

RECORDING REQUESTED BY, AND  
WHEN RECORDED MAIL TO:

Presley of Southern California  
17991 Mitchell South  
Irvine, CA 92714-6095  
Attention: Carol Urbanski

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK P.M.

APR 10 1987  
Recorded in Official Records  
of Riverside County, California  
*William S. Brown*  
Recorder  
Fees \$

100128

(Space Above For Recorder's Use)

SUPPLEMENTAL DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS AND  
RESERVATION OF EASEMENTS FOR  
SUN LAKES COUNTRY CLUB  
(Phase 1)

This Supplemental Declaration is made by PRESLEY OF SOUTHERN CALIFORNIA, a California corporation ("Declarant").

R E C I T A L S

A. Declarant is the "Declarant" under that certain Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club (the "Declaration"). The Declaration was recorded on APRIL 10, 1987, as Instrument No. 100128 of Official Records in the Office of the Riverside County Recorder.

B. Declarant is the owner of Lots 1 to 18, inclusive, and Lots 45 to 73, inclusive, and Lots 127 to 134, inclusive, of Tract No. 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive of Maps in the Office of County Recorder for the County of Riverside, State of California (the "Phase 1 Property").

C. Declarant desires to develop the Phase 1 Property as a single-family residential project (the "Project"), and in connection therewith desires to create, establish and reserve sideyard easements on over and across certain portions of some or all of the Lots which comprise the Phase 1 Property, in accordance with the provisions hereof.

D. Declarant intends that the covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall be in addition to all of the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges set forth in the Declaration, and that this instrument is and shall be deemed to be a "Supplemental Declaration" as described in Section 3.05 of the Declaration.

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NOW, THEREFORE, Declarant hereby declares that all of the Phase 1 Property shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following covenants, conditions, restrictions, easements, and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Phase 1 Property, in furtherance of a general plan for the protection, maintenance, subdivision, improvement, sale and lease of the Phase 1 Property, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitudes, as set forth herein shall run with the Phase 1 Property and shall be binding upon all persons having any right, title or interest in the Phase 1 Property, or any part thereof, their heirs, successive Owners and assigns; and shall inure to the benefit of every portion of the Phase 1 Property and any interest therein; and shall inure to the benefit of and be binding upon each Owner and his or her respective successors-in-interest.

Section 1.01. Sideyard Easements. In order to create a system of sideyard easements within the Phase 1 Property, Declarant hereby creates, establishes and reserves perpetual exclusive easements appurtenant to certain Lots (the "Dominant Tenement") on, over and across certain portions of an adjacent Lot (the "Servient Tenement"). All sideyard easements are three feet (3') in width, except as otherwise specifically shown on Exhibit "A" attached hereto. Additionally, if the edge of the driveway on the Servient Tenement is located within five feet (5') of the property line between the Dominant and Servient Tenements, the front yard portion of the sideyard easement shall extend to the edge of said driveway. The sideyard easements shall be for the purposes of landscaping, drainage, the establishment of a general recreational or garden area and purposes related thereto, subject to the following provisions:

a. Except in the event of an emergency, the Owner of the Servient Tenement shall give the Owner of the Dominant Tenement at least twenty-four (24) hours notice of his intention to enter on the easement area, and shall perform all necessary work during reasonable daylight hours. In the event of an emergency, such entry may be made at any time and without notice. Under all circumstances the Owners shall cooperate to minimize the duration of the work and inconvenience to the Dominant Tenement.

- b. The Owner of the Servient Tenement shall have the right of drainage over, across and upon the sideyard easement area for water draining from any Residence or other structure located upon the Servient Tenement so long as such drainage does not unreasonably interfere with the intended use of the easement area.
- c. Notwithstanding the provisions of subparagraph (b) above, the Owner of the Servient Tenement shall not have the right to concentrate drainage from the Servient Tenement in, under, through or across the easement area, except for roof drainage as hereinabove provided, and except to the extent any such drainage results from the established surface drainage pattern as originally constructed by Declarant, including any natural swale areas and underground or surface drainage devices, or unless the prior written approval of the Owner of the Dominant Tenement is obtained in a written instrument recorded in the Office of the County Recorder of Riverside County. The Owner of the Servient Tenement shall have the right of entry upon the sideyard easement area for the installation (if applicable), maintenance and repair of the drainage systems permitted by the foregoing, providing that any damage caused thereby the landscaping or other items existing in the sideyard easement area will be repaired at the sole expense of the Owner of the Servient Tenement as soon as reasonably possible following the completion of such installation, maintenance or repair;
- d. The Owner of the Dominant Tenement shall not (i) drive or attach any nails, screws, bolts or other object to the exterior wall of the Residence located on the Servient Tenement, (ii) disturb the grading of the sideyard easement area, (iii) plant any tree, whatsoever on the easement area, or (iv) otherwise erect, plant or install any Improvement on the easement area which may unreasonably interfere with or threaten the structural integrity of the Residence located on the Servient Tenement, or which would unreasonably impede any necessary maintenance, repairs or restoration of the exterior wall of the Residence located on the Servient Tenement.
- e. In exercising the right of entry upon the easement area as provided for above, the Owner of the Servient Tenement agrees to utilize reasonable care not to damage any landscaping or other Improvements existing in the sideyard easement area; and the Owner of the Servient Tenement shall be responsible for any damage to such landscaping or other

Improvements to the extent such damage cannot be reasonably avoided in connection with each entry upon the sideyard easement area for authorized purposes;

f. The Owner of the Servient Tenement shall have the right, without the need of any prior approval of the Owner of the Dominant Tenement, to utilize the easement area for the installation, repair and maintenance of underground drainage and utility systems provided that (i) such facilities and systems are limited to that which is necessary to service pools, spas, fountains, or similar Improvements constructed on the Servient Tenement, (ii) such facilities and systems do not unreasonably restrict the intended use and enjoyment of the sideyard easement area, and (iii) any damage to landscaping or other items existing in the sideyard easement area caused thereby shall be repaired at the sole expense of the Owner of the Servient Tenement and shall be accomplished as soon as reasonably possible following the completion of any such installation, repair or maintenance. Any and all Improvements to be constructed within a sideyard easement area must comply with all applicable governmental ordinances, rules and regulations, and nothing in this Declaration shall be construed as authorizing the construction of any Improvements in violation of any governmental ordinances, rules and regulations.

g. In the event any chimney, eave overhang, foundation footings, drainage systems or other similar Improvements or structures originally constructed by Declarant, for the Residence located on a Servient Tenement, encroach onto the easement area, the Servient Tenement shall have the right and easement for such encroachment, and the Owner of the Servient Tenement shall have the right as provided hereinabove to enter upon the easement area in order to perform work related to the maintenance of such encroachments. The Owner of the Servient Tenement agrees to utilize reasonable care not to damage any landscaping or other items existing in the easement area, and shall repair any damage caused by such entry as soon as reasonably possible following the completion of such work.

h. The relationship between the Lots in the Phase 1 Property as Dominant and/or Servient Tenements is set forth on Exhibit "B" attached hereto.

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i. Any wall or fence which generally parallels the street in front of the Residence located on a Dominant Tenement and connects to the wall of the Residence located on the Servient Tenement is referred to herein as a "front yard fence." As a result of the sideyard easement system of ownership, that portion of a front yard fence which divides the front and rear portions of an easement area on the Servient Tenement is of primary benefit to the Owner of the Dominant Tenement to which the easement area is appurtenant. Accordingly, the Owner of the Dominant Tenement shall, at his sole cost and expense, maintain and perform all structural repairs to the front yard fence so as to keep same in a neat, safe and attractive condition at all times; provided, however, if any maintenance or repairs are due to any negligent or intentional acts or omissions of the Owner of the Servient Tenement, or his Family, lessees, tenants, guests or invitees, the Owner of the Dominant Tenement shall be entitled to reimbursement from the Owner of the Servient Tenement for all costs to repair or restore the front yard fence.

j. Any wall or fence which is generally located parallel to the easement area and extends between the Residence located on the Servient Tenement and the rear property line of the Lot is referred to herein as a "sideyard fence." The Owners of the Dominant and Servient Tenements shall keep said fence in a neat, safe and attractive condition at all times, and shall share equally in all costs of maintaining and repairing said fence; provided however, if any maintenance or repairs are due to any negligent or intentional acts or omissions of either Owner, or his Family, lessees, tenants, guests or invitees, such Owner shall be solely responsible for all such costs and expenses.

Section 1.02. Right of Contribution. The right of any Owner to contribution from any other Owner for work performed pursuant to this Supplemental Declaration shall be appurtenant to and shall run with the land and shall be binding upon the Owners and their successors, assigns and grantees. Notwithstanding the foregoing, the duty and obligation to pay contribution for work already performed pursuant to the provisions of this Article shall not run with the land to or be binding upon (i) any first mortgagee who obtains title pursuant to either a foreclosure under its deed of trust or by a deed in lieu of foreclosure, or (ii) any purchase at a foreclosure sale.

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Section 1.03 Arbitration of Disputes. In the event of any dispute arising concerning the rights and obligations created by this Supplemental Declaration, the Owner of the Servient Tenement and the Owner of the Dominant Tenement shall each choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision of a majority of all the arbitrators shall be binding upon such Owners.

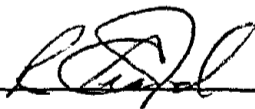
Section 1.04 Mortgagee Protection. A breach of any of the covenants, conditions, restrictions and equitable servitudes contained in this Supplemental Declaration shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any Lot; provided, however, that any subsequent Owner of such Lot shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

Section 1.05 Definitions. Except as otherwise provided in this Supplemental Declaration, the capitalized terms used in this Supplemental Declaration shall have the same meanings as any identical terms which are defined in the Declaration. This Supplemental Declaration is intended to supplement, and not to amend in any way, any provisions of the Declaration.

This Supplemental Declaration has been executed on April 3, 1987, in Irvine, California.

PRESLEY OF SOUTHERN CALIFORNIA,  
a California corporation

By:   
Its: Vice President

By:   
Its: Vice President

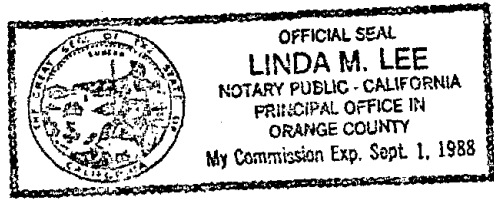
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STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF ORANGE

On April 3, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared Alan D. Uman and R. Crawford, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Vice President and Vice President of PRESLEY OF SOUTHERN CALIFORNIA, the corporation therein named, and acknowledged to me that such corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

*Linda M. Lee*







# Exhibit 'A' Tract No. 21479

## PHASE 1

### LEGEND

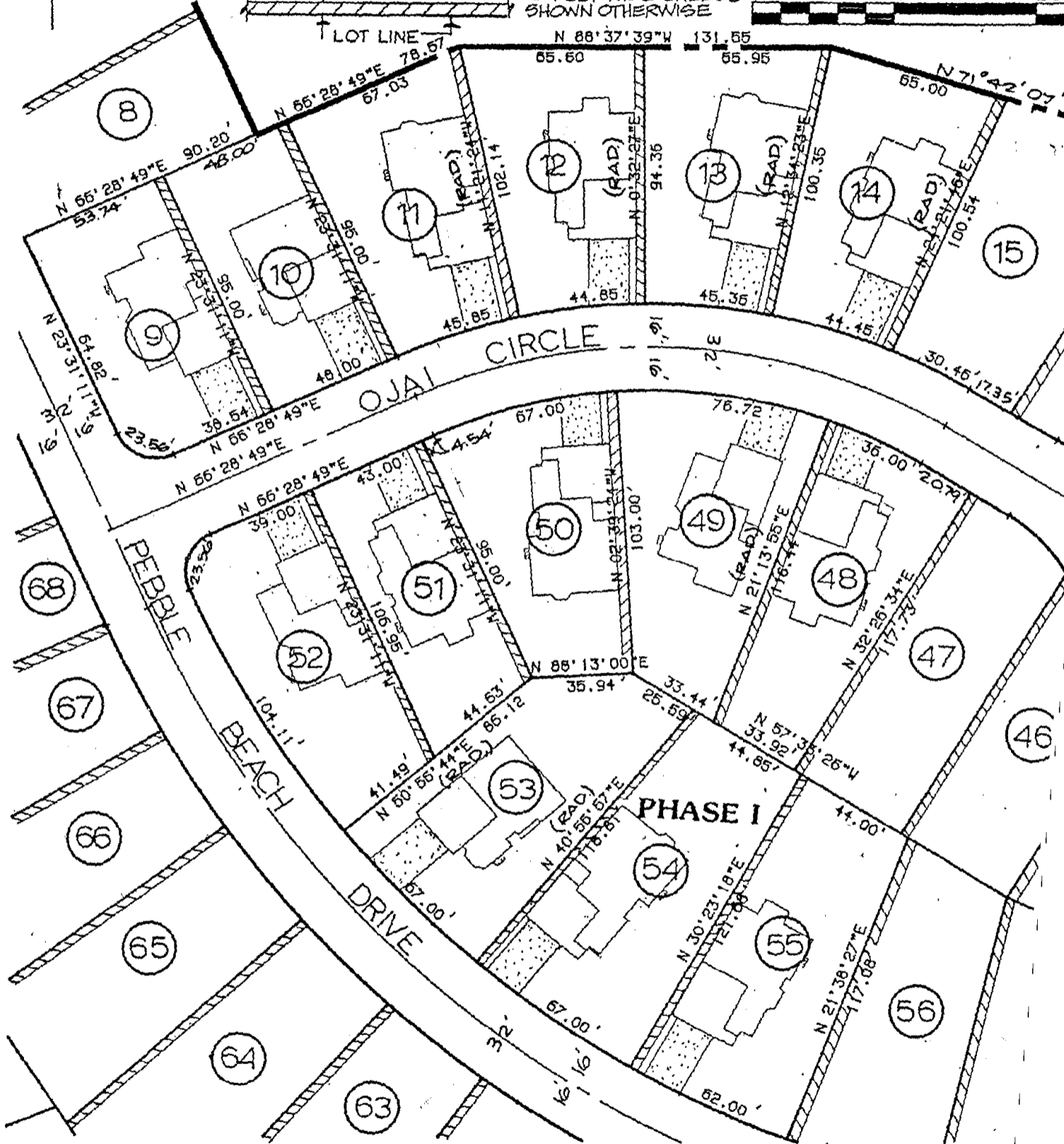
LOT NUMBER → (2)

SIDEYARD EASEMENT  
3 FEET WIDE UNLESS  
SHOWN OTHERWISE

SCALE IN FEET

0 50

SCALE:  
1" = 50'



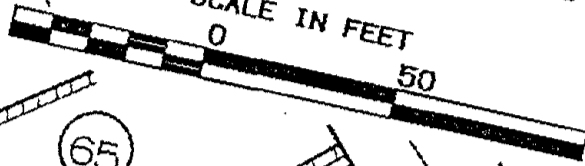


# Exhibit 'A'

## Tract No. 21479

100129

SCALE IN FEET



PHASE I

SCALE: 1" = 50'

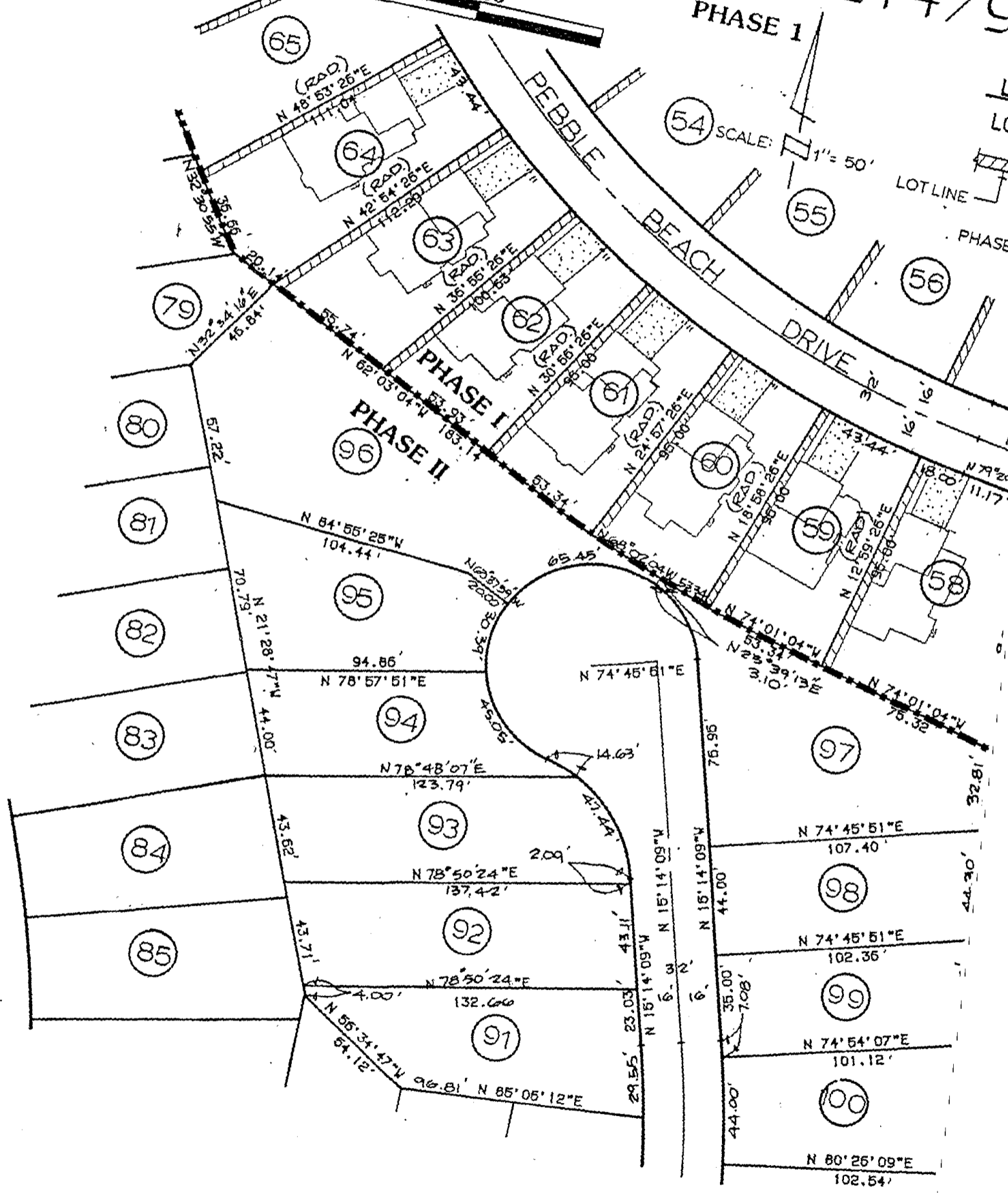


EXHIBIT "B"

DOMINANT TENEMENT

SERVIENT TENEMENT

Lot 1 of Tract 21479  
Lot 2 of Tract 21479  
Lot 3 of Tract 21479  
Lot 4 of Tract 21479  
Lot 5 of Tract 21479  
Lot 6 of Tract 21479  
Lot 7 of Tract 21479

Lot 2 of Tract 21479  
Lot 3 of Tract 21479  
Lot 4 of Tract 21479  
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Lot 69 of Tract 21479  
Lot 70 of Tract 21479  
Lot 72 of Tract 21479

Lot 127 of Tract 21479

Lot 126 of Tract 21479  
(Proposed Phase II)

Lot 128 of Tract 21479  
Lot 129 of Tract 21479  
Lot 130 of Tract 21479  
Lot 131 of Tract 21479

Lot 127 of Tract 21479  
Lot 128 of Tract 21479  
Lot 129 of Tract 21479  
Lot 130 of Tract 21479

Lot 133 of Tract 21479  
Lot 134 of Tract 21479

Lot 132 of Tract 21479  
Lot 133 of Tract 21479

END

Chicago

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

PRESLEY OF SOUTHERN CALIFORNIA  
17991 Mitchell South  
Irvine, California 92714  
Attn: Carol Urbanski

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(Space Above For Recording)

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AT 2:00 O'CLOCK P.M.

APR 10 1987

Filed in Official Records  
of Riverside County, California

*William E. Egan*  
Recorder

Fees \$

548440-7

DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
AND  
RESERVATION OF EASEMENTS FOR  
SUN LAKES COUNTRY CLUB

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 CONDITIONS AND RESTRICTIONS, AND  
 RESERVATION OF EASEMENTS FOR  
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EXHIBITS

<u>Description</u>	<u>Designation</u>
The First Subdivisions	Exhibit "A"
Annexable Area	Exhibit "B"
The Association Properties Within the First Subdivisions	Exhibit "C"
Maintenance Areas	Exhibit "D"
Golf Course Property	Exhibit "E"
Trust Property	Exhibit "F"

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MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS, AND  
RESERVATION OF EASEMENTS FOR  
SUN LAKES COUNTRY CLUB

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS FOR SUN LAKES COUNTRY CLUB (hereinafter referred to as the "Declaration") is dated this 2nd day of April, 1987, and is made by PRESLEY OF SOUTHERN CALIFORNIA, a California corporation (hereinafter referred to as "Declarant").

P R E A M B L E:

A. Declarant is the Owner of that certain real property located in the City of Banning, County of Riverside, State of California, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "First Subdivisions"). (Various capitalized terms used in this Preamble are defined in Article II hereinbelow).

B. Declarant also is the Owner of that certain real property located in the City of Banning, County of Riverside, State of California, more particularly described in Exhibit "B" attached hereto and incorporated herein by this reference (the "Annexable Area").

C. Declarant proposes to develop the First Subdivisions, and any portions of the Annexable Area which are annexed thereto pursuant to this Declaration (the "Subject Property"), as a master planned residential community in substantial compliance with the Amendment to Specific Plan 1982-02, adopted by the City Council of the City of Banning on April 22, 1986 (the "Development Plan"), as the Development Plan may be revised from time to time in accordance with the ordinances of any applicable state and local governmental entities. The development of the Subject Property shall also be consistent with the plan of development submitted by Declarant and approved by the United States Veteran Administration ("VA") and/or the Federal Housing Administration ("FHA").

D. Declarant has deemed it desirable to establish a general plan for the development, maintenance, care, improvement, use and management of the Subject Property, and in furtherance thereof, to impose protective covenants, conditions, restrictions, reservation, easements, equitable servitudes, liens and charges ("Protective Covenants") on the Subject Property for the purpose of protecting and preserving the value, desirability and attractiveness of the Subject Property.

E. Declarant has further deemed it desirable for the efficient enforcement of the Protective Covenants and for the protection and preservation of the value, desirability and attractiveness of the Subject Property to create a corporation which shall be delegated and assigned the powers and duties of (i) owning, maintaining and administering the Association Properties for the benefit of its Members and authorized guests, and (ii) administering and enforcing the Protective Covenants contained herein.

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F. SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (the "Association") has been or will be incorporated for the purpose of exercising the aforesaid powers and duties. The Members of the Association shall be Declarant, any Participating Builders and the Owners of Lots or Condominiums in the Subject Property.

G. This Declaration is intended to create equitable servitudes and covenants applicable to and running with all of the Subject Property to assist in the coordination and protection of the Development Plan for the entire master planned residential community. Declarant and any Participating Builder (with Declarant's consent) may execute, acknowledge and record a Supplemental Declaration affecting solely a "Condominium Project" or "Planned Development" so long as Declarant or the Participating Builder owns all of the real property to be affected by the Supplemental Declaration. The Supplemental Declaration may impose further conditions, covenants and restrictions for the operation, protection and maintenance of the Planned Development or Condominium Project, taking into account the unique aspects of concern to Owners of Lots or Condominiums in the Planned Development or Condominium Project. The Supplemental Declaration may provide for a Sub-Association of Owners with rights and powers reasonably necessary to control the operation and maintenance of the Planned Development or Condominium Project, including, without limitation, the right to assess the Owners within the Planned Development or Condominium Project for the cost of such operation and maintenance.

NOW, THEREFORE, Declarant declares that it does hereby establish a general plan for the development, maintenance, care, use and management of the Subject Property, and that all of the Subject Property shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the Protective Covenants, conditions and restrictions set forth herein, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Subject Property, in furtherance of a general plan for the development, maintenance, care, improvement, use and management of the Subject Property or any portion thereof. The Protective Covenants set forth herein shall run with the Subject Property and shall be binding upon all persons having any right, title or interest in the Subject Property, or any part thereof, their heirs, successive Owners and assigns; and shall inure to the benefit of every portion of the Subject Property and any interest therein; and shall inure to the benefit of and be binding upon Declarant, all Participating Builders, their successive owners and each Owner and his or her respective successors-in-interest.

ARTICLE I

PROPERTY WHICH IS AND WHICH MAY BECOME SUBJECT TO THIS DECLARATION

Section 1.01. Property Now Subject. The real property which Declarant hereby declares to be now subject to this Declaration consists of the "First Subdivisions," each of which is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 1.02. Property Which May Become Subject. All or any portion of the "Annexable Area" may become subject to this Declaration in accordance with the provisions hereof and is more particularly described in Exhibit "B" attached hereto and by this reference incorporated herein.

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ARTICLE II

DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified.

Section 2.01. Annexable Area. The real property described in Exhibit "B" attached hereto and incorporated herein by this reference, all or any portion of which from time to time may be made subject to this Declaration by Declarant and Participating Builders pursuant to the provisions of Article III hereinbelow.

Section 2.02. Apartment. A dwelling unit located within an Apartment Building; provided that with respect to a convalescent care facility, each room equipped with sleeping facilities for one or more persons shall be considered as a separate Apartment.

Section 2.03. Apartment Building. Any building, including a senior citizens congregate care facility, or convalescent care facility, constructed on a Lot containing two (2) or more individual Apartments designed for rental to Persons for any term of tenancy, but excluding any building included within the definition of a Condominium Project as defined in this Declaration.

Section 2.04. Articles. The Articles of Incorporation of the Association which have been or will be filed in the Office of the Secretary of State of the State of California, as the same may be amended from time to time.

Section 2.05. Assessment. Any Regular, Special or Compliance Assessment, as hereinafter defined.

Section 2.06. Association. The Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 2.07. Association Properties. All personal property now or hereafter owned by the Association, and all real property (and all Improvements constructed thereon) now or hereafter owned by the Association in fee or over which the Association owns an easement for the use, care or maintenance for the common use and enjoyment of the Members as provided herein, or for such other purposes as may be permitted by this Declaration. The Association Properties included within the First Subdivisions are described in Exhibit "C" attached hereto. The Association Properties included within any portions of the Annexable Area which are annexed and become part of the Subject Property as provided herein shall be described in the Notice of Annexation and/or Supplemental Declaration covering such property.

Section 2.08. Board or Board of Directors. The Board of Directors of the Association elected in accordance with the Bylaws and this Declaration.

Section 2.09. Board Rules and Regulations. The rules adopted by the Board pursuant to the Bylaws and this Declaration.

Section 2.10. Budget. A written itemized estimate of the expenses to be incurred by the Association in performing its functions under this Declaration and prepared pursuant hereto.

Section 2.11. Bylaws. The Bylaws of the Association which have been or will be adopted by the Board, as the same may be amended from time to time.

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Section 2.12. City. The City of Banning.

Section 2.13. Close of Escrow. The date on which a deed or other instrument conveying a Lot or Condominium in the Subject Property is Recorded.

Section 2.14. Common Area. Any portion of the Subject Property designated in a Supplemental Declaration by Declarant or a Participating Builder as "Common Area", which is for the common use and benefit of, or to be maintained by, (a) the Owners of Lots within a Planned Development; or (b) the Owners of Condominiums within a Condominium Project. Common Area may be owned (i) by Owners in undivided interests as tenants-in-common, (ii) by the Sub-Association in which all the Owners shall be entitled to membership, (iii) separately by individual Owners (within a Subdivision) over which a Sub-Association may have an easement for maintenance purposes, or (iv) by a "stock cooperative" as defined in Section 1351(m) of the California Civil Code.

Section 2.15. Common Expenses. The actual and estimated costs to be paid by the Association for the following: (a) owning, maintaining, managing, operating, repairing and replacing the Association Properties and any and all Maintenance Areas to be maintained by the Association as provided herein; (b) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and any Association employees; (c) providing utilities and other services to the Association Properties and Maintenance Areas; (d) providing insurance as provided for herein; (e) the Use Fee payable by the Association for the use of the Trust Property; (f) paying that portion of any Assessment not paid by the Owner responsible for payment; (g) paying taxes for the Association; (h) all reasonable out-of-pocket costs incurred by Delegates in performing their duties as provided herein (including, postage and photocopying); and (i) paying for all other goods and services as reasonably required by the Association to perform its powers and duties as set forth herein. Additionally, the Common Expenses shall include adequate reserves as the Board shall determine to be appropriate for the repair and replacement of those elements of the Association Properties which must be repaired or replaced on a periodic basis.

Section 2.16. Compliance Assessment. The charge assessed against an Owner, and his Lot or Condominium for any of the following: (a) the costs incurred by the Association to perform any maintenance or repairs to the Association Properties or Maintenance Areas necessitated by the willful or negligent acts or omissions attributable to any Owner as provided herein; (b) the costs incurred by the Association in bringing a Condominium or Lot into compliance with this Declaration; or (c) any amount due the Association based upon disciplinary proceedings against an Owner in accordance with this Declaration, together with late charges, interest and reasonable attorney's fees as provided herein.

Section 2.17. Condominium. A condominium as defined in Section 1351(f) of the California Civil Code consisting of a separate interest in a Condominium Unit, any and all easements appurtenant thereto and the respective undivided interest in Common Area. For purposes of this Declaration, the Condominium shall also include a Residence which is appurtenant to a "stock cooperative" as defined in Section 1351(m) of the California Civil Code, or an apartment in a "community apartment project" as defined in Section 1351(d) of the California Civil Code, or any of the foregoing statutes which may hereafter be amended.

Section 2.18. Condominium Project. Any portion of the Subject Property which is developed as part of this master planned



community as a "condominium project" as defined in Section 1351(f) of the California Civil Code. For purposes of this Declaration, the term Condominium Project shall mean a condominium project as defined in Section 1351 of the California Civil Code, or any similar statute hereinafter enacted, and shall also include the real property owned by "stock cooperatives" as defined in Section 1351(m) of the California Civil Code and "community apartment projects" as defined in Section 1351(d) of the California Civil Code; or any of the foregoing statutes which may hereafter be enacted. A Condominium Project owned by a single Owner in which all the Condominium Units are rented or offered for rent to third parties shall be treated for purposes of this Declaration as a Lot improved with Apartment Buildings.

Section 2.19. Declarant. PRESLEY OF SOUTHERN CALIFORNIA, a California corporation, its successors, and any Person to which it shall have assigned any of its rights hereunder as herein-after provided by an express written and Recorded assignment. Any such assignment may include only certain specific rights of the Declarant and may be subject to such conditions as Presley of Southern California may impose in its sole discretion.

Section 2.20. Declaration. This Declaration as it may be amended from time to time.

Section 2.21. Delegate. A natural Person selected by the Members owning the Lots or Condominiums in a Delegate District, as provided in Article IV below, to represent all of the Members within the Delegate District to vote on their behalf, as further provided in this Declaration and in the Bylaws.

Section 2.22. Delegate District. A geographical area in the Subject Property in which all of the Members owning Lots or Condominiums therein shall elect a single Delegate to represent the collective voting power of the Members of such area. Delegate Districts may be established in one of two ways, as follows:

(a) Where a Sub-Association is created in the Subject Property, all portions of the Subject Property subject to the Supplemental Declaration providing for the creation of the Sub-Association shall be a Delegate District; and

(b) Where any portion of the Subject Property is not subject to a Supplemental Declaration providing for the creation of a Sub-Association, a Delegate District shall be established for each portion of the Subject Property which is annexed pursuant to a Notice of Annexation and is subject to a Final Subdivision Public Report issued by the DRE.

Section 2.23. Development Plan. The general plan of Declarant for the development of the Subject Property, as set forth in the Preamble hereof, as the same may be amended by Declarant from time to time consistent with the requirements of the City of Banning.

Section 2.24. DRE. The California Department of Real Estate, and any successor thereto.

Section 2.25. Family. Subject to the age restrictions set forth in Article XIII below, one or more natural Persons (including his or their domestic servants) who maintain a common household in a Residence.

Section 2.26. FHA. The Federal Housing Administration of the United States Department of Housing and Urban Development, including the department or agency of the United States government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate.

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Section 2.27. FHLMC. The Federal Home Loan Mortgage Corporation (The Mortgage Corporation) created by Title III of the Emergency Home Finance Act of 1970, as amended from time to time, including any successors thereto.

Section 2.28. First Subdivisions. The real property described in Section 1.1 hereof, which Declarant intends to develop as three (3) separate residential Subdivisions.

Section 2.29. FNMA. The Federal National Mortgage Association, a government-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, as amended from time to time, including any successors thereto.

Section 2.30. GNMA. The Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successors thereto.

Section 2.31. Improvements. All structures and appurtenances thereto of every kind whatsoever, including, but not limited to, buildings, out-buildings, swimming pools, spas, garages, carports, open parking areas, private streets, street lights, driveways, bike paths, hiking, riding and/or jogging trails, sidewalks, pavements, retaining walls, walls, fences, decorative or informative signs, mail kiosks, private utility lines and connections, private storm drains and sewer lines and laterals, common trash receptacles, and all irrigation systems. Improvements shall also mean any and all additions and/or exterior modifications to any Residence, including, but not limited to, (a) painting the exterior of any Residence or other structure, (b) changing the roofing material on any Residence and/or (c) building, constructing, installing or planting, as the case may be, any swimming pools, spas, patio covers, decks, gazebos, stairs, screening walls or fences, fences, shades, awnings, screen doors, skylights, poles, signs, solar heating, air conditioning and/or water softening or refining fixtures or systems, and all trees and any other landscaping which left in its natural condition, will grow to a height in excess of ten (10) feet.

