors. The Design Review Committee may, in its sole discretion, further require that all plans and specifications first be approved by any Sub-Association having jurisdiction over the Owner's Separate Interest (or the Architectural/Design Committee for said Sub-Association). Until receipt by the Design Review Committee may postpone review of any plan submitted for approval.

Section 11. Time Limitations For Committee Action. Decisions of the Design Review Committee and the reasons therefor shall be transmitted by the Design Review Committee to the Applicant at the address set forth in the application for approval, within 45 days after receipt by the Design Review Committee of all materials required by the Design Review Committee. Any application submitted pursuant to this article shall be deemed approved, unless written disapproval or a request for additional information or materials by the Design Review Committee shall have been transmitted to the Applicant within 45 days after the date of receipt by the Design Review Committee of the Applicant's most recent submission.

The Applicant shall meet any review or permit requirements of the County prior to making any alterations or Improvements permitted hereunder.

Section 12. Obligation of Sub-Associations to Obtain Committee Approval. Unless otherwise provided in a Supplemental Declaration approved by Declarant, all Sub-Associations must seek Design Review Committee approval in accordance with this article, prior to commencing any construction, alteration, grading, landscaping, addition, excavation, modification, decoration, redecoration, or reconstruction of an Improvement within a Common Area under the jurisdiction of such Sub-Association.

Section 13. Exemption of Declarant from Design Review Committee and Approval Requirements. Declarant need not seek approval of the Design Review Committee with respect to any of its activities. Unless otherwise provided in a Supplemental Declaration applicable to Separate Interests owned by a Participating Builder, all Participating Builders must seek approval in the manner herein provided until Declarant has lost the power to appoint a majority of the members of the Design Review Committee. After Declarant has lost the power to appoint a majority of the members of the Design Review Committee, Participating Builders must seek approval of the Design Review Committee with respect to their new construction activities.

Section 14. Meetings of the Design Review Committee. The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder and may request Applicants or their contractors or other authorized representatives to appear at such meetings. The Design Review Committee may from time to time, by resolution unanimously adopted in writing, designate a Design Review Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Design Review Committee, except the granting of variances pursuant to section 18. In the absence of such designation, the vote or written consent of a majority of the members of the Design Review Committee shall constitute an act of the Design Review Committee.

Section 15. No Waiver of Future Approvals. The approval of the Design Review Committee of any proposals or plans and specifications or drawings for any work of Improvement done or proposed or in connection with any other matter requiring the Committee's approval and consent shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 16. Compensation of Committee Members. The members of the Design Review Committee shall receive no compensation for services rendered, other than reimbursement by the Master Association for expenses incurred by them in the performance of their duties hereunder.

Section 17. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Design Review Committee or its duly authorized representatives may at any time inspect any Improvement for which approval of plans is required under this article. However, the Design Review Committee's right to inspect Improvements for which plans have been submitted and approved shall terminate 60 days after the work of Improvement has been completed and the respective Owner has given written notice to the Design Review Committee of its completion. The Design Review Committee's rights of inspection shall not terminate pursuant to this paragraph if plans for the work of Improvement have not previously been submitted to and approved by the Design Review Committee.

(b) If, as a result of such inspection, the Design Review Committee finds that the Improvement was constructed or installed without obtaining approval of the plans therefor or was not completed in substantial compliance with the plans approved by the Design Review Committee, it shall notify the Owner in writing of the Owner's failure to comply with this article within 60 days from the date of the inspection (the "Notice of Noncompliance"). The Notice of Noncompliance shall specify particulars of noncompliance. The Design Review Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance. Furthermore, the Committee shall be entitled to place a stop work notice ("Red Tag") at the job site if necessary to avoid compromising the Committee's ability to enforce this Master Declaration or the Design Review Guidelines. If a Red Tag is placed at the job site, no further work shall be done on the Improvement and the procedures set forth in subparagraph (c), below shall commence immediately.

(c) If an Owner has failed to remedy any noncompliance within 30 days following receipt of the Design Review Committee's Notice of Noncompliance, the enforcement provisions of section 19 shall thereafter apply.

(d) If for any reason the Design Review Committee fails to notify the Owner of any noncompliance with previously submitted and approved plans within 60 days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to be constructed in accordance with the approved plans.

(e) All construction, alteration or other work shall be performed as promptly and diligently as possible and shall be completed on or before 180 days after the date on which the work commenced.

Section 18. Variances. The Design Review Committee may authorize variances from compliance with any of the architectural approval and design review provisions of this Master Declaration, any Design Guideline or any Supplemental Declaration, including, without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. The Committee shall be entitled (but shall not be obligated) to require the requesting Owner to provide written consents to the proposed variance from the Owners of Separate Interests located within a radius of three hundred feet (300') of the petitioning Owner's Separate Interest.

Any variance granted hereunder must be evidenced in writing signed by at least a majority of the members of the Design Review Committee, and shall become effective upon Recordation. If such variances are granted, no violation of the Restrictions contained in this Master Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Master Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his or her use of the premises, including, without limitation, zoning ordinances and Lot setback lines or requirements imposed by the jurisdictions in which the Properties are located.

Section 19. Enforcement.

(a) In addition to other enforcement remedies set forth in this Master Declaration, the Design Review Committee shall have enforcement rights with respect to any matters required to be submitted to and approved by it, and may enforce such architectural control by any proceeding at law or in equity. In addition, the Design Review Committee shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to the Design Review Committee. Abatement of ongoing construction projects may be ordered by the Committee by posting a Red Tag at the project site in accordance with section 17(b), above. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work.

(b) If the Owner fails to remedy any noncompliance of which notice has been given within 30 days from the date of such notification, the Design Review Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board, or its designated Covenants Committee, shall be held regarding the alleged noncompliance in accordance with article XI, section 6.

(c) At the hearing, the Owner, a representative(s) of the Design Review Committee and, in the Board's discretion, any other interested person may

present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the Board shall require the Owner to remedy or remove the same within such period or within any extension of such period as the Board, at its discretion, may grant. If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance and the Owner shall reimburse the Master Association for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the Owner to the Master Association, the Board shall recover such expenses through the levy of a Reimbursement Assessment against such Owner.

(d) Under certain circumstances, self-help remedies in response to an Owner's continued noncompliance may not be appropriate or possible. In other circumstances, immediate resort to formal legal action may be necessary or appropriate to enjoin an Owner's failure to comply with a Red Tag order or to prevent irreparable harm. Legal action to enforce the provisions of this Master Declaration, including architectural matters, shall require the prior approval of the Board of Directors. If any legal proceeding is initiated to enforce any of the provisions of this article, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

(e) The approval by the Design Review Committee of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the Design Review Committee under this Master Declaration, or any waiver thereof, 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 by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Residences, Commercial Improvements or common facilities and other factors may be taken into consideration by the Committee in reviewing a particular submittal.

ARTICLE VIII Insurance

Section 1. Duty to Obtain Insurance; Types. The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA (not less than one million dollars (\$1,000,000) covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association and its Members, with respect to the Association Property and any other property maintained or required to be maintained by the Master Association. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage without deduction for depreciation, in an amount as near as possible to the full replacement value of the Improvements and fixtures originally installed by Declarant or installed by the Master Association on the

Association Property. Such insurance shall be maintained for the benefit of the Master Association, the Owners, and the Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein.

The Board of Directors shall purchase such other insurance, as necessary, including without limitation errors and omissions, directors, officers and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and workers' compensation, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use. Fidelity bond coverage, as set forth below, must be obtained by or on behalf of the Master Association for any person or entity handling funds of the Master Association, including without limitation officers, directors, trustees, and employees of the Master Association, whether or not such persons are compensated for their services, and employees of the Manager, whether such Manager is an employee or an independent contractor. The aggregate amount of such fidelity bonds shall not be less than a sum equal to one-quarter (1/4) of the annual Common Assessments on all Lots and Condominiums in the Properties, plus reserves.

Notwithstanding any other provision herein, the Master Association shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond, meeting the insurance and fidelity bond requirements established by the FNMA, GNMA, and FHLMC, so long as any of these Federal secondary mortgage institutions is an Owner of a Separate Interest or holder or insurer of a Mortgage on a Separate Interest within the Properties, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA, and FHLMC, as applicable. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request.

Section 2. Waiver of Claims Against Master Association. As to all policies of insurance maintained by or for the benefit of the Master Association and the Owners, the Master Association and the Owners hereby waive and release all claims against one another, the Board of Directors, and Declarant to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of, or breach of any agreement by, any such persons.

Section 3. Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Master Association shall contain a provision that such policy or policies shall not be cancelled, terminated, expired, or materially modified without 10 days' prior written notice to the Board and Declarant. Fidelity bond coverage shall not be cancelled or substantially decreased unless the insurance trustee, if any, appointed pursuant to section 5 has received ten 10 days' written notice of such cancellation or decrease in fidelity bond coverage. Each beneficiary who has sent a written request to the Master Association shall be entitled to receive notice from the Master Association of any lapse, cancellation or material modification of any such insurance policy or fidelity bond.

Section 4. Insurance Premiums. Insurance premiums for any insurance coverage obtained by the Master Association and any other insurance deemed

necessary by the Board of Directors shall be a Common Expense to be included in the Common Assessments levied by the Master Association and collected from the Owners. That portion of the Common Assessments necessary for the required insurance premiums shall be separately accounted for by the Master Association in the appropriate Reserve Funds, to be used solely for the payment of premiums of required insurance as such premiums become due.

Section 5. Trustee for Policies. The Master Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interest of all named insureds under policies of insurance purchased and maintained by the Master Association. All insurance proceeds under any such policies as provided for in section 1 shall be paid to the Board of Directors as Trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Master Association for the repair or replacement of the property for which the insurance was carried. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation to the extent they desire, of first Mortgagees who have filed written requests within 10 days of receipt of notice of any damage or destruction. Any two Directors of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. Notwithstanding the foregoing, there may be named as an insured a representative chosen by the Board, including a trustee with whom the Master Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Section 6. Actions as Trustee. Except as otherwise specifically provided in this Master Declaration, the Board, acting on behalf of the Master Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Master Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to the first Mortgagees holding seventy-five percent (75%) of the first Mortgages who have filed requests under section 3 of this article. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Master Association and of all renewals thereof, together with a proof of payment of premiums, shall be delivered by the Master Association to all Mortgagees who have requested the same in writing.

Section 7. Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Master Association, at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in section 1, above. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Association Property, except for foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

Section 8. Required Waiver. All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights to

the extent that the respective insurers would have the rights without such waivers:

(a) subrogation of claims against the Owners and tenants of the Owners;

(b) any defense based upon coinsurance;

(c) any right of setoff, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Master Association;

(d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Master Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) any right of the insurer to repair, rebuild, or replace, and, if the Improvement is not repaired, rebuilt, or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

(f) notice of the assignment of any Owner of his or her interest in the insurance by virtue of a conveyance of any Separate Interest; and

(g) any right to require any assignment of any mortgage to the insurer.

Section 9. Insurance Obligation of Lot Owners. Unless such insurance is required to be obtained by a Sub-Association for the benefit of its Owners/Members pursuant to a Supplemental Declaration, each Owner of a Lot shall insure the Improvements on his or her Lot, including the Owner's entire Residence, against loss or damage by fire or by any other casualty, under the standard form of extended endorsement now in use in the State of California or under such other insurance as may be required by the Beneficiary of the first Mortgage on his or her Lot. All such insurance shall be in an amount as near as practicable to the full replacement value of the Residence and appurtenant Improvements, without deduction for depreciation or coinsurance. All such policies shall contain a provision that the same shall not be cancelled or terminated except upon at least thirty (30) days' written notice to the Master Association.

It is the further responsibility of each Owner of a Lot to provide insurance on his or her personal property and upon all other property and Improvements within his or her Residence. The Owner's obligations hereunder shall apply notwithstanding the obligation of any Sub-Association with jurisdiction over the Owner's Separate Interest to maintain blanket insurance coverage on the Owner's Residence.

It shall also be the responsibility of each Owner of a Lot to carry public liability insurance in the amount such Owner deems desirable to cover his or her individual liability for damage to person or property occurring inside his

or her Residence or elsewhere upon the Owner's Lot. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Master Association, and duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Master Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by the Owner, such Owner shall assign the proceeds of such insurance carried by the Owner to the Master Association, to the same purposes as the reduced proceeds are to be applied.

ARTICLE IX
Damage, Destruction, or Condemnation
of Association Property

Damage to, destruction of or condemnation of all or any portion of the Association Property shall be handled in the following manner:

Section 1. Damages by Owner. To the extent permitted by law, each Member shall be liable to the Master Association for any damage to the Association Property not fully reimbursed to the Master Association by insurance if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper use of the Association Property by the Owner, his or her guests, tenants or invitees, or any other Persons deriving their right and easement of use and enjoyment of the Association Property from the Owner, or his or her or their respective Family and guests, both minor and adult. However, the Master Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Master Association, and the Master Association further reserves the right, after notice and hearing as provided in article XI, to levy a Reimbursement Assessment equal to any deductible or any increase in insurance premiums directly attributable to the damage caused by the Owner or the Person for whom the Owner may be liable as described above. In the case of joint ownership of a Separate Interest, the liability of the Owners shall be joint and several, except to the extent that the Master Association shall have previously contracted in writing with the joint Owners to the contrary. After notice and a hearing as provided in article XI, correcting the damage to the extent not reimbursed to the Master Association by insurance shall be a Reimbursement Assessment against the Owner and his or her Separate Interest, and may be enforced as provided herein.

Section 2. Repair of Damages. In the case of damage by fire or other casualty to the Association Property, any insurance proceeds payable by reason thereof shall be paid to the Master Association, which thereupon shall contract for the repair or replacement of all the Association Property so damaged. The Master Association shall levy a Reconstruction Assessment on the Owners in the event that the available insurance proceeds are insufficient to complete the repair or reconstruction. Any Reconstruction Assessment shall be levied in the same manner and proportion that Common Assessments are levied against and collected from the Owners. Notwithstanding the foregoing, any restoration or repair of the Association Property after damage due to an insurable hazard shall be performed substantially in accordance with the original plans and specifications unless other action is approved by the vote

or written assent of at least two-thirds of the Voting Power, and by holders of fifty-one percent (51%) of the first Mortgages on Separate Interests subject to Common Assessments for the maintenance of such Association Property.

Section 3. Condemnation. If at any time all or any portion of the Association Property, or any interest therein, is taken for any public or quasi-public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Master Association. Any such award payable to the Master Association shall be deposited in the appropriate Maintenance Fund (see article V, section 2) as determined by the Board. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Master Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members with respect to the affected Association Property. The Board of Directors immediately upon having knowledge of any taking by eminent domain of any Separate Interests, or the Association Property, or any portion thereof, or any threat thereof, shall promptly notify all Owners and all insurers and holders of first Mortgages on Separate Interests in the Properties who have filed a written request for such notice.

Section 4. Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Association Property shall promptly notify all Owners, holders, insurers, and guarantors of first Mortgages of Separate Interests which are subject to Common Assessments for the maintenance of such Association Property, who have filed a written request for such notice. The Board, immediately upon having knowledge of any damage or destruction affecting a Separate Interest, shall promptly notify the Beneficiary, insurer or guarantor of the first Mortgage on such Separate Interest.

ARTICLE X Interest and Exemption of Declarant

Section 1. Interest of Declarant. Declarant has created a master plan for the development of the Properties by the implementation of which, modern master planning objectives may be realized for the common good and enhancement of property values within the community. Each Owner of a Separate Interest which is part of the Properties acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, that Declarant has a substantial interest to be protected with regard to assuring compliance with, and enforcement of, the Restrictions contained in this Master Declaration and any amendments thereto and any Supplemental Declarations Recorded pursuant to this Master Declaration. Notwithstanding any other provisions of the Governing Documents, until the earlier of (i) such time as neither Declarant nor any Participating Builder own any Separate Interests in the Properties, or (ii) the tenth (10th) anniversary of the first Close of Escrow for the sale of a Lot or a Condominium in the Properties pursuant to a Final Subdivision Public Report issued by the DRE, the following actions, before being undertaken by the Members or the Master Association, shall first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Master Declaration, including without limitation all amendments and actions specified in article XII, section 5 and article XIV, section 2(d), or specifically requiring the approval of Declarant pursuant to article XIV, section 2(b);

(b) The annexation to the Properties of any additional real property pursuant to article II, section 2;

(c) The levy of a Capital Improvement Assessment for the construction of new facilities not originally included in the Association Property;

(d) Any significant reduction of Master Association maintenance or other services; or

(e) Any supplement or amendment to the Design Guidelines issued or approved pursuant to article VII, section 5.

Section 2. Exemption of Declarant. Nothing in this Master Declaration shall limit and no Owner, Sub-Association or the Master Association shall do anything to interfere with the right of Declarant to subdivide or resubdivide any portion of the Properties, or to complete excavation and grading and construction of Improvements to and on any portion of the Properties owned by Declarant, or to alter the foregoing and its construction plans and designs, or to rezone or change the Development Plan, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Properties so long as any Separate Interest in the Properties remains unsold. Such right shall include, but shall not be limited to, carrying on by Declarant or Participating Builder of such grading work as may be approved by the County or other agency having jurisdiction, and erecting, constructing and maintaining on the Properties such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise.

This Master Declaration shall not limit the right of Declarant or a Participating Builder at any time prior to acquisition of title to a Separate Interest in a Phase of Development by a purchaser from Declarant or a Participating Builder to establish with respect to Properties included in that Phase of Development additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of said Properties.

Declarant and Participating Builders may use any structures owned by Declarant or Participating Builders in the Properties as model home complexes or real estate sales or leasing offices. Declarant need not seek or obtain Master Association or Design Review Committee approval of any Improvement constructed or placed by Declarant on any portion of the Properties. Participating Builders must seek or obtain such approval only for such period as is specified in article VII of this Master Declaration.

The rights, or any portion of the rights of Declarant hereunder and elsewhere in this Master Declaration, may be assigned by Declarant to any successor in interest to any portion of Declarant's interest in any portion of the Properties (including without limitation any Participating Builders) by an express written assignment, which specifies the rights of Declarant which have been so assigned.

Notwithstanding any other provision of this Master Declaration, the prior written approval of Declarant (which approval shall not be unreasonably withheld), as developer of the Properties, will be required before any amendment to this article shall be effective.

Section 3. Reservation of Easements. Declarant hereby reserves for itself, and its respective successors and assigns, and the Master Association and all Owners, nonexclusive easements of access, ingress and egress in, to and over all of the private streets, walkways, and other portions of the Association Property conveyed to the Master Association for vehicular, pedestrian, and such other purposes as may be used by Declarant, the Master Association, all Owners, and their respective successors, guests, members, tenants and invitees, residing on or temporarily visiting the Properties, as reasonably necessary for the use, enjoyment, maintenance and operation of any portion of the Properties. Such nonexclusive easements are appurtenant to the Properties and are reserved for the benefit of Declarant, persons authorized by Declarant, and their successive owners and assigns, and Declarant reserves the right to grant such easements to owners and lessees of property in the Properties. Exercise of the easements and rights over the Association Property reserved to Declarant under this article shall not unreasonably interfere with the use and enjoyment of the Association Property by the Owners.

ARTICLE XI Breach and Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the Restrictions contained in this Master Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Separate Interest, or any portion of the Common Area or Association Property, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by Declarant, any Owner, the Master Association, its officers or Board of Directors, or by their respective successors in interest.

Section 2. Nuisance. Without limiting the generality of the foregoing section 1, the result of every act or omission whereby any covenant contained in this Master Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Master Declaration, the court may award to any party to such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 4. Cumulative Remedies. The respective rights and remedies provided by this Master Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Master Declaration.

Section 5. Failure Not a Waiver. The failure of Declarant, any Owner, the Board of Directors, the Master Association or its officers or agents to enforce any of the Restrictions contained in this Master Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon Declarant, the Master Association or the Board, or any of its officers or agents.

Section 6. Rights and Remedies of the Master Association.

(a) Rights Generally. In the event of a breach or violation of any Rule or Regulation or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including without limitation the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational common facilities or suspension of the Owner's voting rights as a Member of the Master Association; provided, however, the Master Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Master Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Board or its duly authorized enforcement committee. If the Master Association declines to take action in any instance, any Owner shall have such rights of enforcement pursuant to section 1354 of the California Civil Code or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments). Once imposed, a fine or penalty may be collected as a Reimbursement Assessment.

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Master Association shall take reasonable and prompt action to repair or avoid the

continuing damaging effects of a violation or nuisance occurring within the Association Property or any Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) The Master Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Separate Interest due to the failure by the Owner (or his or her family members, tenants, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Rule or Regulation except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Master Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Master Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Master Association's actions satisfy the due process requirements of subparagraph (iii) below.

(ii) Monetary penalties, including, without limitation, Reimbursement Assessments, imposed by the Master Association (A) for failure of a Member to comply with the Governing Documents, (B) as a means of reimbursing the Master Association for costs incurred by the Master Association in the repair of damage to the Common Area or Association Property allegedly caused by a Member, or (C) in bringing the Member and his or her Separate Interest into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Separate Interest enforceable by a sale of the Separate Interest in nonjudicial foreclosure; provided, however, that this limitation on the Master Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Master Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in the Master Association's efforts to collect delinquent Assessments.

(iii) No penalty or temporary suspension of rights shall be imposed pursuant to this article unless the Owner alleged to be in violation is given at least 15 days' prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, any Common Area or any Association Property; (D) the refusal of an Owner to honor a Red Tag order issued by the Design Review Committee pursuant to article VII, section 17; or (E) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of

Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Master Association, in writing, within five days following the Master Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Master Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Master Association no later than five days following the date when the fine is levied. The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

(e) Notices. Any notice required by this article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Master Association.

(f) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Rules and Regulations.

Section 7. Covenants Committee.

(a) Appointment of Committee. Acting pursuant to article IX, section 1 of the Bylaws, the Board of Directors may establish a Covenants Committee to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform these functions.

(b) Jurisdiction and Hearing Procedures of the Committee. The Covenants Committee shall review written complaints from Owners, the General Manager, or the Design Review Committee (for violations other than those relating to specific Improvement projects within the jurisdiction of the Design Review Committee) of alleged violations of the Governing Documents or the Rules and Regulations, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Covenants Committee may levy penalties and/or fines (pursuant to a Board-approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the Covenants Committee shall adopt rules of procedure

for enforcement hearings and shall conduct its hearings in accordance with such rules after they have been approved by the Board. Notwithstanding the foregoing, enforcement of specific violations of architectural requirements relating to Improvement projects submitted to, and reviewed by, the Design Review Committee shall remain the jurisdiction of the Design Review Committee pursuant to article VII, section 4.