Section 2.32. Lot. A plot of land which is separately numbered and described on a Recorded subdivision tract map or Recorded parcel map, and to all Improvements constructed thereon, including, without limitation, any Lot improved with one (1) or more Apartment Buildings, Condominiums or a Residence. The term "Lot" shall not include any Association Properties and Common Areas as defined herein, nor shall it include any Condominium.

Section 2.33. Maintenance Areas. Any real property (and all Improvements constructed thereon), other than the Association Properties, which the Association is obligated to maintain in accordance with a license, encroachment permit, agreement or other similar document. The Maintenance Areas associated with the First Subdivisions are described in Exhibit "D" attached hereto. The Maintenance Areas may include any real property located outside of to the boundary of the Subject Property and Annexable Area. The Maintenance Areas included within any subsequent Phase of Development which is annexed shall be so designated in the Notice of Annexation and/or Supplemental Declaration Recorded on such Phase. In addition, upon termination of the Trust Agreement, additional Maintenance Areas may be designated as such in the Notice of Annexation.

Section 2.34. Maintenance Funds. The accounts into which the Board shall deposit all monies paid to the Association and from which disbursements shall be made in the performance of the functions of the Association as provided in Article IX hereof.

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Section 2.35. Manager. Any one or more persons employed by the Association, as provided in Article VI hereof, who is engaged to perform any of the duties, powers or functions of the Association.

Section 2.36. Master Architectural Committee. The committee created pursuant to Article VII hereof.

Section 2.37. Member. Every person holding a membership in the Association, pursuant to this Declaration, and shall be synonymous with the term Owner.

Section 2.38. Mortgage. Any mortgage or deed of trust or other conveyance of a Lot, Condominium or other portion of the Subject Property to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance, including an installment land sales contract (as described in Sections 2985 through 2985.6 of the California Civil Code), as same may be amended from time to time. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage".

Section 2.39. Mortgagee. A mortgagee under a Mortgage or a beneficiary under a Deed of Trust, or the vendor under an installment land sales contract, as the case may be, and the assignees of any Mortgagee, beneficiary or vendor.

Section 2.40. Mortgagor. A Person who mortgages his or its property to another. The term "Mortgagor" shall include a trustor under a Deed of Trust, and the vendee under an installment land sales contract.

Section 2.41. Notice and Hearing. Written notice and the opportunity for a public hearing before the Board, the Master Architectural Committee, as applicable, or other tribunal appointed by the Board in the manner provided in the Bylaws, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner provided in the Bylaws.

Section 2.42. Notice of Annexation. The written instrument by the Recordation of which Declarant (and Participating Builders with Declarant's consent) may make portions of the Annexable Area part of the Subject Property, as set forth in Article III.

Section 2.43. Owner. The Person (or Persons) who are alone or collectively the record owner of a fee simple title to a Lot or Condominium, including Declarant and Participating Builders, but excluding those having any such interest merely as security for the performance of an obligation. The term "Owner" shall include the vendee under an installment land sales contract (as described in Section 2985 through 2985.6 of the California Civil Code, as same may be amended from time to time) and the holder of a leasehold estate having a term of ten (10) or more years, including renewal periods. The fee Owner of a Lot developed as rental Apartments shall be an Owner for purposes of this Declaration.

Section 2.44. Participating Builders. A Person who acquires a portion of the Annexable Area and improves such portion for resale to the general public and with Declarant's consent, annexes such portion as provided in Article III below; provided, however, the term "Participating Builder" shall not mean or refer to Declarant or its successors.

Section 2.45. Person. A natural individual, a corporation, or any other entity with the legal right to hold title to real property.

Section 2.46. Phase and Phase of Development. Each of the first three (3) Subdivisions which collectively comprise the First Subdivisions, and to one (1) or more Lots which is annexed in accordance with Article III of this Declaration and for which a Final Subdivision Public Report is issued by the DRE.

Section 2.47. Planned Development. Any portion of the Subject Property (other than a Condominium Project) which is developed as a part of this master planned community, and which is subject to a Sub-Association. For purposes of this Declaration, a "Planned Development" shall mean a planned development pursuant to Section 1351(k) of the California Civil Code, or any similar California statute hereinafter enacted.

Section 2.48. Record, Recorded, and Recordation. With respect to any document, the proper recordation of the document in the Official Records of the County Recorder of the County of Riverside, State of California.

Section 2.49. Regular Assessment. The annual charge against each Owner, and his respective Lot or Condominium representing his respective share of the Common Expenses of the Association.

Section 2.50. Residence. An individual dwelling and the related Improvements on a Lot, a Condominium or an Apartment intended for use and occupancy by a single Family.

Section 2.51. R.V. Storage Area. Any portion of the Subject Property which is or may be designated by the Board of Directors for the storage of recreational vehicles including, without limitation, boats, trailers, campers, motor homes and other similar vehicles.

Section 2.52. Special Assessment. The charge against an Owner and his respective Lot or Condominium representing a portion of the cost of reconstructing or replacing any portions of the Association Properties or Maintenance Areas which have been damaged or destroyed by fire or other casualty; of constructing or installing any new Improvements to the Association Properties or Maintenance Areas, or of taking any other extraordinary action for the benefit of the Association Properties or Maintenance Areas or the Association pursuant to the provisions of this Declaration.

Section 2.53. Sub-Association. Any California non-profit mutual benefit corporation, or unincorporated association, or its successor-in-interest, organized and established or authorized pursuant to or in connection with a Supplemental Declaration, and whose membership is composed of Owners of Lots or Condominiums within the portion of the Subject Property covered by the Supplemental Declaration.

Section 2.54. Subdivision. A parcel of real property which has been divided or separated into Lots, or a single Lot, on a Recorded subdivision tract map or Recorded parcel map.

Section 2.55. Subject Property. The First Subdivisions, and any portions of the Annexable Area which are annexed pursuant to Article III of this Declaration.

Section 2.56. Supplemental Declaration. Any declaration of covenants, conditions and restrictions, and reservation of easements, or any similar document Recorded on a portion of the Subject Property in accordance with this Declaration.

Section 2.57. Trust Property. That portion of the Annexable Area as described in Exhibit "F" attached hereto, and the Improvements thereon, which shall be conveyed to a corporate

trustee prior to or concurrently with the first Close of Escrow of a Lot or Condominium in the First Subdivisions in accordance with that certain Trust Agreement as amended from time to time, executed by Declarant, as trustor, and Security Title Insurance Company, as trustee, and which shall be made available for the use and enjoyment of Owners pursuant to a Use Agreement, all as more particularly described in Article XV hereof.

Section 2.58. Use Agreement. That certain agreement, as the same may be amended from time to time, executed or to be executed between and among Declarant, the Association and a trustee, which agreement shall govern the use rights of Owners in and to the Trust Property, and which shall provide for a use fee payable by the Association to Declarant for such use rights.

Section 2.59. VA/FHA. The United States Veterans Administration and the Federal Housing Administration, including the department or agency of the United States government as shall succeed to the VA and/or FHA.

Section 2.60. Application of Definitions. Unless otherwise indicated, the foregoing definitions shall be applicable throughout this Declaration, to any amendments hereto and to any Notices of Annexation for a subsequent Phase of Development Recorded pursuant to this Declaration.

### ARTICLE III

#### GENERAL PLAN OF DEVELOPMENT FOR SUN LAKES COUNTRY CLUB

##### Section 3.01. Introduction to Sun Lakes Country Club.

(a) General Plan of Development. Sun Lakes Country Club is being developed by Declarant as a master planned residential community, which if completed, as presently planned, will consist of a variety of product types including, but not limited to, patio homes, condominiums and single family detached homes and various recreational amenities. Declarant intends that the Subject Property be developed in a series of Phases over a period of approximately fifteen (15) years and that such community be in substantial conformance with the Development Plan and with the plans submitted by Declarant to and approved by the VA and/or FHA. The Association will be the management body for the Subject Property.

(b) Phases of Development. The First Subdivisions constitute the first three (3) Phases of Development of the Subject Property. All or any portion of the Annexable Area may be developed by Declarant or Participating Builders as additional Phases of Development and annexed to the First Subdivisions and made subject to this Declaration and to the jurisdiction of the Association as provided in this Article III.

(c) Residences. The Residences within the Subject Property may include, but shall not be limited to, single-family detached homes, patio homes and Condominiums and Apartment Buildings. Each Owner will receive title to his respective Lot or Condominium, all easements appurtenant thereto and an appurtenant membership in the Association. If a Residence is located within a portion of the Subject Property which constitutes a Planned Development or Condominium Project so as to be subject to a Sub-Association, the Owner(s) shall also receive an appurtenant membership in the Sub-Association and be subject to the covenants, conditions and restrictions set forth in the Supplemental Declaration establishing such Planned Development or Condominium Project.

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(d) Association Properties. The Association Properties within the First Subdivisions include private streets and adjoining parkways and medians, open space, greenbelt areas and related Improvements located within said Subdivisions. Additional Association Properties may be annexed as part of any additional Phases of Development and shall be designated in the Notice of Annexation and/or Supplemental Declaration as additional Association Properties. As more particularly set forth in Article XV below, Declarant presently intends that the Trust Property be annexed in the future as additional Association Property. Each Sub-Association may provide additional amenities which shall be limited solely for the use and enjoyment of the members of such Sub-Association and not the Members of the Association at large.

(e) Non-Liability of Declarant. Nothing in this Section 3.01 or elsewhere in this Declaration shall be understood or construed to compel Declarant to construct any subsequent Phase of the Project, nor to compel Declarant to annex said Phases into the Project. The purpose of this Section is merely to describe the legal relationship between the First Subdivisions and any subsequent Phase of Development in the event all or any Phases shall be constructed and annexed, and to describe the general plan of development for the Sun Lakes Country Club master planned residential community.

Section 3.02. Annexation of Annexable Area.

Declarant (and any Participating Builder with Declarant's consent) may, subject to the provisions of this Article, from time to time, but without any obligation to do so, annex all or any portions of the Annexable Area (the "Annexed Land") and thereby make such Annexed Land subject to this Declaration and to the jurisdiction of the Association, without the vote or written assent of the Association, provided and on condition that:

(a) Any annexation pursuant to this Section shall be made prior to three (3) years from the date of the original issuance by the DRE of the most recently issued Final Subdivision Public Report for a Phase of Development, provided however, that if a delay beyond the third (3rd) anniversary is the result of causes beyond Declarant's reasonable control, then a proposed annexation may be made by Declarant (or a Participating Builder with Declarant's consent) without the consent of the Association, subject to DRE approval;

(b) The development of the Annexation Property shall be in substantial conformance with the Development Plan approved by the City, the DRE and the VA/FHA. Prior to any annexation, plans for the development of such Annexation Property must be submitted to the VA and/or FHA in order to determine that such plans are in accordance with the overall Project. The VA shall so inform Declarant; and

(c) A Notice of Annexation, as described below, shall be Recorded covering the Annexed Land.

Section 3.03. Notice of Annexation.

(a) Contents. The annexation of Annexed Land authorized under this Article shall be made by Recording a Notice of Annexation or other similar instrument covering said Annexed Land. (The Notice of Annexation may be included in any Supplemental Declaration.) The Notice shall contain at least the following provisions:

(1) A reference to this Declaration, which shall include the date of Recordation hereof and the instrument number or other relevant Recording data of the records of the County Recorder of the County of Riverside, where this Declaration is Recorded.

(2) A statement that this Declaration shall apply to the Annexed Land as set forth herein.

(3) A description of the Annexed Land.

(4) A description of the Association Properties and/or Maintenance Areas, if any, located in the Annexed Land.

The Notice of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the Annexed Land and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Notice of Annexation shall add, delete, revoke, modify or otherwise alter the Protective Covenants set forth in this Declaration.

(b) Parties to Notice of Annexation. For so long as Declarant and Participating Builders have the right to add the Annexable Area to the Subject Property without the approval of Delegates representing at least two-thirds (2/3) of the voting power of the Association, each Notice of Annexation covering property owned by Declarant shall be signed only by Declarant, and each Notice of Annexation covering property owned by a Participating Builder must be consented to by Declarant and executed by both Declarant and such Participating Builder. Declarant's execution of any Notice of Annexation shall be conclusive evidence of Declarant's consent thereof. From and after the date on which any annexation requires the approval of the Delegates as provided herein, each Notice of Annexation must also be signed by at least two (2) officers of the Association, certifying that the vote of the requisite percentage of Delegates has been obtained.

(c) Effective Date of Annexation. A Notice of Annexation Recorded on a subsequent Phase of Development shall become effective immediately upon the first Close of Escrow for the sale of a Lot or Condominium in said Phase, as evidenced by the recordation of the first instrument of conveyance for said Condominium or Lot. Thereafter, the rights, obligations, privileges, duties and liabilities of the Owners, lessees and occupants of Lots or Condominiums on or in the Annexed Land shall be governed by this Declaration.

(d) Amendments to a Notice of Annexation. Notwithstanding any other provisions of this Declaration to the contrary, a Notice of Annexation may be amended solely by the Declarant prior to the first Close of Escrow for a Lot or Condominium in the Annexed Land, or after the first Close of Escrow for a Lot or Condominium by the requisite affirmative vote of Members (and first Mortgagees, if applicable), as set forth in the Article XII herein, in only the Annexed Land described in said Notice of Annexation, rather than all Delegates (and first Mortgagees, if applicable) in the Subject Property, on the following conditions:

(1) Such amendment applies only to the Annexed Land described in said Notice of Annexation; and

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

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Section 3.04. Deannexation.

Declarant may delete all or any portion of the Annexed Land from the coverage of this Declaration and rescind any Notice of Annexation, provided (a) Declarant is the sole Owner of all of the real property described in the Notice of Annexation to be rescinded; (b) no vote has been exercised with respect to the Annexed Land; (c) Assessments have not commenced with respect to the Annexed Land; and (d) no Association expenditures have accrued with respect to the Annexed Land unless reimbursed. The deletion shall be effected by Declarant's Recording a "Notice of Deannexation" in the same manner as the Notice of Annexation to be rescinded was Recorded.

A Participating Builder may delete all or any portion of the Annexed Land from the coverage of this Declaration and rescind any Notice of Annexation, provided that such Participating Builder is the Owner of all of the real property described in the Notice of Annexation to be rescinded and; provided further, that (i) all requirements of items (b) through (d) above have been satisfied, and (ii) Declarant has consented in writing to such deletion by executing the Notice of Deannexation for such Phase of Development.

So long as Declarant has effective voting control of the Association, Declarant shall forward a copy of a Recorded Notice of Deannexation to the FHA and VA.

Section 3.05. Supplemental Declarations, Sub-Associations.

As indicated above, Declarant intends to develop the Annexable Area in Phases. As a portion of the Annexable Area is developed, Declarant and Participating Builders may file a Notice of Annexation and may also impose one or more Supplemental Declarations upon such portion of the Annexable Area or the First Subdivisions. Any Supplemental Declaration imposed by a Participating Builder must be consented to by Declarant prior to Recordation. Declarant's consent shall be evidenced by a certificate of consent that shall be attached to or incorporated within any such Supplemental Declaration. The provisions of any Supplemental Declaration shall not conflict with the provisions hereof, but may impose further conditions, covenants and restrictions as Declarant and/or Participating Builders may deem advisable, taking into account the particular requirements of each portion of the Annexable Area. Any Supplemental Declaration may provide for the establishment of a Sub-Association for the purpose of owning, maintaining and administering any Common Area in the property covered by the Supplemental Declaration. The existence of Declarant's Class C Membership rights as described in Article IV below shall not be deemed to create any Class C or comparable membership rights in any Sub-Association. In the event of any direct conflict between any Supplemental Declaration and this Declaration, this Declaration shall control. The inclusion in any Supplemental Declaration of conditions, covenants and restrictions which are more restrictive or more inclusive than the Protective Covenants contained in this Declaration shall not be deemed to constitute a conflict with this Declaration. In the event, however, that the land subject to any Supplemental Declaration is developed pursuant to a legal structure of ownership not presently contemplated by this Declaration, then the Supplemental Declaration may specify the manner in which the provisions of this Declaration shall be interpreted to apply to such land and the Owners thereof; provided, however, that no Supplemental Declaration shall negate any provision of this Declaration, and this Declaration shall govern all Supplemental Declarations. As each portion of the Annexable Area is annexed to the Subject Property, control over the completed Association Properties contained therein, if any, (and any Maintenance



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Areas) shall be transferred to the Association in accordance with the provisions of this Declaration.

Section 3.06. Other Annexations.

In addition to the provisions for annexation specified in this Article, additional real property may be annexed to the Subject Property and brought within the general plan and scheme of this Declaration upon the vote of Delegates representing at least two-thirds (2/3) of the voting power of the Association.

Section 3.07. Development Control.

Subject only to the prior approval of the City, and of the VA and/or FHA, and subject to the time limits set forth in Article XI hereinbelow, nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of any Improvements in the Subject Property, to redesign or otherwise alter the style, size, color or appearance of any Improvements in any portion of the Subject Property owned or controlled by Declarant, to construct such additional improvements on any portion of the Subject Property owned by Declarant and/or to otherwise control all aspects of constructing the Improvements in the Subject Property and of selling or leasing Lots or Condominiums. In furtherance thereof, Declarant hereby reserves unto itself and all Participating Builders a nonexclusive easement for ingress and egress on, over and across the Subject Property as necessary to construct all Improvements, and the right to maintain and alter a sales office, model complex, parking area on the Subject Property, and a nonexclusive right to use the Association Properties in connection with the marketing and sale of Lots and Condominiums for so long as Declarant or Participating Builders own any property within the Subject Property or the Annexable Area. Declarant reserves solely unto itself the right to install fencing around its model complex to facilitate its marketing program and to install or construct signs incidental to construction, sales or leasing anywhere within the Subject Property. Declarant shall have the right to relocate the models and sales office to such other portions of the Subject Property owned by Declarant, as Declarant deems appropriate.

ARTICLE IV

THE ASSOCIATION

Section 4.01. Organization of Association.

The Association is organized as a California corporation under the California Nonprofit Mutual Benefit Corporation Law, and is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor the Bylaws shall be amended so as to be inconsistent with this Declaration. In the event that there should exist any ambiguity in any provision of the Articles or Bylaws, then the provision shall be construed, to the extent possible, so that the provision shall be consistent with this Declaration.

Section 4.02. Membership.

Each Owner (including Declarant and Participating Builders) of one (1) or more Lots or Condominiums in the Subject Property shall be a Member of the Association. Membership in the Association shall be subject to the terms and provisions of the Articles, Bylaws and the Board Rules and Regulations, to the extent the provisions thereof are not in conflict with the provisions of this Declaration. Membership in the Association shall be appurtenant to the Lot or

Condominium owned by each Owner, and membership in the Association shall not be assignable, except to the Person to whom title to the Lot or Condominium is transferred; provided, however, that a Participating Builder's voting rights may be assigned to Declarant. Membership in the Association shall not be transferred, pledged or alienated in any way except upon the transfer of title to the Lot or Condominium, and then only to the transferee of title to the Lot or Condominium. Ownership of a Lot or Condominium shall be the sole qualification for Membership in the Association. Membership in the Association shall be in addition to membership in any Sub-Association responsible for operating the Planned Development or Condominium Project in which the Member's Lot or Condominium is located. Any attempt to make a prohibited transfer of a membership shall be void and shall not be reflected on the books of the Association. A Member shall have the right to assign his rights of use and enjoyment of the Association Properties to a lessee or tenant of his Lot or Condominium in Accordance with Article V below.

Upon the transfer of title to a Lot or Condominium, the Board of Directors shall record the transfer of the Membership in the books of the Association. The Association may levy a reasonable transfer fee as may be established from time to time by the Board against each new Owner and his Lot or Condominium (which fee shall be a Compliance Assessment chargeable to the new Owner) to reimburse the Association for the administrative cost of transferring the membership to the new Owner on the records of the Association.

When more than one (1) Person owns a portion of the interest in a Lot or Condominium required for membership, or when there is more than one (1) Owner of a Lot or Condominium, each such Person shall be a Member and, at any duly constituted meeting of the Members in a Delegate District, the vote for the Lot or Condominium shall be exercised as they among themselves determine, but in no event shall more votes be cast with respect to any Lot or Condominium than could be cast if there were only one (1) Owner. Unless the Board (or the board of directors of any Sub-Association, if applicable) receives written objection in advance, if any Owner casts a vote representing his Lot or Condominium, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot or Condominium.

Section 4.03. Voting by Delegates.

(a) Qualification of Delegates and Alternate Delegates. The Subject Property shall be divided into Delegate Districts, as described below. The first meeting of Members in a Delegate District shall be held not later than six (6) months after the first Close of Escrow for the sale of a Lot or Condominium. At the first meeting and at each subsequent annual meeting for each Delegate District, the Members of the Delegate District shall elect (i) one (1) Delegate to the Association to exercise the voting power of all of the Members in the Delegate District; and (ii) one (1) alternate Delegate, who shall have and shall exercise the powers and duties of the Delegate for that Delegate District whenever the Delegate is absent, disabled or unable to act, as more fully described in the Bylaws. The person selected as the chairman of any meeting at which the Delegate and the Alternate Delegate are elected shall certify, in writing, to the Board the name and address of the Delegate and the Alternate Delegate elected, the time and place of the meeting at which the election occurred, and the Delegate District which the Delegate and the Alternate Delegate represent. The Delegate and the Alternate Delegate shall continue in office for one (1) year or until their successor is elected, whichever is later, except

Section 4.03(a)  
amended.  
See PDF page  
163 to view  
Amendment #1  
dated May 10,  
2000.

that a Delegate or an Alternate Delegate may be removed without cause by the vote, in person or by proxy, at any duly constituted meeting of at least a majority of the voting power of the Members in the Delegate District. Only Members of the Association, or, if a Member is a corporation or partnership or similar entity, the authorized agent of such entity, shall be eligible for election as a Delegate or an Alternate Delegate. Upon termination of any Delegate's or Alternate Delegate's membership in the Association, the Delegate's or Alternate Delegate's term of office shall immediately terminate and a new Delegate or Alternate Delegate shall be elected in his place by the Members of such District at a special meeting.

(b) Number of Delegate Votes. At a meeting of Delegates, each Delegate shall be entitled to cast the voting power for all of the Lots and Condominiums subject to this Declaration and located in the Delegate District represented by the Delegate. The Delegate shall be entitled to cast the votes representing the Lots or Condominiums in his Delegate District with respect to each Lot or Condominium, except for those votes attributable to Owners whose voting rights have been suspended as provided herein, or in any Supplemental Declaration.

(c) Allocation of Delegate Votes. At a meeting of Delegates, each Delegate personally, or by written ballot, but not by proxy, shall cast the votes which he represents in the manner as he may, in his sole discretion, deem appropriate, acting on behalf of all the Members owning Lots or Condominiums in his Delegate District; provided, however, that in the event that at least a majority of the voting power of the Members in any Delegate District shall determine at any duly constituted meeting of the Members in the Delegate District to instruct their Delegate as to the manner in which he is to vote on any issue to be voted on by the Delegates at the meeting of the Delegates, then the Delegate representing the Delegate District shall cast all of the voting power in the Delegate District in the same proportion, as nearly as possible without counting fractional votes, as the Members in the Delegate District shall have cast their voting power "for" and "against" such issue, in person or by proxy. A Delegate shall have the authority, in his sole discretion, to call a special meeting of the Members owning Lots or Condominiums in his Delegate District, pursuant to the procedures adopted by the Board of Directors, for the purpose of obtaining instructions as to the manner in which he is to vote on any issue to be voted on by the Delegates. When a Delegate is voting in his own discretion, without instruction from the Members whom he represents, the Delegate may cast all of the votes which he represents as a unit, or the Delegate may apportion the votes and cast some votes in favor of a given proposition and some votes in opposition to the proposition. It will be conclusively presumed, for all purposes of Association business, that any Delegate casting votes on behalf of the Members owning Lots or Condominiums in his Delegate District, has acted with the authority and consent of all the Members. All agreements and determinations lawfully made by the Association, in accordance with the voting procedures established herein and in the Bylaws, shall be deemed to be binding on all Members, and their successors and assigns.

Upon receipt of a petition signed by the owners of not less than ten percent (10%) of the Lots or Condominiums in a Delegate District, the Delegate shall have the duty to call a special meeting of the Members owning Lots or Condominiums in his Delegate District, pursuant to the procedures adopted by the Board, for the purpose of obtaining instructions as to the manner in which he is to vote on any issue to be voted on by the Delegates.

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(d) Voting Reports. Except for the provisions in this Declaration regarding the enforcement of bonded obligations, and unless otherwise expressly provided, so long as Declarant possesses its Class B Membership, any provision in this Declaration, the Articles or Bylaws which expressly requires the vote or written consent of a Majority or other specified percentage of the voting power of the Association before being undertaken, shall require the approval of: (i) the specified percentage of the voting power of the Delegates attributable to Lots or Condominiums owned by Members, other than Declarant, and (ii) the specified percentage of the voting power of the Delegates attributable to Lots or Condominiums owned by Declarant. In order to determine whether these requirements have been satisfied, each Delegate shall deliver to the chairman of the meeting of the Delegates a written notice listing: (i) the number of votes cast by the Delegate in favor of the matter being voted upon, (ii) the number of votes cast by the Delegate against the matter being voted upon, (iii) the number of votes cast by the Delegate in favor of the matter being voted upon, which votes are attributable to Lots or Condominiums owned by Members, other than Declarant, and (iv) the number of votes cast by the Delegate against the matter being voted upon, which votes are attributable to Lots or Condominiums owned by Members, other than Declarant. The chairman of the meeting shall then tabulate the total number of votes cast by all Delegates in each of the categories to determine whether the necessary approvals have been obtained.

Section 4.03(e)  
amended.  
See PDF page  
163 to view  
Amendment #1  
dated May 10,  
2000.

(e) Cumulative Voting. The election of members to the Board may be by cumulative voting, as described herein. Delegates shall have the right to cumulate their voting power for any candidate nominated for election to the Board. Each Delegate may cast for a single candidate the number of votes entitled to be cast by the Delegate, multiplied by the number of Directors to be elected, or the Delegate may distribute these cumulated votes among any two (2) or more candidates, as the Delegate desires. The candidates receiving the highest number of votes up to the number of Board members to be elected shall be elected. Unless the entire Board is removed by a vote of the Delegates, an individual Director may not be removed prior to the expiration of his or her term if the votes against removal would have been sufficient to elect that Director if cast cumulatively at an election at which the same total number of votes were cast and all Directors authorized at the time of the most recent election of that Director were being elected. These cumulative voting provisions do not apply to the election of special Directors by Delegates representing the voting power of Owners, other than Declarant, under the provisions set forth in the Bylaws. Any Participating Builder shall notify the Board in writing of the identity of any such Representative, and any such Representative may be changed from time to time providing written notice of such change to the Board.

(f) Declarant Voting Rights. Notwithstanding any other provision in this Article IV, Delegates shall not be empowered to cast any votes attributable to Lots or Condominiums owned by Declarant or any Participating Builders, unless such Delegate shall have received a written proxy conferring such right. In the absence of any such proxy or proxies, the voting power of Declarant and Participating Builders, including any Class B or Class C voting power, shall be cast by a designated representative of Declarant ("Declarant's Representative") or any Participating Builder ("the Participating Builder's Representative"). Declarant's Representative and any Participating Builder's Representative shall have all the rights, privileges, powers and duties as Delegates, including the right to attend and vote at all meetings of the Delegates and the right to receive notices. All references to the term "Delegates" contained in this Declaration, the Bylaws, the Board Rules and Regulations and

Section 4.03(g)  
amended.  
See PDF page  
190 to view  
Amendment #4  
dated Nov 14,  
2008.

Section 4.03(h)  
amended.  
See PDF page  
198 to view  
Amendment #5  
dated July 7,  
2009.

any Supplemental Declaration shall be deemed to refer to and include Declarant's Representative and any Participating Builder's Representative. Declarant and any Participating Builder shall notify the Board in writing of the identity of any such Representative, and any such Representative may be changed from time to time by providing written notice of such change to the Board.

Section 4.04. Delegate Districts and Selection of Delegates.

(a) Delegate Districts Created by Supplemental Declarations. In the event that a Sub-Association is created by a Supplemental Declaration covering all or any portion of the First Subdivisions or the Annexable Area, then the real property within the jurisdiction of the Sub-Association shall constitute a Delegate District. The election of a Delegate and an Alternate Delegate to the Association for the Delegate District shall be accomplished in the manner specified in the Supplemental Declaration; or, if no manner is specified, then the Delegate and the Alternate Delegate shall be elected in the manner provided in the Bylaws.

(b) Delegate Districts Created by Declarant. In the event that a Sub-Association is not created for any portion of the First Subdivisions or the Annexable Area, then each such portion of the Subject Property covered by a Final Subdivision Public Report issued by the DRE shall constitute a separate Delegate District; provided, however, that Declarant may from time to time combine, enlarge, or otherwise change the size of any or all of the Delegate Districts by Recording a written instrument signed by Declarant containing a legal description of any revised Delegate Districts, and from and after the date of Recordation any such described area shall constitute a Delegate District for purposes of this Declaration. The Delegate and the Alternate Delegate to represent any Delegate District established as set forth in this Subsection 4.4(b) shall be elected by Members holding a majority of the voting power in the Delegate District, in accordance with the voting procedures set forth in the Bylaws. The Delegate and Alternate Delegate representing any District which is changed as provided above, shall be entitled to serve the balance of their terms of office.

(c) Classes of Voting Membership. The Association shall have three (3) classes of voting membership, as follows:

Class A. Initially, Class A Members shall be all Members, with the exception of Declarant and Participating Builders, and each Class A Member shall be entitled to one (1) vote for each Lot or Condominium which he owns, except that in the case of a Lot improved with an Apartment Building, the Class A Member owning the Lot shall be entitled to one (1) vote for each three (3) Apartments located on the Lot. In the event the number of Apartments on a Lot is not exactly divisible by three (3), no fractional vote shall be counted for the remaining Apartments. Declarant and Participating Builders shall become Class A Members with regard to Lots or Condominiums owned by Declarant or the Participating Builders upon the conversion of Declarant's or the Participating Builder's Class B Membership to Class A Membership, as provided below.

Class B. The Class B Members shall be Declarant and Participating Builders. The Class B Members shall be entitled to three (3) times the number of votes to which the Class B Members would have been entitled as Class A Members.

The Class B Membership shall forever cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

(1) The second (2nd) anniversary of the original issuance by the DRE of the immediately preceding Final Subdivision Public Report for a Phase of Development;

(2) The eighth (8th) anniversary of the first Close of Escrow in Phase I of the First Subdivisions; or

(3) June 30, 1995.

Class C. The Class C Member shall be Declarant. The Class C Membership shall not be considered a part of the voting power of the Association, and Declarant shall not be entitled to exercise any Class C vote except for the purpose of electing those members of the Board of Directors which the Class C Member is entitled to elect hereunder. The Class C Member shall be entitled to solely elect a majority of the members of the Board of Directors until the first to occur of the following events:

(1) The date on which the Close of Escrow shall have occurred for the sale by Declarant and any Participating Builders to the public of at least three thousand (3,000) Lots or Condominiums in the Subject Property; or

(2) The tenth (10th) anniversary of the recordation of this Declaration.

Section 4.05. Election of Delegates if No Sub-Association.

The Bylaws of the Association shall provide for the manner, time, place, conduct and voting procedures for meetings of Members for the purpose of electing a Delegate and an Alternate Delegate in any Delegate District without a Sub-Association, subject to the provisions of this Article.

Section 4.06. Suspension of Voting Rights.

The Board shall have the authority, after Notice and Hearing, to suspend the voting rights of any Member for any period during which the payment of any Assessment against the Member and his Lot or Condominium remains delinquent. Any suspension of the voting rights of any Member for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for herein.

Section 4.07. Commencement of Voting Rights.

Voting rights attributable to all Lots and Condominiums in a Phase of Development shall vest upon the commencement of Regular Assessments within that Phase of Development, as provided in Section 9.05 herein.

ARTICLE V

ASSOCIATION PROPERTIES AND THE  
RESERVATIONS OF EASEMENTS AND OTHER  
PROPERTY RIGHTS THERETO

Section 5.01. Title to Association Properties.

All Association Properties shall be held for the common use and enjoyment of Members, and for such other purposes as may be permitted in this Declaration. The Association Properties within the First Subdivisions are described in Exhibit "C" attached hereto and by this reference incorporated herein, and shall be conveyed to the Association by the Declarant prior to the first Close of Escrow for the sale to the public of a Lot or Condominium in the First Subdivisions. As each Phase of Development is developed by Declarant or Participating Builders, Declarant or Participating

Builders, as the case may be, shall convey, in fee simple or by easement, any Association Properties designated as such in any Notice of Annexation or Supplemental Declaration for that Phase of Development. Notwithstanding any such conveyance, the Association's responsibility to maintain the Association Properties located in any Phase of Development shall not begin until the commencement of Regular Assessments to the Association in that Phase of Development. If any Improvements are not completed at the time of the conveyance, Declarant or Participating Builders shall provide a bond, letter of credit or other assurance, as the Association and the DRE may reasonably require, to assure that the cost of completion thereof will be paid by Declarant or the Participating Builder, and that the Improvements will be completed free of liens and encumbrances relating to the construction thereof. Any real or personal property which may be conveyed to the Association by Declarant or Participating Builders, in accordance with the terms hereof, shall be conveyed subject to (a) the lien of property taxes and assessments not delinquent; (b) all covenants, conditions and restrictions of record at the time of the conveyance, including this Declaration, and (c) all other matters of record at the time of conveyance, except encumbrances securing loans made to Declarant or Participating Builders.

Section 5.02. Members' Easements of Use and Enjoyment of Association Properties.