(c) Appeals. The decisions of the Covenants Committee, if established, shall be appealable to the Board of Directors within 10 calendar days following receipt of the committee's decision. The Board shall have the discretion to hear any appealed matter or decline to take the appeal and thus affirm the decision of the Covenants Committee. Any decision to decline an appeal shall be based on a reasonable determination from the record that the appeal lacks merit. Decisions of the Board shall be final. Procedures for appeal and the hearing of appeals shall be set forth in the Rules and Regulations.

(d) Court Actions. Court actions by the Covenants Committee to enforce the Governing Documents on behalf of the Master Association may only be initiated with the prior approval of the Board of Directors.

ARTICLE XII Mortgagee Protection

No amendment or violation of this Master Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any deed of Trust upon a Separate Interest made in good faith and for value, and Recorded prior to the Recordation of such amendment, provided that after the foreclosure of any such Deed of Trust such Separate Interest shall remain subject to this Master Declaration, as amended. In order to induce the FHLMC, GNMA, and FNMA to participate in the financing of the sale of Separate Interests within the Properties, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees, FHLMC, FNMA and GNMA, conflict with any other provisions of this Master Declaration or any other of the Governing Documents, these added restrictions shall control):

Section 1. Notice of Default. Each Beneficiary, insurer or guarantor of a first Mortgage encumbering any Separate Interest, upon filing a written request for notification with the Board, is entitled to written notification from the Master Association of any default by the Mortgagor of such Separate Interest in the performance of such Mortgagor's obligations under the Governing Documents which default is not cured within thirty (30) days after the Master Association learns of such default. For purposes of this Master Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage.

Section 2. Exemption From Rights of First Refusal. Every Owner, including every Beneficiary of a first Mortgagee encumbering any Separate Interest, which obtains title to such Separate Interest pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal."

Section 3. Preforeclosure Assessments. Each Beneficiary of a first Mortgage encumbering any Separate Interest which obtains title to such Separate Interest pursuant to judicial foreclosure or the powers provided in such Mortgage shall take title to such Separate Interest free and clear of any claims for unpaid assessments or charges against such Separate Interest which accrued prior to the acquisition of title to such Separate Interest by the Mortgagee.

Section 4. Limitation on Self-Management. When professional management has been previously required by a Beneficiary, insurer or guarantor of a first Mortgage, any decision to undertake self-management by the Master Association shall require the prior approval of the Beneficiaries of fifty-one percent (51%) of the first Mortgages on Separate Interests in the Properties.

Section 5. Approval of Material Changes. Unless at least sixty-seven percent (67%) of the first Mortgagees (based upon one (1) vote for each Mortgage owned) or sixty-seven percent (67%) of the Owners (other than Declarant and Participating Builders) have given their prior written approval, neither the Master Association nor the Owners shall:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Association Property or the Improvements thereon which are owned, directly or indirectly, by the Master Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Master Association shall not be deemed a transfer within the meaning of this subparagraph (a)).

(b) Change the method of determining obligations, Assessments, dues or other charges which may be levied against any Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards.

(c) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the Residences located on any Separate Interest, the exterior maintenance of the Residences, the maintenance of the Association Property party walls, common fences and driveways, and the upkeep of any lawns and plantings on the Association Property.

(d) Fail to maintain Fire and Extended Coverage insurance on insurable Association Property on a current replacement cost basis in an amount at least one hundred percent (100%) of the insurable value (based on the current replacement cost).

(e) Use hazard insurance proceeds for losses to any Association Property for other than the repair, replacement or reconstruction of such Improvements; or

(f) Amend this Master Declaration or the Articles of Incorporation or the Bylaws in such a manner that the rights of any first Mortgagee will be adversely affected.

Nothing in this section shall be construed to require the approval of sixty-seven percent (67%) of the first Mortgagees for any Supplemental Declaration Recorded in accordance with article II, section 4 hereof.

Section 6. Rights of Inspection. Beneficiaries, insurers and guarantors of first Mortgages on Separate Interests in the Properties, upon written request, shall have the right to (i) examine the books and records of the Master Association during normal business hours, (ii) require from the Master Association the submission of audited annual financial reports and other financial data (without expense to the entity requesting such information); (iii) receive written notice of all meetings of the Members; (iv) designate in writing a representative to attend all such meetings; and (v) receive written notice of any proposed action that requires the consent of a specified percentage of such Beneficiaries, insurers and guarantors of first Mortgages.

Section 7. Notice of Amendments to Governing Documents. All Beneficiaries, insurers and guarantors of first Mortgages encumbering Separate Interests within the Properties shall be given (i) thirty (30) days' written notice prior to the effective date of any proposed, material amendment to this Master Declaration or the Articles or the Bylaws, and prior to the effective date of any termination of an agreement for professional management of the Properties following a decision of the Owners to assume self-management of the Properties; and (ii) immediate written notice as soon as the Board receives notice or otherwise learns of any damage to the Association Property whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000), and as soon as the Board receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition, with respect to any portion of the Properties.

Section 8. Payment of Taxes and Other Charges on Association Property. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association.

Section 9. Regular Funding of Reserves. The Reserve Fund described in article VI of this Master Declaration must be funded by regularly scheduled payments rather than by large Capital Improvement Assessments.

Section 10. Fidelity Bonds. The Board shall secure and cause to be maintained in force at all times a fidelity bond for any person or entity handling funds of the Master Association, including without limitation employees of any professional Manager.

Section 11. Lease or Rental Agreements for Separate Interests. Any agreement for the leasing or rental of a Separate Interest shall provide that the terms of such agreement shall be subject in all respects to the provisions of this Master Declaration and the Articles and Bylaws. All such agreements shall be in writing and shall provide that any failure by the lessee to comply with the terms of this Master Declaration, the Articles and the Bylaws shall be a default under the agreement.

Section 12. Secondary Lender Qualifications. In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Master Association as are required in order to satisfy the guidelines of

the FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Separate Interests with Residences thereon. Each Owner hereby agrees that it will benefit the Master Association and the membership of the Master Association, as a class of potential Mortgage borrowers and potential sellers of their respective Separate Interests if such agencies approve the Properties as a qualifying community under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Separate Interest.

ARTICLE XIII
Party Walls and Zero Lot Line
Maintenance Easements

The following provisions shall apply to any party wall within the Properties:

Section 1. General Rules of Law to Apply. Each wall or fence which is built as a part of the original construction of any Residence in the Properties (other than Condominiums) and placed on the dividing line between the Lots upon which such Residences are located ("Party Walls") shall be treated in the same manner as a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance Creation of Easement. The cost of reasonable repair and maintenance of a common wall or fence shall be shared equally by the Owners of the Lots connected by such common wall or fence. However, each Owner shall be solely responsible for repainting the side of any fence facing his or her Lot, which fence is located on his or her Lot. Declarant hereby establishes a limited easement to accommodate the maintenance and repair interests of any Owner whose Residence is located within five feet (5') of a common boundary line. In all cases where a structural wall is located within five feet (5') of a common boundary line between adjacent Lots (a "Lot Line Wall"), the Owner of the Lot whose structure contains the Lot Line Wall shall have a nonexclusive easement on, over and across so much of the adjoining Owner's Lot as may be reasonably necessary for access to, inspection of, maintenance of, repair of and replacement of the Lot Line Wall and the roof thereon. The benefitted Owner shall exercise due care in the exercise of this easement, and shall repair any and all damage to the adjacent Owner's Lot which results from use of such easement. The adjacent Owner's landscaping shall be installed and maintained in such a manner as to afford the access and use easements set forth above.

Section 3. Destruction by Fire or Other Casualty. If a common wall or fence is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot which is affected thereby shall contribute equally to the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a

larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the land and shall pass such Owner's successors in title.

Section 5. Arbitration. If any dispute arises concerning a common wall or fence or the provisions of this section, then such dispute shall be submitted to and determined by binding arbitration. Each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator. The decision shall be rendered by a majority of all the arbitrators, in accordance with the American Arbitration Association Commercial Rules of Arbitration.

ARTICLE XIV Miscellaneous

Section 1. Term of Declaration. The Restrictions of this Master Declaration shall run with and bind the Properties, and shall insure to the benefit of and be enforceable by the Master Association or the Owner of any of the Properties subject to this Master Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Master Declaration is Recorded, after which time such Restrictions shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination meeting the requirements of an amendment to this Master Declaration as set forth in section 2 of this article has been Recorded.

Section 2. Amendments.

(a) Amendments Approved By Declarant. Prior to the sale of a Separate Interest in the Properties to a member of the public, the provisions of this Master Declaration may be amended or terminated by Recordation of a written instrument signed by Declarant setting forth such amendment or termination.

(b) General Amendments Approved By the Members. Except as provided in subparagraphs (c) and (d), below, the provisions of this Master Declaration may be amended by Recordation of a certificate, signed and acknowledged by two (2) officers of the Master Association, setting forth the amendment and certifying that such amendment has been approved by at least two-thirds of the Voting Power and the requisite percentage of holders and insurers of first Mortgages in the case of those amendments which this Master Declaration requires to be approved by first Mortgagees, and such an amendment shall be effective upon Recordation. Notwithstanding the foregoing, the specified percentage of the Voting Power necessary to amend a specific section or provision of this Master Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that section or provision. The Master Association shall maintain in its files the record of all such votes, Mortgagee consent solicitations and disapprovals for a period of at least four (4) years.

(c) Amendments Requiring Declarant Approval. Notwithstanding subparagraph (b), and in addition thereto, articles II, IV, VII, X and this section may not be amended without the prior written consent of the Declarant until the last Close of Escrow for the sale of a Separate Interest from the Declarant to a purchaser or a Participating Builder.

(d) Amendments Affecting Land Uses Within Specific Delegate Districts. The provisions of article VI of this Master Declaration which pertain to a specific land classifications (single family residential, commercial, multiple family residential) may be amended by the affirmative vote of at least two-thirds of the Voting Power of Owners of Separate Interests within the particular Delegate District established for the land classification, subject to satisfaction of the following conditions precedent to said Member vote:

(i) The written consent of Declarant shall be required so long as subparagraph (c) remains in effect;

(ii) The requisite percentage of holders and insurers of First Mortgages of property within the Delegate District has been obtained in the manner described in subparagraph (e), below, if such approval is required hereunder; and

(iii) The Design Review Committee has approved the amendment proposal by majority vote of the Committee members, said approval not to be unreasonably withheld. Notwithstanding the foregoing, it is expressly agreed that the Committee shall be entitled to take into consideration the affect of any land use changes permitted by the proposed amendment on neighboring properties, whether or not located within the Delegate District affected by the proposed amendment.

Compliance with the requirements of this subparagraph (d) shall be evidenced by Recordation of a certificate, signed and acknowledged by two (2) officers of the Master Association, setting forth the amendment a legal description of the Property to which the amendment applies and certifying that all required approvals have been obtained. The requirements of this subparagraph (d) shall not apply to land use or other amendments contained in any Supplemental Declaration Recorded pursuant to article II, section 4 hereof.

(e) Approval of First Mortgagees. Any of the following amendments, to be effective, must be approved by the Beneficiaries, insurers and guarantors of fifty-one percent (51%) of the first Mortgages on all of the Separate Interests in the Properties at the time of such amendment, based upon one (1) vote for each Mortgage owned or insured:

(1) Any amendment which affects or purports to affect the validity of priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in articles V, VIII, IX and XII, hereof.

(2) Any amendment which would necessitate an encumbrancer after it has acquired a Separate Interest through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(3) Any amendment which would or could result in a Mortgage being cancelled by forfeiture, or in the individual Separate Interest not being separately assessed for tax purposes.

(4) Any amendment relating to the insurance provisions as set out in article X hereof, or to the application of insurance proceeds as set out in article X hereof, or to the disposition of any money received in any taking under condemnation proceedings.

(5) Any amendment which would or could result in termination or abandonment of the Properties or partition or subdivision of a Separate Interest, in any manner inconsistent with the provision of this Master Declaration.

(6) Any amendment concerning:

(i) Voting rights;

(ii) Rights to use the Association Property;

(iii) Reserves and responsibility for maintenance, repair, and replacement of the Association Property;

(iv) Annexation or deannexation of real property to or from the Properties;

(v) Boundaries of any Separate Interests;

(vi) Leasing of Separate Interests;

(vii) Establishment of self-management by the Master Association where professional management has been required by any institutional holder or insurer of a first Mortgage;

(viii) Assessments, assessment liens, or the subordination of such liens; and

(ix) Imposition of any restrictions on an Owner's right to sell or transfer his or her Separate Interest.

Any approval by a Beneficiary, insurer or guarantor of a first Mortgage required under this section, or required pursuant to any other provisions of this Master Declaration, shall be given in writing; provided that prior to any such proposed action, the Master Association or Declarant, as applicable, may give written notice by registered or certified mail with a return receipt requested of such proposed action to any or all Beneficiaries, insurers and guarantors of first Mortgages, and for thirty (30) days following the receipt of such notice, such Beneficiary, insurer or guarantor of a first Mortgage shall have the power to disapprove such action by giving written notice to the Master Association or Declarant, as applicable. If no written notice of disapproval is received by the Master Association or Declarant, as applicable, within such thirty (30) day period, then the approval of such Beneficiary,

insurer or guarantor shall be deemed to have been given with respect to the proposed action, and the Master Association or Declarant, as applicable, may proceed as if such approval was obtained with respect to the request contained in such notice.

Section 3. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any Person at the address given by such Person to the Master Association for the purpose of service of such notice, or to the Residence or Commercial Parcel owned by such Person if no address has been given to the Master Association. Such address may be changed from time to time by notice in writing to the Master Association.

Section 4. Interpretation.

(a) Restrictions Construed Together. All of the provisions of this Master Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the Properties as set forth in the Preamble to this Master Declaration. The Master Declaration shall be construed and governed by the laws of the State of California.

(b) Restrictions Severable. Notwithstanding the provisions of the foregoing subparagraph (a), each of the provisions of the Master Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(d) Captions. All captions and titles used in this Master Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

Section 5. No Public Right of Dedication. Nothing contained in this Master Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, or for any public use other than as expressly provided on any Subdivision Map for the Properties.

Section 6. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Separate Interest or other portion of the Properties does and shall be conclusively deemed to have consented and agreed to every Restriction contained herein, whether or not any reference to these Restrictions is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

Section 7. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Properties or any portion of the Properties, or any Improvement thereon, its physical conditions, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Phase of Development, except as specifically and expressly set forth in this Master Declaration and except as may be filed by Declarant from time to time with the DRE or with any other governmental authority.

Section 8. Nonliability and Indemnification. Except as specifically provided in this Master Declaration, the Articles or the Bylaws, no right, power, or responsibility conferred on the Board or the Design Review Committee by this Master Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Board, the Committee, any member of the Board or of the Committee, or any other officer, employee or agent of the Master Association. No such Person shall be liable to any party (other than the Master Association or a party claiming in the name of the Master Association) for injuries or damage resulting from such Person's acts or omissions within what such Person reasonably believed to be the scope of his or her Master Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Master Association (or to any party claiming in the name of the Master Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

In addition, no person who suffers bodily injury, including, without limitation, emotional distress, or wrongful death as a result of the tortious act or omission of a volunteer Board member or volunteer officer of the Master Association shall recover damages from such Board Member or officer if all of the following conditions are satisfied:

(i) The Board member or officer resides in the Properties as either a tenant or as an Owner of no more than two (2) Separate Interests;

(ii) The act or omission was performed within the scope of the Board member's or officer's Master Association duties;

(iii) The act or omission was performed in good faith;

(iv) The act or omission was not willful, wanton, or grossly negligent;

(v) The Master Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance in the amount of at least one million dollars (\$1,000,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such Person's Master Association duties shall not affect such Person's status as a volunteer Board member or officer for the purposes of

this section. A Board member or officer who at the time of the act or omission received either direct or indirect compensation as an employee from Declarant or from a financial institution that purchased a subdivision interest at a judicial or non-judicial foreclosure of a Mortgage is not a volunteer for purposes of this section.

The Master Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person to impose liability on such Person for his or her Official Acts, provided that:

(i) The Board determines that such Person acted in good faith and in a manner such Person reasonably believed to be in the best interests of the Master Association;

(ii) In the case of a criminal proceeding, the Board determines that such Person had no reasonable cause to believe his or her conduct was unlawful; and

(iii) In the case of an action or threatened action by or in the right of the Master Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this section must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote of a Majority of a Quorum of the Members voting at a meeting of the Members called for such purpose, provided that the Person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This section shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

Section 9. Special Provision for Enforcement of Certain Bonded Obligations. In the event that (a) for any Improvements comprising the Association Property not completed by Declarant or Participating Builders, as the case may be (the "Obligor Developer"), prior to the issuance of a Final Subdivision Public Report for that Phase by the DRE, and (b) the Master Association is obligee under a bond or other arrangement ("Bond") required by the DRE to secure performance of the commitment of the Obligor Developer to complete the Improvements, the following provisions of this section will be applicable:

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

(ii) A special meeting of Members, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by at least five percent (5%) of the Class A Voting Power. A vote of at least a majority of the Voting Power, disregarding any votes attributable to Separate Interests owned by the Obligor Developer, to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Master Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Master Association.

Section 10. Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Master Declaration and either the Articles of Incorporation or the Bylaws, the terms and provisions of this Master Declaration shall prevail.

Section 11. Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

DATED: July 15, 1991.

LAGUNA WEST PARTNERSHIP, a
California limited partnership

By: River West Developments,
a California corporation,
general partner of Laguna
West Partnership

By: SKK Enterprises, Inc., a
California corporation,
general partner of Laguna
West Partnership

By: Jeri L. Timmons Secretary
Philip N. Angelides
President
Jeri L. Timmons
Secretary

By: Sotiris K. Kolokotronis
Sotiris K. Kolokotronis
President

Angelo X. Tsakopoulos
by Ron Bertolina
ANGELO K. TSAKOPOULOS Attorney-In-Fact

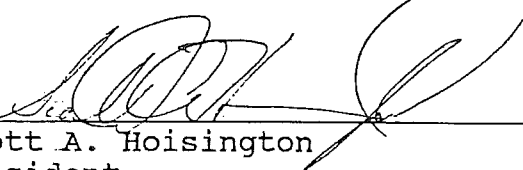
CONSENT OF OWNER AND PARTICIPATING BUILDER TO
THE
MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS
FOR
LAGUNA WEST

The undersigned as record owners of certain real property described in Exhibit A attached to the Master Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Laguna West, hereby expressly consent to the recordation of said Declaration.


By executing this consent, the undersigned hereby acknowledge they are owners and participating builders of certain residential property and lots located within Laguna West, a master planned community, which is subject to the Master Declaration, and expressly agrees that said residential property and lots shall be subject to, and bound by, all the provisions and reservations of easements contained in said Master Declaration.

NOW THEREFORE, the undersigned hereby consents to the recordation of said Master Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Laguna West, this 11th day of July, 1991.

RICHMOND AMERICAN HOMES OF CALIFORNIA, INC.,
a Colorado Corporation,

By: 

Scott A. Hoisington
President

By: 

Charles E. Todd
Senior Vice-President

CONSENT OF OWNER & PARTICIPATING BUILDER TO
THE
MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS
FOR
LAGUNA WEST

The undersigned as record owners of certain real property described in Exhibit A attached to the Master Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Laguna West, hereby expressly consent to the recordation of said Master Declaration.

By executing this consent, the undersigned hereby acknowledge they are owners and participating builders of certain residential property and lots located within Laguna West, a master planned community, which is subject to the Master Declaration, and expressly agrees that said residential property and lots shall be subject to, and bound by, all the provisions and reservations of easements contained in said Master Declaration.

NOW THEREFORE, the undersigned hereby consents to the recordation of said Master Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Laguna West this 11th day of July, 1991.

SACRAMENTO LAGUNA ESTATES, a
California Limited Partnership

By: LOONEY, INC., general
partner

By Mathew Loonin
Mathew Loonin
President

BY: SJP, INC., general partner

By Steven J. Paul
Steven J. Paul
President

ATTACH NOTARIES

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTIES

All that real property situate in the County of Sacramento, State of California, more particularly described as follows:

Parcel No. 1

Lots 1 thru 81, inclusive, as shown on the Plat of "Laguna West Unit No. 2", recorded in Book 211 of Maps, Map No. 12, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

EXCEPTING THEREFROM said property lying within Section 30 T.7N., R.5.E., M.D.M., one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deed's recorded September 23, 1977, in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said deed states, among other things, the following: "Provided however, the Grantors shall not have any right to the use of the surface of said land or any other portion thereof above the depth of 500 feet."

Parcel No. 2

Lots 1 thru 41, inclusive, as shown on the Plat of "Laguna West Unit No. 9-A", recorded in Book 211 of Maps, Map No. 17, records of said County.

EXCEPTING THEREFROM all oil, gas, and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, Page 1400, Official Records.

Parcel No. 3

Lots 1, 2, 3, 4A & 4B, 5 thru 32, 33 A & 33B, and 34 thru 38, all inclusive, as shown on the Plat of "Laguna West Unit No. 6", recorded in Book 211 of Maps, Map No. 14, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 4

Lots 1 thru 13, 14A & 14B, 15 thru 39, 40A & 40B, 41 thru 46, 47A & 47B, 48 thru 78, and 79A & 79B, and Lot 80, all inclusive, as shown on the Plat of "Laguna West Unit No. 8", recorded in Book 211 of Maps, Map No. 16, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 5

68

Lots 30, 31, 32, 33A and 33B, and 34 thru ~~38~~, all inclusive, as shown on the Plat of "Laguna West Unit No. 5B", recorded in Book 211 of Maps, Map No. 13, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Record

EXHIBIT A (Continued)

Parcel No. 6

Lots 1A and 1B, 2 thru 38, 39A and 39B, 40 thru 49, 50A and 50B, 51, 52 and 53, all inclusive, as shown on the Plat of "Laguna West Unit No. 7", recorded in Book 211 of Maps, Map No. 15, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 7

Lots 1, 2, 3, 4, 5, 7, 9, 14, 16, 17, 18, 19, 21, 22, 23, 25, 28, 29, 34 thru 36, 38, 39, 40, 45, 41, 47, 49, 50, 51, and 53, all inclusive, as shown on the "Amended Map of Laguna West Unit No. 1-A" recorded in Book 213 of Maps, Map No. 1, records of said County.