(a) Subject to the provisions set forth herein, every Owner shall have a nonexclusive easement and right of use in and to the Association Properties, which nonexclusive easement and right of use and enjoyment shall be appurtenant to and shall pass with the title to his respective Lot or Condominium. Any Owner who does not reside in his Lot or Condominium, or any Owner who is not a natural Person, may delegate his or its right and easement of use and enjoyment in the Association Properties, in accordance with the provisions of this article.

(b) Declarant hereby reserves the right to grant non-exclusive easements over the Association Properties in favor of Owners in any subsequent Phase of Development, and upon the annexation of a subsequent Phase of Development, all Owners of Lots and Condominiums in prior Phases shall obtain non-exclusive easements over all Association Properties in such subsequent Phase.

Section 5.03. Extent of Members' Easements.

The rights and easements of use and enjoyment of the Association Properties created by this Declaration shall be subject to all of the rights and powers of Declarant, Participating Builders and the Association, as set forth in this Declaration, the Bylaws and the Board Rules and Regulations, including, but not limited to, the following:

(a) The right of the Association to reasonably limit the number of guests of Owners using the Association Properties;

(b) The right of the Association to establish and enforce reasonable Board Rules and Regulations pertaining to the use of the Association Properties;

(c) Without limiting the Association's rights to discipline Members, as set forth in Article XII of this Declaration, the right of the Association to suspend the rights and easements of use and enjoyment of the Association Properties of any Owner and any Persons deriving such rights and

Sections 5.02(c) & (d) amended. See PDF page 198 to view Amendment #5 dated July 7, 2009.

easements from any Owner for the period during which any Assessment against such Owner's Lot or Condominium remains unpaid and delinquent, and/or, after Notice and Hearing, for a period not to exceed thirty (30) days for any noncontinuing violation of this Declaration or the Board Rules and Regulations;

(d) The right of the Association to charge reasonable admission and other fees for the use of the recreational facilities located on the Association Properties;

(e) The right of the Association, in accordance with its Articles, Bylaws and this Declaration, to borrow money with the assent of sixty-seven percent (67%) of the voting power of the Delegates, and/or to mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) Subject to the provisions of this Declaration, transfer all or any part of its interest in the Association Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless: (1) an instrument approving said dedication or transfer is signed by at least two members of the Board certifying that Delegates entitled to cast at least sixty-seven percent (67%) of the voting power of the Association have voted to approve such dedication or transfer and Recorded in the Office of the County Recorder; and (2) a written notice of the proposed dedication or transfer is sent to each Delegate not less than fifteen (15) days nor more than thirty (30) days of the transfer; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Association Properties shall not require the prior approval of the Delegates of the Association;

(g) The right of the Association to perform and exercise its duties and powers as set forth herein;

(h) Other rights of the Association, the Master Architectural Control Committee, the Board and the Owners with respect to the Association Properties, as may be provided for in this Declaration;

(i) All rights reserved by Declarant as set forth in this Declaration; and

(j) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of Association Properties imposed by the City, the VA/FHA or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of the City or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Association Properties designated for vehicular movement to perform municipal functions or emergency or essential public services.

Section 5.04. Delegation of Use.

Any Owner who resides within his Lot or Condominium may delegate his rights to use and enjoy the Association Properties to the members of his Family, and to their respective guests and invitees. If, however, an Owner has rented or leased his Lot or Condominium, his rights to use and enjoy the Association Properties shall be deemed to have been automatically delegated to his tenants or lessees for the duration of their tenancy, and said Owner and his Family release any rights to use and enjoy the Association Properties for the duration of such tenancy. All tenants and lessees may,

Section 5.04 amended. See PDF file pages 209-210 to view Amendment #6 dated June 23, 2014 and page 213 to view Amendment #7 dated November 19, 2021.



Section 5.04 amended. See PDF pages 209-210 to view Amendment #6 dated June 23, 2014, see page 213 to view Amendment #7 dated November 17, 2021

in turn, delegate their rights to use and enjoy the Association Properties to the members of their Family, and to their respective guests and invitees, on the same basis as an Owner. The Owner of any Lot improved with an Apartment Building may delegate his right and easement of use and enjoyment in and to the Association Properties to lessees or tenants of the Apartment Building, and such lessees or tenants may further delegate such rights of enjoyment and use to their Family, and their bona fide guests and invitees, subject to such reasonable Board Rules and Regulations as may be adopted by the Board. All tenancies shall be subject to the age limitations set forth in Article XIII hereof, and no Owner shall rent or lease his Lot or Condominium for transient or hotel purposes, or for a period of less than thirty (30) days, nor shall an Owner rent or lease less than his entire Residence.

Section 5.05. Waiver of Use of Association Properties.

No Member may exempt himself from personal liability for Assessments duly levied by the Association, nor effect the release of his Lot or Condominium from the liens and charges thereof, by waiver of the right of use and enjoyment of the Association Properties, or by abandonment of his Lot or Condominium.

Section 5.06. Damage to Association Properties by Members.

Except to the extent prohibited by California law, each Member shall be liable to the Association for any damage to Association Properties that may be sustained by reason of the negligence or willful misconduct of the Member, or the Persons deriving their right and easement of use and enjoyment of the Association Properties from the Member, including employees of the Member, and including the Family and guests of any such Persons. Notwithstanding the foregoing, the Association shall have the right, after Notice and Hearing, to levy a Compliance Assessment equal to (i) the cost of repairing any such damage or, (ii) if the cost of repairing any such damage is paid by an insurance carrier, the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Persons for whom the Member may be liable as described above. In the case of joint ownership of a Lot or Condominium, the liability of the Owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the joint Owners to the contrary. After Notice and Hearing, the Association may levy a Compliance Assessment against the Member and his Lot or Condominium to recover the cost of correcting any such damage not covered by insurance, pursuant to Article IX hereof.

Section 5.07. Damage, Destruction and Required Improvements.

- (a) Election to Restore Association Properties. Except as otherwise provided in Subsection (b) hereinbelow, damage to or destruction of all or any portion of the Association Properties shall be handled in the following manner:
- (i) In the event of damage to or destruction of the Association Properties and the insurance proceeds are sufficient to effect total restoration, the Association shall, as promptly as is practical, cause the Association Properties to be repaired and reconstructed in a good workmanlike manner to its condition prior to such damage or destruction.
- (ii) If the insurance proceeds available are at least ninety percent (90%) of the estimated cost of total repair and reconstruction to the Association Properties, the Association shall, as promptly as practical, cause such Association Properties to be repaired and reconstructed in a

good workmanlike manner to its condition prior to the damage or destruction, and the difference between the insurance proceeds and the actual cost shall be levied by the Association as a Special Assessment against each Lot and Condominium in the Subject Property on an equal basis.

(iii) If the insurance proceeds available are less than ninety percent (90%) of the estimated cost of total repair and reconstruction to the Association Properties, the Owners shall, by the written consent or vote of Delegates representing a majority of the voting power of the Association, determine whether: (1) to restore the Association Properties as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying Assessments against each Lot and Condominium on an equal basis; or (2) to restore the Association Properties in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total reconstruction and repair to the Association Properties, and which is assessable as provided above to all Lots and Condominiums, but which is less expensive than restoring the Association Properties to its condition prior to the damage or destruction.

(b) Election Not to Restore Association Properties.

(i) Notwithstanding the provisions set forth in Subsection (a) hereinabove, in the event Declarant and Delegates representing sixty-seven percent (67%) of the voting power of the Association, and sixty-seven percent (67%) of the first Mortgagees (based upon one [1] vote for each first Mortgage owned) have given their prior written approval, the Owners may elect to not rebuild or restore the Association Properties and to disburse the available insurance proceeds to the general fund of the Association.

(ii) In the event the Owners shall have so voted to not rebuild the Association Properties, the Association Properties shall be cleared and landscaped and the cost thereof shall be paid for out of the available insurance proceeds prior to their distribution to the general fund of the Association.

(iii) In the event the Owners shall have so voted to not rebuild the Association Properties, unless the City shall agree to the contrary, it shall nevertheless be the obligation of the Association to rebuild the private streets, utilities and open spaces, at least to the extent said streets, utilities and open spaces were approved initially by the City, in lieu of payment of fees due pursuant to law.

(c) Excess Insurance Proceeds. In the event any excess insurance proceeds remain after restoring the destroyed Association Properties pursuant to this Article, the Board shall retain such sums in the general fund of the Association.

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Section 5.08. Condemnation.

If at any time all or any portion of the Association Properties or any interest therein shall be 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 allocable to the Association Properties shall be paid to the Association. The award shall be deposited in whichever of the Maintenance Funds that the Board may, in its sole discretion, determine. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation, other than the Member or Members on whose Lots or Condominiums the Association Properties may be located if the proceedings involve a taking of any interest owned by the Member or Members individually. With the exception of the Administrator of Veterans Affairs, an officer of the United States of America, all Owners hereby appoint the Board of the Association to represent the interests of all Owners in condemnation proceedings affecting the Association Properties. The Board shall promptly notify all Delegates (and all insurers, guarantors, and holders of first Mortgages on Lots or Condominiums who have requested written notice in accordance with Section 12.04(g) hereof), as soon as the Board becomes aware of any taking or threatened taking of any Association Properties.

Section 5.09. Reservation of Easements.

(a) Association's Easements. There is hereby reserved to Declarant, Participating Builders, and the Association, their successors and assigns, an easement in gross, over all portions of the Subject Property including the right of entry and access, for (i) the installation and maintenance of the Association Properties, Maintenance Areas and all related Improvements and, (ii) for the performance of all other of their respective rights and duties under this Declaration.

(b) Golf Course Easement. There is hereby reserved to the owner of record of that certain real property more particularly described in Exhibit "D" attached hereto, its successors and assigns, as dominant tenement, a nonexclusive easement for the flight and retrieval of golf balls, including the right to enter any Lot or Condominium Project or other portion of the Subject Property for such purpose. Such right may be exercised by any authorized guest or invitee of such owner, provided that the entry does not unreasonably interfere with the use and enjoyment by any Owner of his Lot or Condominium and any damage caused by the entry of such authorized guest or invitee shall be repaired by the entering party.

The right to retrieve golf balls shall only extend to yards, patios or other similar open and easily accessible areas on Lots or Condominiums in the Subject Property and the person retrieving the golf ball shall do so in a reasonable manner and repair any damage caused by such entry to retrieve the golf ball. This easement shall run with the land for as long as the Golf Course Property is used as a golf course. Each Owner of a Lot or Condominium understands, acknowledges and agrees that owning property adjacent to a golf course is beneficial and highly desirable; however, each such Owner also understands, acknowledges, and agrees that property adjacent to a golf course and persons on that property are subject to the risk of damage or injury from golf balls. Each Owner of a Lot or Condominium on the Subject Property, and their successors and assigns, hereby assumes said risk and releases Declarant, subsequent owners of the Golf Course Property, and all authorized guests or invitees from any and all liability for damage or injury caused by golf balls in, on or around his Lot or Condominium. Further, each Owner of a Lot or Condominium in the Subject Property, and their successors and assigns, agrees to indemnify, defend and hold Declarant, the current

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owner and all subsequent owners of the Golf Course Property and all authorized guests and invitees harmless from any and all claims, damages, and liability arising out of or related to damage or injury to persons or property caused directly or indirectly by golf balls flying, landing, hitting or resting in, or around their Lot or Condominium. The obligation to indemnify, defend and hold harmless shall pass with title to each Lot and Condominium thereon and once an Owner has conveyed title to his Lot or Condominium, the obligation ceases as to that Owner for all subsequent occurrences and that obligation passes to the new Owner.

(c) Slope Access Easement. In the event any Lot or Condominium Project abuts any slope area owned in fee by the Association, or in the event any Lot or Condominium Project contains a portion of any slope area over which the Association possesses an easement for maintenance purposes, the Association and its authorized representatives shall have an easement over any such Lot or Condominium Project to the extent reasonably necessary for access, ingress and egress to said slope area.

(d) Utility Easements. Each Owner agrees, by acceptance of his deed, that his Lot or Condominium is granted subject to easements for utility installation and maintenance, storm drains and other matters as shown on the Recorded map of the respective Subdivision. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities. The utility easement areas of each Lot and all Improvements therein shall be maintained continuously by the Owner of such Lot (or a Sub-Association), except for those Improvements required to be maintained by the Association, a public utility or other public entity.

(e) Access Easements. In addition to the general easements for the use of the Association Properties reserved herein, and subject to all parking restrictions contained herein, there shall be, and Declarant hereby reserves and covenants for itself, and all future Owners within the Subject Property, that Declarant and each and every Owner and their respective Families, tenants, lessees, guests, and invitees shall have non-exclusive appurtenant easements for vehicular and pedestrian traffic over all private streets and walkways within the Subject Property which the Association or any Sub-Association either owns or has an easement for maintenance and use. Declarant, on behalf of itself and any Participating Builders, reserves the right to grant similar easements to owners of property in future Phases of Development.

Section 5.10. Limited Commercial Use.

The Association, acting through the Board of Directors, shall have the power and authority to enter into leases of portions of the Association Properties ("Leased Areas") with Persons who intend to use the Leased Areas for the operation of businesses, approved by the Board of Directors, which are consistent with applicable zoning and other governmental ordinances and regulations. Such businesses may include, without limitation, an R. V. Storage Area, a golf pro shop, luncheonette, real estate office, travel agency, bank branch or automatic teller service, and other businesses or services serving the entire Sun Lakes Country Club community. Any such lease entered into by the Association shall not exceed one (1) year in duration and shall be terminable by either party without cause and without payment of a termination fee upon thirty (30) day's written notice. Such leases may be

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automatically renewed on a year-to-year basis. The Association shall have no power to lease any portion of the Trust Property until such time as the Trust Property is conveyed to the Association.

ARTICLE VI

POWERS AND DUTIES OF THE ASSOCIATION

Section 6.01. Duties of The Association.

The Association shall have the obligation, subject to and in accordance with this Declaration, to perform, by action of the Board, each of the following duties:

(a) Association Properties. The duty to accept and exercise jurisdiction over all Association Properties conveyed to the Association by Declarant or Participating Builders in accordance with this Declaration.

(b) Title to Property Upon Dissolution. The duty to convey, upon dissolution of the Association, the assets of the Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for similar purposes.

(c) Maintenance. The duty to maintain or provide for the maintenance of all Association Properties and Maintenance Areas in a safe and attractive condition, suitable for the uses and purposes for which they are intended, including but not limited to the power and duty to contract for such goods and services as may be necessary or convenient for such maintenance, subject to the limitations set forth in Section 6.02(m) hereof. Notwithstanding the foregoing, the Association shall have no responsibility to maintain any Association Properties or Maintenance Areas that are accepted for maintenance by any state, local or municipal governmental agency or entity. Additionally the Association shall have the right, but not the duty, to maintain and/or repair any Improvements located on a Lot or within a Sub-Association as more particularly set forth in Section 10.08 hereinbelow.

(d) Assessments. The duty to levy Assessments on the Owners of Lots and Condominiums within the Subject Property, and enforce payment of the Assessments in accordance with the provisions of Article IX hereof.

(e) Payment of Taxes. The duty to pay all taxes and assessments levied upon the Association or any of the Association Properties, to the extent not assessed to or paid by the Owners. The Association may contest or compromise any taxes or assessments, provided that if the Association contests any taxes or assessments, a bond insuring the payment thereof is posted prior to the delinquency date thereof.

(f) Insurance. The duty to obtain and maintain in force, to the extent reasonably obtainable, policies of insurance as described in Article VIII.

(g) Enforcement of Declaration and Board Rules and Regulations. The duty to perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration, the Bylaws, and the Board Rules and Regulations.

(h) Audit. The duty to provide for annual budgets and financial statements pursuant to Article IX of this Declaration. Any Owner (or his duly appointed representative) may at any time, at the Owner's expense, cause an audit or

inspection to be made of the books and records of the Association, as well as minutes of meetings of the Board, the Delegates, and any committees of the Association; provided that the audit or inspection by the Owner is reasonably related to his interest as a Member, and the audit or inspection is conducted at the office of the Association or such other place as the Board may determine, and further provided that the audit or inspection is made during normal working hours and without unnecessary interference with the operations of the Manager or the Association, as further provided in the Bylaws.

(i) Other. The duty to carry out the obligations of the Association as set forth in this Declaration, the Articles, the Bylaws, and any other instruments pertaining to the ownership, management and control of the Subject Property.

(j) Annual Meetings. The duty to hold general meetings of the Delegates of the Delegate Districts within the Subject Property not less frequently than once each calendar year at a time and place prescribed by the Bylaws. The first general membership meeting of the Association shall be held within forty-five (45) days after the Close of Escrow of the Lot or Condominium which represents the fifty-first (51st) percentile interest authorized for sale under the Final Subdivision Public Reports for the First Subdivisions, but in no event later than six (6) months after the Close of Escrow of the first such Lot or Condominium.

(k) Concurrent Re-seeding With Golf Course Property. The Association shall have the duty to re-seed all grass covered portions of the Association Properties adjacent to the Golf Course Property described in Exhibit "E" attached hereto concurrently (or as close in time as is reasonably possible) with the re-seeding of the Golf Course Property; provided, however, that the Association shall not be required to re-seed such areas more than once every twelve (12) months. All grass seed shall be the same as, or aesthetically compatible with, the grass seed used for the Golf Course Property. The obligation imposed by this Section 6.01(k) shall be binding upon any Sub-Association which owns, or has an easement for maintenance purposes over, any real property adjacent to the Golf Course Property.

(l) Collection of Club Membership Dues. If requested by the owner of the Golf Course Property described in Exhibit "E" attached hereto, the Association shall collect on behalf of owner of the Golf Course Property, without charge, the Sun Lakes Golf Club membership dues to be paid by Owners as provided in Article XIV; provided, however, that the owner of the Club shall be solely responsible for taking any legal action to collect all delinquent accounts. If the owner of the Club shall request the Association to collect such amounts on the Club owner's behalf, the Club owner shall also establish a separate bank account, and the Association shall deposit all amounts collected on behalf of the Club owner in such account. The Association shall, in addition, render monthly accountings to the Club owner within fifteen (15) days after the end of each calendar month setting forth the amounts collected from each Owner.

(m) Gate and Guard Service. As set forth in Article XV hereinbelow, at such time as the Trust Property is conveyed to the Association, the Association shall have the duty to maintain a guard service at the entrance gate to the Subject Property twenty-four (24) hours per day and to maintain, repair and replace, as necessary, the entrance gate, the guardhouse and associated Improvements in the same condition as originally constructed by Declarant. This provision shall not be amended without the express written consent of Declarant.

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(n) Election of Officers. The Board shall have the duty to elect the officers of the Association and fill any vacancies on the Board, except if such vacancy is created by the removal of a Director.

(o) Estoppel Certificates. The Association shall have the duty to issue Estoppel Certificates and statements as provided in Article IX herein.

Section 6.02. Power and Authority of the Association.

The Association shall have all of the powers of a California corporation organized under the California Nonprofit Mutual Benefit Corporation Law, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws or this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration, the Articles, and the Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association. Without in any way limiting the generality of any of the foregoing provisions, the Association shall have the power and authority, which may be exercised by the Board at any time, as follows:

(a) Right of Entry and Enforcement. The power to enter upon any real property included in the Subject Property, without liability to any Owner, for the purpose of enforcing any of the provisions of this Declaration or the Board Rules and Regulations, or for the purpose of constructing, maintaining and repairing any real property and Improvements in the Subject Property, and to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Board Rules and Regulations and to enforce, by mandatory injunctions or otherwise, all of the provisions of this Declaration. There shall be no entry into the interior of a Residence without twenty-four (24) hours prior written notice to the Owner thereof for any maintenance required under this Declaration or any Supplemental Declaration; provided however, that such right of entry shall be immediate in the event of an emergency. Any damage caused by an entry upon said real property shall be repaired by the entering party.

(b) Conveyance of Certain Easements. Subject to the provisions of Article XI hereof, the power to grant, dedicate or convey easements, licenses, rights-of-way, in, on, over or under any Association Properties to any public agency, governmental entity, public utility, or other Person for purposes not inconsistent with the use of such property for residential purposes.

(c) Conveyance of Other Real Property. Subject to the provisions of Article XI hereof, the power to grant, dedicate or convey all or any part of the Association Properties to any public agency, authority, public service district, governmental entity or other Person for any purposes, subject to such conditions as may be determined by the Board; including the power to grant easements to or otherwise participate in any assessment district established by, through or under the County of Riverside, the City of Banning, or any other governmental entity for the maintenance of any open space areas, slope easements, or other portion of or interest in the Subject Property; provided further that any grant, dedication or other conveyance of any Association Properties (other than grants of easements, licenses and rights of way as described in Section 6.02(b) above) shall not be effective unless there shall have been Recorded an instrument signed by at least two (2) members

of the Board certifying that Delegates entitled to cast at least two-thirds (2/3) of the voting power of the Association have voted to approve the grant, sale or other conveyance.

(d) Manager. Except to the extent prohibited by California law, the power to retain and pay for the services of a Person or firm as Manager to undertake any of the management or administrative functions for which the Board has responsibility hereunder to the extent deemed advisable by the Board, and to engage such other personnel as the Board shall determine may be necessary or proper for the performance of such management or administrative functions; and to delegate any of its duties, powers, or functions to any Manager. Any contract with any Manager or other personnel as described above shall not have a renewable term of more than one (1) year, except by mutual agreement of the parties, and shall be terminable by either party without cause and without payment of a termination fee upon not more than thirty (30) days written notice. Notwithstanding any such delegation, the activities and affairs of the Association shall be managed and all powers of the Association shall be exercised under the ultimate direction of the Board pursuant to the Bylaws. The Members hereby release the members of the Board and the Delegates from any liability for any omission or the improper exercise by any Manager of any such duty, power or function as delegated.

(e) Public Functions. The power to perform, provide, maintain and pay for any of the public services for the Association that are commonly associated with municipal or other local governments, to the extent, if any, deemed desirable or appropriate by the Board. Such services may include, but shall not be limited to, the following:

(i) Provision for public health services such as mosquito abatement and pest eradication;

(ii) Disposal of solid wastes, including garbage collection services; and

(iii) Maintenance of paid patrols to control crime and disorder and to protect the Association Properties from vandalism and trespass through guards, gates and fences, and other security measures.

(f) Legal and Accounting Services. The power to retain and pay for legal and accounting services necessary or proper for the operation of the Association Properties, the enforcement of this Declaration, or the performance of any of the other duties or rights of the Association.

(g) Board Rules and Regulations. The power to adopt, amend and repeal any Board Rules and Regulations as the Board deems proper concerning all aspects of the Association including, but not limited to, (i) the right to make and enforce parking restrictions within the Association Properties; and, (ii) the right to establish and regulate the use of an R. V. Storage Area. Notice of adoption of any Board Rules and Regulations, and of any change, amendment or repeal thereof, shall be given in writing to each Delegate and copies of each notice shall be kept at the principal office of the Association. The Board Rules and Regulations, as they may be amended from time to time, shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between the Board Rules and Regulations and this Declaration, this Declaration shall prevail.

(h) Other Services and Fees. The power to provide any other services, do any acts and charge any fees as may be necessary or proper to carry out the Association's obligations,



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rights and business under the terms of this Declaration so as to enhance the enjoyment by the Members of the Association Properties. The Association may charge reasonable admission or other fees for any special or extraordinary uses of the Association Properties or services provided by the Association, such as special parking privileges, the use of the R. V. Storage Area, instruction, special recreation facilities, or similar uses beyond the common and ordinary use of the Association Properties.

(i) Construction on Association Properties. The power to acquire real or personal property, operate, construct or reconstruct Improvements on or additions to the Association Properties, or demolish existing Improvements, or to enter into ground leases covering portions of the Association Properties for the purpose of constructing and operating Improvements thereon; provided that any Special Assessment required in connection with any such construction shall be in accordance with the provisions of Article IX hereof.

(j) Power to Borrow Money. The right, in accordance with the Articles and Bylaws, and subject to the vote of Delegates representing at least two-thirds (2/3) of the voting power of the Association, to borrow money from any lender for the purpose of improving or maintaining the Association Properties, and providing services authorized herein, and to mortgage, pledge, deed in trust or hypothecate any or all of the Association Properties as security for any such money borrowed or debts incurred, provided that the rights of the lender shall be subordinated to the use rights of the Members.

(k) Power to Provide Special Services to Sub-Associations. In addition to the Association's rights to perform certain maintenance and repairs as set forth in Section 10.08 hereinbelow, the Association shall also have the power to provide services to Sub-Associations, provided there is a written agreement between the Association and the Sub-Association that requires the Sub-Association to pay to the Association the expenses of providing the services to the Sub-Association, including a fair share of the overhead expenses of the Association. Services which may be provided to a Sub-Association include, without limitation, (a) construction, care, operation, management, maintenance, repair and replacement of Improvements owned by the Sub-Association; (b) enforcement of the provisions of any Supplemental Declaration for, on behalf of, and in the name of the Sub-Association; (c) collection of Assessments for, in the name of, and on behalf of a Sub-Association; (d) payment of taxes for a Sub-Association with funds of the Sub-Association; (e) obtaining insurance for a Sub-Association; (f) collection of charges for use of facilities of a Sub-Association; and, (g) appointment and supervision of a Manager or Managers for a Sub-Association.

(l) Power to Provide Special Services for Members. In addition to the Association's rights under Section 10.08 hereinbelow, the Association shall have the power to provide special services to an Owner, provided there is a written agreement between the Association and the Owner, or there exists a Supplemental Declaration providing for payment to the Association by the Owner of the reasonably estimated costs and expenses of the Association of providing the services, including a fair share of the overhead expenses of the Association. The agreement or Supplemental Declaration shall also contain reasonable provisions assuring that the obligation to pay for the services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner, and that the payment for the services may be collected by a Compliance Assessment.

(m) Contracts. The Association shall have the power to enter into any contracts or agreements necessary or convenient for the performance of the Association's obligations, rights and business. The power of the Association to enter into such contracts shall include, but not be limited to, the power to enter into contracts with any other homeowner associations or similar entities (regardless of whether or not the real property governed by the homeowner association or similar entity is included within the boundaries of the Subject Property or the Annexable Area) for the purpose of providing, on a shared-cost basis, any of the goods or services required or permitted under this Declaration, the Board Rules and Regulations, or the Bylaws, provided that the Association shall be obligated to pay only those costs attributable to goods or services provided to or for the benefit of the Association or the Association Properties. The Association shall not, without the vote or written consent of Delegates representing at least a majority of the voting power of the Association residing in members other than Declarant, enter into a contract with a third person wherein the third person will furnish goods or services for the Association Properties or the Association for a term longer than one (1) year, with the following exceptions:

(1) A management contract, the terms of which have been approved by the VA or FHA;

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

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

(4) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect interest of ten percent (10%) or more;

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

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

(n) Power to Restrict Parking. The Association, by action of the Board, is hereby empowered to establish "parking" and "no parking" areas within the Association Properties in accordance with Section 22658 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce those parking limitations by all means lawful for such enforcement, including the removal of any violating vehicle by those so empowered. Temporary guest or recreational area parking shall be permitted within the Association Properties only within spaces and areas clearly designated for this purpose. Spaces shall be shown by signs or markings on or adjacent to the parking area.

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(o) R. V. Storage Area. The Association shall have the power, but not the duty, to designate a portion of the Association Properties as an R. V. Storage Area, and to charge reasonable fees to cover the cost to the Association attributable to the renting or leasing of spaces in the R. V. Storage Area, provided that (i) Owners shall have first priority to rent or lease such spaces, and (ii) there shall be no unreasonable discrimination among Owners in connection with the renting and leasing of such spaces.

(p) Execution of Subsidy Agreement. Contract with Declarant, its successors or assigns, for the purpose of entering into a maintenance and/or subsidy agreement, made by and between Declarant and the Association, for the purpose of reducing the financial obligations of Owners in the Subject Property.

Section 6.03. Agents.

Any power or authority vested in the Board pursuant to this Declaration shall be exercisable by the Board directly or through its authorized agents, including any committees, officers or employees of the Association.

Section 6.04. Liability.

No member of the Board, nor any Delegate, nor the Declarant, shall be personally liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, the Board, any Delegate, Declarant, or any other representative or employee of the Association, provided that the Board member, Delegate, or the Declarant has, upon the basis of such information as may be possessed by him, acted in good faith. The Association shall and hereby agrees to indemnify the Board (and each member thereof), and the officers of the Association (and each of them) and any members of a committee created by the Board pursuant to this Declaration, and any Delegate, from all expenses and liabilities, including attorney's fees, incurred in connection with any proceeding to which he is a party by reason of his being a member of the board or of a committee, or an officer of the Association, or a Delegate, except in such cases where he has committed a willful misfeasance or malfeasance in the performance of his duties, or breached his fiduciary duty.

Section 6.05. Requirement for Approval by Members.

Notwithstanding any other provision of this Declaration, the Board shall not, without the approval of Delegates representing at least a majority of the voting power of the Association (a) incur aggregate expenditures for capital improvements to the Association Properties in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (b) sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; (c) pay compensation to Directors, Delegates or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director, Delegate or officer to be reimbursed for actual expenses incurred in carrying on the business of the Association; or (d) fill a vacancy on the Board created by the removal of a Director.

ARTICLE VII

MASTER ARCHITECTURAL COMMITTEE

Section 7.01. Members of the Master Architectural Committee.

The Master Architectural Committee shall consist of three (3) members; provided, however, that the number of members may be increased or decreased by resolution of the Board of Directors, provided that the number of members shall never be less than three (3) nor more than five (5). The members of the Master Architectural Committee may be removed at any time without cause as provided in Section 7.02 hereinbelow. Unless changed by resolution of the Board, the address of the Master Architectural Committee for all purposes, including the submission of plans for approval, shall be at the principal office of the Association as designated by the Board pursuant to the Bylaws. Members of the Master Architectural Committee shall serve for a term of one (1) year, or until such time as the member has resigned or been removed. Members of the Master Architectural Committee may serve one or more consecutive terms.

Section 7.02. Rights of Appointment.

Declarant may, at its sole option, appoint all of the original members of the Master Architectural Committee, and all replacements, until the first anniversary of the original issuance of the Final Subdivision Public Report for Phase I of the First Subdivisions. Thereafter, the Board shall have the right to appoint at least one member of the Master Architectural Committee, but Declarant may, at its sole option, appoint a majority of the members until (i) such time as neither Declarant nor any Participating Builder has the authority to annex real property in the Annexable Area to the Subject Property without the consent of Delegates representing at least two-thirds (2/3rds) of the voting power of the Association as provided in Article III hereinabove, or (ii) the date which is ten (10) years after the first Close of Escrow for the sale of a Lot or Condominium in the First Subdivisions, whichever occurs first. Thereafter, the the Board shall have the right to appoint the remaining members of the Master Architectural Committee. Members of the Master Architectural Committee appointed by the Board shall be members of the Association, but those appointed by Declarant need not be members of the Association.

Section 7.03. Architectural Review Procedures.

(a) Review of Plans and Specifications. Subject to Subsection (b) below and Article XI hereof, no Improvements of any kind (including any changes, alterations or other modifications to the exterior of any existing Improvements) shall be built, constructed, erected, installed or planted (as the case may be) upon the Association Properties or upon any real property located within the Subject Property until the plans and specifications thereof showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to and approved in writing by the Master Architectural Committee. The Board of Directors from time to time shall adopt and promulgate architectural standards ("Architectural Standards"), which may include, among other things, the following restrictions and limitations:

(i) Reasonable time limitations for the completion of the Improvements.

(ii) Such other limitations and restrictions as the Board, in its reasonable discretion, may adopt including, without limitation, the nature, kind, shape, height, materials,

exterior color and location of any building, wall, structure, fence or other Improvement; the type, location and height of trees, bushes, shrubs, plants and other landscaping; preservation of views and aesthetic beauty; the harmony of exterior design and color to other Improvements in the Subject Property; grading and ground elevations; with respect to fences, walls, and landscaping, assurance of adequate access by the Association in connection with the performance of its duties and the exercise of its powers hereunder; conformity of the plans and specifications to the purpose and general plan and intent of this Declaration, including the provision for adequate parking, driveways, walkways and parkways.

The Owner shall obtain a receipt for the plans and specifications from an authorized agent of the Master Architectural Committee. The jurisdiction of the Master Architectural Committee over construction in the Subject Property shall be in addition to that of any architectural committee established under any Supplemental Declaration, and any work of Improvement in the Subject Property may require the approval of both any such architectural committee and the Master Architectural Committee. The Master Architectural Committee shall approve plans and specifications submitted for its approval only if it deems in its reasonable discretion that the construction, alterations or additions contemplated thereby in the location indicated will not be detrimental to the appearance of the Subject Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Subject Property as a whole, and that the upkeep and maintenance thereof will not become a burden on the Association.

The Committee may condition its approval of proposals or plans and specifications upon such changes therein as it deems appropriate, or upon the agreement by the Person (referred to in this Section as "Applicant") submitting the same to grant appropriate easements to the Association for the maintenance thereof, or to reimburse the Association for the cost of maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving any material submitted. The Master Architectural Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, and may require a fee to accompany each application for approval, and unless such rules are complied with, the plans and specifications shall not be deemed received. The Master Architectural Committee may provide that the amount of any fee shall be uniform, or that it shall be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Master Architectural 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, elevation drawings and description or samples of exterior material and colors. The Master Architectural Committee may postpone review of any plan submitted for approval until it shall have received a complete set of the plans and specifications.

Decisions of the Master Architectural Committee and the reasons therefor shall be transmitted by the Master Architectural Committee to the Applicant at the address set forth in the application for approval within sixty (60) days after receipt by the Master Architectural Committee of all materials required by the Master Architectural Committee. Any application submitted pursuant to this Section shall be deemed approved, unless written disapproval or a request for additional information or materials by the Master Architectural Committee shall have been transmitted to the Applicant within sixty (60) days after the date of receipt by the Master Architectural

Committee of all required materials. Upon completion of the contemplated Improvement, the Applicant shall give written notice to the Master Architectural Committee of such completion and, for purposes hereof, the date of receipt of the written notification to the Master Architectural Committee shall be deemed to be the date of completion of the Improvement.

(b) Variances. The Master Architectural Committee may authorize variances from compliance with any of the architectural provisions of this 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 considerations may require. All variances must be evidenced in writing, must be signed by at least a majority of the members of the Master Architectural Committee, and shall become effective upon delivery to the Owner. If a variance is granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive any of the terms and provisions of this 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 use of the property, including but not limited to zoning ordinances and Lot set-back lines or any other requirements imposed by any governmental authority.

(c) No Waiver of Future Approvals. The approval by the Master Architectural Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Master Architectural Committee shall not be deemed to constitute a waiver of any right to withhold approval of or to consent to any similar proposals, plans and specifications, drawings or any matter whatsoever that is subsequently or additionally submitted for approval.

(d) Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(i) The Master Architectural Committee or its duly authorized representative may at any time inspect any Improvement, or change or alteration thereof, for which approval of plans are required under this Article VII; provided, however, that the Master Architectural Committee's right of inspection shall terminate sixty (60) days after the Owner shall have given written notice of the completion of the work to the Master Architectural Committee, provided that such Improvement was actually completed as of the date of such notification. If, as a result of its inspection, the Master Architectural Committee finds that the Improvement, or change or alteration thereof, was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Master Architectural Committee, it shall notify the Owner in writing of the failure to comply with this Article VII within thirty (30) days after the inspection, specifying the particulars of noncompliance (the "Notice of Noncompliance"). The Master Architectural Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(ii) If upon the expiration of thirty (30) days from the date of the Notice of Noncompliance, the Owner shall have failed to remedy the noncompliance, then the Master Architectural Committee shall notify the Board in writing of such failure and the nature thereof, and the estimated cost of correcting or removing the same. The Board shall then have the

right at its option either to pursue such remedies against the Owner as it may have in any court of competent jurisdiction or to determine whether there is a noncompliance after Notice and Hearing, in the manner set forth in the Bylaws. If a noncompliance is determined to exist at the Notice and Hearing, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date that notice of the Board ruling is delivered to the Owner. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may Record a Notice of Noncompliance against the real property in which the noncompliance exists, remove the noncomplying Improvement, or remedy the noncompliance; and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Compliance Assessment against the Owner for reimbursement pursuant to Article IX hereinbelow. The right of the Association set forth in this Subsection to remove any Improvement or remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or under this Declaration.

(iii) As to any Improvements constructed in compliance with this Article VII, the Association shall, upon written request, provide to the Owner thereof a notice (the "Notice of Compliance") in recordable form, signed by the President or Vice President and the Secretary of the Association, evidencing such compliance. The Notice of Compliance, when Recorded, shall be conclusive evidence of compliance with the provisions of this Article VII as to the Improvements described in the Recorded Notice of Compliance.

(iv) The Board shall adopt a procedure by which a prospective Owner intending to erect Improvements on any portion of the Subject Property may submit and obtain the advance approval of the Master Architectural Committee for the prospective Owner's plans therefor prior to the purchase of the property.

Section 7.04. Meetings of the Master Architectural Committee.

The Master Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Master Architectural Committee may from time to time by resolution unanimously adopted in writing designate a "Committee Representative" (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Master Architectural Committee, except the granting of variances pursuant to Subsection 7.03(b) above. In the absence of such designation, the vote of a majority of the members of the Master Architectural Committee, or the written consent of a majority of the members of the Master Architectural Committee, shall constitute an act of the Master Architectural Committee.

Section 7.05. Notice of Appointment.

Whenever a member of the Master Architectural Committee is appointed or removed while both Declarant and the Board have rights of appointment, written notice to the other party of such appointment or removal shall be given by the party appointing or removing the member.

Section 7.06. Scope of Review.

The Master Architectural Committee shall not be responsible for reviewing, nor shall its approval be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 7.07. Exemption of Declarant.

Notwithstanding any other provision of this Declaration to the contrary, Declarant need not seek or obtain Master Architectural Committee approval for any Improvement constructed or placed by Declarant on any portion of the Subject Property owned or controlled by Declarant and the Master Architectural Committee shall not have any jurisdiction whatsoever over any construction on any property owned or controlled by Declarant. Participating Builders shall, however, be required to obtain such approval, and shall be subject to the jurisdiction of the Master Architectural Committee.

Section 7.08. Approval of Ground Cover Adjacent to Golf Course Property.

No Owner of a Lot (including a Sub-Association) that has a common boundary line with any portion of the Golf Course Property described in Exhibit "E" attached hereto shall plant, seed, re-seed or otherwise install any grass or ground cover within any portion of his Lot without the prior written approval of the Master Architectural Committee.

ARTICLE VIII

INSURANCE

Section 8.01. Required Insurance Coverage.

To the extent commercially feasible, the Association, acting by and through the Board, shall procure and maintain at all times, and pay the premiums for, the following insurance coverage:

(a) Casualty and Fire Insurance. A policy or policies of casualty and fire insurance with extended coverage endorsement in an amount equal to one hundred percent (100%) of the current replacement cost (without deduction for depreciation or co-insurance) of the Association Properties and Maintenance Areas, together with all Improvements located thereon. Said policies shall be maintained for the benefit of the Association, as the insured, for the use and benefit of the Owners. The coverage does not need to include land, foundations, excavations, or other items normally excluded from such coverage. Such policy or policies must contain, if required and if obtainable: (1) an Agreed Amount and Inflation Guard Endorsement; and (2) Construction Code Endorsements (such as Demolition Cost Endorsement, a Contingent Liability From Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) if there is a construction code provision which would become operative and require changes to undamaged portions of any Improvements on the Association Properties.

(b) Public Liability Insurance. A policy or policies of comprehensive public liability insurance (with cross-liability endorsement, if obtainable) insuring the Association, the Board, the Owners and the Declarant, and the agents and employees of each of the foregoing, against any liability to the public or to any Owner, his Family, lessees, tenants, guests and invitees arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Association Properties and Maintenance Areas and from lawsuits related to contracts in which the Association is a party. The limits of liability under this Section shall be set by the Board and shall be reviewed at least annually by the Board, and increased or decreased at the discretion of the Board; provided, however, that said limits shall not be less than one Million Dollars (\$1,000,000.00) for bodily injury, including



deaths of persons and property damage arising out of a single occurrence; and, provided further, that if FHLMC and/or FNMA participate in the financing of Lots or Condominiums in the Subject Property, said limits shall not be less than the minimum limits required under the then current FHLMC and/or FNMA regulations.

(c) Fidelity Bonds. Officers' and Directors' errors and omissions insurance, and fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, including, but not limited to, officers, the Board, trustees and employees of the Association, and officers, employees and agents of any Manager employed by the Association who handle or are responsible for the administration of Association funds, if obtainable. Such coverage shall be in an amount deemed reasonably appropriate by the Association, but shall not be less than the estimated maximum funds, including reserves, in the custody of the Association, or twenty-five percent (25%) of the estimated annual operating expenses of the Subject Property, including reserves, whichever is greater.

(d) Worker's Compensation. A policy or policies for all employees of the Association in such amounts as may be required by law.

Section 8.02. Optional Insurance Coverage.

The Association, acting at its option and by and through the Board, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, earthquake insurance, flood insurance and plate glass insurance.

Section 8.03. Notice of Cancellation of Insurance.

All policies of insurance (including fidelity bonds) maintained by the Association pursuant to this Article shall contain a provision that coverage under said policies may not be cancelled, terminated, allowed to expire by their own terms, or be substantially modified by any party without at least thirty (30) days' prior written notice to the Board, to each Delegate, and to such first Mortgagees who have filed written requests with the Association for such notice. A list of the Delegates and such first Mortgagees shall be made available by the Association to the insurance carrier upon request.

Section 8.04. Annual Review of Coverage.

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

Section 8.05. Waiver by Owners.

As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Association, the Board, the Declarant, and the agents and employees of each of the foregoing, and all other Owners with respect to any loss covered by such insurance, whether or not

caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 8.06. Premiums, Proceeds and Settlement.

Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Association, the Owners and their respective Mortgagees, shall be a Common Expense to be included in the Regular Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (a) in the event of any damage or destruction to the Association Properties and Maintenance Areas, such proceeds shall be disbursed in accordance with the provisions of Article V; and (b) in the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate subject to the Mortgagee Protection provisions limitations set forth in Article XII. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) Directors of the Association may, pursuant to a resolution adopted by the Board, sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 8.07. Rights and Duties of Owners to Insure.

Each Owner may obtain insurance on his personal property and all other Improvements located on his Lot or Condominium. Nothing herein shall preclude any Owner from carrying any public liability insurance for damage to persons or property occurring outside his individual Lot or Condominium, or elsewhere upon the Subject Property. If obtainable, such liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board, their agents and employees and all other Owners. Such other policies shall not adversely affect or diminish any coverage under insurance obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8.08. Trustee for Policies.

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

Section 8.09. Compliance with Requirements of FHLMC, FNMA and VA/FHA.

Notwithstanding the provisions of this Article, the Association shall obtain and maintain in effect such policies of insurance meeting all requirements of FHLMC, FNMA and VA/FHA established by those entities for Planned Developments and/or Condominium Projects for so long as any of such agencies continue to be a Mortgagee, Owner, insurer or guarantor of a Mortgage in the Subject Property, except to the extent such coverage is not available or has been waived, in writing, by such agencies.

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ARTICLE IX

ASSESSMENTS, BUDGETS AND FUNDS

Section 9.01. Personal Obligation of Assessments.

Declarant hereby covenants, and each Owner of any Lot or Condominium, (including Participating Builders), by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in the deed or other instrument, is deemed to covenant and agree to pay to the Association (1) annual Regular Assessments, (2) Special Assessments, and (3) Compliance Assessments; all as hereinafter provided. All Assessments (other than Compliance Assessments) together with interest, costs, late charges and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot or Condominium against which the Assessment is made, which lien may be foreclosed in the manner described in this Article IX. All Assessments shall also be a personal obligation of the Owner to pay the Assessment. The personal obligation of the Owner to pay an Assessment shall not be terminated by a conveyance or any transfer (whether by foreclosure or otherwise) of the Owner's interest in the Lot or Condominium. The personal obligation for any Assessment shall not pass to the successors-in-title to any Owner unless expressly assumed by them.

Section 9.02. Maintenance Funds.

The Board shall establish no fewer than two (2) separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance by the Association of its functions under this Declaration. Each of the Maintenance Funds shall be established as separate trust savings or trust checking accounts. The Maintenance Funds may be established as trust accounts at a bank or savings institution and shall include: (1) an Operating Fund for the Common Expenses of the Association; and, (2) a Reserve Fund for replacements, painting, and repairs of the Improvements within the Association Properties and Maintenance Areas; and, (3) any other funds which the Board of Directors may establish to the extent it deems necessary or convenient under the provisions of this Declaration.

Section 9.03. Purpose of Assessments.

All amounts deposited into the Operating Fund and the Reserve Fund must be used solely for the common benefit of all of the Owners for the purposes authorized by this Declaration. Disbursements from the Reserve Fund shall be made by the Board only for the respective purposes specified in this Article IX. Disbursements from the Operating Fund shall be made by the Board for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners (including payment of the use fee payable by the Association under the Use Agreement), other than those purposes for which disbursements from the Reserve Fund are to be used. Nothing in this Declaration shall be construed so as to permit the Association to use any Assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Subject Property. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association earmarked for specified purposes authorized by this Declaration.

Section 9.04. Regular Assessments.

Each annual Regular Assessment shall constitute an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Reserve Fund, the Operating Fund and any other Maintenance Fund established by the Board. Regular Assessments shall be assessed against the Owners of Lots and Condominiums in the First Subdivisions in the amounts as set forth in the Association budget on file with the DRE. As Regular Assessments commence with respect to additional Phases of Development annexed to the Subject Property pursuant to Article III hereof, the Regular Assessments shall be revised in accordance with the combined budget of the Association filed with the DRE for the additional Phase of Development. Any revision of Regular Assessments shall be subject to the limitations set forth in Section 9.06 below. Regular Assessments payable to the Association shall be assessed equally against all Owners, based upon the number of Lots or Condominiums, except that in the case of a Lot developed as an Apartment Building, Regular Assessments shall be assessed for each three (3) Apartments located on the Lot. In the event the number of Apartments located on any Lot is not exactly divisible by three, no fractional Regular Assessment shall be assessed for the remaining Apartments.

Section 9.05. Date of Commencement of Regular Assessments.

As to each Lot or Condominium in any Phase of Development, other than a Lot developed as an Apartment Building, Regular Assessments shall commence on (a) the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot or Condominium in that Phase of Development, or (b) the conveyance of the Association Properties in such Phase to the Association, whichever occurs first. As to any Lot developed as an Apartment Building, Regular Assessments shall commence on the earlier to occur of (1) the first day of the month following the month in which a Certificate of Occupancy is issued for any Improvement in the Phase of Development in which the Apartment Building is located, or (2) to date on which the Association becomes responsible for maintaining the Association Properties in such Phase of Development. Each Lot or Condominium shall thenceforth be subject to the then applicable annual Regular Assessment as set forth herein, provided that the first annual Regular Assessment shall be adjusted according to the number of months remaining in the fiscal year, as set forth in the Bylaws. The Board shall fix the amount of the annual Regular Assessment to be levied against each Lot or Condominium at least thirty (30) days in advance of each Regular Assessment period. Subject to the provisions of Section 9.06, written notice of any change in the amount of the annual Regular Assessment shall be sent to every Owner subject thereto, at least thirty (30) days prior to the effective date of the change. If any payment of a Regular Assessment is less than the amount assessed, and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in order of priority first to the "Basic Dues" (as defined hereinbelow) including any previously unpaid Basic Dues, and second to the Operating Fund, until that portion of the Regular Assessment has been satisfied, and third to the Reserve Fund, and the remainder to late charges, fines and interest.

At the end of any fiscal year of the Association, the Board may determine that all excess funds remaining in the Operating Fund, over and above the amounts used for the operation of the Association Properties, may be returned to the Members proportionately, or may be retained by the Association in the Reserve Fund or used to reduce the following year's Regular Assessment. Upon dissolution of the Association

incident to the abandonment or termination of the maintenance of the Association Properties and Maintenance Areas, any amounts remaining in any of the Maintenance Funds shall be distributed proportionately to or for the benefit of the Members.

Section 9.06. Maximum Regular Assessment.

Subject to adjustment as provided herein, the annual Regular Assessment per Lot or Condominium under this Article IX for the First Subdivisions shall initially be: (a) Phase I-(\$847.92); (b) Phase II-(\$649.44); and (c) Phase III-(\$609.36). At such time as the first Lot and/or Condominium closes escrow in each Phase of the First Subdivisions, the Regular Assessment attributable to the First Subdivisions shall be automatically adjusted in accordance with the Budget for each Phase as approved by the DRE.

If the Board determines that the Regular Assessment is insufficient to meet the expenses of the Association during the remainder of the Association's initial fiscal year, the Board may, by majority vote, increase the Regular Assessment by not more than ten percent (10%) above the Regular Assessment for the year as set forth in the approved budget of the Association on file with the DRE. Prior to the end of the Master Association's initial fiscal year, any proposed Regular Assessment increase in excess of ten percent (10%) above the Regular Assessment set forth in the approved budget of the Association on file with the DRE shall be subject to approval by a vote of Delegates representing a majority of the voting power of the Association.

From and after the first day of the fiscal year immediately following the commencement of Assessments, pursuant to Section 9.05 hereinabove, the annual Regular Assessment per Lot or Condominium may be increased by the Board, above the annual Regular Assessment for the previous year, without a vote of written assent of a majority of the Delegates; provided, however, the Board may not increase the Regular Assessment for any fiscal year more than ten percent (10%) above the Regular Assessment for the Association's preceding fiscal year, without the approval of Delegates representing at least a majority of the voting power of the Association at a duly held meeting of the Delegates.

In accordance with Section 1366(b) of the California Civil Code, as same may be amended from time to time, the limitations set forth above shall not apply to increases in Regular Assessments related to:

(1) Maintenance or repair of the Association Properties and Maintenance Areas, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or Improvements, funding reserves and the Use Fee attributable to the Trust Property; or

(2) Expenses incurred in conjunction with an emergency situation.

Provided, however, any increase above fifteen percent (15%) for the categories noted in subparagraphs (1) and (2) herein must be approved by: Delegates representing at least a majority of the voting power of the Association and (2) so long as there is a Class B membership, Delegates representing at least a majority of the voting power of the Association, other than Declarant.

So long as Declarant is offering Lots or Condominiums for sale pursuant to a Final Subdivision Public Report, the Regular Assessment may not be decreased by ten percent (10%) or more without the express written consent of the Declarant and the DRE. Notwithstanding the foregoing, following the annexation of subsequent Phases of Development pursuant to the provisions set forth in this Declaration, the maximum Regular Assessment may be automatically adjusted (upwards or downwards) for all Lots or Condominiums in the Subject Property on the first day of the month following the first close of an escrow for the sale of a Lot or Condominium in said Phase of Development without any approval of the Delegates of the Association to the amount recommended by the DRE and VA/FHA in connection with their respective reviews and processing of the Association budget for such Phase of Development.

Section 9.07. Payment of Regular Assessments.

All Regular Assessments shall be due and payable to the Association by the assessed Owners (including Declarant), during the fiscal year, in advance, in monthly, quarterly, or semi-annual installments, on or before the first day of each month, or in such other manner or frequency as the Board may designate in its sole and absolute discretion.

Section 9.08. Exempt Property.

The following property subject to this Declaration shall be exempt from Assessments:

- (a) All properties dedicated to and accepted by a local authority; and,
- (b) Any Association Properties owned by the Association; and,
- (c) Any real property owned by any Sub-Association.

Section 9.09. Supplemental Regular Assessments.

Subject to the provisions of Section 9.06 hereof, if the estimated annual Regular Assessments prove inadequate for any reason, including nonpayment of any Owner's Regular Assessment, the Board may, from time to time, levy a supplemental Regular Assessment for any of the Maintenance Funds. The supplemental Regular Assessment shall be assessed against each Owner, and his Lot or Condominium, in the same manner as Regular Assessments are assessed. Written notice of any change in the amount of any annual Regular Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of the change.

Section 9.10. Annual Budgets and Financial Statements.

The Board shall cause the following financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association, regardless of the number of Members or the amount of assets of the Association:

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

(i) An itemized estimate of the Association's revenue and expenses, determined on an accrual basis;

(ii) The amount of the total cash reserves of the Association which are then currently available for the major repair or replacement of the Association Properties and for other contingencies;

(iii) An itemized estimate of the remaining useful life of the Association Properties, together with an explanation of the methods of funding being utilized by the Association to defray the costs of future repairs, replacements or additions to the Association Properties; and

(iv) A general statement setting forth the procedures utilized by the Association to calculate and establish reserves to defray the costs of future repairs, replacements or additions to the Association Properties.

(2) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing for the first sale of a Lot or Condominium in the First Subdivisions, and an operating statement for the period from the date of the first Close of Escrow to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received, and receivable, identified by the number of the Lot or Condominium and the name of the Person assessed;

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(i) A balance sheet as of the last day of the Association's fiscal year;

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

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

(iv) Any information required to be reported pursuant to Section 8322 of the California Corporations Code as same may be amended from time to time; and

(v) For any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), the foregoing annual report shall be prepared by a licensee of the California Board of Accountancy, in accordance with generally accepted accounting principles. If, for any reason, the report is not prepared by a licensee of the California Board of Accountancy, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared from the books and records of the Association, without independent audit or review.

(4) A statement of the Association's policies and practices in enforcing its remedies against Members for nonpayment of Assessments, as set forth in this Declaration, which shall be distributed within sixty (60) days prior to the beginning of the fiscal year.

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(5) The Board shall review, on a quarterly basis, unless otherwise stated, the following:

(i) A current reconciliation of the Association's operating accounts;

(ii) A current reconciliation of amounts collected as reserves;

(iii) An income and expense statement for the Association's operating and reserve accounts; and

(iv) On an annual basis only, the latest statements of account prepared by the financial institutions where the Association has its operating and reserve accounts.

Section 9.11. Failure to Fix Regular Assessments.

The omission by the Board, prior to the expiration of any year, to fix the Regular Assessment provided for herein for the ensuing year, shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration, or a release of the liability of any Owner to pay the Regular Assessment, or any installment thereof, for that or any subsequent year, and in such event the Regular Assessment for the preceding fiscal year shall be deemed to be the Regular Assessment for any year in which the Board fails to fix the Regular Assessment. No diminution or abatement of the Regular Assessment shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to Association Properties or from any action taken to comply with any law or any determination of the Board.

Section 9.12. Special Assessments.

(a) Purposes. In addition to the Regular Assessments authorized by this Declaration, the Board may levy Special Assessments against Owners (including Declarant and Participating Builders) in the Subject Property for the following purposes:

(i) To construct or reconstruct, repair or replace capital Improvements upon the Association Properties, including any necessary fixtures and personal property related thereto, which have been damaged or destroyed by fire or other casualty;

(ii) To construct or install any new Improvements to the Association Properties; and

(iii) To take any other extraordinary action for the benefit of the Association Properties or the Association pursuant to the provisions of this Declaration.

(b) Vote. The Board shall not, in any one fiscal year, levy Special Assessments which in the aggregate exceed five percent (5%) of the estimated gross expenses of the Association as set forth in the Budget for that fiscal year without the vote of Delegates representing at least a majority of the voting power of the Association. The five percent (5%) limitation shall not apply to: (1) maintenance or repair of the Association Properties and Maintenance Areas, including but not limited to the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining and repairing Improvements and funding reserves, or (2) expenses incurred in conjunction with an emergency situation; provided, however, any increase above five percent (5%) for the categories noted in (1) and (2) herein must be approved by: (1) Delegates representing a majority of the voting power of



the Association, and (ii) so long as there is a Class B membership, Delegates representing a majority of the voting power of the Members other than the Declarant.

(c) Proportion. Special Assessments shall be levied upon Members on the same basis as Regular Assessments. In the event the Board levies a Special Assessment, the Board shall specify the manner in which the Special Assessment is to be apportioned among the Maintenance Funds.

(d) Payment. The Board shall notify the Members in writing at the time a Special Assessment is levied of the manner in which and the dates on which the Special Assessment is payable, and the Members shall pay the Special Assessment in the manner so specified by the Board.

(e) Quorum. Any action authorized under this Section shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Delegates not less than ten (10) days nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be Delegates representing fifty-one percent (51%) of members entitled to vote on such action. If the required quorum is not present, another meeting may be called, subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast by Delegates at such meeting, but such vote is less than the requisite fifty-one percent (51%) of the voting power of the Association, Delegates who are not present, in person or by proxy, may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

#### Section 9.13. Compliance Assessments.

In addition to any provision of this Declaration specifically providing for the imposition of a Compliance Assessment, the Board may, subject to Notice and Hearing, levy a Compliance Assessment against an Owner, and his Lot or Condominium for any of the following: (a) the costs incurred by the Association to perform any maintenance or repairs to the Association Properties or Maintenance Areas necessitated by the willful or negligent acts or omissions of any Owner; (b) the costs incurred by the Association in bringing a Condominium or Lot into compliance with this Declaration; or (c) any amount due the Association based upon disciplinary proceedings against an Owner in accordance with this Declaration, together with late charges, interest and reasonable attorneys fees as provided herein. A Compliance Assessment may not be characterized nor treated as an Assessment which may become a lien against the Owner's Lot or Condominium enforceable by a sale in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code; provided, however, the foregoing shall not apply to any Compliance Assessment imposed against an Owner consisting of a reasonable late payment penalty for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments. A Compliance Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision by the Board to impose such an Assessment.

#### Section 9.14. Capitalization of Association.

The purchasers of Lots in Phase 1 of the First Subdivisions as described on Exhibit "A" shall be required to contribute to the working capital of the Association an amount

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equal to one-sixth (1/6) of the amount of the then Regular Assessment for their respective Lots. Said amount shall be deposited by such purchasers into their respective escrows for the purchase of their Lots from Declarant, which amount shall be disbursed by the escrow holder to the Association at the close of each of such escrow. Prior to the expiration of six (6) months after the first close of an escrow for the sale of a Lot in Phase 1, Declarant shall deposit with a neutral escrow holder an amount equal to one-sixth (1/6) of the Regular Assessment for any and all Lots in the first Phase of Development not yet sold or otherwise in escrow for the sale thereof. Escrow holder shall promptly remit these funds to the Association. Thereafter, upon the close of each escrow for the sale of a Lot for which the capitalization fund was prepaid by Declarant, escrow holder shall remit to Declarant, and not to the Association, the capitalization fee collected from the Buyer-Owner of the Lot at the close of each escrow.

Section 9.15. Late Charges and Interest.

If any installment of any Assessment assessed to any Owner is not paid within fifteen (15) days after it is due and payable, it shall be deemed delinquent, and the Owner shall be required to pay (a) a late charge in an amount equal to ten percent (10%) of the amount of the delinquent payment, or ten dollars; whichever is greater, to reimburse the Association for the additional costs and expenses occasioned by the late payment, (b) reasonable attorney's fees incurred by the Association in the collection of any delinquent Assessment; and (c) interest on the delinquent Assessment plus items (a) and (b) above at the rate as may be established by the Board but not greater than twelve percent (12%) per annum, commencing thirty (30) days after the Assessment becomes due and payable.

Section 9.16. Notice of Default and Acceleration of Assessments.

If any Regular Assessment or Special Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board of Directors may mail a notice of default to the Owner and to each first Mortgagee of any Lot or Condominium who has requested a copy of the notice. The notice shall specify (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is mailed to the Member, by which the default must be cured; and, (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then current fiscal year and the filing and foreclosure of the lien for the Assessment against the Lot or Condominium of the Member. The notice shall further inform the Member of his right to cure the default after acceleration. If the lien is to be enforced by power of sale under non-judicial foreclosure proceedings, the notice shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. If the delinquent Assessment or installment and any late charges, attorney's fees and interest thereon, as provided herein, are not paid in full on or before the date specified in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration, subject to the protection afforded to Mortgagees under this Declaration.

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Section 9.17. Remedies to Enforce Assessments.

Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Regular, Special or Compliance, the Board may, in addition to any other remedies provided under this Declaration or by law, enforce the obligation on behalf of the Association by suit or, in the case of Regular Assessments or Special Assessments, by filing and foreclosure of a lien as provided herein.

Section 9.18. Lawsuit to Enforce Assessments.

The Board may bring a suit at law to enforce any Assessment obligation, and any judgment rendered in any such action shall include any late charges, costs of enforcement including reasonable attorneys' fees in an amount as the court may determine, and interest thereon as provided in this Declaration.

Section 9.19. No Offsets.

All Assessments shall be payable in the amount specified in the levy thereof and no offsets or reductions thereof shall be permitted for any reason, including without limitation, non-use of the Association Properties or Trust Property, abandonment of the Owner's Lot or Condominium, or any claim that the Association or the Board is not properly exercising its duties and powers as provided in this Declaration.

Section 9.20. Mortgage Protection.

The lien created by any Assessment provided for herein shall be subordinate to the lien of any first Mortgage (as defined in Article XII herein) or first Deed of Trust upon any Lot or Condominium. Notwithstanding any other provision hereof, no lien created by any Assessment, nor any breach of this Declaration, nor the enforcement of any provision hereof, or of any Supplemental Declaration, shall defeat or render invalid the rights of any Mortgagee under any Recorded first Mortgage (as defined in Article XII herein) upon a Lot or Condominium made in good faith and for value, provided that after the Mortgagee or other Person obtains title to the Lot or Condominium by judicial or non-judicial foreclosure or other remedies provided in the Mortgage, the Lot or Condominium shall remain subject to this Declaration, and the payment of all installments of Assessments accruing subsequent to the date the Mortgagee or other Person obtains title.

Section 9.21. Estoppel Certificates and Statements.

Upon the written request of any Member, the Association shall within ten (10) days of the mailing or delivery of the request, provide such Member with (i) a copy of this Declaration, the Articles and the Bylaws; (ii) a written statement that Subject Property is age restricted for senior citizens as provided in Article XIII herein, subject to any revisions of Section 51.3 of the California Civil Code; (iii) a true statement in writing as to the amount of the Assessments or other amounts, if any, due and accrued and then unpaid with respect to the Lot or Condominium and the Owner thereof, including any late charges, reasonable attorney's fees, and other costs of collection, and interest thereon as provided herein as of the date of the statement; and (iv) a copy of the most recent financial statement distributed pursuant to Section 1365 of the California Civil Code. The statement required under (iii) above shall, with respect to the Person to

whom it is issued, be conclusive against the Association that no greater or other amounts were then due or accrued and unpaid, and that no other Assessments have been levied. The statement shall also state whether to the knowledge of the Board, the Owner, or the Owner's Lot or Condominium, is in violation of this Declaration, the Bylaws or the Board Rules and Regulations. The Association may charge a fee for this service which shall not exceed the Association's reasonable cost to prepare and produce the foregoing items.

Section 9.22. Lien to Enforce Assessments.

For delinquent Regular or Special Assessments (but not for delinquent Compliance Assessments), the Board may elect to file a claim of lien against the Lot or Condominium of the delinquent Owner by Recording a Notice of Delinquent Assessment (for purposes of this Section only, the "Notice") stating the amount of the claim of delinquency, including late charges, attorney's fees and other costs of collection and interest thereon, the legal description and street address of the Lot or Condominium against which it has been assessed, the name of the record Owner thereof, and, if the lien is to be enforced by power of sale under nonjudicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Board. The Assessment lien shall be prior to any declaration of homestead Recorded after the time that the Lot or Condominium shall have been made subject to this Declaration. The lien shall continue until fully paid or otherwise satisfied. When all amounts claimed under the lien and all other costs and Assessments which may have accrued as to the Lot or Condominium have been fully paid or satisfied, a further notice releasing the lien shall be Recorded upon payment by the Owner of the Lot or Condominium of a reasonable fee as may be fixed by the Board to cover the cost of preparing and Recording the notice of release of lien. The lien may be foreclosed in the same manner as is provided in the laws of the State of California for the foreclosure of liens on real property, including without limitation, the provisions of Sections 2924, 2424a, 2924b, 2924c, 2924f, 2924g, 2924h, and 2934a of the California Civil Code, as they may be amended from time to time. No action shall be brought by the Board or by its agents to foreclose the Assessment lien or to proceed under the power of sale thereunder, until thirty (30) days have elapsed after the date that the Notice is deposited in the United States postal service, certified or registered, postage prepaid, to the Owner of the Lot or Condominium.

ARTICLE X

GENERAL RESTRICTIONS

All real property within the Subject Property shall be held, used and enjoyed subject to the following limitations and restrictions (subject to the exemptions of Declarant set forth in Article XI hereof). The application of the following limitations and restrictions shall be interpreted by the Master Architectural Committee. The Master Architectural Committee may waive in whole or in part any of the following limitations and restrictions in accordance with Article VII if the strict application thereof could be unreasonably or unduly harsh under the circumstances. Any such interpretation or waiver of the following provisions shall be in writing or shall be contained in the written Architectural Standards promulgated from time to time by the Master Architectural Committee.

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Section 10.01. Antennae.

No exterior radio antenna, television antenna, or other antenna of any type, including satellite television dishes or similar devices, shall be erected or maintained in the Subject Property. A master antenna or cable television antenna or antennae may, but need not, be provided by Declarant or a Participating Builder with Declarant's consent for use of all Owners or a group of Owners, and Declarant may grant easements for such purposes, subject to the provisions of Section 12.10 of this Declaration.

Section 10.02. Insurance Rates.

Nothing shall be done or kept in the Subject Property which will increase the rate of insurance on any Association Properties without the approval of the Board, nor shall anything be done or kept in the Subject Property which would result in the cancellation of insurance on any Association Properties or which would be in violation of any law. The Board may condition any approval given pursuant to this Section 10.02 upon the Owner's agreement to pay the increase in insurance premiums caused by such Owner's activity.

Section 10.03. No Further Subdivision.

No Lot, Condominium, Association Properties or Common Area may be further subdivided, nor may any easement or other interest therein less than fee title (including a time-share estate or time-share use as defined in California Business and Professions Code Section 11003.5) be conveyed by the Owner thereof (including Participating Builders, the Association and any Sub-Association) without the prior written approval of the Master Architectural Committee, but excepting any subdivision or conveyance made by Declarant. Nothing in this Section shall be deemed to prevent an Owner from, or require the approval of the Master Architectural Committee for selling or leasing of entire Lots or selling or leasing of Condominiums to more than one person to be held by them as tenants in common, joint tenants, or as community property.

Section 10.04. Signs.

Subject to the provisions of California Civil Code, Sections 712 and 713 as the same may be amended from time to time, and to the extent not prohibited by law, no sign, poster, flag, banners, billboard, advertising device or other display of any kind shall be displayed to the public view without the approval of the Master Architectural Committee, except such signs as may be used by Declarant and Participating Builders, and their successors, in connection with the development of the Subject Property and sale of Condominiums and Lots, and except such signs of customary and reasonable dimensions as may be prescribed by the Master Architectural Committee that are displayed on or from a Lot or Condominium advertising the Lot or Condominium for sale or lease. The right of any Participating Builder to display any signs under this Section 10.04 shall be subject to the obligations of the Participating Builder to obtain the prior written consent of Declarant. The rights of Declarant and Participating Builders shall be subject to the time limitation set forth in Article XI hereinbelow. No Owner nor the Association shall use any Residence as an office for the rental, leasing or resale of Apartments, Lots and/or Condominiums, except as may be expressly permitted in writing by Declarant.

Section 10.05. Animals.

No animals of any kind shall be raised, bred or kept on the Subject Property, except that a reasonable number of

Section 10.03 amended. See PDF page 213 to view Amendment #7 dated November 19, 2021.