EXCEPTING THEREFROM as it affects the hereinabove described property lying within Section 30, T.7N., R.5E., M.D.M., one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deeds recorded September 23, 1977, in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said deed states, among other things, the following: "Provided however, the Grantors shall not have any right to the use of the surface of said land or any other portion thereof above the depth of 500 feet".

Parcel No. 8:

All that portion of Lot 54 as said lot is shown on "Laguna West Unit No. 1-A, 208 B.M. 1", the official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1, described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning North 45 degrees 25' 38" West 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 89 degrees 34' 22" West 197.99 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 200.00

feet radius, from a radial bearing of North 04 degrees 01' 52" East, said arc being subtended by a chord bearing South 44 degrees 34' 22" West 303.97 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 00 degrees 25' 38" West 197.99 feet; thence South 45 degrees 25' 38" East 149.00 feet to the point of beginning, containing 5.779 Acres, more or less.

Parcel No. 9

All that portion of Lot 54 as said lot is shown on "Laguna West Unit No. 1-A, 208 B.M. 1", the official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1, described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning South 44 degrees 25' 38" West 849.00 feet; thence South 45 degrees 25' 38" East 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 89 degrees 34' 22" East 197.99 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the left on an arc of 200.00 feet radius, from a radial bearing of South 04 degrees 01' 52" West, said arc being subtended by a chord bearing North 44 degrees 34' 22" East 303.97 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 00 degrees 25' 38" West 197.99 feet; thence North 45 degrees 25' 38" West 149.00 feet to the point of beginning, containing 5.779 Acres, more or less.

Parcel No. 10

Lot 54 as said lot is shown on "Laguna West Unit 1A, 208 B.M. 1", the Official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1,

EXCEPTING THEREFROM all that portion of said Lot 54 described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning North 45 degrees 25' 38" West 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 89 degrees 34' 22" West 197.99 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 200.00 feet radius,

from a radial bearing of North 04 degrees 01' 52" East, said arc being subtended by a chord bearing South 44 degrees 34' 22" West 303.97 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 00 degrees 25' 38" East 197.99 feet; thence South 45 degrees 25' 38" East 298.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing 89 degrees 34' 22" West 197.99 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the right on an arc of 200.00 feet radius, from a radial bearing of South 04 degrees 01' 52" West, said arc being subtended by a chord bearing North 44 degrees 34' 22" East 303.97 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the right on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 00 degrees 25' 38" West 197.99 feet; thence North 45 degrees 25' 38" West 149.00 feet to the point of beginning.

EXCEPTING THEREFROM as it affects the hereinabove described property, all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land or any other portion thereof, as reserved by deeds recorded in Book 90-06-15, Page 1400, and Book 77-09-23, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018.

Parcel No. 11

All that portion of Sections 25 & 36, T.7N., R.4E., & Sections 30 & 31, T.7N., R.5E., M.D.B. & M., as shown on that certain record of survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & a Portion of Sections 29, 30, 31, & 32, T.7N., R.5E., M.D.B. & M., recorded in the Office of the Recorder of Sacramento County in Book 33 of Surveys at Page 20, described as follows:

Beginning at the intersection of the Southerly line of the Northeast one-quarter of said Section 36, with the Easterly line of State of California Interstate Freeway Route 5; thence from said point of beginning along said Easterly line North 09 degrees 37' 18" West 3679.85 feet; thence curving to the left on an arc of 850.00 feet radius, from a radial bearing of South 07 degrees 48' 07" West, said arc being subtended by a chord bearing North 79 degrees 41' 59" East 528.21 feet; thence North 61 degrees 35' 52" East 804.84 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing North 69 degrees 00' 43" East 516.17 feet; thence South 13 degrees 34' 25" East 91.25 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 05 degrees 24' 57" East 567.60 feet; thence South 02 degrees 44' 31" West 845.60 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 10 degrees 46' 02" West 558.44 feet; thence curving to the left on an arc of reverse curvature with a radius of 2000.00 feet, said arc being subtended by a chord bearing South 01 degrees 44' 24" West

1173.00 feet; thence South 15 degrees 18' 46" East 1102.67 feet; thence South 89 degrees 40' 33" West 1280.34 feet to the point of beginning, containing 126.872 Acres, more or less, as set forth in Certificate of Compliance recorded November 15, 1990 in Book 90-11-15, Page 997 Official Records.

EXCEPTING FROM said property lying within Section 30, T7N, R5E, & Section 25, T7N, R4E, one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deeds recorded September 23, 1977 in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said Deed states, among other things, the following: "Provided however, the grantors shall not have any right to use the surface of said land or any other portion thereof above the depth of 500 feet."

FURTHER EXCEPTING FROM said property the Wetland Parcels lying within all those portions of Sections 25 and 36, T7N, R4E, and Section 30 and 31, T7N, R5E, M.D.M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & A Portion of Sections 29, 30, 31, & 32, T.7N., R.5E., M.D.B. & M." recorded in the office of the Recorder of Sacramento County in Book 33 of Surveys, at Page 20, described as follows:

Parcel No. 1

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Easterly line of Interstate 5 with the Northerly line of Elliott Ranch Road bears the following two (2) courses: (1) South 66 degrees 19' 55" West 224.33 feet, and (2) South 09 degrees 37' 18" East 2603.20 feet; thence from said point of beginning North 66 degrees 19' 55" East 21.00 feet; thence North 56 degrees 52' 42" East 52.42 feet; thence North 75 degrees 18' 05" East 58.70 feet; thence South 85 degrees 47' 04" East 83.92 feet; thence North 86 degrees 17' 47" East 78.13 feet; thence South 87 degrees 13' 34" East 83.61 feet; thence South 78 degrees 20' 19" East 104.66 feet; thence North 84 degrees 04' 10" East 149.13 feet; thence North 87 degrees 24' 23" East 178.11 feet; thence North 38 degrees 26' 58" East 79.06 feet; thence South 88 degrees 15' 01" East 138.56 feet; thence South 86 degrees 42' 38" East 248.33 feet; thence South 68 degrees 51' 55" East 46.42 feet; thence curving to the right on an arc of 1918.00 feet radius, from a radial bearing of South 85 degrees 21' 46" East, said arc being subtended by a chord bearing South 05 degrees 03' 33" West 28.25 feet; thence South 44 degrees 50' 40" West 25.50 feet; thence South 80 degrees 28' 26" West 69.10 feet; thence South 89 degrees 27' 56" West 72.26 feet; thence South 88 degrees 56' 31" West 147.71 feet; thence North 88 degrees 19' 27" West 77.17 feet; thence South 89 degrees 49' 13" West 190.90 feet; thence South 85 degrees 55' 41" West 194.78 feet; thence North 85 degrees 39' 00" West 70.91 feet; thence South 85 degrees 59' 07" West 74.48 feet; thence South 88 degrees 49' 34" West 64.73 feet; thence North

78 degrees 20' 52" West 59.39 feet; thence South 86 degrees 52' 09" West 80.52 feet; thence South 73 degrees 35' 25" West 108.65 feet; thence South 65 degrees 58' 49" West 46.47 feet; thence North 09 degrees 37' 18" West 41.17 feet to the point of beginning, containing 1.540 acres, more or less.

Parcel No. 2

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Easterly line of Interstate 5 with the Northerly line of Elliott Ranch Road bears the following two (2) courses: (1) South 2325.68 feet and (2) South 89 degrees 40' 33" West 972.13 feet; thence from said point of beginning curving to the right on an arc of 1923.00 feet radius, said arc being subtended by a chord bearing South 17 degrees 48' 16" West 66.32 feet; thence curving to the left on an arc of reverse curvature with a radius of 2077.00 feet, said arc being subtended by a chord bearing South 14 degrees 53' 23" West 282.75 feet; thence South 79 degrees 13' 11" West 5.26 feet; thence North 82 degrees 27' 35" West 19.02 feet; thence North 54 degrees 52' 17" West 42.98 feet; thence North 45 degrees 18' 59" West 79.85 feet; thence North 34 degrees 18' 08" West 66.98 feet; thence North 43 degrees 17' 44" West 98.12 feet; thence North 25 degrees 35' 18" West 106.91 feet; thence North 23 degrees 15' 35" West 88.42 feet; thence North 60 degrees 34' 40" West 228.11 feet; thence North 67 degrees 58' 22" West 73.45 feet; thence South 86 degrees 40' 26" West 139.00 feet; thence North 55 degrees 38' 50" West 83.63 feet; thence North 06 degrees 49' 35" West 40.24 feet; thence South 88 degrees 55' 47" East 83.77 feet; thence 85 degrees 19' 07" East 89.78 feet; thence North 85 degrees 57' 49" East 55.50 feet; thence South 88 degrees 28' 01" East 150.62 feet; thence North 84 degrees 54' 04" East 93.00 feet; thence South 88 degrees 25' 48" East 84.28 feet; thence South 46 degrees 02' 13" East 85.16 feet; thence South 23 degrees 47' 05" East 160.23 feet; thence South 29 degrees 53' 19" East 86.94 feet; thence North 79 degrees 58' 44" East 91.20 feet; thence South 89 degrees 15' 20" East 59.28 feet to the point of beginning, containing 3.873 acres, more or less.

PARCEL NO. 12

All that portion of Section 25, T.7N., R.4E., & Sections 29, 30, T.7N., R.5E., M.D.B. & M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & A Portion of Sections 29, 30, 31 & 32, T.7N., R.5E., M.D.B. & M.", recorded in the Office of the Recorder of Sacramento County in Book 33 of Surveys at Page 20, described as follows:

Beginning at the Intersection of the Northerly boundary of said Record of Survey with the Easterly right of way line of Interstate 5 as said intersection is shown on said Record of Survey; thence from said point of beginning along said Northerly boundary and the

projection thereof North 89 degrees 34' 22" East 8676.04 feet; thence along the Easterly boundary of said Record of Survey South 05 degrees 37' 28" East 2450.57 feet; thence leaving said Easterly boundary North 78 degrees 21' 06" West 655.62 feet; thence curving to the right on an arc of 2800.00 feet radius, said arc being subtended by a chord bearing North 64 degrees 04' 23" West 1381.18 feet; thence North 49 degrees 47' 39" West 100.00 feet; thence curving to the left on an arc of 2800.00 feet radius, said arc being subtended by a chord bearing North 70 degrees 06' 38" West 1944.35 feet; thence South 89 degrees 34' 22" West 2705.15 feet; thence curving to the left on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 75 degrees 35' 07" West 966.84 feet; thence South 61 degrees 35' 52" West 804.84 feet; thence curving to the right on an arc of 850.00 feet radius, said arc being subtended by a chord bearing South 79 degrees 41' 59" West 528.21 feet; thence North 09 degrees 37' 18" West 806.25 feet; thence North 08 degrees 11' 22" West 863.83 feet to the point of beginning.

EXCEPTING THEREFROM the Wetland parcel in all those portions of Section 25 Township 7 North, Range 4 East and Section 30, Township 7 North, Range 5 East, M.D.M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & A Portion of Sections 29, 30, 31 & 32, T.7N., R.5E., M.D.B. & M.", recorded in the office of the Recorder of Sacramento County in Book 33 of Surveys, at Page 20, described as follows:

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Northerly boundary thereof and the Easterly line of Interstate 5 bears the following two (2) courses: (1) North 41.69 feet and (2) South 89 degrees 34' 22" East 1315.12 feet; thence from said point of beginning North 89 degrees 39' 56" East 166.13 feet; thence North 70 degrees 01' 53" East 110.98 feet; thence South 65 degrees 59' 40" East 121.90 feet; thence South 83 degrees 32' 31" West 42.86 feet; thence South 76 degrees 30' 28" West 51.19 feet; thence South 67 degrees 34' 26" West 48.31 feet; thence South 05 degrees 03' 14" West 48.41 feet; thence South 07 degrees 42' 28" East 54.08 feet; thence South 14 degrees 32' 41" East 112.34 feet; thence South 16 degrees 25' 20" East 80.01 feet; thence South 12 degrees 41' 27" East 39.65 feet; thence South 26 degrees 52' 29" East 34.71 feet; thence South 16 degrees 20' 29" East 90.81 feet; thence South 05 degrees 34' 24" West 46.04 feet; thence South 84 degrees 37' 22" West 100.13 feet; thence North 48 degrees 24' 14" West 72.53 feet; thence North 37 degrees 06' 34" West 59.07 feet; thence North 21 degrees 00' 04" West 49.76 feet; thence North 03 degrees 16' 11" West 57.19 feet; thence North 12 degrees 46' 22" West 136.51 feet; thence North 10 degrees 51' 44" West 70.03 feet; thence North 29 degrees 16' 26" West 29.19 feet; thence North 27 degrees 57' 00" West 27.25 feet; thence North 40 degrees 15' 01" West 54.51 feet; thence North 27 degrees 29' 40" West 60.12 feet to the point of beginning, containing 2.320 acres, more or less.

EXHIBIT B

LEGAL DESCRIPTION OF THE ASSOCIATION PROPERTY

All that certain real property situated in the State of California, County of Sacramento, described as follows:

Parcel No. 1

Lots 25, 45 and 50, as said Lots are shown and so designated on the Amended Plat of "LAGUNA WEST UNIT NO. 1-A", recorded December 24, 1990, in Book 213 of Maps, Map No. 1, records of said County.

EXCEPTING THEREFROM said property lying within Section 30 T.7N., R.5E., M.D.M., one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the deeds recorded September 23, 1977, in Book 77-09-23, Official Records, Page 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said deed states, among other things, the following: "Provided however, the Grantors shall not have any right to the use of the Surface of said land or any other portion thereof above the depth of 500 feet".

Parcel No. 2

Lot 54, as said Lot is shown on "Laguna West Unit 1A, 208 B.M. 1", the Official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1.

EXCEPTING THEREFROM all that portion of Lot 54 described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning North 45 degrees 25' 38" West 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 89 degrees 34' 22" West 197.99 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 200.00 feet radius, from a radial bearing of North 04 degrees 01' 52" East, said arc being subtended by a chord bearing South 44 degrees 34' 22" West 303.97 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 89 degrees 34' 22" West 197.99 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the right on an arc of 200.00 feet radius, from a radial bearing of South 04 degrees 01' 52" West, said arc being subtended by a chord bearing North 44 degrees 34' 22" East 303.97 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence

curving to the right on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 00 degrees 25' 38" West 197.99 feet; thence North 45 degrees 25' 38" West 149.00 feet to the point of beginning.

EXCEPTING THEREFROM as it affects the hereinabove described property, all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land, without, however, any right to use the surface of said land or any other portion thereof, as reserved by deeds recorded in Book 90-06-15, Page 1400, and Book 77-09-23, Page 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018.

EXHIBIT C

LEGAL DESCRIPTION OF THE COMMERCIAL AREA

Parcel No. 1

All that portion of Sections 25 & 36, T.7N., R.4E., & Sections 30 & 31, T.7N., R.5E., M.D.B. & M., as shown on that certain record of survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & a Portion of Sections 29, 30, 31, & 32, T.7N., R.5E., M.D.B. & M., recorded in the Office of the Recorder of Sacramento County in Book 33 of Surveys at Page 20, described as follows:

Beginning at the intersection of the Southerly line of the Northeast one-quarter of said Section 36, with the Easterly line of State of California Interstate Freeway Route 5; thence from said point of beginning along said Easterly line North 09 degrees 37' 18" West 3679.85 feet; thence curving to the left on an arc of 850.00 feet radius, from a radial bearing of South 07 degrees 48' 07" West, said arc being subtended by a chord bearing North 79 degrees 41' 59" East 528.21 feet; thence North 61 degrees 35' 52" East 804.84 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing North 69 degrees 00' 43" East 516.17 feet; thence South 13 degrees 34' 25" East 91.25 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 05 degrees 24' 57" East 567.60 feet; thence South 02 degrees 44' 31" West 845.60 feet; thence curving to the right on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 10 degrees 46' 02" West 558.44 feet; thence curving to the left on an arc of reverse curvature with a radius of 2000.00 feet, said arc being subtended by a chord bearing South 01 degrees 44' 24" West 1173.00 feet; thence South 15 degrees 18' 46" East 1102.67 feet; thence South 89 degrees 40' 33" West 1280.34 feet to the point of beginning, containing 126.872 Acres, more or less, as set forth in Certificate of Compliance recorded November 15, 1990 in Book 90-11-15, Page 997 Official Records.

EXCEPTING FROM said property lying within Section 30, T7N, R5E, & Section 25, T7N, R4E, one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deeds recorded September 23, 1977 in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said Deed states, among other things, the following: "Provided however, the grantors shall not have any right to use the surface of said land or any other portion thereof above the depth of 500 feet."

FURTHER EXCEPTING FROM said property the Wetland Parcels lying within all those portions of Sections 25 and 36, T7N, R4E, and Section 30 and 31, T7N, R5E, M.D.M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N.,

R.4E., & A Portion of Sections 29, 30, 31, & 32, T.7N., R.5E., M.D.B & M." recorded in the office of the Recorder of Sacramento County in Book 33 of Surveys, at Page 20, described as follows:

Parcel No. 1

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Easterly line of Interstate 5 with the Northerly line of Elliott Ranch Road bears the following two (2) courses: (1) South 66 degrees 19' 55" West 224.33 feet, and (2) South 09 degrees 37' 18" East 2603.20 feet; thence from said point of beginning North 66 degrees 19' 55" East 21.00 feet; thence North 56 degrees 52' 42" East 52.42 feet; thence North 75 degrees 18' 05" East 58.70 feet; thence South 85 degrees 47' 04" East 83.92 feet; thence North 86 degrees 17' 47" East 78.13 feet; thence South 87 degrees 13' 34" East 83.61 feet; thence South 78 degrees 20' 19" East 104.66 feet; thence North 84 degrees 04' 10" East 149.13 feet; thence North 87 degrees 24' 23" East 178.11 feet; thence North 38 degrees 26' 58" East 79.06 feet; thence South 88 degrees 15' 01" East 138.56 feet; thence South 86 degrees 42' 38" East 248.33 feet; thence South 68 degrees 51' 55" East 46.42 feet; thence curving to the right on an arc of 1918.00 feet radius, from a radial bearing of South 85 degrees 21' 46" East, said arc being subtended by a chord bearing South 05 degrees 03' 33" West 28.25 feet; thence South 44 degrees 50' 40" West 25.50 feet; thence South 80 degrees 28' 26" West 69.10 feet; thence South 89 degrees 27' 56" West 72.26 feet; thence South 88 degrees 56' 31" West 147.71 feet; thence North 88 degrees 19' 27" West 77.17 feet; thence South 89 degrees 49' 13" West 190.90 feet; thence South 85 degrees 55' 41" West 194.78 feet; thence North 85 degrees 39' 00" West 70.91 feet; thence South 85 degrees 59' 07" West 74.48 feet; thence South 88 degrees 49' 34" West 64.73 feet; thence North 78 degrees 20' 52" West 59.39 feet; thence South 86 degrees 52' 09" West 80.52 feet; thence South 73 degrees 35' 25" West 108.65 feet; thence South 65 degrees 58' 49" West 46.47 feet; thence North 09 degrees 37' 18" West 41.17 feet to the point of beginning, containing 1.540 acres, more or less.

Parcel No. 2

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Easterly line of Interstate 5 with the Northerly line of Elliott Ranch Road bears the following two (2) courses: (1) South 2325.68 feet and (2) South 89 degrees 40' 33" West 972.13 feet; thence from said point of beginning curving to the right on an arc of 1923.00 feet radius, said arc being subtended by a chord bearing South 17 degrees 48' 16" West 66.32 feet; thence curving to the left on an arc of reverse curvature with a radius of 2077.00 feet, said arc being subtended by a chord bearing South 14 degrees 53' 23" West 282.75 feet; thence South 79 degrees 13' 11" West 5.26 feet; thence North 82

EXHIBIT C (Continued)

degrees 27' 35" West 19.02 feet; thence North 54 degrees 52' 17" West 42.98 feet; thence North 45 degrees 18' 59" West 79.85 feet; thence North 34 degrees 18' 08" West 66.98 feet; thence North 43 degrees 17' 44" West 98.12 feet; thence North 25 degrees 35' 18" West 106.91 feet; thence North 23 degrees 15' 35" West 88.42 feet; thence North 60 degrees 34' 40" West 228.11 feet; thence North 67 degrees 58' 22" West 73.45 feet; thence South 86 degrees 40' 26" West 139.00 feet; thence North 55 degrees 38' 50" West 83.63 feet; thence North 06 degrees 49' 35" West 40.24 feet; thence South 88 degrees 55' 47" East 83.77 feet; thence 85 degrees 19' 07" East 89.78 feet; thence North 85 degrees 57' 49" East 55.50 feet; thence South 88 degrees 28' 01" East 150.62 feet; thence North 84 degrees 54' 04" East 93.00 feet; thence South 88 degrees 25' 48" East 84.28 feet; thence South 46 degrees 02' 13" East 85.16 feet; thence South 23 degrees 47' 05" East 160.23 feet; thence South 29 degrees 53' 19" East 86.94 feet; thence North 79 degrees 58' 44" East 91.20 feet; thence South 89 degrees 15' 20" East 59.28 feet to the point of beginning, containing 3.873 acres, more or less.

PARCEL NO. 2

All that portion of Section 25, T.7N., R.4E., & Sections 29, 30, T.7N., R.5E., M.D.B. & M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & A Portion of Sections 29, 30, 31 & 32, T.7N., R.5E., M.D.B. & M.", recorded in the Office of the Recorder of Sacramento County in Book 33 of Surveys at Page 20, described as follows:

Beginning at the Intersection of the Northerly boundary of said Record of Survey with the Easterly right of way line of Interstate 5 as said intersection is shown on said Record of Survey; thence from said point of beginning along said Northerly boundary and the projection thereof North 89 degrees 34' 22" East 8676.04 feet; thence along the Easterly boundary of said Record of Survey South 05 degrees 37' 28" East 2450.57 feet; thence leaving said Easterly boundary North 78 degrees 21' 06" West 655.62 feet; thence curving to the right on an arc of 2800.00 feet radius, said arc being subtended by a chord bearing North 64 degrees 04' 23" West 1381.18 feet; thence North 49 degrees 47' 39" West 100.00 feet; thence curving to the left on an arc of 2800.00 feet radius, said arc being subtended by a chord bearing North 70 degrees 06' 38" West 1944.35 feet; thence South 89 degrees 34' 22" West 2705.15 feet; thence curving to the left on an arc of 2000.00 feet radius, said arc being subtended by a chord bearing South 75 degrees 35' 07" West 966.84 feet; thence South 61 degrees 35' 52" West 804.84 feet; thence curving to the right on an arc of 850.00 feet radius, said arc being subtended by a chord bearing South 79 degrees 41' 59" West 528.21 feet; thence North 09 degrees 37' 18" West 806.25 feet; thence North 08 degrees 11' 22" West 863.83 feet to the point of beginning.