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dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, nor in violation of any other provision of this Declaration, and such limitations as may be set forth in the Board Rules and Regulations. A "reasonable number" as used in this Section 10.05 shall ordinarily mean no more than two (2) pets per household; provided, however, that the Board (or the Master Architectural Committee or such other Person or entity as the Board may from time to time designate) may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Subject Property must be either kept within an enclosure, an enclosed yard or on a leash being held by an individual capable of controlling the animal. Each Owner shall be liable to each and all remaining Owners, their Families, guests, tenants and invitees, for any unreasonable noise or damage to persons or property caused by any animals brought or kept upon the Subject Property by the Owner or by members of his Family, his tenants or his guests; and it shall be the absolute duty and responsibility of each Owner to clean up after his animals which have used any portion of the Subject Property.

Section 10.06. Nuisances.

No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere upon the Subject Property, and no odor shall be permitted to arise therefrom so as to render the Subject Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Subject Property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants.

Section 10.07. View Restriction.

Except for Improvements constructed, installed or planted by Declarant, no vegetation or other Improvement shall be planted constructed or maintained upon any Lot or Condominium in such location or of such height as to unreasonably obstruct the view from any other Lot or Condominium in the vicinity thereof. In the event of a dispute between Owners as to the obstruction of a view from a Lot or Condominium, such dispute shall be submitted to the Master Architectural Committee, whose decision in such matters shall be final and binding and not subject to appeal of any kind. Any such obstruction shall, upon request of the Master Architectural Committee, be removed or otherwise altered to the satisfaction of the Master Architectural Committee, by the Owner of the Lot or Condominium upon which the obstruction is located. Each Owner of a Lot or Condominium shall be responsible for periodic trimming and pruning of all hedges, shrubs and trees located on his Lot or on that portion of his Condominium subject to his exclusive control, so as to not unreasonably obstruct the view of adjacent Owners.

Section 10.08. Exterior Maintenance and Repair; Owners' Obligations.

No Improvement anywhere within the Subject Property shall be permitted to fall into disrepair, and each Owner shall keep all Improvements located on his Lot or within an Owner's "Exclusive Use Common Area" as defined in any Supplemental Declaration recorded on a Condominium Project in good condition and repair. Further, each Sub-Association shall also maintain in good condition and repair all Improvements and property

Section 10.08 amended. See PDF pg 183 to view Amendment #3 dated Nov 16, 2005.

owned or required to be maintained by such Sub-Association. In the event that any Owner or Sub-Association shall permit any Improvement, which is the responsibility of such Owner or Sub-Association to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition as determined by the Master Architectural Committee, the Board, after consulting with the Master Architectural Committee, and, after Notice and Hearing, followed by not less than fifteen (15) days' prior written notice to such Owner or Sub-Association shall have the right to correct the condition, and shall have the right and an easement to enter in and upon the Owner's Lot or Condominium or any Common Area for the purpose of doing so, and the Owner or Sub-Association, as the case may be, shall promptly reimburse the Association for the cost thereof. An Owner shall be personally liable, and his property may be subject to a Compliance Assessment in favor of the Association. The Association may pursue collection from any Sub-Association for such costs as permitted by law.

Section 10.08 amended. See PDF page 183 to view Amendment #3 dated Nov 16, 2005.

Each Owner of a Lot, each Sub-Association of a Condominium Project, and each Sub-Association of a Planned Development that is responsible for the maintenance of the exterior surfaces of any Residences, shall cause all wood siding portions of the exterior surfaces of the Residences, and all fences and walls including stucco-masonry fences and walls, to be painted not less frequently than every four (4) years, and all stucco portions of the exterior of the Residences to be painted, scratch coated or otherwise repaired not less frequently than every ten (10) years, calculated from the date of the Close of Escrow of a Lot, or the date of the Close of Escrow of the first Condominium in a Condominium Project or the issuance of a Certificate of Occupancy for an Apartment Building. Upon the failure to perform such required work, the Association shall have the right, but not the obligation, after Notice and Hearing, to cause such work to be performed at the cost and expense of the Owner or Sub-Association, in which case the Association shall cause such exterior surfaces to be painted the same color as previously existed, or a color substantially similar thereto in accordance with the provisions of this Section.

Section 10.09. Drainage.

There shall be no interference with the established surface drainage pattern over any part of the Subject Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Master Architectural Committee. The term "established surface drainage pattern" shall mean the drainage pattern that exists at the time the overall grading is completed by Declarant or a Participating Builder, or that which is shown on any plans approved by the Master Architectural Committee, which may include drainage from the Association Properties and the Golf Course Property over any other portion of the Subject Property. The established surface drainage pattern shall also include any natural swale areas. There is hereby reserved over each Lot an easement for surface drainage which results from the established surface drainage pattern. Said easement is intended to be for the benefit of and appurtenant to each adjoining Lot that shares a common boundary line. Each Owner (including a Sub-Association) shall maintain, repair and replace and keep free from debris and obstructions the drainage channels, systems and devices, if any, located on his Lot, except those which are required to be maintained by the Association, a public utility or other public entity.

Section 10.10. No Hazardous Activities.

No activities shall be conducted on any portion of the Subject Property, and no Improvements shall be constructed

on any Lot which are or might be unsafe or hazardous to any Person or property. Without limiting the generality of the foregoing, no firearms shall be discharged on the Subject Property and no open fires shall be lighted or permitted on the Subject Property except in a contained barbecue unit while attended and in use for cooking purposes, or within an interior or exterior fireplace designed to prevent the dispersal of burning embers.

Section 10.11. Unsightly Articles.

No unsightly articles shall be permitted to remain on any Lot or Condominium so as to be visible from any other portion of the Subject Property. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers, and shall not be placed on the streets for pick-up or otherwise exposed to the view of neighboring Lots or Condominiums except for a reasonable period of time not to exceed twelve (12) hours before and after scheduled trash collection hours. No clotheslines shall be installed on any Lot or Condominium. No clothing or household fabrics shall be hung, dried or aired on any Lot, or on the exterior of any Condominium, and no lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any Lot, except within an enclosed structure or otherwise appropriately screened from view. No window in any Residence shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, or any other material which is reasonably deemed to be inappropriate by the Master Architectural Committee.

Section 10.12. No Temporary Structures.

No tent, shack or other temporary building, Improvement or structure shall be placed upon any portion of the Subject Property, except as may be used by Declarant and Participating Builders in connection with the development and marketing of Lots and Condominiums.

Section 10.13. No Mining or Drilling.

No portion of the Subject Property shall be used without the express prior written consent of the Master Architectural Committee 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.

Section 10.14. Improvements and Alterations.

There shall be no excavation or construction or alteration which in any way alters the exterior appearance of any Improvement without the prior approval of the Master Architectural Committee pursuant to Article VII hereof.

No fence or wall shall be erected or maintained or modified within the Subject Property unless such fence, wall, or modification thereto is first approved in writing by the Master Architectural Committee, in the manner provided in this Declaration. All alterations or modifications of the fences or walls of any type shall require the prior written approval of the Master Architectural Committee.

No Owner shall construct or place a fence or other structure on his Lot so as to enclose or unreasonably obstruct access to or the reading, inspection, or testing of any gas, electric or water meter located thereon.



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Section 10.15. Parking and Vehicular Restrictions.

All vehicles in the Subject Property shall be parked in accordance with the following:

(a) All streets within the Subject Property are private and are subject to the Protective Covenants of this Declaration as well as all applicable laws, ordinances and regulations of all governmental agencies having jurisdiction over the Subject Property. Additionally, the Association may adopt reasonable Board Rules and Regulations regarding the parking of vehicles in the Subject Property and procedures to enforce such Board Rules and Regulations, including, but not limited to, the levying of fines and the citing and towing of vehicles.

(b) Except as may be otherwise expressly permitted by the Association pursuant to duly adopted Board Rules and Regulations, parking along the private streets in the Subject Property is prohibited. Notwithstanding the foregoing, temporary on-street parking for service and delivery vehicles is permitted. Additionally, guests may temporarily park along the private streets if the guest parking areas in the Subject Property are occupied.

(c) Except as otherwise permitted by the Association as set forth herein, no Owner shall park any vehicle on any portion of the Subject Property except wholly within his respective garage or open parking area. Without limiting the generality of the foregoing, no Owner shall park any large commercial type vehicle, any recreational vehicle (including, but not limited to, campers, motorhomes, trailers, boat trailers, boats, aircraft, mobile homes or other reasonably similar vehicles) in his garage unless wholly enclosed within said garage, nor on any portion of the Association Property, including an open parking area, whatsoever, other than any designated R. V. Storage Area; provided however, camper trucks and similar vehicles up to and including 3/4 ton may be allowed when used for everyday transportation subject to approval by the Board.

(d) Each Owner shall keep his garage and any open parking area readily available for parking purposes, and shall not store any goods or materials therein, nor use any portion of the garage for a workshop or other use, if such storage or use would prevent said Owner from parking vehicles therein.

(e) No Owner shall conduct major repairs to any motor vehicle of any kind whatsoever in his garage or upon any portion of the Association Property, except for emergency repairs thereto and then only to the extent necessary to enable the vehicle to be moved to a proper repair facility.

(f) Any Owner having three (3) or more vehicles registered to such Owner or to the members of his Family may apply to the Association for special parking permits to park vehicles in the open parking areas not specifically assigned, if at all, to his Lot or Condominium, subject to such reasonable Board Rules and Regulations as may be adopted by the Association.

Section 10.16. Landscaping.

Within one hundred and twenty (120) days of the conveyance of a Lot improved with a Residence (other than an Apartment Building) or a Condominium to any Owner, other than a Participating Builder, such Owner shall install and shall thereafter maintain (except for that landscaping to be maintained by the Association or a Sub-Association pursuant to

a Supplemental Declaration) the landscaping of his Lot or "Exclusive Use Common Area" (as defined in a Supplemental Declaration recorded on a Condominium Project) in a neat and attractive condition, including all necessary landscaping and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation originally placed on such Lot or Exclusive Use Common Area by Declarant or any Participating Builder, if any. Plans and Specifications for all exterior landscaping must be submitted to and approved by the Master Architectural Committee in the manner set forth in Article VII. As to any Lot in a Phase of Development that is not improved with a Residence when title thereto is conveyed, the Owner (other than a Participating Builder) shall install such landscaping within ninety (90) days after issuance of a Certificate of Occupancy for the Residence that is constructed on such Lot. No plants or seeds infected with insects or plant diseases shall be brought upon, grown or maintained upon any part of the Subject Property. The Board may adopt Board Rules and Regulations proposed by the Master Architectural Committee to regulate landscaping permitted and required within the Subject Property. In the event that any Owner shall fail to install and maintain landscaping in conformance with any such Board Rules and Regulations, or shall allow his landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board, upon thirty (30) days' prior written notice to such Owner, 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 Owner's property for the purpose of doing so, and such Owner shall promptly reimburse the Association for the cost thereof. The Board may impose a Compliance Assessment to recover any such costs.

Section 10.17. Business or Commercial Activity.

Except as provided in Article V hereof, and except for the operation of an Apartment Building, no Lot or Condominium shall ever be used or cause to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending, or other such nonresidential purposes; except Declarant, its successors and assigns, may use any portion of the Subject Property for a model home site, interior design and decorator center, loan and escrow processing center, and display and sales office during the construction and sales period, as provided herein, and further provided that Declarant may operate (or authorize others to operate) a snack bar, restaurant, bar or other commercial activities of the type described in Article V hereof, provided that such commercial activities are operated within the clubhouse facility which is located on a portion of the Trust Property described in Article XV hereof. The provisions of this Section shall not preclude professional administrative occupations without external evidence thereof, for so long as such occupations are conducted in conformance with all applicable governmental ordinances, and merely incidental to the use of the Lot or Condominium as a residential home; nor shall the provisions of this Section be construed to restrict or prohibit any recreational use and related commercial uses of the property described in Exhibit "E" attached hereto.

Section 10.18. Solar Heating Systems.

Solar heating systems may be installed on individual Lots or Condominiums in the Subject Property, provided that such heating systems comply with applicable zoning district regulations, the Uniform Building Code and associated ordinances and have been approved by the Master Architectural Committee based on reasonable architectural review standards.

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Section 10.19. Golf Carts.

No golf carts, as defined in Section 345 of the California Vehicle Code, shall be permitted on any street or other area of the Subject Property, except battery powered golf carts. Gasoline engine powered golf carts are specifically prohibited within the Subject Property. The use and operation of battery powered golf carts shall be subject to such rules and regulations as may be established by the Board from time to time.

Section 10.20. Traffic Control.

The use of all private streets within the Subject Property shall be subject to all speed limits, traffic control, parking restrictions and other regulations contained in the California Vehicle Code applicable to public streets; provided, however, that where the regulations and ordinances of the City of Banning, or provisions of this Declaration (including any Board Rules and Regulations) are more restrictive than the California Vehicle Code, then the more restrictive regulations, ordinances or provisions shall apply.

ARTICLE XI

DECLARANT'S RIGHTS AND RESERVATIONS

From the date of the Recordation of this Declaration by Declarant until such time as Declarant no longer owns any Lots or Condominiums in the Subject Property or any interest in the Annexable Area, or fifteen (15) years, whichever occurs first, Declarant and its successors or assigns, retains and reserves the following rights with respect to the Association, and the following rights, reservations and easements in and to the Association Properties, which rights, reservations and easements shall also be deemed reserved by Declarant upon the conveyance of any real property to the Association or any other Person, including but not limited to any Participating Builder, whether or not specifically stated to be so reserved in any grant deed or other instrument of conveyance. The rights, reservations and easements contained in this Article XI or otherwise set forth in this Declaration, shall be prior and superior to any of the other provisions of this Declaration and may not, without Declarant's prior written consent, be affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

With respect to this Article XI, the rights and easements reserved to Participating Builders may be exercised by such Participating Builders only within that portion of the Subject Property covered by a Notice of Annexation or Supplemental Declaration Recorded by such Participating Builders, unless Declarant gives written authorization to such Participating Builders to exercise such rights and easements in other portions of the Subject Property.

Section 11.01. Rights to Association Properties.

(a) Construction of Additional Improvements.

Declarant reserves for itself and Participating Builders at any time and from time to time prior to the conveyance to the Association the right to construct at its expense additional Improvements on the Association Properties in conformity with the Development Plan and this Declaration for the enhancement thereof. The Association shall upon completion of any such Improvements undertake the care and maintenance thereof, subject to the provisions of Section 5.01 hereof; provided, however, that Declarant and Participating Builders shall not construct any Improvement which would directly result in an

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increase in the Regular Assessments per Lot or Condominium above the amount of the maximum Regular Assessment as described in Article IX hereinabove unless approved by the Members as described therein. Prior to the commencement of construction of any such Improvements, Declarant and/or Participating Builders shall obtain a bond or make other arrangements approved by the DRE, under which the Association is obliged to secure the performance of the commitment of Declarant and/or Participating Builders to complete the Improvements.

Notwithstanding the generality of the foregoing, Declarant hereby expressly reserves the right to change, from time to time, the elevations, color, size, floor plans, design and appearance of the Residences constructed by Declarant in the Subject Property; and the introduction of any new housing product, or the alteration of any existing housing product shall not require the approval of the Master Architectural Committee, the Association or any Sub-Association or its Architectural Committee.

(b) Promotional Functions. Declarant reserves for itself and Participating Builders the right to advertise the Association Properties and the services offered by the Association in connection with the promotion and marketing of residential developments within the Subject Property. Declarant (and Participating Builders with Declarant's prior written consent) may also permit prospective purchasers of Lots or Condominiums who are not Members to use the Association Properties at reasonable times and in reasonable numbers. In addition, Declarant shall have the right to the exclusive use of the Association Properties on any ten (10) days in any calendar year, including weekends and holidays, for the purpose of staging, at Declarant's expense, promotional events or ceremonies. Declarant and its duly authorized agents may (i) erect and maintain on any part of the Association Properties such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper to the development and marketing of real property in the Subject Property; and, (ii) use vehicles and equipment on Association Properties for promotional purposes.

(c) Approval of Conveyances. The Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, grant, dedicate or convey to any Person any of the real property included in the Association Properties or any interest in such real property.

(d) Approval of Changes in Use or Function. Except as otherwise set forth in this Declaration or the Trust Agreement referred to in Article XV hereinbelow, the Association Properties shall be used solely for the benefit of Members, and the Association shall not change or alter the use of the Association Properties without the prior written consent of Declarant. In addition, the Association shall not take any action that would require the approval of first Mortgagees pursuant to Article XII hereof, without first obtaining the prior written consent of Declarant.

(e) Drainage Easements. Declarant hereby reserves for itself and Participating Builders, easements for and the right to use and maintain drainage courses of all kinds in all areas of the Association Properties and within the Subject Property. Within the areas subject to these easements, no structure, planting or other material shall be placed which may damage or interfere with drainage courses, create erosion or sliding problems or obstruct, retard or change the direction of the flow of water through such drainage courses.

(f) Utility Easements. Declarant hereby reserves for itself and Participating Builders easements for and the right to install and maintain utilities over and under any areas of the Association Properties designated as streets, roads, roadways and drainage courses or any other portions not improved with buildings or other similar structures. For the purposes of this Subsection 11.01(f), the term "utilities" shall include all of the purposes for which the Association may grant easements as set forth in Article VI hereof, and any other public or quasi-public facility or Improvement deemed by Declarant or Participating Builders to be necessary or desirable for the comfort, safety and convenience of residents of the Subject Property, or for the development of the Subject Property or Annexable Area.

(g) Other Easements. Declarant hereby reserves for itself and Participating Builders a nonexclusive easement for ingress and egress over the Subject Property for the purpose of performing any of Declarants' or Participating Builders' rights or obligations under this Declaration. Without limiting the generality of the foregoing, Declarant hereby reserves for itself and its successors and assigns, non-exclusive easements of access, ingress and egress in, to and over all of the private streets, walkways and other portions of the Subject Property conveyed to the Association or any Sub-Association for vehicular, pedestrian and other such purposes reasonably necessary for the development, use, maintenance and operation of the Annexable Area. Such non-exclusive easements are intended to be appurtenant to the Annexable Area and are reserved for the benefit of Declarant, its successors and assigns, and Declarant's contractors, employees, lessees, agents and guests. Declarant reserves the right to grant such easements to Owners or lessees of property in future Phases of Development. The exercise of the easements and rights described in this Section 11.01(g) shall not unreasonably interfere with the use and enjoyment of the Association Properties and the Common Area by Owners.

Section 11.02. Other Rights.

(a) Completion of Development. No provision of this Declaration shall be construed to prevent or limit the right of Declarant to complete development of the Subject Property, or the construction or alteration of Improvements thereon owned by Declarant, nor the right of Declarant and Participating Builders to maintain model homes or construction, sales or leasing offices or similar facilities on any portion of the Subject Property owned by Declarant, Participating Builders, or the Association, nor the right of Declarant to post signs incidental to construction, sales or leasing. In exercising its rights under this paragraph, Declarant and Participating Builders shall not unreasonably interfere with any Member's use of either the Association Properties or any Member's wholly-owned property.

(b) Additional Conveyances of Real Property. Declarant hereby reserves for itself and Participating Builders the right to convey at any time and from time to time to the Association, at no cost thereto, real property in the Subject Property in accordance with the Development Plan and subject to Article XII of this Declaration. Upon any conveyance, the real property conveyed shall become part of the Association Properties, and the Association shall be responsible for the maintenance thereof, subject to the provisions of Article V hereinabove. In connection with any such conveyance, Declarant or Participating Builders may reserve rights to any minerals, hydrocarbons, water, steam or other substances below a depth of five hundred (500) feet from the surface, without the right of surface entry.

(c) Exemption of Declarant. Nothing in this Declaration shall limit, and neither an Owner, nor any Sub-Association, nor the Association, shall do anything to interfere with the right of Declarant to subdivide or resubdivide any portion of the Subject Property owned or controlled by Declarant, or to complete excavation and grading and construction of Improvements to and on any portion of the Subject Property owned or controlled by Declarant, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Subject Property and Annexable Area. Such right shall include, but shall not be limited to, erecting, constructing and maintaining on the Subject Property any structures and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant or Participating Builders at any time prior to acquisition of title to a Lot or Condominium in a Planned Development or Condominium Project by a purchaser from Declarant or Participating Builders to establish on that Lot or Condominium Project, as the case may be, 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 for the proper development and disposal of the Subject Property or Annexable Area, subject to the rights of the VA and the FHA to approve such grants as provided herein. Prospective purchasers, Participating Builders and Declarant shall have the right to use any portion of the Association Properties for access to the sales facilities of Declarant and Participating Builders. Declarant and Participating Builders may use any structures owned by Declarant or Participating Builders, as the case may be, in the Subject Property as model home complexes or real estate sales or leasing offices. Declarant need not seek or obtain Master Architectural Committee approval for any Improvement constructed or placed by Declarant on any portion of the Subject Property owned or controlled by Declarant, but Participating Builders shall be required to obtain such consent. Declarant and Participating Builders shall be entitled to the nonexclusive use, without charge, of any recreational facilities in the Subject Property in order to dispose of the Subject Property as provided herein.

(d) Consent of Declarant. Notwithstanding any other provision of this Declaration, no amendment of this Declaration that requires the approval of first Mortgagees pursuant to Section 12.04(n) shall be effective unless approved in writing by Declarant.

(e) Assignment of Declarant's Rights. Declarant reserves the right to assign, by an express written instrument, all or any portion of its rights contained in this Article XI or elsewhere in this Declaration to any Person who may acquire more than one (1) Lot or Condominium in the Subject Property or the Annexable Area from Declarant for the purpose of development and resale; provided, however, that in no event shall more than one Person at any given time possess the right to withhold approval or consent to any action under this Declaration that requires Declarant's consent or approval. In the event of any such assignment, the assignee shall be considered Declarant for purposes of this Declaration with respect to the rights of Declarant so assigned.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Term.

This Declaration shall remain in full force and effect for a term of fifty (50) years from the date this Declaration is Recorded, after which time the covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless extinguished by the vote by written ballot of Delegates representing at least three-fourths (3/4) of the voting power of the Association. The extinguishment shall be effective upon the Recordation of a written instrument executed by a majority of the Board certifying that this Declaration has been extinguished by the vote of the Members as provided herein.

Section 12.02. Amendment.

(a) By Declarant. Prior to the first Close of Escrow for the sale of a Lot or Condominium in the Subject Property, the provisions of this Declaration may be amended or terminated by Declarant by Recordation of a written instrument setting forth the amendment or termination.

Notwithstanding any other provision of this Declaration to the contrary, Declarant may amend this Declaration at any time after the Close of Escrow for the first sale of a Lot or Condominium in the Subject Property by Recording a written instrument setting forth the amendment, provided that the amendment is necessary to cause this Declaration to comply with the existing requirements of the DRE, VA, FHA, FHLMC, FMNA or GNMA; provided, however, that any such amendment shall be effective only if Declarant mails a copy of the proposed amendment to all of the foregoing entities which are, or have agreed to be, a holder, insurer or guarantor of a first Mortgage, and does not within thirty (30) days thereafter receive a notice of disapproval from any such entity. Said amendments shall not be Recorded by Declarant until after the expiration of such thirty (30) day period.

(b) By Members. After the first Close of Escrow for a Lot or Condominium, except, as otherwise provided herein, this Declaration may be amended or repealed, subject to the provisions of Section 11018.7 of the California Business and Professions Code, as the same may be amended from time to time, at any time upon the satisfaction of the conditions set forth below:

(i) Members in each Delegate District shall have held duly constituted meetings and the Delegates shall have certified to the Board the results thereof. An amendment, to be effective, must receive the affirmative vote at such meetings in person or by proxy of Delegates representing at least three-fourths (3/4) of the voting power of the Association as a whole, and also three-fourths (3/4) of the voting power of Members other than Declarant. Notwithstanding the foregoing, any Owner or the Association may petition the Superior Court of the County of Riverside for an order reducing the necessary percentage required under this Section to amend this Declaration. The procedure for effecting this petition is set forth in Section 1356 of the California Civil Code, as the same may be amended, from time to time.

(ii) A certificate, executed by the President or Vice President, and the Secretary or Assistant Secretary, setting forth in full the amendment or repeal and certifying that the amendment or repeal has been approved by the Members

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and certified by the Delegates as set forth above, shall have been Recorded; and,

(iii) If the amendment requires the consent of Declarant as provided in this Declaration, or if the amendment involves an amendment to Article XI, Declarant shall have given its written consent to the amendment or repeal, which consent shall be evidenced by Declarant's executing the certificate described in Subsection (ii) above.

(c) VA Approval. So long as the Class B membership exists, any amendment shall be reviewed and approved by the VA/FHA.

Section 12.03. Amendment of Articles and Bylaws.

The Articles and Bylaws may be amended in accordance with the provisions respecting amendment thereof as set forth in each of the instruments, or in the absence of such provisions, in accordance with the applicable provisions of the California Nonprofit Mutual Benefit Corporations Law.

Section 12.04. Mortgage Protection.

Notwithstanding any other provisions in this Declaration to the contrary, in order to induce the FHLMC, FNMA and GNMA and other lenders and investors, to participate in the financing of the sale of Lots or Condominiums in the Subject Property, the following provisions contained within this Article are added hereto, and, to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control. The Declaration, the Articles and the Bylaws for the Association are hereinafter collectively referred to in this Article as the "constituent documents."

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

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

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



(1) By act or omission, seek to abandon or terminate the Association, except for abandonment, partition or termination as may be provided by law.

(2) Record or file any amendment which would change the pro rata interest or obligations of any Lot or Condominium for purpose of: (i) levying Assessments or charges, or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of a Condominium in the Common Area in a Condominium Project;

(3) Partition or subdivide any Condominium, except as provided in this Declaration; provided, however, that no Condominium may be partitioned or subdivided without the prior written approval of the first Mortgagee for such Condominium;

(4) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the Association Properties. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Association Properties shall not be deemed a transfer within the meaning of this clause;

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

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

(7) By act or omission, change, waive or abandon any provisions of this Declaration, or enforcement thereof, pertaining to architectural design of the Residences, or the maintenance and operation of the Association Properties, including, without limitation, sidewalks, fences, driveways and landscaping within the Subject Property;

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

(d) All taxes, Assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to individual Lots and Condominiums, and not to the Subject Property as a whole.

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

(f) The Assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the

Association Properties that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Special Assessments.

(g) Each holder, insurer or guarantor of a first Mortgage who has filed with the Association a written request for notice shall be entitled to timely written notice of: (1) any condemnation or eminent domain proceeding, and any loss or taking resulting from such proceeding which affects the Subject Property, or any portion thereof; (2) any substantial damage or destruction to the Subject Property, or any portion thereof, when such loss exceeds Ten Thousand Dollars (\$10,000.00); (3) any default in the performance by an individual Owner of any obligation under the constituent documents, including, without limitation, the nonpayment of Assessments, which is not cured within sixty (60) days after the Association learns of such default, which notice shall state the length of time which such Owner has been delinquent; (4) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; (5) any abandonment or termination of the Subject Property; and (6) any proposed action that requires the consent of a specified percentage of eligible first Mortgagees.

(h) Any agreement for professional management of the Subject Property, or any contract providing for services of the Declarant may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on thirty (30) days' written notice.

(i) First Mortgagees of Lots and Condominiums may, jointly or singly, pay taxes or other charges which are in default and which may or have become a lien on the Association Properties, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Association Properties, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Upon demand by any first Mortgagee, the Board shall execute, on behalf of the Association, an agreement establishing the right of all first Mortgagees to such reimbursement.

(j) A first Mortgagee of a Lot or Condominium in the Subject Property will, upon request, be entitled to: (1) examine the books and records of the Association during normal business hours; (2) receive an annual audited financial statement of the Association, and other financial data as may be distributed to the Owners, within ninety (90) days following the end of any fiscal year of the Association, if such statement has been prepared for the Association; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

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

(l) If any Lot or Condominium (or portion thereof) or the Association Properties (or portion thereof) or any Common Area (or portion thereof) is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first Mortgage on such Lot or

Condominium will be entitled to timely written notice of any such proceeding or proposed acquisition.

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

(n) Unless at least sixty-seven percent (67%) of the Owners, other than Declarant, and sixty-seven percent (67%) of the first Mortgagees (based upon one vote for each first Mortgage owned) of the Lots or Condominiums in the Subject Property have given their prior written approval, neither the Association nor the Owners shall materially amend, or add to the provisions of the constituent documents. An amendment regarding any of the following shall be considered material:

- (i) The legal status of the Subject Property;
- (ii) Voting rights and procedures for both Members and Delegates;
- (iii) Assessments, including the levy and collection thereof, enforcement provisions for nonpayment and subordination of liens for nonpayment;
- (iv) Responsibility for the maintenance and repair of the Association Properties;
- (v) Reserves for maintenance, repair and replacement of the Association Properties;
- (vi) Insurance or fidelity bonds, and the entitlement to proceeds thereof;
- (vii) Association Properties use rights;
- (viii) Boundaries of any Lot or Condominium;
- (ix) Ownership interest in the Association Properties;
- (x) Encroachment by Improvements into Association Properties or Common Area or by Association Properties or Common Area into individual Condominiums;
- (xi) Conversion of Residences into Association Properties or Common Area and vice versa;
- (xii) Leasing of Residences;
- (xiii) Restrictions on alienation, including, but not limited to, rights of first refusal;
- (xiv) Mortgagee protection provisions as set forth in this Declaration and such other provisions herein for which the consent of Mortgagees shall be required or which are expressly for the benefit of Mortgagees, insurers or guarantors of Mortgages;
- (xv) Annexation or de-annexation of additional property to or from the Subject Property;
- (xvi) Any decision by the Association to establish self-management, if professional management

had previously been required by an eligible first Mortgagee; and

(xvii) Restoration or repair of the Subject Property in a manner other than as specified in this Declaration.

Any amendment to the constituent documents for the purpose of correcting technical errors or for clarification only shall not be deemed material.

Notwithstanding the foregoing, in the event any first Mortgagee receives a written request from the Board to approve any amendment to the Declaration, and such first Mortgagee does not deliver a negative response in writing to the Board within thirty (30) days of the mailing of such request by the Board, such first Mortgagee shall be deemed to have approved such proposed amendment.

Section 12.05. Violation of Mortgagee Protection Provisions.

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

Section 12.06. Inspection Rights of Prospective Purchasers.

Prospective purchasers from any Member (including Declarant and Participating Builders) shall have the right, upon written request, to examine the books and records of the Association during normal business hours, subject to reasonable regulation by the Board.

Section 12.07. Notices.

Any notice permitted or required to be given as provided herein shall be in writing and may be given either personally or by mail. If served by mail, each notice shall be sent postage prepaid, addressed to any Person at the address given by the Person to the Association for the purpose of service of notices, or to the Residence of the Person if no address has been given to the Association. Any notice shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

Section 12.08. Governing Law.

This Declaration shall be construed and governed under the laws of the State of California.

Section 12.09. Enforcement and Non-Waiver.

(a) Right of Enforcement. The Association shall have the duty to enforce by proceedings at law or in equity, all of the Protective Covenants set forth in this Declaration. The Declarant, any Participating Builder and any Owner of a Lot or Condominium may, but shall not have any duty to enforce any or all of the Protective Covenants of this Declaration against any property within the Subject Property and the Owners thereof,

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except that no Owner shall have the right to enforce independently of the Association any Assessment or lien created hereby. Such right shall include an action for damages as well as an action to enjoin any violation of this Declaration.

(b) Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Declarant or the Board or any Owner or Owners of Lots or Condominiums within the Subject Property. However, any other provision hereof to the contrary notwithstanding, only Declarant, the Board, or a duly authorized agent of either of them, may enforce by self-help any of the provisions of this Declaration, and only if the self-help is preceded by Notice and Hearing.

(c) Fines and Suspension. If any Owner, his Family, guest, or any tenant, lessee or invitee violates this Declaration, the Bylaws, or the Board Rules and Regulations, the Board may impose a Compliance Assessment upon the Owner in an amount as the Board determines in the exercise of its good faith judgment to be reasonable for each violation and may suspend or condition the Owner's right to use the Association Properties. In the event of a continuing violation, each calendar day, or portion thereof if less than a whole day, that the violation continues shall be deemed a separate violation. Before invoking any such measure, the Member shall be entitled to Notice and Hearing. Any such suspension or conditional suspensions shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction, may be imposed for so long as the violation continues. The provisions of this Section shall not apply to the failure to pay Assessments, and the enforcement of Assessments shall be governed by Article IX hereof. The Association shall not cause a forfeiture or abridgement of an Owner's right to use and enjoy his individual Lot or Condominium on account of the failure of the Owner to comply with the provisions of this Declaration, the Bylaws, or the Board Rules and Regulations, except by judgment of a court or a decision arising out of arbitration, or on account of a foreclosure as provided in Article IX hereof.

(d) Violation of Law. Any violation of any federal, state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Subject Property is hereby declared to be a violation of this Declaration, and shall be subject to any or all of the enforcement procedures set forth in this Declaration.

(e) Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

(f) Non-Waiver. The failure to enforce any of the provisions of this Declaration at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions hereof.

(g) Attorneys' Fees. Any judgment rendered in any action or proceeding hereunder to enforce the terms of this Declaration or to collect Assessments shall include a sum for attorneys' fees in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of the delinquent payment (if applicable), interest thereon, late charges (if any) and court costs.

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Section 12.10. FHA/VA Approval.

As long as Declarant has effective voting control of the Association, the following actions shall require the prior approval of the FHA and the VA: (a) any amendment of this Declaration, the Articles or the Bylaws; (b) merger or consolidation of the Association with any other entity; (c) annexation or de-annexation of additional property to the Subject Property; and (d) levy of any Special Assessments. Prior to any such proposed action, Declarant shall give written notice of the proposed action to the FHA and the VA, as applicable. Any certificate of amendment or repeal shall state whether or not any such consent is required and, if required, state whether or not the consent has been obtained, and the statements in the certificate shall be binding and conclusive on all Persons.

Section 12.11. Interpretation.

(a) Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Subject Property. All provisions affecting any Condominium Project in the Subject Property shall be construed to the extent possible so as to be in conformance with the provisions of California law pertaining to common interest developments.

(b) Provisions Severable. Each of the provisions of this 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 Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

Section 12.12. 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 Subject Property or any portion of the Subject Property, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Planned Development, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the DRE, the City of Banning, the VA, the FHA, FHLMC, FNMA, GNMA or any other government agency.

Section 12.13. Special Provision for Enforcement of Certain Bonded Obligations.

In the event that (1) the Improvements to be located on any Association Properties are not completed prior to the issuance of a Final Subdivision Public Report for the sale of Lots or Condominiums in the Subject Property, and (2) the Association is obligated under a bond or other arrangement ("Bond") required by the DRE to secure performance of the commitment of Declarant to complete the Improvements, the following provisions of this Section shall apply with respect to the Association's initiating action to enforce the obligations of Declarant and the surety under the Bond:

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

(b) A special meeting of the Association, 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 Delegates representing not less than five percent (5%) of the total voting power of the Association. The Bond shall be enforced against Declarant and/or the surety upon the affirmative vote of Delegates representing at least a majority of Members of the Association, excluding Declarant, at the special meeting called for the purpose set forth in this Subsection. A vote of Delegates representing a majority of the voting power of the Association residing in Members other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board shall thereafter implement the decision by initiating and pursuing appropriate action in the name of the Association.

Section 12.14. Limitation of Liability.

Neither the Declarant, its agents or employees; nor Participating Builders, the Association, Delegates, the Board (and each member or officer thereof); nor any of them, shall be liable for any failure to provide any service or perform any duty, function or responsibility designated or provided in this Declaration or by the Bylaws, unless caused by his or its willful misconduct.

Section 12.15. Partition.

By acceptance of his deed, each Owner shall be deemed to covenant for himself, and for his heirs, representatives, successors and assigns, that he will not institute legal proceedings to effect judicial partition of his interest in the Subject Property, unless the Subject Property: (a) has been in existence in excess of fifty (50) years, (b) is obsolete and uneconomical, and (c) the Owners of fifty percent (50%) of the total of all Lots or Condominiums in the Subject Property join in such action for partition. The right of partition pertaining to any Condominium Project or Planned Development

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shall be as set forth in the Supplemental Declaration recorded on such Condominium Project or Planned Development.

ARTICLE XIII

AGE RESTRICTIONS

Section 13.01. Senior Citizens Community.

The legislature of the State of California has found and declared that, subject to certain terms and provisions set forth in Section 51.3 of the California Civil Code (as the same may be amended from time to time or interpreted by a court of competent jurisdiction) age limitations for senior citizen housing are appropriate. In conjunction therewith, the Declarant presently intends to develop the Subject Property as a senior citizen housing development, in conformance with said statutory provisions. Each Lot, Condominium or Apartment in the Subject Property shall be occupied by a resident fifty-five (55) years of age or older (hereinafter the "Senior Citizen"), and every other resident in said Lot, Condominium or Apartment (hereinafter the "Qualified Permanent Resident") must be: (a) forty-five (45) years of age or older, or a spouse, cohabitant or Person providing primary physical or economic support to the Senior Citizen; and (b) have an ownership interest in, or is in expectation of an ownership interest in the Lot, Condominium or Apartment. A Person is a "co-habitant" of a Senior Citizen if the Person and the Senior Citizen live together as husband and wife. Upon the hospitalization or other prolonged absence of a Senior Citizen due to illness or incapacity, or upon the death of a Senior Citizen or dissolution of marriage, any Person specified in either subparagraphs (a) or (b) above who was residing with such Senior Citizen upon the date of commencement of such absence or the time of death or dissolution of marriage shall be entitled to continue occupancy, residency or use of the Lot, Condominium or Apartment of the Senior Citizen. The foregoing occupancy restrictions shall not be construed to prohibit any occupant from entertaining guests and invitees of any age in a Lot, Condominium or Apartment, provided that such visitation period shall not exceed sixty (60) calendar days (whether consecutive or not) in any calendar year. Guests over fifty-five (55) years of age shall be exempt from this provision. The Association is and shall be empowered to, and shall take the necessary steps to enforce this provision.

ARTICLE XIV

DECLARANT'S GOLF COURSE PROPERTY RIGHTS

Section 14.01. Ownership By Declarant.

It is expressly understood and acknowledged that at the time of the recordation of this Declaration, that certain real property described in Exhibit "E" is owned by Declarant, which real property shall be referred to in this Article XIV as the "Golf Course Property," currently consisting of an 18-hole golf course, driving range, pro shop and other Improvements. Unless subsequently granted by Declarant to the Association, Owners shall not have any ownership interest in the Golf Course Property. Declarant reserves the right to make modifications to the boundary lines of the Golf Course Property as may be necessary or convenient for the future development of the Annexable Area. The right of Owners to use the Golf Course Property shall be governed solely by this Article XIV.

Section 14.02. The Sun Lakes Golf Club.

Upon acquisition of a Lot or Condominium, each Owner other than Declarant and Participating Builders shall be



required to pay a one-time membership initiation fee in the amount of Nine Hundred Fifty Dollars (\$950.00), and enter into an agreement with the then record owner of the Golf Course Property whereby the Owner shall become a social member ("Club member") of the Sun Lakes Golf Club (the "Club"). Club members shall have the right to use the Golf Course Property for so long as the Club member owns a Lot or Condominium in the Subject Property; provided, however, that such use shall be subject to the terms and provisions of this Article XIV, the Club membership agreement and the Club Rules and Regulations. Subject to the conditions and limitations set forth in this Article XIV, every Owner other than Declarant and Participating Builders shall be a member of the Sun Lakes Golf Club during such time as he owns a Lot or Condominium in the Subject Property. Such membership agreement shall be in a form and substance satisfactory to the owner of the Golf Course Property and shall be for the purpose of setting forth the rights and remedies reserved to the owner of the Golf Course Property with reference to the granting of the membership and use rights described in this Article XIV, as well as the obligations, liability requirements, and limitations which the owner of the Golf Course Property may impose on each Club member's use and enjoyment of the recreational facilities located thereon. The membership of each Owner shall be appurtenant to his Lot or Condominium and, unless and until cancelled pursuant to this Article XIV, shall pass with title thereto; provided, however, that the purchaser or transferee of such Lot or Condominium shall not become a member of the Club prior to the payment to the owner of the Golf Course Property of the transfer fee required by this Article XIV and all delinquent amounts attributable to the prior Owner of such Lot or Condominium including, but not limited to, membership dues, monetary penalties, and charges for goods, services and the use of the recreational facilities located upon the Golf Course Property. In addition, the owner of the Golf Course Property shall have the right:

(a) To limit the non-exclusive use and enjoyment of the recreational facilities on the Golf Course Property to Club members who are in good standing, and to limit golf playing privileges to not more than four (4) members per Lot or Condominium in the case of multiple ownership, or other than individual ownership, whether in the form of tenancy-in-common, or firm, partnership or corporate ownership; provided, however, that all golf playing privileges shall be subject to the requirement of the payment of additional fees as provided in this Article XIV.

(b) To limit the number of guests of Club members.

(c) To charge and bill each Club member reasonable dues in consideration of such Club membership and the maintenance and operation of the Golf Course Property. Such dues shall initially be Fourteen Dollars (\$14.00) per month ("Basic Dues"), payable monthly in advance, but shall be subject to proportionate adjustment from time to time in accordance with changes in the line item budget (the "Golf Course Maintenance Budget") as established by the owner of the Golf Course Property for the 1988 calendar year (the "Base Period"). The Basic Dues may be increased, but not decreased, on January 1 of each year (the "Adjustment Date") in an amount equal to the percentage by which the amount of the Golf Course Maintenance Budget for the succeeding calendar year has increased as of the Adjustment Date from the amount of the Golf Course Maintenance Budget as of the Base Period (for the first adjustment) or the previous Adjustment Date (for all subsequent adjustments). By acceptance of a deed to a Lot or Condominium, each Club member shall be deemed to have assumed personal liability to the owner of the Golf Course Property for the payment of such Basic Dues. The Association shall, upon the request of the owner of the

Golf Course Property, collect Basic Dues concurrently with and in the same manner as Regular Assessments; however, Basic Dues shall not constitute a part of the Regular Assessment, and the collection thereof shall not be subject to the lien rights set forth in Article IX hereof. The Association shall have the power but not the duty to collect any fees or dues from members of the public. The Association shall not be liable to the owner of the Golf Course Property for the failure of any Club member to pay Basic Dues, nor shall the Association be obligated to take any action against any Club member who fails to pay his Basic Dues. All Basic Dues actually collected by the Association shall be remitted to the owner of the Golf Course Property in the manner and at such frequency as reasonably requested by the owner of the Golf Course Property. In addition to all rights and remedies available to the owner of the Golf Course Property in law or in equity, or pursuant to this Declaration, the owner of the Golf Course Property may bring a suit at law against a delinquent Club member for unpaid Basic Dues. Any judgment rendered in such action shall include a sum for reasonable attorneys' fees in such amount as the court may determine. The transfer fee payable to the owner of the Golf Course Property upon each sale of a Lot or Condominium by a Club member other than Declarant or Participating Builders, shall be in the sum of Nine Hundred Fifty Dollars (\$950.00). If such transfer fee is not paid, the Club membership may be cancelled as provided in this Article.

(d) To adopt, enforce, amend and repeal separate rules and regulations ("Club Rules and Regulations") regulating the use of the Golf Course Property by Club members, as well as their guests, family, invitees and licensees. Notice of adoption of any Club Rules and Regulations, and of any change, amendment or repeal thereof, shall be given in writing to each Delegate and copies of each notice shall be kept at the principal office of the Association. The Club Rules and Regulations, as they may be amended from time to time, shall have the same force and effect as if they were set forth in and were a part of this Article XIV. In the event of any conflict between the Club Rules and Regulations and this Declaration, this Article XIV shall prevail.

(e) To suspend the right of enjoyment and use of the Golf Course Property by a Club member for any period during which his Club membership dues remain unpaid and delinquent and for a period not to exceed thirty (30) days for any single infraction of the Club Rules and Regulations. Also, to impose a penalty of up to Twenty-Five Dollars (\$25) for the first, Fifty Dollars (\$50) for the second, and One Hundred Dollars (\$100) for the third, and any subsequent infractions of the Club Rules and Regulations. No such suspension or monetary penalty shall be imposed except after notice to the Club member and an opportunity for a hearing given and held in accordance with the same basic procedures as Notice and Hearing given by the Association. Such hearing shall be before a rules committee comprised of five (5) members, all of whom shall be appointed, from time to time, by the owner of the Club; provided, however, that at least two such members shall be Owners of Lots or Condominiums in the Subject Property. Discipline may only be imposed upon the vote of a majority of said committee following such hearing.

(f) To permanently cancel the Club membership granted in accordance with this Article XIV upon: (1) the failure of an Owner to pay the Club membership dues or any other monetary obligation in favor of the owner of the Golf Course Property in connection with such Club member's use of the Club facilities (including, but not limited to, transfer fees, monetary penalties and charges for goods, services and the use of facilities pursuant to this Article) for a period of three (3) consecutive months in any calendar year; such

cancellation shall become effective thirty (30) days after delivery of a written notice by the owner of the Golf Course Property of the delinquency of such dues or other monetary obligation and the intention of the owner of the Golf Course Property to permanently cancel such membership of the Club member if such delinquency is not cured within such thirty (30) day period; or (2) an infraction of the Club Rules and Regulations following three (3) prior infractions for which either a suspension or monetary penalty was imposed pursuant to this Article XIV. Any cancellation due to the nonpayment of any monetary obligation or penalty shall occur automatically if such nonpayment shall occur for a period of twelve (12) consecutive months. The owner of the Golf Course Property may, but shall not be required to, record in the office of the Riverside County Recorder a Notice of Cancellation with regard to the cancellation of any Club membership granted in accordance with this Article XIV, which Notice of Cancellation shall describe the Lot or Condominium to which the cancelled membership was appurtenant and shall set forth the basis for such cancellation. Membership cancellation pursuant to this Article XIV shall be effective notwithstanding the failure to record a Notice of Cancellation. If a Club membership appurtenant to a Lot or Condominium is cancelled as provided herein, a transferee of such Lot or Condominium shall not be entitled to a Club membership except upon payment to the owner of the Golf Course Property of a fee ("Reinstatement Fee") in the amount of Two Thousand Five Hundred Dollars (\$2,500). Upon reinstatement of the Club membership the Owner of the Lot or Condominium shall have all the rights and obligations of a Club member as provided herein.

(g) To charge the Club members fees for golf playing privileges, together with other fees for the use of particular facilities or services provided by the owner of the Golf Course Property.

(h) To charge the Club members for services, food and beverages, and personal property purchased at the Club.

(i) To admit additional persons, firms or corporations, who are not Owners, as members of the Club entitled to use the golf and other recreational facilities of the Club in accordance with the Club Rules and Regulations, and upon the payment of such fees as the owner of the Club shall deem reasonable; provided, however, that the fees payable by Club members (exclusive of Basic Dues) shall always be less than the fees payable by members of the public, (other than special marketing rates offered to prospective purchasers of Lots and Condominiums).

(j) Any Owner may delegate his rights in the Club to members of his family, tenants or contract purchasers who reside in his Residence; provided, however, that such delegation shall be subject to the limitations imposed by the Club Rules and Regulations.

(k) Social memberships in the Sun Lakes Golf Club may also be offered to members of the public ("Public memberships"). The terms and conditions of any such Public memberships shall be governed solely by the provisions of the Club Rules and Regulations and the Public membership agreement which will be required to be signed by each such Public member. The rights and privileges conferred by the Public membership agreement may differ from those conferred by a Club membership agreement.

#### Section 14.03. Conveyance to Association.

Declarant shall have the right, but not the obligation, to convey fee title to the Golf Course Property to the Association at any time after the Close of Escrow of not less than Three Thousand (3,000) Lots and/or Condominiums in

the Subject Property. In the event Declarant determines to make such a conveyance, said conveyance shall be made without payment of consideration, and shall be subject to all matters then of record, provided that the Golf Course Property shall not be subject to any monetary liens other than non-delinquent real property taxes and assessments. The Association shall have the duty to accept any such conveyance of the Golf Course Property, and to thereafter maintain and exercise jurisdiction over the Golf Course Property in the same manner as all other Association Properties, as provided in this Declaration. Declarant shall provide the Association with a policy of title insurance evidencing that title to the Golf Course Property is conveyed free and clear of all monetary liens other than non-delinquent real property taxes and assessments.

Section 14.04. Sale to Association or Other Persons.

(a) Declarant shall have the right, but not the obligation, to sell the Golf Course Property to the Association on such terms and for such consideration as may be mutually acceptable to Declarant and the Association; provided, however, that any such sale shall require the approval of Delegates representing at least two-thirds of the voting power of Owners other than Declarant. Any such sale may be financed, in whole or in part, by a promissory note executed by the Association and secured by a deed of trust against the Golf Course Property.

(b) Declarant expressly reserves the right to convey the Golf Course Property to any other Person. In connection with any such conveyance, Declarant may assign any of its rights under this Declaration, including its rights under this Article XIV, by an express written and Recorded assignment. Any such assignment may include only certain specific rights of Declarant, and may be subject to such conditions as Declarant may impose in its sole discretion.

Section 14.05. Reservation of Access Rights.

Declarant hereby reserves for itself and its successors and assigns, a non-exclusive easement for ingress and egress in, to, and over all of the private streets and other portions of the Association Properties as may be necessary or convenient for access to and for the use, maintenance and operation of the Golf Course Property. Such non-exclusive easement is reserved in favor of Declarant, and Participating Builders, and shall include the right of invitees, visitors, vendors and other members of the public to use the private streets for access to the Golf Course Property. Said non-exclusive easement shall also include the right to install, operate, maintain and repair any and all water, gas, telephone, electric and other similar public utility services necessary or convenient to serve the Golf Course Property. Said ingress and egress access easements are intended to be appurtenant to the Golf Course Property. The exercise of the access and public utility rights set forth in this Section 14.05 shall not unreasonably interfere with the use and enjoyment of the Association Properties by other Owners.

It is acknowledged that the boundaries of the Golf Course Property consist of straight lines, and that the visible lines of demarcation between the Golf Course Property and the Association Properties and Common Area will often consist of golf cart paths, fences, hedges, streets, walkways, and similar Improvements that will be undulating and often times will be installed slightly within and slightly outside of the Golf Course Property. It is further acknowledged that it would be impractical and extremely difficult to observe the invisible legal boundary lines of the Golf Course Property for purposes of maintenance and use. Accordingly, in addition to the foregoing,

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Declarant hereby grants to the Association and any Sub-Association, and hereby reserves for itself and any successive owner of the Golf Course Property, reciprocal easements of access and use over and across (i) the perimeter edges of the Golf Course Property; and (ii) the perimeter edges of those portions of the Association Properties and the Common Area which abut the Golf Course Property. Said reciprocal easements are intended for purposes of maintenance and use, and the boundaries shall be determined by such visible lines of demarcation as golf cart paths, fences, hedges, streets, walkways and similar improvements located along and adjacent to the boundary line between the Golf Course Property and the Association Properties and the Common Area.

Section 14.06. Successive Owners.

The provisions of this Article XIV are intended to be covenants running with the land, and shall be for the benefit of both the Golf Course Property and each Lot and Condominium in the Subject Property. The provisions of this Article XIV shall benefit and be binding upon each successive owner of the Golf Course Property, during his ownership, of any portion of the Golf Course Property, and upon each Person having an interest therein derived through any owner thereof. The provisions of this Article XIV shall benefit and be binding upon each successive Owner of a Lot or Condominium in the Subject Property, and upon each Person having an interest therein derived through any Owner thereof.

Section 14.07. Amendments Affecting Golf Course Property.

Notwithstanding any other provision of this Declaration to the contrary, no portion of this Article XIV may be amended without the express written consent of the owner of the Golf Course Property.

Section 14.08. Entry Guard Gate Expenses.

The owner of the Golf Course Property hereby acknowledges and agrees that it shall pay one-third (1/3rd) of the costs of operating and maintaining the Entry Guard Gate (being the entry facility located at the intersection of Country Club Drive and Sun Lakes Boulevard). This obligation shall be a covenant running with the land, and shall bind all successive owners of the Golf Course Property. Such expenses shall be payable annually in arrears upon presentation of an itemized invoice, and shall include only actual costs incurred, and shall not include any management, administrative or over-head costs. Such costs shall not include any landscaping or gardening costs attributable to the maintenance of the parkways or median strip within Country Club Drive.

ARTICLE XV

TRUST PROPERTY

Section 15.01. Conveyance of Trust Property to Trustee and Use by Owners.

(a) Prior to or concurrently with the first Close of Escrow of a Lot or Condominium in the First Subdivisions, Declarant shall convey title to that certain real property more particularly described in Exhibit F attached hereto (the "Trust Property") to a corporate trustee (the "Trustee") who will hold title to and administer the Trust Property and convey same to the Association in accordance with the terms and provisions of that certain Trust Agreement executed (or to be executed) by and between Declarant, as Trustor, and Trustee. Declarant desires to convey the Trust Property to Trustee as a reasonable arrangement to assure that the Association, as the beneficiary

of the Trust Agreement, will, upon the satisfaction of certain conditions, receive title to the Trust Property in accordance with the regulations of the DRE. Declarant, Trustee and the Association shall enter into an agreement (the "Use Agreement") to insure that each and all of the members of the Association, their Families, lessees, tenants, guests and invitees, shall have the right to use the Trust Property, subject to the terms and provisions of the Trust Agreement and Use Agreement. Until such time as Trustee conveys the Trust Property to the Association, the use and enjoyment of the Trust Property shall be subject to the terms and provisions of the Trust Agreement and Use Agreement. In consideration for the Owner's rights to use and enjoy the Trust Property, the Association shall be obligated to pay a fee (the "Use Fee") on behalf of each Lot and Condominium which is subject to the levy of Regular Assessments by the Association. The Use Fee may be adjusted as provided in the Use Agreement.

(b) The term of the Trust (the "Trust Term") shall expire and terminate upon the first to occur of any of the following:

(i) Declarant notifies Trustee and the Association, in writing, of Declarant's intention to abandon or otherwise discontinue development of the Subject Property;

(ii) Declarant or the Association shall have notified Trustee, in writing, that Regular Assessments have been levied by the Association on at least 3,000 Lots and/or Condominiums; or

(iii) June 30, 1997.

During the Trust Term, Declarant has reserved unto itself and its successors and assigns various rights in and to the Trust Property (including, but not limited to, the right to control the daily operations, management and staffing of the Trust Property, the rights to utilize certain portions of the Trust Property in connection with the marketing, selling and/or leasing of Lots and Condominiums in the Subject Property, to furnish, decorate, remodel and alter improvements on the Trust Property and to construct additional improvements on the Trust Property), all as more particularly set forth in the Trust Agreement. Additionally, Declarant has reserved unto itself and its successors and assigns various easements on, over and across the Trust Property, as more particularly set forth in the Trust Agreement.

Section 15.02. Conveyance of the Trust Property to the Association.

As more particularly set forth in the Trust Agreement, upon the expiration and termination of the Trust Term, Trustee shall convey the Trust Property to the Association by the Recordation of a grant deed, and the Association shall be obligated to accept such conveyance, subject to the following conditions:

(a) Such conveyance is made in accordance with the terms and provisions of the Trust Agreement;

(b) Declarant shall pay to Trustee, for distribution to the Association, the reserves attributable to the Trust Property in accordance with the provisions of the Trust Agreement; and

(c) Declarant may record a Notice of Annexation annexing the Trust Property into the Subject Property.

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At such time as the Trust Property is conveyed to the Association and annexed to the Subject Property, the Trust Property shall be subject to the terms and provisions of this Declaration and to the jurisdiction of the Association, and shall be deemed part of the Association Properties. If the effect of such conveyance would result in an increase in the Regular Assessments levied by the Association against each Lot and Condominium in the Subject Property in an amount greater than fifteen percent (15%) of the then current Regular Assessments, a special meeting of the Delegates shall be held and Delegates representing at least two-thirds (2/3rds) of the voting power of the Association residing in Members, other than Declarant and all Participating Builders, may decide to curtail certain activities provided at the "Clubhouse" (as defined in the Trust Agreement), or to completely close the Clubhouse for such period of time as the Delegates deem appropriate.

Section 15.03. Inspection of Trust Agreement and Use Agreement.

Each Owner hereby acknowledges that full and complete copies of the Trust Agreement and the Use Agreement are available in the Association's office, and that each Owner may inspect such Agreements and/or obtain a copy thereof in accordance with the provisions of the By-Laws of the Association.

Section 15.04. Reservation of Access Rights.

Declarant hereby reserves unto itself and its successors and assigns, a non-exclusive easement appurtenant to the Trust Property for ingress, egress and access on, over and across any and all private streets and other portions of the Association Properties as may be necessary or convenient for access to the Trust Property for purposes of constructing, maintaining or repairing any Improvements to the Trust Property, for the use and enjoyment of the Trust Property or for any other purpose reasonably consistent with the terms and provisions of the Trust Agreement. Declarant may permit the Trustee, Participating Builders and their respective employees, agents, vendors, contractors, subcontractors, visitors, guests, invitees, prospective purchasers and other members of the general public to utilize said non-exclusive easement. Additionally, Declarant hereby reserves unto itself and its successors and assigns an easement appurtenant to the Trust Property on, over and across any portions of the Subject Property not improved with buildings or other similar structures to install, operate, maintain and repair all public utility services necessary or convenient to serve the Trust Property. Notwithstanding the foregoing, the exercise of any of the easements set forth in this Section 15.04 shall not reasonably interfere with the use and enjoyment of the Association Properties by any Owners.

Section 15.05. Amendments Affecting Trust Property.

Notwithstanding any other provision of this Declaration to the contrary, no portion of this Article XV may be amended without the express written consent of both the Declarant and the Trustee.

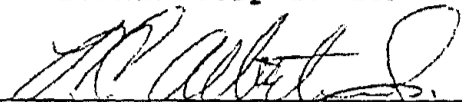
Sections 16.01 to 16.11, and 17.01 to 17.02 amended. See PDF pages 170-177 to view Amendment #2 dated Oct 3, 2002.

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Sections 18.01 - 18.07 amended. See PDF pages 205-209 to view Amendment #6 dated June 23, 2014. Section 18.03(a) amended. See PDF page 213 to view Amendment #7 dated November 19, 2021.

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

PRESLEY OF SOUTHERN CALIFORNIA,  
a California corporation

By:   
L. C. Albertson, Jr.  
President

By:   
Linda L. Foster  
Secretary

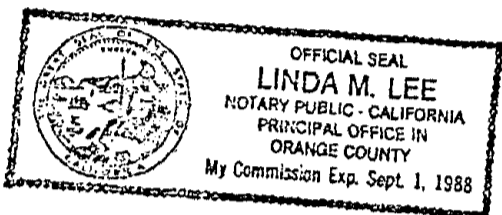


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STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss.

On April 9, 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared L. C. ALBERTSON, JR., and LINDA L. FOSTER, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as President and Secretary, respectively, or on behalf of PRESLEY OF SOUTHERN CALIFORNIA, the corporation therein named, and acknowledged to me that the corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.



Linda M. Lee  
Notary Public in and for said State

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## EXHIBIT "A"

The First Subdivision

That certain real property in the State of California, County of Riverside, more particularly described as follows:

- (a) Phase I: Lots 1 to 18, inclusive, Lots 45 to 73, inclusive, Lots B, I, J and K of Tract 21479 as shown on a map recorded on January 29, 1987, in Book 165, Pages 69 to 76, inclusive of Maps in the Office of the County Recorder of Riverside County, California.
- (b) Phase II: Lots 33 to 95, inclusive, and Lots A, G, H and I of Tract 21478 as shown on a map recorded on January 29, 1987, in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder of Riverside County, California.
- (c) Phase III: Lots 1 and 2 of Tract No. 21477 as shown on a map recorded on January 29, 1987, in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder of Riverside County, California.

EXHIBIT "B"

The Annexable Area

All that certain real property situated in the State of California, City of Banning, County of Riverside, more particularly described as follows:

Section 13, the south half of Section 12 and all that portion of the northwest quarter of Section 12, lying southerly of the 200.00 foot railroad right of way, in the County of Riverside, State of California, Township 3 south, Range 1 west, San Bernardino meridian, according to the official plat thereof.

EXCEPTING, THEREFROM, the "First Subdivisions" described in Exhibit "A" of this Declaration.

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## EXHIBIT "C"

Association Properties  
Within the First Subdivisions


- 100128"
- (a) Phase I: Lots B, I, J and K of Tract 21479 as shown on a map recorded on January 29, 1987, in Book 165, Pages 69 to 76, inclusive of Maps in the Office of the County Recorder of Riverside County, California. A perpetual nonexclusive easement for ingress, egress, and access for purposes of maintaining landscaping improvements located on those portions of Lots 18, 45, 57 and 58 of said Tract 21479 as described herein.
- (b) Phase II: Lots A, G, H and I of Tract 21478 as shown on a map recorded on January 29, 1987, in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder of Riverside County, California.
- (c) Phase III: A nonexclusive easement for vehicular and pedestrian ingress, egress and access on, over and across those certain private streets located on Lots 1 and 2 of Tract 21477, as more particularly shown and described on a map of said Tract recorded on January 29, 1987, in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder of Riverside County, California.

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EXHIBIT C  
**ASSOCIATION PROPERTIES**  
SUN LAKES COUNTRY CLUB  
TRACT NO. 21479

**PHASE I**

**LEGEND:**

 ASSOCIATION PROPERTIES

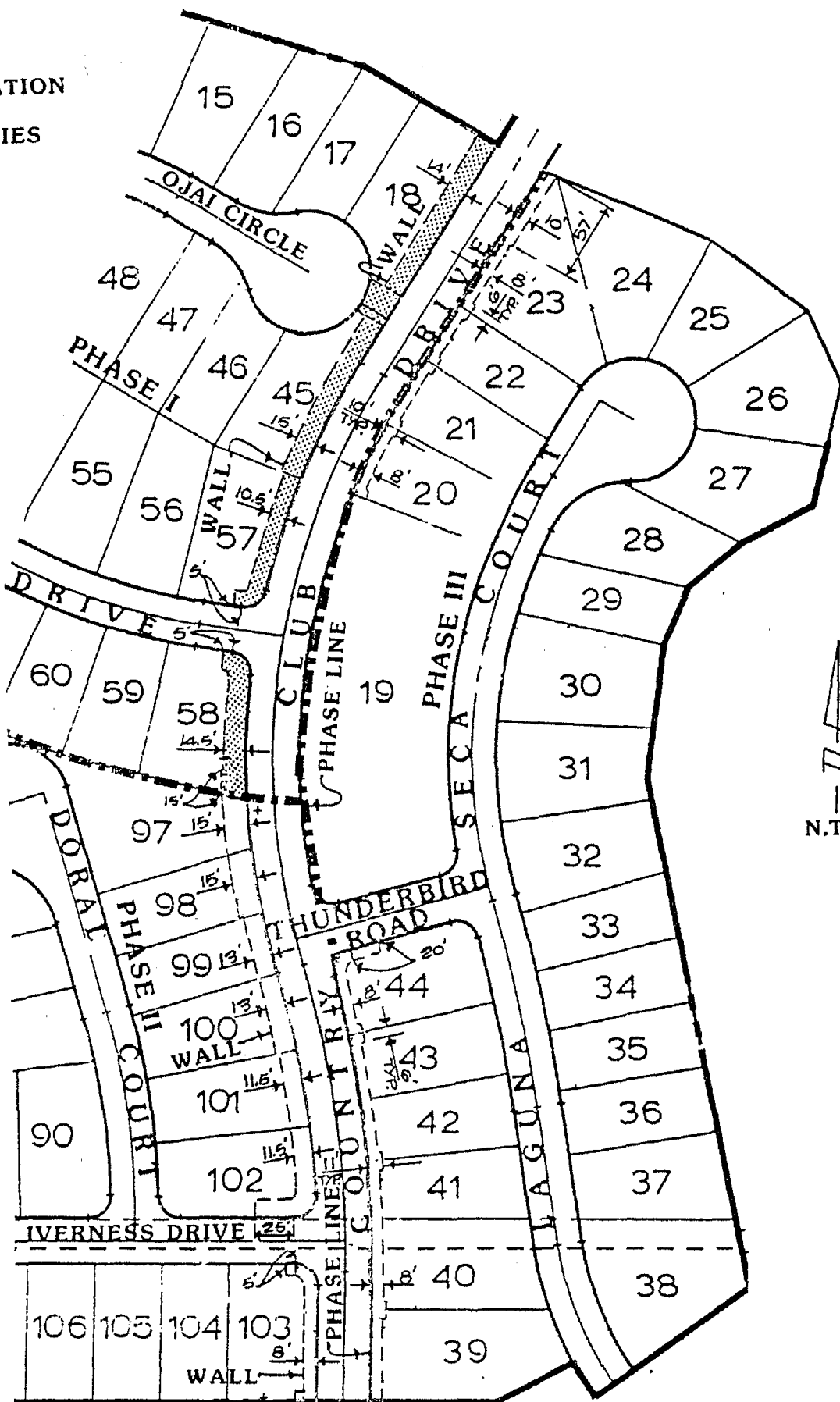


EXHIBIT "D"

Maintenance Areas

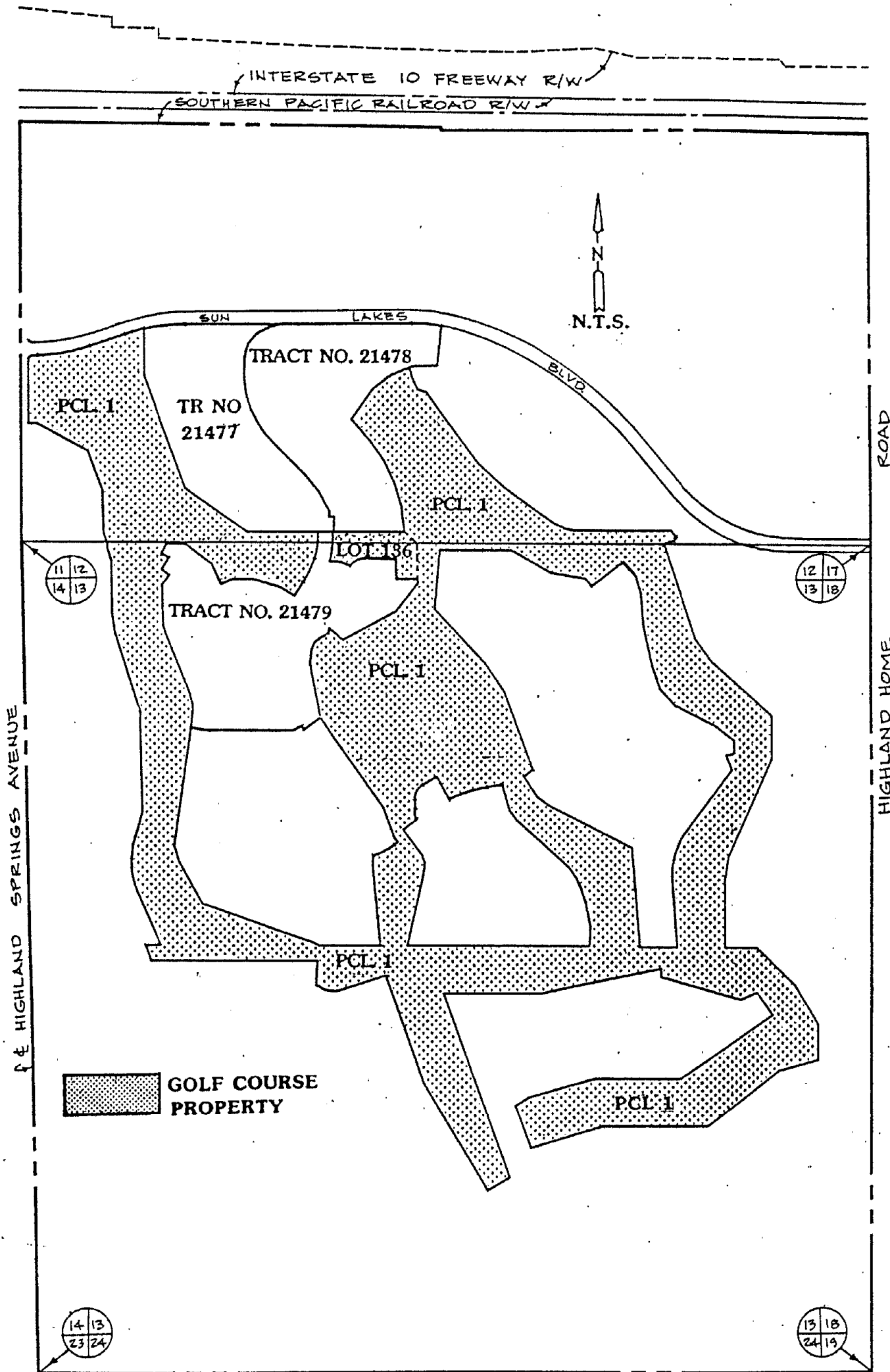
NONE IN THE FIRST SUBDIVISIONS

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# SUN LAKES COUNTRY CLUB GOLF COURSE PROPERTY

PARCEL 1 OF PARCEL MAP NO. 22175  
PLUS LOT 136 OF TRACT NO. 21479

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## EXHIBIT F

TRUST PROPERTY

The Trust Property shall mean and refer to the "Clubhouse Property" and the "Entry Area," as more particularly described hereinbelow.