EXCEPTING THEREFROM all those portions of Section 25 Township 7

North, Range 4 East and Section 30, Township 7 North, Range 5 East, M.D.M., as shown on that certain Record of Survey entitled "A Portion of Sections 25 & 36, T.7N., R.4E., & A Portion of Sections 29, 30, 31 & 32, T.7N., R.5E., M.D.B. & M.", recorded in the office of the Recorder of Sacramento County in Book 33 of Surveys, at Page 20, which is a Wetland Parcel, and described as follows:

Beginning at a point within the boundary of said Record of Survey, from which the point of intersection of the Northerly boundary thereof and the Easterly line of Interstate 5 bears the following two (2) courses: (1) North 41.69 feet and (2) South 89 degrees 34' 22" East 1315.12 feet; thence from said point of beginning North 89 degrees 39' 56" East 166.13 feet; thence North 70 degrees 01' 53" East 110.98 feet; thence South 65 degrees 59' 40" East 121.90 feet; thence South 83 degrees 32' 31" West 42.86 feet; thence South 76 degrees 30' 28" West 51.19 feet; thence South 67 degrees 34' 26" West 48.31 feet; thence South 05 degrees 03' 14" West 48.41 feet; thence South 07 degrees 42' 28" East 54.08 feet; thence South 14 degrees 32' 41" East 112.34 feet; thence South 16 degrees 25' 20" East 80.01 feet; thence South 12 degrees 41' 27" East 39.65 feet; thence South 26 degrees 52' 29" East 34.71 feet; thence South 16 degrees 20' 29" East 90.81 feet; thence South 05 degrees 34' 24" West 46.04 feet; thence South 84 degrees 37' 22" West 100.13 feet; thence North 48 degrees 24' 14" West 72.53 feet; thence North 37 degrees 06' 34" West 59.07 feet; thence North 21 degrees 00' 04" West 49.76 feet; thence North 03 degrees 16' 11" West 57.19 feet; thence North 12 degrees 46' 22" West 136.51 feet; thence North 10 degrees 51' 44" West 70.03 feet; thence North 29 degrees 16' 26" West 29.19 feet; thence North 27 degrees 57' 00" West 27.25 feet; thence North 40 degrees 15' 01" West 54.51 feet; thence North 27 degrees 29' 40" West 60.12 feet to the point of beginning, containing 2.320 acres, more or less.

Parcel No. 3

Lots 4 and 22 as shown on the Amended Map of Laguna West Unit 1-A, recorded in Book 213 of Maps, Map No. 1, in the office of the Recorder of Sacramento County.

EXHIBIT D

LEGAL DESCRIPTION OF RESIDENTIAL AREAS

All that real property situate in the County of Sacramento, State of California, more particularly described as follows:

Parcel No. 1

Lots 1 thru 81, inclusive, as shown on the Plat of "Laguna West Unit No. 2", recorded in Book 211 of Maps, Map No. 12, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

EXCEPTING THEREFROM said property lying within Section 30 T.7N., R.5.E., M.D.M., one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deed's recorded September 23, 1977, in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said deed states, among other things, the following: "Provided however, the Grantors shall not have any right to the use of the surface of said land or any other portion thereof above the depth of 500 feet."

Parcel No. 2

Lots 1 thru 41, inclusive, as shown on the Plat of "Laguna West Unit No. 9-A", recorded in Book 211 of Maps, Map No. 17, records of said County.

EXCEPTING THEREFROM all oil, gas, and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, Page 1400, Official Records.

Parcel No. 3

Lots 1, 2, 3, 4A & 4B, 5 thru 32, 33 A & 33B, and 34 thru 38, all inclusive, as shown on the Plat of "Laguna West Unit No. 6", recorded in Book 211 of Maps, Map No. 14, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 4

Lots 1 thru 13, 14A & 14B, 15 thru 39, 40A & 40B, 41 thru 46, 47A & 47B, 48 thru 78, and 79A & 79B, and Lot 80, all inclusive, as shown on the Plat of "Laguna West Unit No. 8", recorded in Book 211 of Maps, Map No. 16, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 5

Lots 30, 31, 32, 33A and 33B, and 34 thru ⁶⁸38, all inclusive, as shown on the Plat of "Laguna West Unit No. 5B", recorded in Book 211 of Maps, Map No. 13, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 6

Lots 1A and 1B, 2 thru 38, 39A and 39B, 40 thru 49, 50A and 50B, 51, 52 and 53, all inclusive, as shown on the Plat of "Laguna West Unit No. 7", recorded in Book 211 of Maps, Map No. 15, records of said County.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including but not limited to the rights to explore for, develop and remove such oil, gas and other hydrocarbon substances, inert gases, minerals and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever as reserved by Angelo K. Tsakopoulos in a Deed recorded in Book 90-06-15, page 1400, Official Records.

Parcel No. 7

Lots 1, 2, 3, 5, 7, 9, 14, 16, 17, 18, 19, 21, 23, 28, 29, 34 thru 36, 38, 39, 40, 41, 47, 49, 51, and 53, all inclusive, as shown on the "Amended Map of Laguna West Unit No.1-A" recorded in Book 213 of Maps, Map No. 1, records of said County.

EXCEPTING THEREFROM as it affects the hereinabove described property lying within Section 30, T.7N., R.5E., M.D.M., one-half of all minerals, oil, gas and other hydrocarbon substances, as excepted and reserved in the Deeds recorded September 23, 1977, in Book 77-09-23, Official Records, Pages 996, 998, 1000, 1002, 1004, 1007, 1010, 1012, 1014, 1016 and 1018; which said deed states, among other things, the following: "Provided however, the Grantors shall not have any right to the use of the surface of said land or any other portion thereof above the depth of 500 feet".

Parcel No. 8:

All that portion of Lot 54 as said lot is shown on "Laguna West Unit No. 1-A, 208 B.M. 1", the official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1, described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning North 45 degrees 25' 38" West 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 89 degrees 34' 22" West 197.99 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 200.00

feet radius, from a radial bearing of North 04 degrees 01' 52" East, said arc being subtended by a chord bearing South 44 degrees 34' 22" West 303.97 feet; thence South 44 degrees 34' 22" West 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing South 00 degrees 25' 38" West 197.99 feet; thence South 45 degrees 25' 38" East 149.00 feet to the point of beginning, containing 5.779 Acres, more or less.

Parcel No. 9

All that portion of Lot 54 as said lot is shown on "Laguna West Unit No. 1-A, 208 B.M. 1", the official Amended Plat of which is filed in the office of the Recorder of Sacramento County in Book 213 of Maps, Map No. 1, described as follows:

Beginning at a point within said Lot 54, from which the most Northerly corner thereof bears the following four (4) courses: (1) North 44 degrees 34' 22" East 147.68 feet, (2) North 45 degrees 25' 38" West 186.83 feet, (3) South 89 degrees 34' 22" West 538.79 feet and (4) North 00 degrees 25' 38" West 1630.00 feet; thence from said point of beginning South 44 degrees 25' 38" West 849.00 feet; thence South 45 degrees 25' 38" East 149.00 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 89 degrees 34' 22" East 197.99 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the left on an arc of 200.00 feet radius, from a radial bearing of South 04 degrees 01' 52" West, said arc being subtended by a chord bearing North 44 degrees 34' 22" East 303.97 feet; thence North 44 degrees 34' 22" East 132.51 feet; thence curving to the left on an arc of 140.00 feet radius, said arc being subtended by a chord bearing North 00 degrees 25' 38" West 197.99 feet; thence North 45 degrees 25' 38" West 149.00 feet to the point of beginning, containing 5.779 Acres, more or less.

EXHIBIT "E"

COUNTY CONDITION OF APPROVAL NOS. 33 AND 34,
REGARDING LAKE MANAGEMENT PLAN, DRAINAGE MAINTENANCE PLAN, AND
FINAL URBAN RUN-OFF TREATMENT/MONITORING PROGRAM

33. Prior to issuance of any building permit, the project developer/owner shall submit to the County Water Resources Division a Drainage Maintenance Plan which addresses the following:
- a. The agency or organization responsible for maintenance and operation of the lake and the wetland detention areas; a description of the maintenance activities, how they will be performed, and the possible environmental effects of such maintenance (including facility repair/replacement, water quality monitoring, silt removal and disposal, etc.); and description of the mechanism to fund these operations.
 - b. Same as a. for maintenance and operation of any proposed sedimentation/filtration basins;
 - c. An assessment of the potential maintenance problems and frequency of these problems associated with submerged pipe outfalls (including silt accumulation, road subbase deterioration, etc.); a description of the maintenance activities to prevent or remedy these problems; and the possible environmental effects of these operations; and
 - d. Compatibility with any Wetland Mitigation Program ultimately adopted for the project by the U.S. Army Corps of Engineers.
34. Prior to the approval of building permits the project developer/owner shall submit a Final Lake Management Plan and Final Urban Runoff Treatment/Monitoring Program for the project to the County for review and approval. These Final Plans/Programs shall be designed with the intention of achieving water quality objectives for the protection of freshwater aquatic life and human health to the extent economically and technologically feasible, as determined by the County Water Resources Division, and shall be approved by the County Water Resources Division in consultation with the California Regional Water Quality Control Board, and the County Environmental Impact Section. These Final Plans/Programs shall include, but may not be limited to, the following components:
- a. A description of all physical components of the plans. For example, the specific location and design of all Best Management Practices (BMP's) to be utilized for the treatment of urban runoff shall be identified and included on exhibits consistent with finally approved land use plans;

- b. A description of the specific objectives of the Plans/Programs;
- c. A description of the specific water quality performance standards that the Plans/Programs are designed to achieve;
- d. A maintenance plan for the selected EMP's which will identify how frequently bottom sediments and aquatic vegetation within the proposed lake, wet ponds or other EMP's will be monitored and harvested to maximize pollutant control, and which will identify the proposed disposal methods for such harvested materials. Such harvested materials shall be utilized/disposed of in a manner reviewed and approved by the County Solid Waste Management division of the Department of Public Works and the Hazardous Materials Division of the Environmental Management Department.
- e. Monitoring procedures to be employed to determine whether the lake and other urban runoff EMP's are achieving the water quality performance standards set forth in the Final Plans/Programs. All aspects of monitoring (what, when, where, how) and reporting procedures shall be indicated. Procedures for measuring and reporting the levels of metals, general parameters, nutrients, selected priority pollutants, toxicity and other pollutants of concern as determined by the County Water Resources Division in untreated urban runoff entering the treatment system, and the levels of metals, general parameters, nutrients, selected priority pollutants, toxicity and other pollutants of concern as determined by the County Water Resources Division at outfalls from the project site shall be indicated.
- f. Description of an economically and technologically feasible contingency plan which will be implemented if the performance standards of the Plans/Programs are not being met;
- g. Identification of the entity(s) which will be responsible for the funding and operation of the Plans/Programs.
- h. An acknowledgement that any future changes in the approved Plan/Programs will be subject to the approval of the County Water Resources Division with input from the California Regional Water Quality Control Board and the County Environmental Impact Section.