I. CLUBHOUSE PROPERTY. The Clubhouse Property shall mean and refer to the following:

1. Lot 135 of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements constructed thereon (including, but not limited to, the Clubhouse, tennis courts, swimming pool, spa, parking area, pavement, driveway, sidewalks, walls, fences, planters, landscaping, fountain, irrigation systems, utility lines and connections, and exterior light fixtures);

2. A nonexclusive easement appurtenant to said Lot 135 on, over and across any flowerbeds, planters or other similar unimproved areas on Lot 136 of Tract 21479 and the Parcels shown on Tentative Parcel Map No. 22175 on file with the City of Banning, for purposes of installation, maintenance and repair of landscaping, irrigation systems and related Improvements; provided however, said flowerbeds, planters and/or other similar unimproved areas shall not unreasonably interfere or impair the right of the owner of Lot 136 and/or said Parcels to remove said landscaping and utilize said areas for the construction of new facilities or other Improvements; and

3. A perpetual nonexclusive easement appurtenant to said Lot 135 on, over and across those certain portions of Lot 136 of Tract 21479 which are not improved with structures and which are available for vehicular ingress, egress and parking.

II. ENTRY AREA. The Entry Area shall mean and refer to the following:

1. Lot 6 of Tract 21477, as shown on a map recorded in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements located thereon (including, but not limited to, entry guard house and electronic gate system, private street, street lights, medians, parkways, landscaping, water feature, irrigation systems and exterior light fixtures);

2. Lot A of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together



100128

with all Improvements located thereon (including, but not limited to, private street, street lights, medians, parkways, landscaping, irrigation systems and exterior light fixtures);

3. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1, 2, 3 and 5 of Tract 21477, shown on the diagram attached hereto as the "Easement Areas," for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, exterior surfaces of patio fences adjacent to said Lot 6, as shown on said diagram).

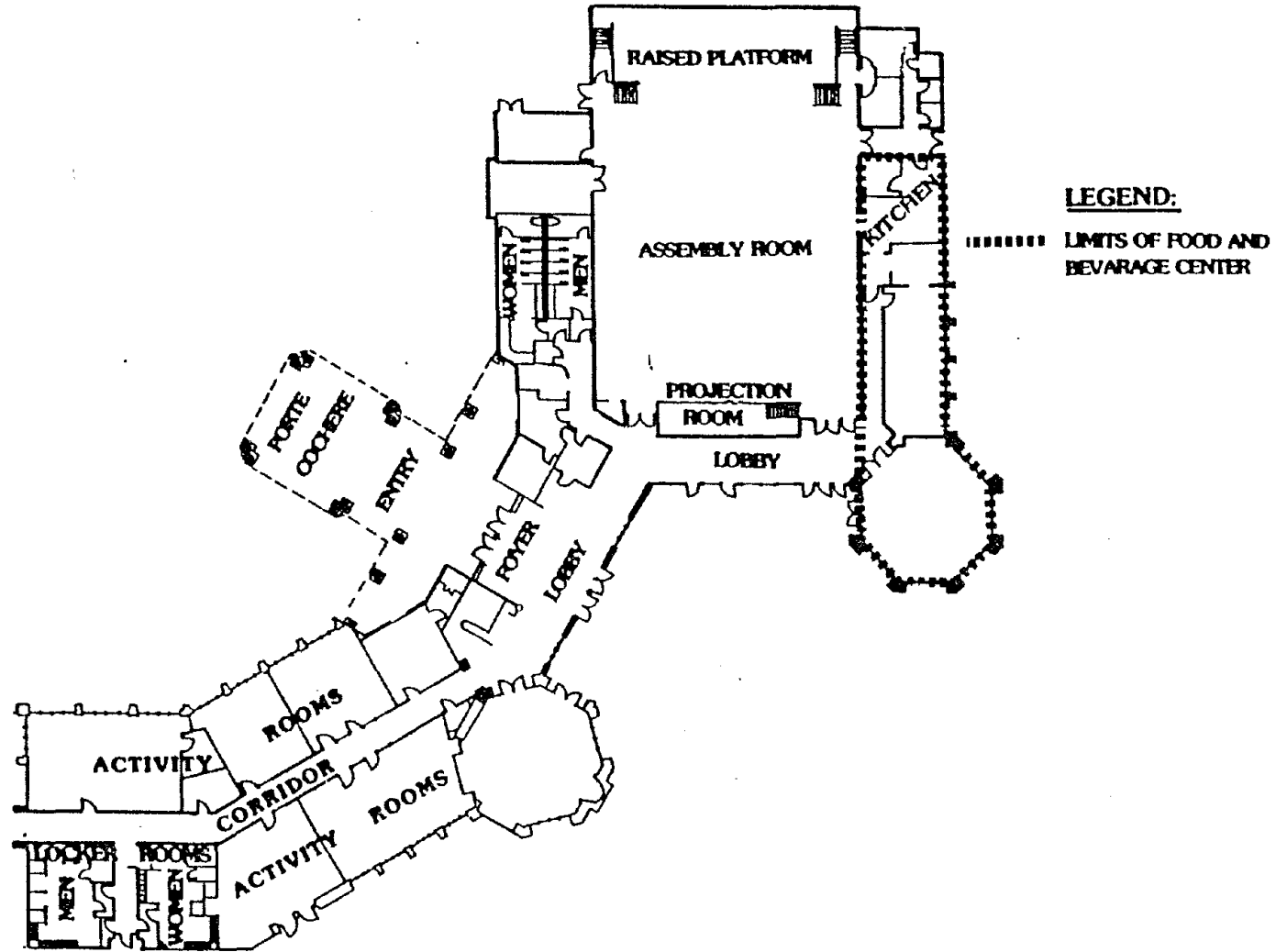
4. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of the Golf Course Property as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard and/or Highland Springs Avenue, and other related Improvements as shown on said diagram; and

5. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1 through 5, inclusive, and 8 through 12, inclusive, of Tract 21478 as shown on a map recorded in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder for Riverside County, California as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard, and other related Improvements as shown on said diagram.

III. PERSONAL PROPERTY. The Trust Property also includes all personal property located on or within the Clubhouse Property and Entry Area, and which has been, or will be, transferred by Trustor to Trustee for the common use and benefit of the Members of Beneficiary, their Families, lessees, tenants, guests and invitees.



SCALE: 1" = 40'



**LEGEND:**  
----- LIMITS OF FOOD AND BEVERAGE CENTER

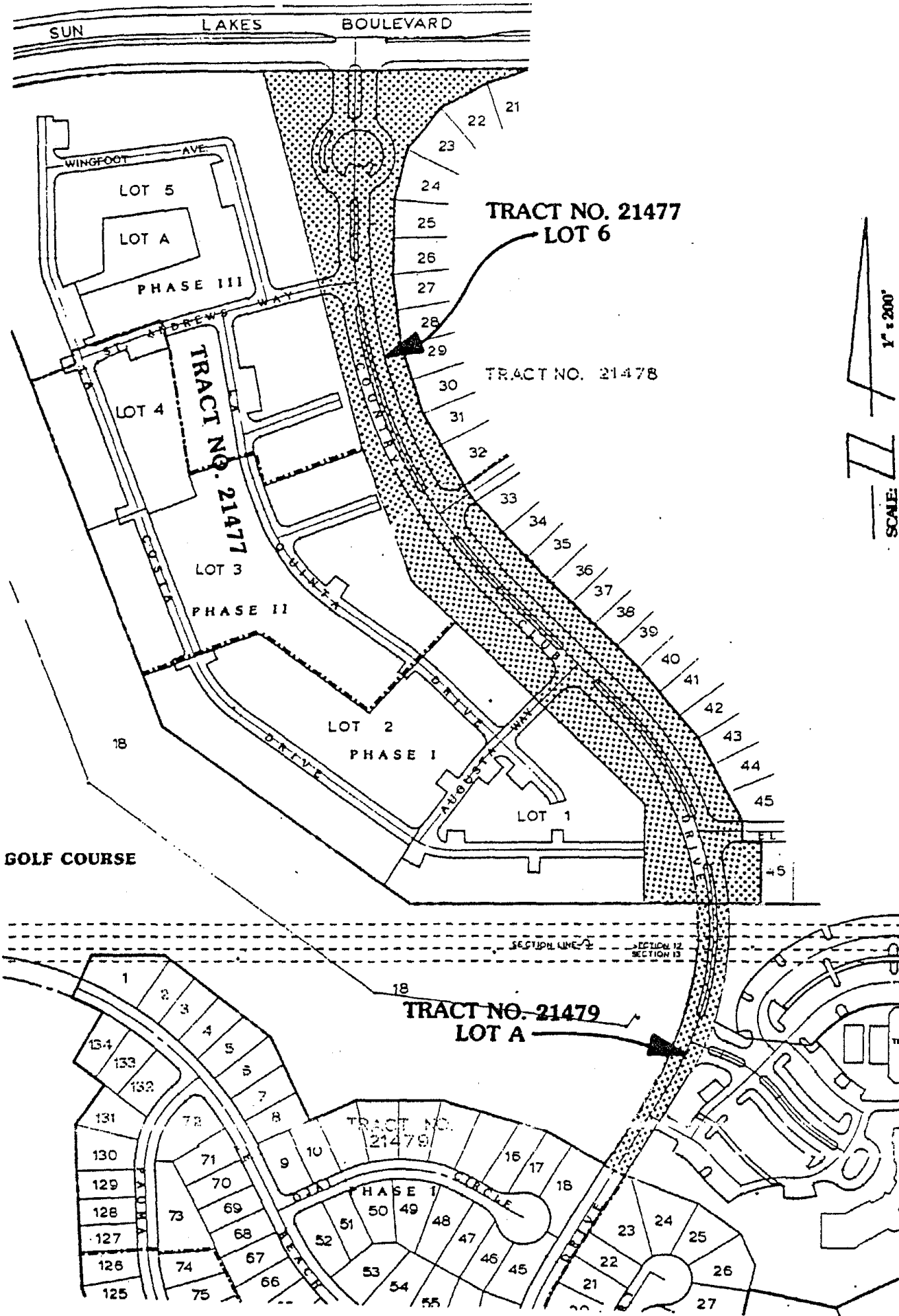
EXHIBIT F

**CLUBHOUSE PROPERTY**  
**SUN LAKES COUNTRY CLUBHOUSE**

100128

EXHIBIT F

ENTRY AREA  
SUN LAKES COUNTRY CLUB

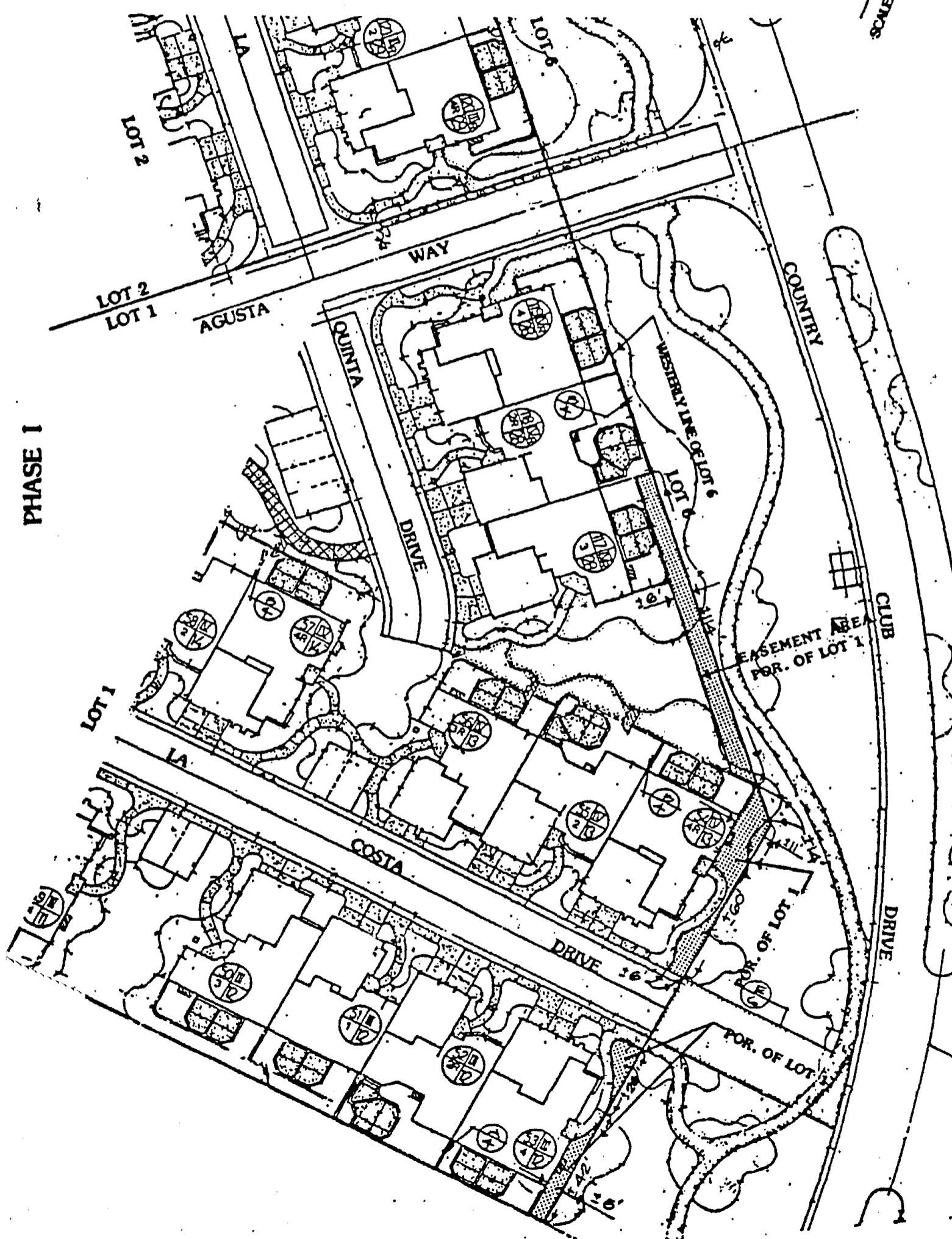


100128

EXHIBIT  
EASEMENT AREAS  
SUN LAKES COUNTRY CLUB  
TRACT NO. 21477

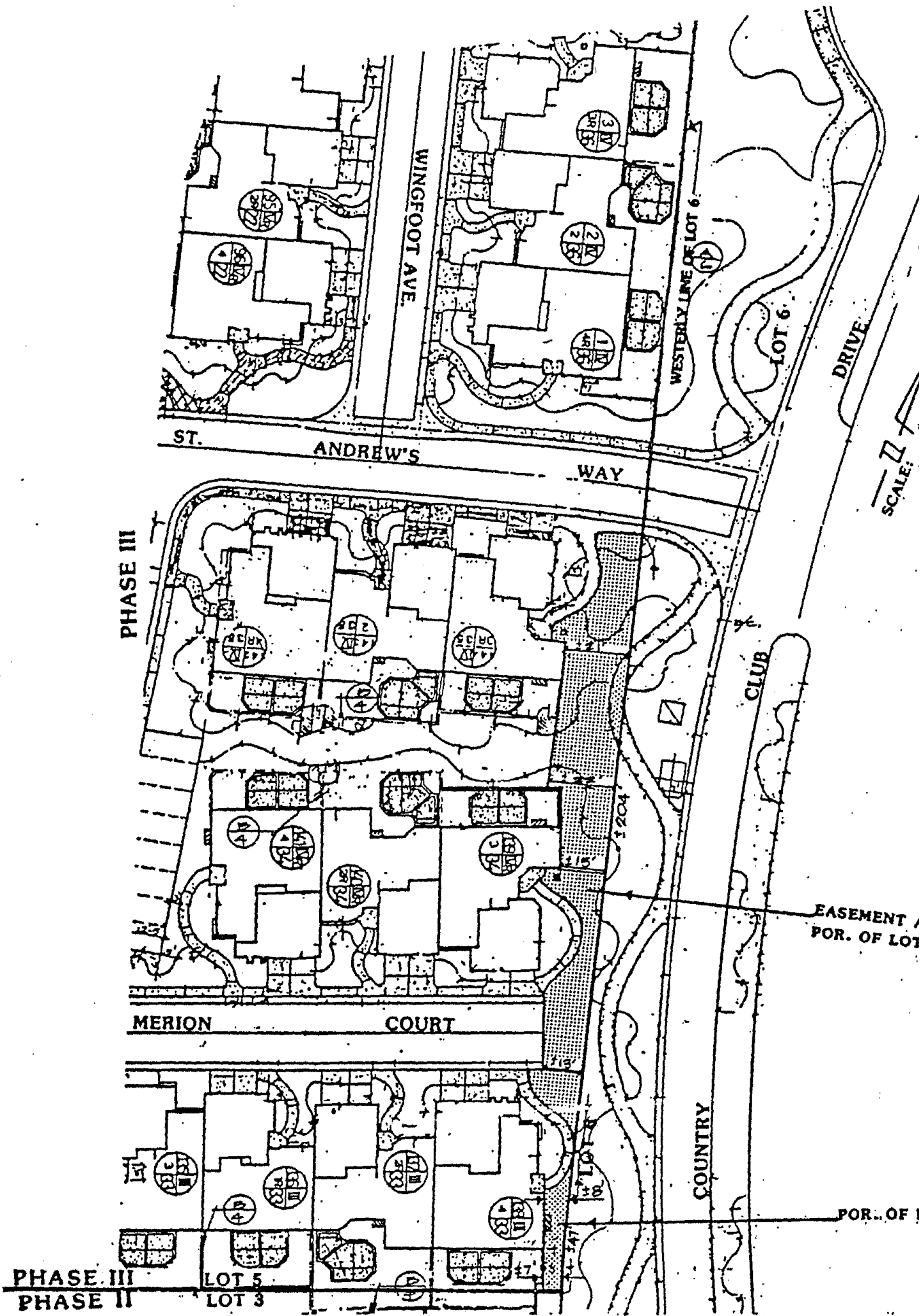
PHASE I

SCALE 1" = 40'



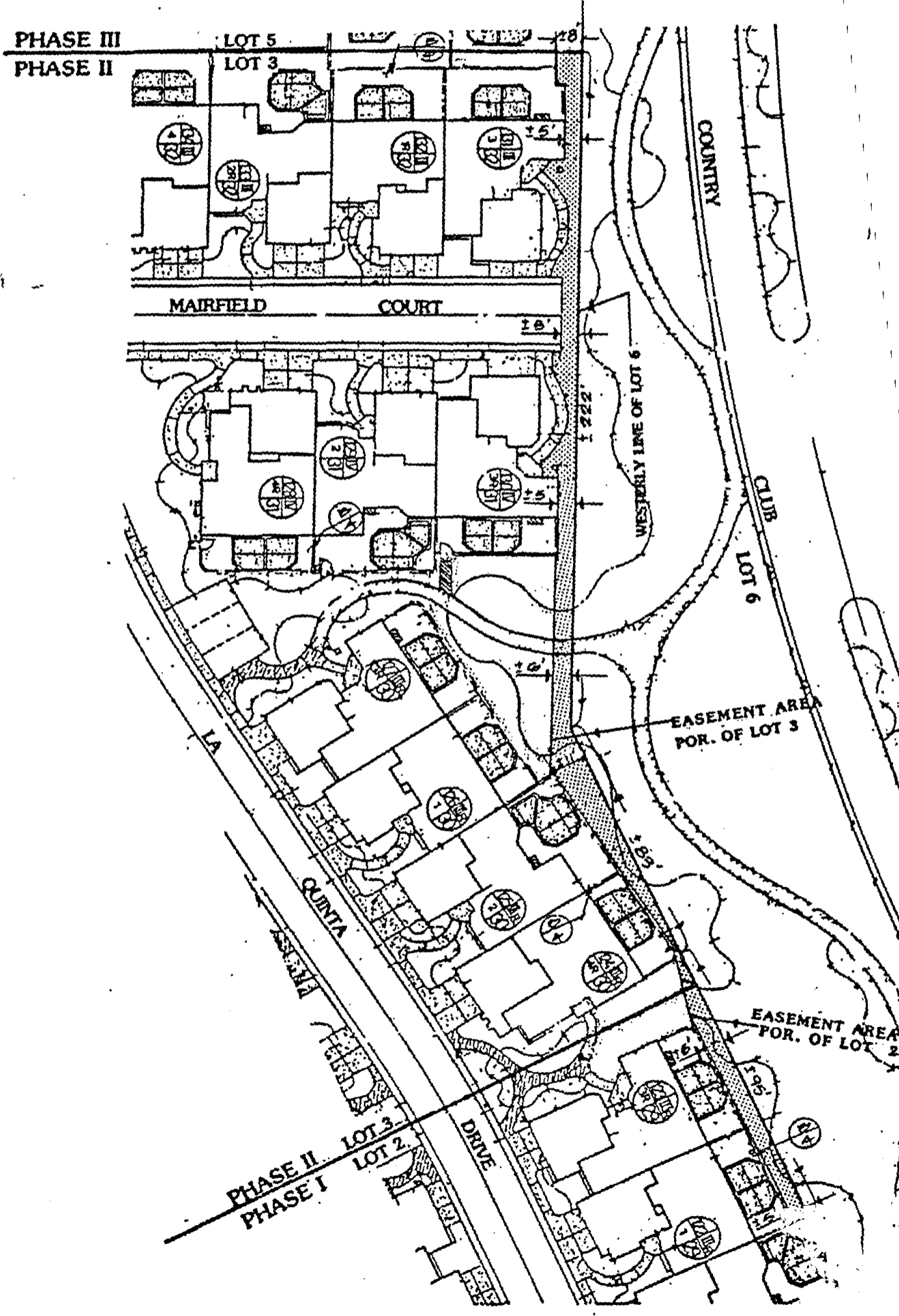
100128

EXHIBIT  
**EASEMENT AREAS**  
**SUN LAKES' COUNTRY CLUB**  
TRACT NO. 21477

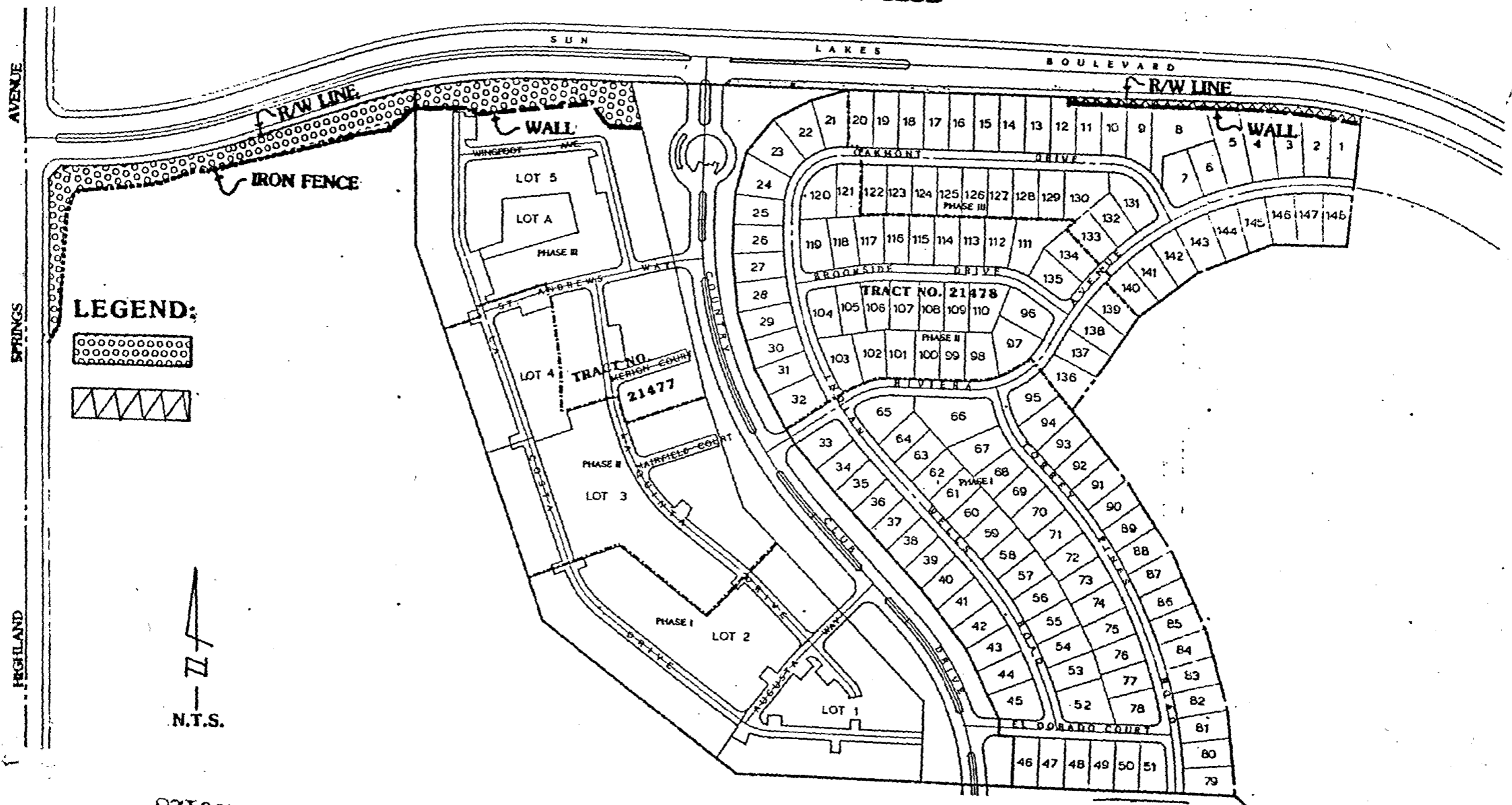


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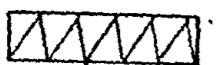
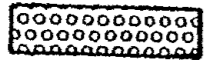
EXHIBIT F  
**EASEMENT AREAS**  
SUN LAKES COUNTRY CLUB  
TRACT NO. 21477



# SUN LAKES COUNTRY CLUB



## LEGEND:



100128

USE AGREEMENT

THIS USE AGREEMENT (hereinafter referred to as the "Agreement") is made and entered into this 22nd day of April, 1987, by and among SECURITY TITLE INSURANCE COMPANY, a California corporation (hereinafter referred to as "Trustee"), SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION, a California nonprofit, mutual benefit corporation (hereinafter referred to as the "Master Association"), and PRESLEY OF SOUTHERN CALIFORNIA, a California corporation (hereinafter referred to as "Presley").

R E C I T A L S:

A. Presley is the master developer of that certain master planned residential community commonly known as "Sun Lakes Country Club," located in the City of Banning, County of Riverside, State of California (hereinafter referred to as the "Project"). Presley intends to develop the Project in a series of phases. The first, second and third phases of the Project are more particularly described in that certain "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club" recorded on April 10, 1987, 1987, as Instrument No. 100128 of the Official Records of Riverside County, California, as same may be amended, from time to time (hereinafter referred to as the "Declaration"). Each subsequent phase may be annexed by Presley, or by a Participating Builder with Presley's consent, upon the recordation of a Notice of Annexation, in accordance with the provisions of the Declaration. The real property which may be annexed is more particularly described in the Declaration as the Annexable Area.

B. The Annexable Area includes, among other things, clubhouse, and various recreational amenities and facilities (hereinafter referred to as the "Clubhouse Property"), and a guard house and electronic gate system at the main entrance into the Project, entry landscaping with water feature and private streets and landscaped parkways and medians (hereinafter referred to as the "Entry Area"). (The Clubhouse Property and Entry Area are collectively referred to herein as the "Trust Property.") The Trust Property is more particularly described on Exhibit "A" attached hereto.

C. Presley has conveyed the Trust Property to Trustee, which will hold, administer and convey same in accordance with the terms and provisions of that certain "Trust Agreement" of even date herewith by and between Presley, as Trustor, and Security Title Insurance Company, as Trustee, and wherein the



Master Association is designated as the Beneficiary (hereinafter referred to as the "Trust Agreement").

D. In furtherance of the Trust Agreement, Trustee, the Master Association and Presley each desire to enter into this Agreement to ensure that each and all of the Members of the Master Association, their Families, tenants, lessees, guests and invitees, shall have a license to use the Trust Property for the period of time and on the terms and conditions set forth herein, as contemplated by the Trust Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, and the mutual covenants set forth hereinbelow, Trustee, the Master Association and Presley do hereby agree as follows:

1. GRANT OF LICENSE. Trustee hereby grants to the Master Association, for the benefit of each and all of the Members thereof, a nonexclusive license (hereinafter referred to as the "License") to use and enjoy the Trust Property. The License shall be exercisable by each of the Members of the Master Association, their Families, lessees, tenants, guests and invitees. The use and enjoyment of the Trust Property, pursuant to this License, shall be subject to the terms and provisions of the Declaration, and the terms and provisions of the Trust Agreement and the terms and provisions of this Agreement.

2. TERM OF LICENSE. The term of the License granted herein (hereinafter referred to as the "Term") shall commence concurrently with the commencement of the Trust Agreement, and shall terminate concurrently with the Trust Agreement.

3. MAINTENANCE OF TRUST PROPERTY AND PAYMENT OF RESERVES.

(a) Maintenance. Presley shall maintain the Trust Property in a neat, clean, safe and attractive condition at all times during the term of the Trust Agreement, as more particularly set forth in the Trust Agreement. To secure its obligation to maintain the Trust Property, Presley has obtained a surety bond (hereinafter referred to as the "Maintenance Bond") in the sum of Three Hundred Thousand Dollars (\$300,000.00), naming Trustee as obligee of Presley's obligations thereunder, and has executed Instructions to Escrow Depository pertaining, among other things, to the enforcement and exoneration of said Bond. Said Maintenance Bond shall be renewed or replaced annually by Presley during the Term of this Agreement, and the amount thereof may be reduced, as provided in the Trust Agreement.

(b) Reserves. At such time as the Trust Property is conveyed by Trustee to the Master Association, Presley shall pay to Trustee for disbursement to the Master Association the amount of the reserve line items (hereinafter referred to as "Reserves") of the Use Fee Budget (a copy of which is attached to the Trust Agreement) which would have been collected if the Trust Property had been conveyed to the Master Association simultaneously with the first Close of Escrow for the sale of a Lot or Condominium in the Project, to assure that funds will be available to the Master Association for the maintenance, repair and/or replacement of those elements of the Trust Property that must be repaired or replaced on a periodic basis. Trustee shall cause a Reserve Study to be prepared, as provided in Trust Agreement, approximately ninety (90) days prior to the expiration of the Trust Term. Such Reserves shall be calculated based upon the then current California Department of Real Estate Operating Cost Manual (or comparable maintenance cost guide then being used by the California Department of Real Estate), unless actual expense records accumulated over time are available, in which case the later shall control.

To secure Presley's obligations to pay such Reserves, Trustor has obtained a surety bond in the sum of Six Hundred Fifty Two Thousand Four Hundred Dollars (\$652,400.00), naming Trustee as obligee, and has executed Instructions to Escrow Depository pertaining among other things, to the enforcement and exoneration of said Bond. Said Bond shall be renewed or replaced annually by Presley during the term of Agreement, and the amount thereof may be reduced, as provided in the Trust Agreement.

4. USE FEE. During the term of this Agreement, the Master Association shall pay directly to Presley, on or before the tenth (10th) day of each calendar month, a fee on behalf of each Lot and Condominium within the Project which is subject to the levy of Assessments by the Master Association as of the first day of such month (hereinafter referred to as the "Use Fee"). Subject to adjustment, as provided for herein, the Use Fee shall initially be Twenty-seven and 54/100 Dollars (\$ 27.54 ). Commencing on January 1, 1988, and each January 1 thereafter during the Term of this Agreement, the Use Fee may be unilaterally increased by Presley by an amount equal to the lesser of: (a) fifteen percent (15%) of the Use Fee for the immediately preceding year, or (b) the projected percentage increase in the total of all of the line items shown on the Use Fee Budget (hereinafter collectively referred to as the "Total Budget Costs"). Total Budget Costs shall be calculated based upon the then current California Department of Real Estate Operating

Cost Manual (or comparable maintenance cost guide then being used by the California Department of Real Estate), unless actual expense records accumulated over time are available, in which case the later shall control. After the Trust Property has been conveyed to the Master Association, as provided in the Trust Agreement, and Presley has paid all Reserves applicable to the Trust Property if there are any excess funds, Presley may retain all such excess funds.