EXHIBIT "F"

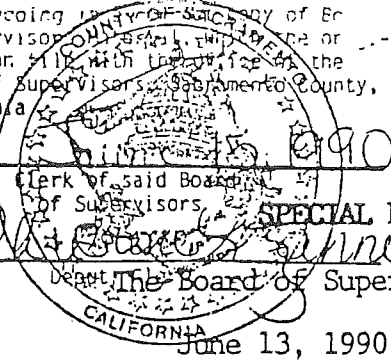
TRANSPORTATION MANAGEMENT PLAN REQUIREMENTS

12. A Transportation Management Plan shall be prepared prior to or concurrently with completion of the interchange at I-5 and Laguna Boulevard and shall include:
- a. Measures designed to achieve and maintain a 30% reduction in peak hour vehicle trips generated by nonresidential uses compared to the situation where all employees commute to and from work in a single occupancy vehicle. Mandatory components of the program shall include, and credit shall be given for:
- Provision of two (2) bus shelters at the above referenced park-and-ride lot and additional bus shelters at other locations in the project pursuant to the County Trip Reduction Ordinance, as such ordinance may be amended, prior to the approval of a tentative subdivision map including land on which RT desires a bus shelter. The duty to provide the two (2) bus shelters shall arise at such time as regularly scheduled bus service is provided to the project.
 - Creation of an on-site Commute Alternatives Center staffed by a Transportation Coordinator to act as a liaison with property owners, major tenants, the Transportation Coordinators in neighboring employment centers to disseminate and exchange trip reduction information and manage various aspects of the TMP.
 - Provision of a bicycle/pedestrian circulation system in the project, linking housing with commercial and recreational uses and employment sites.
 - An annual monitoring program to evaluate the effectiveness of the TMP and the extent to which the TMP has been implemented. An annual report which summarizes the results of this monitoring shall be submitted to the County.
 - Enforcement mechanisms (e.g., fines) to encourage prompt and full implementation of the TMP, including identification in the annual monitoring report of any major employer who has failed to comply with any TMP or County trip reduction ordinance requirement.
 - A financing mechanism which will generate sufficient funds to implement the TMP.
- b. A Transportation Management Plan for the residential uses designed to reduce peak hour trip generation by at least 3%.

EXHIBIT "G"

SPECIAL DEVELOPMENT PERMIT NO. 90-SPBS-0002

The foregoing is the official record of the Board of Supervisors of Sacramento County, California.



Dated June 13, 1990

By [Signature] Clerk of said Board of Supervisors, SPECIAL DEVELOPMENT PERMIT NO. 90-SPBS-0002

The Board of Supervisors of Sacramento County, at its regular meeting on June 13, 1990, granted a Special Development Permit

pursuant to the provisions of the Zoning Code of Sacramento County for a project known as Laguna Creek Ranch Unit No. 4 located on the north side of Elliott Ranch Road between I-5 and the Western Pacific Railroad tracks in the community of Franklin/Laguna, subject to the standards and conditions as set forth herein.

SECTION 1. DEVELOPMENT STANDARDS APPLICABLE: Upon issuance of this permit, the property described in Exhibit "F-1", the Tentative Subdivision Map for Laguna Creek Unit No. 4 and located within the area regulated by the area's Comprehensive Zoning Plan and the Franklin/Laguna Community Plan Land Use Map shall be developed pursuant to the development standards and conditions set forth in this Special Development Permit. Upon the issuance of any building permit for the commencement of construction of any building or any driveways or the improvement of any common area or the construction of any streets pursuant to the development standards set forth in this Permit, the standards set forth in this Permit shall apply.

SECTION 2. EXHIBIT(S) INCORPORATED: Exhibit "A", described as the Building Development Standards for Laguna Creek Ranch Unit No. 4,, Assessor's Parcel Nos. 119-0120-005, 009, 024, 025, 026, 027 and 119-0230-033, 052, 053, attached to this Permit incorporated herein and made a part of this Permit to regulate the property described in Exhibit "F-1". The Exhibit(s) noted above are on file in the office of the Department of Planning and Community Development and made a part of this permit as if fully set forth herein.

SECTION 3. PERMITTED USES: As this is a mixed use of RD-1, RD-4, RD-5, RD-7, RD-15, RD-20, RD-25, RD-30, O, LC, TC, MP and M-1 zoning, those uses in Table I, Table II, and Table IV of the Sacramento County Zoning Code, as permitted in the various zones shall be permitted in the area regulated by this Special Development Permit, subject to the conditions specified in said tables, and the conditions and provisions of this Permit and other ordinances and agreements adopted in conjunction with this project.

SECTION 4. DEVELOPMENT STANDARDS: The property described in Exhibit "F-1" may be developed according to the standards of this Special Development Permit and set forth in Exhibit "A". The development standards applicable to development in the Land Use Zones and set forth in the Sacramento County Zoning Code and other requirements set forth in said Code, shall be applicable to the development under this Permit except where such standards are inconsistent with the express provisions set forth in this Permit. The Board of Supervisors recognizes that in construction of a project of this kind, minor deviations in the property as set forth in Exhibit(s) noted above may occur. The Board, having considered this possibility, has determined that insubstantial deviations from the Exhibit(s) do not constitute an amendment to the plan and delegates to the Director of the Planning and Community Development Department the authority to approve such changes.

SECTION 5. CONDITIONS PERTINENT TO THIS PERMIT:

1. This action does not relieve the applicant of the obligation to comply with all ordinances, statutes, regulations and procedures applicable at the time of development. Any required subsequent procedural actions shall take place within 36 months of the date on which the permit became effective or this action shall automatically be null and void.

2. Residential accessory dwellings ("granny flats") may be constructed on any residential lot with a primary dwelling unit subject to the following requirements:
 - a. Applicant shall be allowed two granny flats for every dwelling unit yield below 3,370. The total number of dwelling units including granny flats shall not exceed 3,647 units.
 - b. No more than one "granny flat" per lot, and only on lots with detached garages.
 - c. "Granny Flats" to be located above detached garages.
 - d. Minimum of three off-street parking spaces shall be required for any residential lot with a "granny flat" in the RD-5 zone. Minimum of two off street parking spaces shall be required for R-15 residential lots with granny flats in town center area. For the eastern portion of the project two off-street parking spaces shall be required for any residential lot with "granny flat" in the RD-7 area; for the remaining portion of the project as shown on Exhibit "F-I" the Board of Supervisors shall review parking requirements prior to issuance of building permits.
 - e. "Granny Flats" shall be set back at least six (6) feet from alleys.
 - f. Development plan approval required by the Planning Department, with particular attention to access and parking arrangement, and for the additional purpose of monitoring total project yield.
3. Any proposed residential accessory dwelling which differs from the parameters established in Condition 2 (e.g., located at grade, or in a separate structure on a lot without a detached garage) requires approval of a Use Permit by the Zoning Administrator as regulated by the Zoning Code.

4. Provide electrical outlets for automatic garage door openers for any garage with alley access.
5. Detached garages along alleys shall be set back at least six (6) feet from alley right-of-way.
6. A minimum 2-foot wide planter shall be constructed adjacent to any alley right-of-way.
7. Comply with all conditions of the zoning agreement for this project, adopted by Resolution No. 90-0917.

SECTION 6. FINDINGS: During the public hearings on this Permit, the Board of Supervisors determined:

- (1) That the proposed development will carry out the intent of the General Plan and the appropriate community plan.
- (2) That the proposed development is of sufficient size and is designed so as to provide a desirable environment within its own boundaries.
- (3) That the proposed development is compatible with existing and proposed land uses in the surrounding area.
- (4) That any exceptions to or deviation from the use or density requirements or design standards of the Land Use Zone in which the property is located, or of Title III of this Code are justified by the design of the development.
- (5) That there is adequate assurance that all public improvements will be installed at the scheduled times as required by the Public Works Department.
- (6) That there is adequate assurance that the development design will be provided.
- (7) That the existing or proposed utility services are adequate for the uses and population densities proposed.

The Board also finds that the project will not be a hazard or nuisance in the community at large nor establish a use or development inconsistent with the goals, objectives, and policies of the General Plan and the appropriate community plan.

On a motion by Supervisor Illa Collin, seconded by Supervisor Grantland Johnson, the foregoing special development permit was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, at a regular meeting thereof, this 13th day of June, 1990, by the following vote, to wit:

AYES: Supervisors: Collin, Smoley, G. Johnson
NOES: Supervisors: T. Johnson, Streng
ABSENT: Supervisors: None

Grantland Johnson
Chairman of the Board of Supervisors
of the County of Sacramento
State of California

ATTEST: Renee A. Williams
Clerk of the
Board of Supervisors

FILED

JUN 13 1990

BOARD OF SUPERVISORS
BY Renee A. Williams
CLERK OF THE BOARD

In accordance with Section 25123 of the Government Code of the State of California, a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento, on

JUN 13 1990

Christie L. Zanni
Deputy Clerk, Board of Supervisors

Exhibit "A"
SPECIAL DEVELOPMENT PERMIT

BUILDING DEVELOPMENT STANDARDS

I. SETBACKS

A. Front Yard/Side Street Yard

1. RD 1-7 Request 12' 6" front yard building setback from edge right-of-way (or, in the case of split sidewalks, from the back of walk) for porches and entryway features, 17' 6" for inhabited structures (exclusive of garages).
12' 6" side street yard setback.
2. RD 15 Request 14' building setback from edge of right-of-way for townhomes.
3. RD 20-30 Request 18' building setback from edge of right-of-way.
4. MP (within Town Center) Request 18' building setback from edge of right-of-way.
5. Commercial Request Right to have covered sidewalks with overhang (within town) up to 4' from right-of-way and building setback of 14' from right-of-way.

B. Side Yard

1. RD 1-5 Request 5' 0" building setback for two-story structures.
Request 0' building setback for detached garages and for garage where there is a side drive leading to the garage.
Request Allow parking in side yards for side drives.
2. RD 7 Request 0' setback on one side and 10' setback on other side with right to put non-inhabited garages at 0' setback on such other side. Alternatively, 5' side yard setback on both sides of both one and two story buildings.
3. RD 15 Request 0' setback on both side yards.
4. RD 20 & 30 Request 0' setback on both side yards.

5. Commercial (within Town Center) Request 0' building setback.

C. Rear Yard

1. RD 1-7 (without alleys) Request 15' building setback for all structures except for detached garages which would be allowed a 0' building setback, except for RD-1, which will require a 125' rear yard setback.
2. RD 1-7 (with alleys) Request For areas where alley schemes may be used, ability to have second story granny flats above garages with 6' setback from alley (see "granny flats" as requested in Section III) (see Exhibit A-4 for potential locations).
3. RD 15 Request 20' building setback from edge of lake.

II. LOT SIZES

- A. RD 1 Request 40,000 minimum square feet.
- B. RD 5 Request 4,600 minimum square feet with minimum lot depths of 85'.
- C. RD 7 Request 4,000 minimum square feet with minimum lot depths of 80'.
- D. RD 15 Request 25' minimum width with 2,500 minimum square feet.
- E. The calculation of minimum lot sizes includes the alley to the centerline of the alley, even if such alley is dedicated as a Public right-of-way.

III. GRANNY FLATS

- A. RD 1, 4, 5 & 15 Request 1 additional granny flat per lot located above detached garages subject to the condition set forth below.

This request is subject to the project developing out at a lesser density than shown on the originally submitted tentative map.