In the event the Master Association shall fail or refuse to pay the full amount of the monthly Use Fee required to be paid hereunder on or before the twenty-fifth (25th) day of the month, the Use Fee shall be deemed delinquent (so long as such failure or refusal is not due, in whole or in part, to the failure or refusal of Presley to pay Regular Assessments attributable to any Lot and/or Condominium owned by Presley, and which are subject to the levy of Regular Assessments by the Master Association). Presley shall give written notice to the Master Association of such default. If the full amount of the delinquency is not received within thirty (30) days following receipt by the Master Association of such notice, Presley shall have the right, in addition to any other rights and remedies available at law or in equity, to close the Clubhouse Property, remove the security personnel from the guard gate and/or cease maintaining the Trust Property, until all delinquencies have been paid in full, together with interest thereon at the maximum rate permitted by law, reasonable attorneys' fees and other costs incurred to enforce payment of the Use Fee, and all costs incurred by Presley to reopen the Trust Property and reinstitute the services provided therein. In no event, however, may Presley deny ingress, egress or access over any of the private streets within the Trust Property. Upon payment in full of any such delinquency, and any and all costs of reopening the Trust Property and reinstating the services provided therein, all rights and/or services suspended by Presley shall be reinstated automatically.

5. INSURANCE. Presley covenants and agrees to obtain, maintain and pay the premiums for all of the insurance coverage required under the terms and provisions of the Trust Agreement during the Term of this Agreement. In the event the Trust Property is damaged or destroyed during the Term of this Agreement, the License and Use Fee shall be suspended or abated until the Trust Property has been reconstructed, as provided in the Trust Agreement.

6. DAMAGE BY MEMBER. To the extent not fully reimbursed by insurance, the Master Association and the respective Member shall be jointly and severally liable for any damage to the Trust Property sustained because of intentional or negligent acts or omissions of any Member, his Family, lessees, tenants, guests or invitees, or any other persons deriving their right of use and enjoyment of the Trust Property from such Member or his respective Family, lessees, tenants, guests or invitees, both minor and adult. The Master Association or Member shall reimburse Presley for the cost of all work to repair such damage, together with interest on such amount at the maximum rate permitted by law from the date the repairs have been complete, and reasonable attorneys' fees and any other costs incurred to obtain such reimbursement. (Normal wear and tear is not intended to be included within, and is expressly exempt from, the terms of this Paragraph 6.)

7. EXEMPTION OF PRESLEY. Nothing herein shall be deemed to limit, restrict or otherwise impair any of the rights, easements or other privileges reserved by Presley herein, in the Trust Agreement, in the Declaration, and/or in any document of record.

8. NO OFFSETS. Neither the Master Association nor any Member thereof may waive or otherwise avoid liability for the Use Fee provided for herein for any reason whatsoever (including, but not limited to, non-use of the Trust Property, failure of any Member or Members to pay Assessments, or a dispute or other controversy with Presley or Trustee as to any matter concerning the Project or Trust Property), nor shall the Master Association be entitled to any offset against the Use Fee payable hereunder for any reason whatsoever.

9. ENFORCEMENT OF RULES AND REGULATIONS.

(a) Presley has reserved the right during the Trust Term to establish, amend, revoke and enforce reasonable rules and regulations pertaining to the use of the Trust Property. In furtherance thereof, Presley may form a committee composed of not more than five (5) members and may appoint all of the members thereof during the Trust Term (herein referred to as the "Committee").

(b) The Committee may, after notice and hearing as described hereinbelow, temporarily suspend any Member's rights to use the Clubhouse Property for a period of time not to exceed thirty (30) days for any infraction of the published rules and regulations; provided, however, in the

case of a continuing violation, such suspension may be imposed for so long as the violation continues.

(c) The Committee shall cause written notice of the alleged violation to be delivered personally or mailed to the Member by first class or registered mail, return receipt requested, at least fifteen (15) days before the proposed hearing on said alleged violation. Said notice shall contain: (1) an explanation in clear and concise terms of the nature of the alleged violation; (2) a reference to provisions of the rules and regulations which said Member is alleged to have violated; and (3) the time and place for the hearing. The hearing shall be conducted by the Committee, who shall hear the charges and evaluate the evidence concerning the alleged violation. At the hearing, said Member shall have the right to present oral or written evidence concerning the alleged violation. The Committee shall render its decision concerning the alleged violation to said Member not less than five (5) days after the hearing, and explain the basis for any suspension imposed.

10. GENERAL PROVISIONS.

(a) Enforcement. The parties hereto expressly intend and agree that Trustee, Presley and the Board of Directors of the Master Association shall have the sole rights to enforce the terms and provisions of this Agreement. No Member of the Master Association, nor his Family, lessees, tenants, guests or invitees, shall have any rights whatsoever to enforce any term or provision of this Agreement.

(b) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior or contemporaneous agreements, understandings, negotiations and discussions, whether written or oral, between the parties in connection with the subject matter hereof, except as specifically set forth herein.

(c) Interpretation. Whenever the context of this Agreement requires, all pronouns and any other variation thereof shall be deemed to refer to the masculine, feminine or neuter, and to the singular or plural, as the identity of the person or persons may require for proper interpretation of this Agreement.

(d) Severability. It is intended that each paragraph and subparagraph of this Agreement shall be viewed as separate and divisible. If any paragraph or subparagraph of this Agreement is declared, by a court of competent jurisdiction, to be illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect any of the other paragraphs or subpara-

graphs of this Agreement, each of which shall continue to be binding and enforceable.

(e) Governing Law. This Agreement has been entered into and executed in the State of California, and shall be interpreted in accordance with the laws of this State.

(f) Notices. Any notice required or desired to be given under this Agreement shall be personally served, or shall be sent by telegram or by certified or registered mail to the address shown hereinbelow, until notice of a different address be given. Any notice given by telegram shall be deemed given on the date service is confirmed by the telephone company. Any notice given by depositing it with the United States Postal Department as certified or registered mail, postage prepaid, shall be deemed given three (3) business days after the date such mail is postmarked.

Trustee:

Security Title Insurance Company  
1301 Third Avenue  
Post Office Box 1589  
San Diego, California 92112  
(619) 235-7274  
Attention: J. Paul Spring

Presley:

Presley of Southern California  
17991 Mitchell South  
Irvine, California 92714-6095  
(714) 660-0660

Master Association:

Sun Lakes Country Club  
Homeowners Association

17991 Mitchell South  
Irvine, California 92714  
(714) 660 -0660

(g) Incorporation of Exhibits. Each of the Exhibits referred to herein and attached hereto is hereby incorporated herein by this reference, as if set forth herein in full.

(h) Capitalized Terms. Unless otherwise stated herein, various capitalized terms used herein shall have the same meanings as set forth in the Declaration.

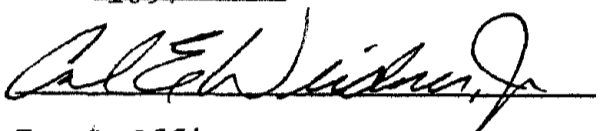
(i) Amendments. This Agreement may be amended at any time by a written instrument executed by Presley,

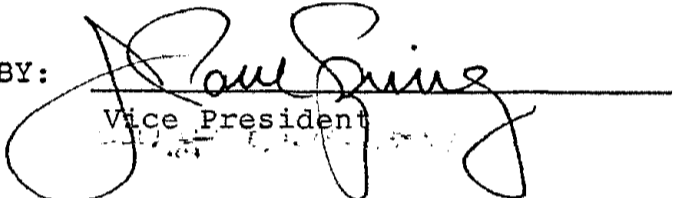
Trustee and the Master Association, and subject to the approval of the California Department of Real Estate and the United States Veterans Administration.

IN WITNESS WHEREOF, Trustee, Presley and the Master Association have executed this Agreement as of the date first written above.

"TRUSTEE"


SECURITY TITLE INSURANCE COMPANY,  
a California corporation,  
as Trustee of its Trust No.  
P.T. 1697


BY:   
Trust Officer

BY:   
Vice President

"PRESLEY"

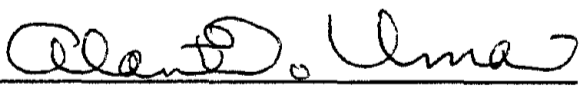
PRESLEY OF SOUTHERN CALIFORNIA,  
a California corporation

BY:   
Its: Vice President

BY:   
Its: Vice President

"MASTER ASSOCIATION"

SUN LAKES COUNTRY CLUB HOMEOWNERS  
ASSOCIATION,  
a California nonprofit, mutual  
benefit corporation

BY:   
Its: Vice President

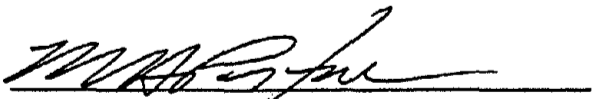
BY:   
Its: Vice President

EXHIBIT "A"

TRUST PROPERTY

The Trust Property shall mean and refer to the "Clubhouse Property" and the "Entry Area," as more particularly described hereinbelow.

I. CLUBHOUSE PROPERTY. The Clubhouse Property shall mean and refer to the following:

1. Lot 135 of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements constructed thereon (including, but not limited to, the Clubhouse, tennis courts, swimming pool, spa, parking area, pavement, driveway, sidewalks, walls, fences, planters, landscaping, fountain, irrigation systems, utility lines and connections, and exterior light fixtures);

2. A nonexclusive easement appurtenant to said Lot 135 on, over and across any flowerbeds, planters or other similar unimproved areas on Lot 136 of Tract 21479 and the Parcels shown on Tentative Parcel Map No. 22175 on file with the City of Banning, for purposes of installation, maintenance and repair of landscaping, irrigation systems and related Improvements; provided however, said flowerbeds, planters and/or other similar unimproved areas shall not unreasonably interfere or impair the right of the owner of Lot 136 and/or said Parcels to remove said landscaping and utilize said areas for the construction of new facilities or other Improvements; and

3. A perpetual nonexclusive easement appurtenant to said Lot 135 on, over and across those certain portions of Lot 136 of Tract 21479 which are not improved with structures and which are available for vehicular ingress, egress and parking.

II. ENTRY AREA. The Entry Area shall mean and refer to the following:

1. Lot 6 of Tract 21477, as shown on a map recorded in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements located thereon (including, but not limited to, entry guard house and electronic gate system, private street, street lights, medians, parkways, landscaping, water feature, irrigation systems and exterior light fixtures);

2. Lot A of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together



with all Improvements located thereon (including, but not limited to, private street, street lights, medians, parkways, landscaping, irrigation systems and exterior light fixtures);

3. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1, 2, 3 and 5 of Tract 21477, shown on the diagram attached hereto as the "Easement Areas," for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, exterior surfaces of patio fences adjacent to said Lot 6, as shown on said diagram).

4. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of the Golf Course Property as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard and/or Highland Springs Avenue, and other related Improvements as shown on said diagram; and

5. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1 through 5, inclusive, and 8 through 12, inclusive, of Tract 21478 as shown on a map recorded in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder for Riverside County, California as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard, and other related Improvements as shown on said diagram.

III. PERSONAL PROPERTY. The Trust Property also includes all personal property located on or within the Clubhouse Property and Entry Area, and which has been, or will be, transferred by Trustor to Trustee for the common use and benefit of the Members of Beneficiary, their Families, lessees, tenants, guests and invitees.

The Trust Property is conveyed, in trust, by Trustor to Trustee, and shall be subject to each and all of the following:

(a) Each and all of the terms and provisions set forth in this Trust Agreement, including, but not limited to, all of the rights, easements and privileges reserved by Trustor herein;

(b) The "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club" recorded on April 10, 1987, as Instrument No. 100128, of the Official Records of Riverside County, California, as amended, from time to time;

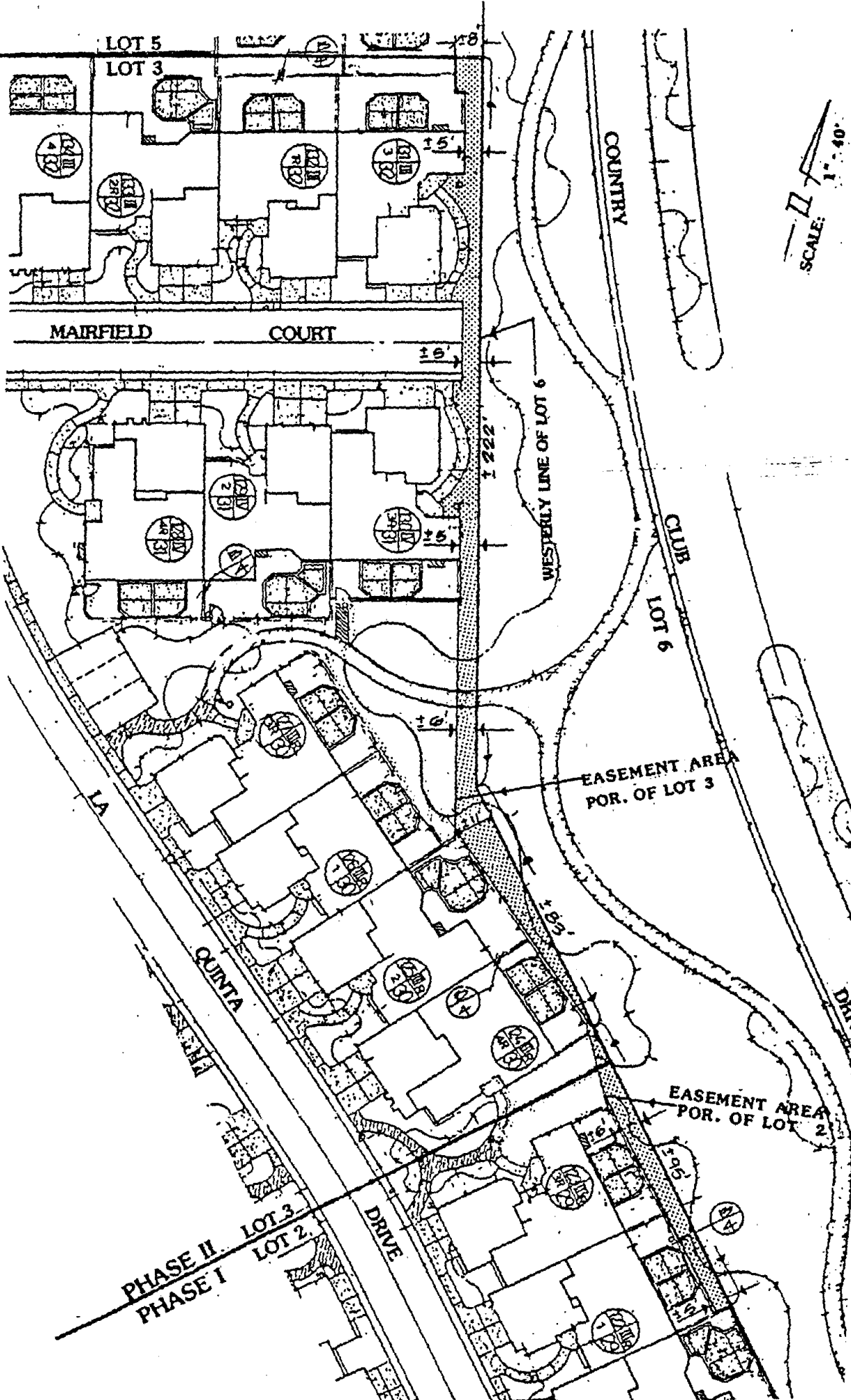
(c) The "Supplemental Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Lakeside" recorded on April 10, 1987 as Instrument No. 100130, of the Official Records of Riverside County, California, as amended, from time to time; and

(d) All other matters of record.

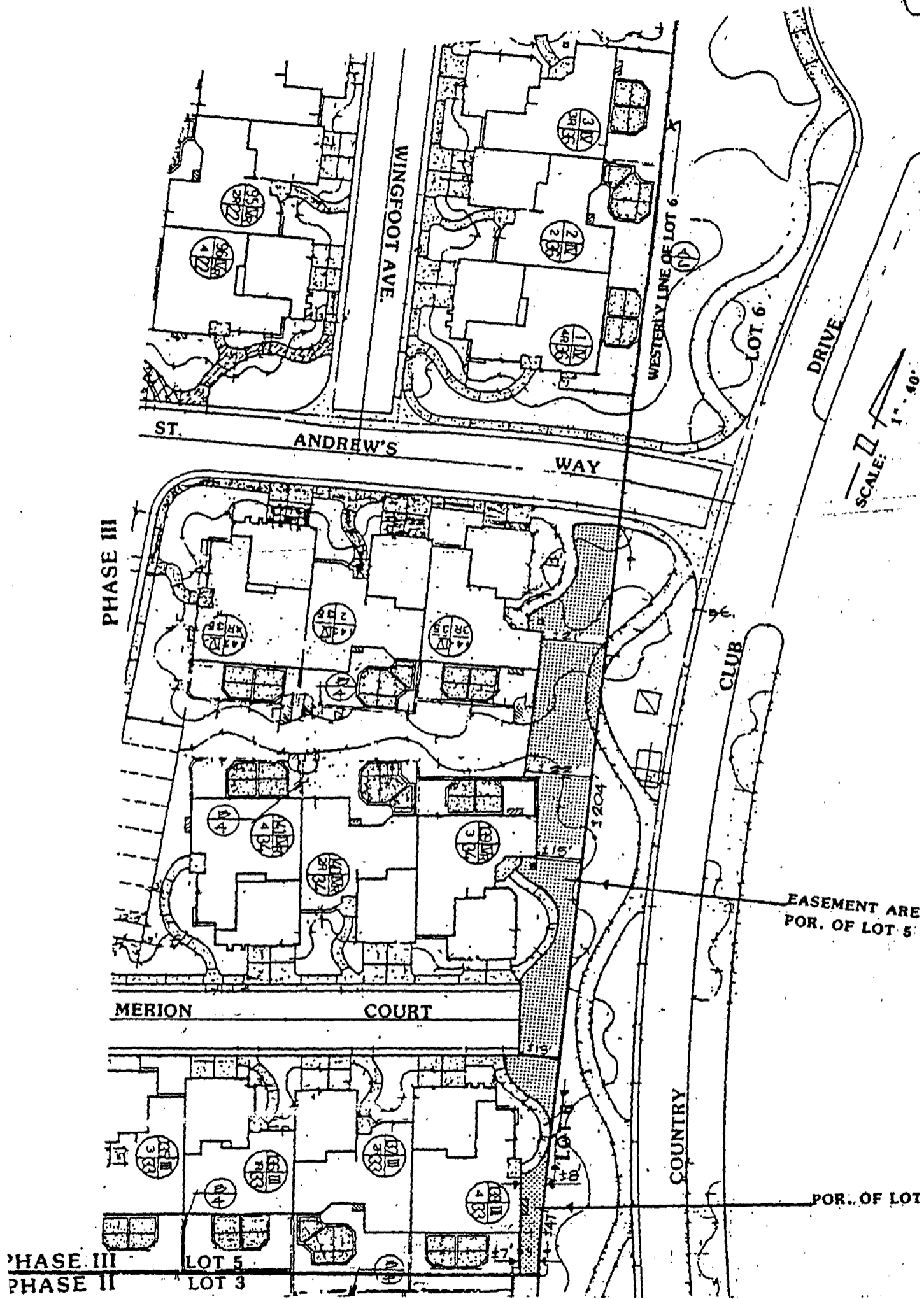
**EASEMENT**  
**SUN LAKES COUNTRY CLUB**  
**TRACT NO. 21477**

PHASE III  
PHASE II

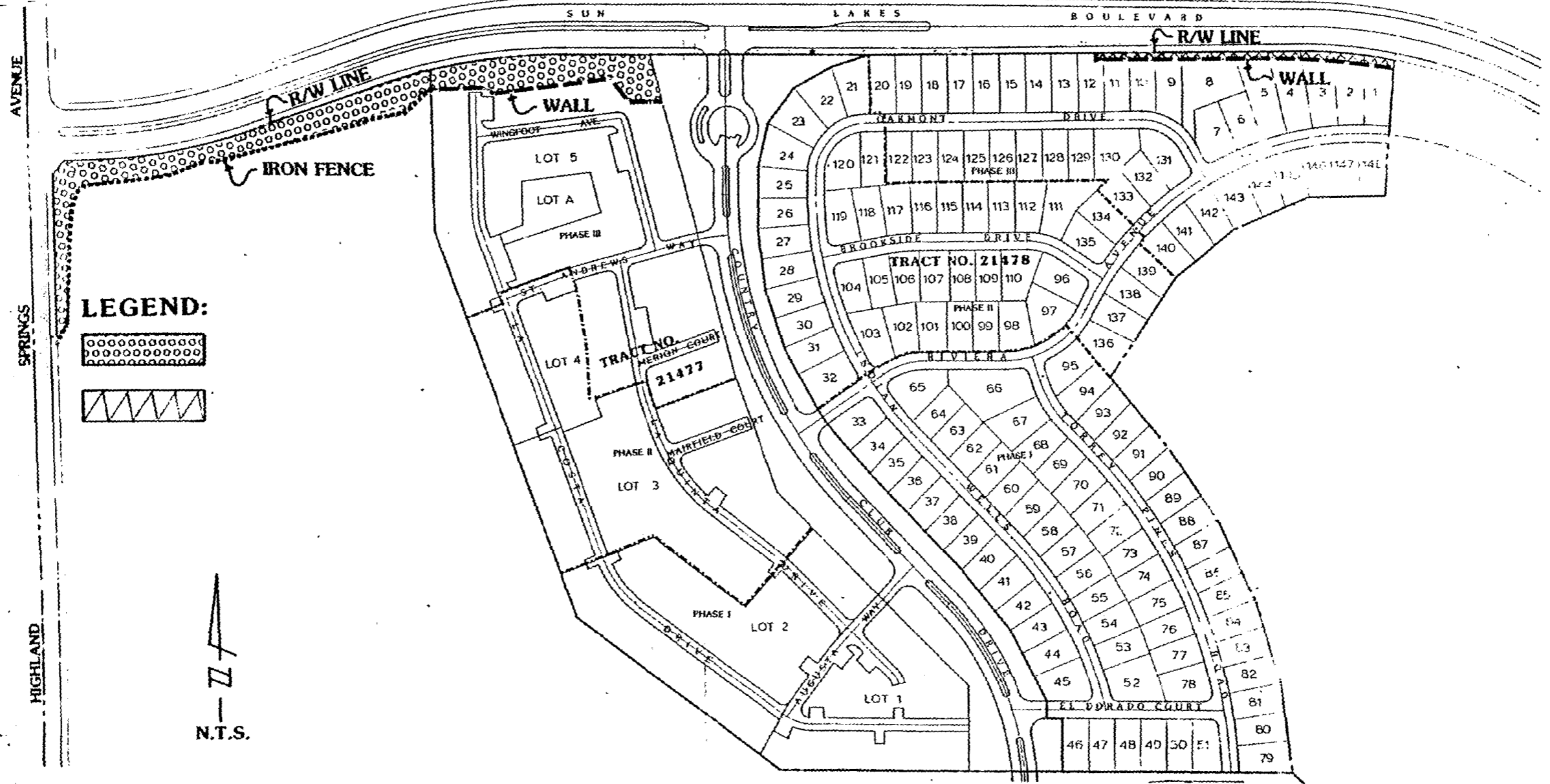
LOT 5  
LOT 3



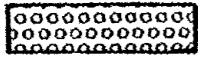
# EASEMENT AREAS SUN LAKES' COUNTRY CLUB TRACT NO. 21477.



# SUN LAKES COUNTRY CLUB



## LEGEND:



TRUST AGREEMENT

P.T. 1697

THIS TRUST AGREEMENT (hereinafter referred to as the "Agreement") is made and entered into this 22nd day of April, 1987, at Irvine, California, by and between PRESLEY OF SOUTHERN CALIFORNIA, a California corporation, as Trustor, and SECURITY TITLE INSURANCE COMPANY, a California corporation, as Trustee.

R E C I T A L S:

A. Trustor is the master developer of that certain master planned residential community commonly known as "Sun Lakes Country Club," located in the City of Banning, County of Riverside, State of California (hereinafter referred to as the "Project"). Trustor intends to develop the Project in a series of phases. The first, second and third phases of the Project are more particularly described in that certain "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club" recorded on April 10, 1987, as Instrument No. 100128 of the Official Records of Riverside County, California, as amended, from time to time (hereinafter referred to as the "Declaration"). Each subsequent phase may be annexed by Trustor, or by Participating Builders with Trustor's consent, upon the recordation of a Notice of Annexation, in accordance with the provisions of the Declaration. The real property which may be annexed is more particularly described in the Declaration as the Annexable Area;

B. The Annexable Area includes fee title to certain real property and various easements which are more particularly shown and described on Exhibit "A" attached hereto, and designated therein as the "Clubhouse Property" and "Entry Area" (hereinafter collectively referred to as the "Trust Property");

C. The Declaration provides for the creation of the "Sun Lakes Country Club Homeowners Association," a California nonprofit, mutual benefit corporation (hereinafter referred to as "Beneficiary");

D. Trustor desires to convey the Trust Property to Trustee as a reasonable arrangement to assure that Beneficiary will, upon the satisfaction of certain conditions, receive title to the Trust Property, in accordance with Section 2792.15, Chapter VI, Title 10, of the California Administrative Code;

E. If all of the aforementioned conditions are satisfied and Beneficiary receives title to the Trust Property, Beneficiary will be responsible for maintaining same, as more particularly set forth in the Declaration;

F. During the term of this Agreement, Trustor has retained various rights and privileges pertaining to the Trust Property; and

G. Trustee is willing to accept, hold and administer the Trust Property and to convey same in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual covenants set forth hereinbelow, Trustor and Trustee do hereby agree as follows:

1. CREATION OF LAND TRUST.

1.1 Conveyance to Trustee. Trustee hereby acknowledges receipt of that certain original, fully executed and acknowledged "Corporation Grant Deed" of even date herewith whereby Trustor grants and conveys to Trustee, in trust, fee title to that certain real property, and those certain easements on, over and across adjacent property, all as more particularly defined and described in said Deed. Trustee covenants and agrees to cause said Corporation Grant Deed to be recorded in the Office of the County Recorder for Riverside County within two (2) business days after this Agreement has been executed by both parties hereto, and to hold, administer and convey the Trust Property in accordance with the terms and provisions of this Agreement. Title to the Trust Property is and shall be subject to: (a) all of the reservations of rights by Trustor, as set forth herein, and all other terms and provisions set forth in this Agreement, as amended, from time to time; (b) the terms and provisions of that certain "Use Agreement" affecting the Trust Property, executed by and among Trustee, Trustor and Beneficiary concurrently herewith, as said Agreement may be amended, from time to time, whereby the Members of Beneficiary, their Families, lessees, tenants, guests and invitees, shall have a nonexclusive license to use and enjoy the Trust Property, subject to the terms of said Use Agreement; and (c) all other matters of record.

1.2 Purpose. The Trust Property is conveyed to Trustee, in trust, as a reasonable arrangement to assure that, upon the satisfaction of all of the conditions set forth herein, Beneficiary will receive title to the Trust Property in compliance with Section 2792.15, Chapter VI, Title 10, of the California Administrative Code.

1.3 Term. The term of this Trust (hereinafter referred to as the "Trust Term") shall commence on the first Close of Escrow for the sale of a Lot or Condominium in the Project. Subject to the provisions of Paragraph 4.1 hereinbelow, the Trust

ing the generality of the foregoing, Trustor shall have the exclusive right (a) to select and engage (and terminate, at its discretion) the management company who will be responsible for the daily operations and staffing of the Food and Beverage Center, (b) to allow members of the general public to utilize the Food and Beverage Center, (c) to select and engage (and terminate, at its discretion) any concessionaires which may operate the Food and Beverage Center, (d) to sublease the Food and Beverage Center to third parties, (e) to serve beer, wine and/or other alcoholic beverages under a restaurant operation, pursuant to an "On Sale - General (Restaurant License)," or under a cocktail lounge operation, pursuant to an "On Sale - General (Public Premises License)," or other similar license issued by the California Department of Alcoholic Beverage Control, and (f) to install and display signs on the Clubhouse Property pertaining to the Food and Beverage Center. At Trustor's sole discretion, Trustor may enter into a management agreement for the Food and Beverage Center, which may be separate and independent from the management agreement for the remainder of the Clubhouse.

2.1.3 Loan Processing Center. Notwithstanding the provisions of Paragraph 2.1.1 above, Trustor hereby reserves unto itself, and its successors and assigns, during the Trust Term the exclusive right to designate reasonable space within the Clubhouse for use in connection with its sales and marketing program, loan processing, escrow processing and/or such other related uses as Trustor may deem appropriate (hereinafter referred to as the "Loan Processing Center"). Further, Trustor reserves the right to relocate the Loan Processing Center to other rooms or space within the Clubhouse, provided such relocation will not unreasonably interfere with on-going activities in the proposed relocation room(s) or space.

2.1.4 Educational Activities. Notwithstanding the provision of Paragraph 2.1.1 above, Trustor hereby reserves the right to enter into an agreement of reasonable duration with a community college district or other public or private educational institution to provide educational courses, services and/or other activities at the Clubhouse, which may be open to the general public.

2.1.5 Modifications to Trust Property. Trustor hereby reserves unto itself, and its successors and assigns, the exclusive right (a) to build, construct, erect or install any additional Improvements on the Clubhouse Property and/or Entry Area, (b) to remove, change, alter or otherwise modify any Improvements constructed on the Club-



house Property and/or the Entry Area, (c) to change, alter, remodel or otherwise modify the number, style, size, color, appearance and/or use of any of the rooms, facilities or other Improvements located within the Clubhouse, (d) to construct an addition onto the Clubhouse on some or all of that portion of the Clubhouse Property; and/or (e) to grant and convey reasonable easements, licenses, and/or rights-of-way to any Person on, over and across any portion of the Trust Property not improved with buildings or other similar structures to install, maintain and repair public utilities, and/or to facilitate completion of construction of the Project. In the event Trustor elects to exercise any of its rights under this Paragraph 2.1.3, Trustor shall provide Trustee with a Planned Construction Statement describing the proposed addition and cost thereof, and specifying a proposed completion date. Additionally, Trustor shall furnish Trustee with a Performance (Completion) Bond if the estimated cost of the work exceeds Five Thousand Dollars (\$5,000.00). If a Notice of Completion has not been recorded within sixty (60) days after the proposed completion date, and Trustee has not granted Trustor an extension, in writing, Trustee shall initiate action to enforce the obligations under the Bond. Trustee shall have the authority to grant Trustor extensions not to exceed one hundred eighty (180) calendar days, in the aggregate, if Trustee, in good faith, determines that such extension(s) are due to reasons beyond Trustor's reasonable control. If a Notice of Completion is recorded within said sixty (60) day period, or extension thereof, Trustee shall immediately exonerate the Bond.

2.2 Rights Reserved as to the Entry Area.

2.2.1 Daily Operations. Trustor hereby reserves unto itself, and its successors and assigns, the exclusive right to control all aspects of the daily operations, management and staffing, and of the maintenance and repair of the Entry Area, and all Improvements constructed thereon (as described on Exhibit "A" attached hereto). Without limiting the generality of the foregoing, Trustor shall have the exclusive right to select and engage (and terminate, at its discretion) the management company who will be responsible for the daily operations, management and staffing of the guard gate, and for the maintenance and repair of the Entry Area described on Exhibit "A" attached hereto.

2.3 Reservation of Easements. Trustor hereby expressly reserves unto itself, and its successors and assigns, the following easements:

(a) A perpetual nonexclusive easement appurtenant to Lot 136 of Tract 21479, and Tentative Parcel Map No. 22175 on file with the City of Banning, (hereinafter referred to as the "Golf Course Property") on, over and across the Trust Property (for the use and benefit of Trustor, its contractors, vendors, employees, guests and invitees) as reasonably necessary for ingress, egress and access to, and for the maintenance and repair of, Lot 136 and the Golf Course Property;

(b) A perpetual nonexclusive easement for vehicular parking appurtenant to Lot 136 of Tract 21479 and the Golf Course Property on, over and across any parking areas located on the Clubhouse Property, (for the use and benefit of the owner of said Lot 136 and the owner of the Golf Course Property, their employees, vendors, agents and invitees) not designated by Trustor from time to time as "Exclusive Parking Areas";

(c) A nonexclusive easement on, over and across the Trust Property appurtenant to the "Subject Property" and "Annexable Area" (as defined in the Declaration), to Lot 136 and to the Golf Course Property (for the use and benefit of Trustor and Participating Builders, and their respective contractors, subcontractors, vendors, employees and agents) as reasonably necessary, to complete construction of the Project (and all Improvements thereto), Lot 136 and the Golf Course Property (and all Improvements thereto) (including, but not limited to, the installation of any utility lines, connections or facilities);

(d) A nonexclusive easement on, over and across the Trust Property (for use by Trustor, its contractors, subcontractors, vendors, employees and agents) for purposes of maintaining and repairing the Trust Property, as provided herein;

(e) A nonexclusive easement on, over and across the Trust Property (for use by Trustor, its contractors, subcontractors, vendors, employees and agents) for purposes of changing, modifying, redecorating, decorating and/or remodeling the Clubhouse Property and/or Entry Area, and/or constructing any addition to the Clubhouse, as provided herein;

(f) A nonexclusive easement on, over and across the Trust Property (for use by Trustor, its vendors, agents, guests and invitees) for ingress, egress, access, use and enjoyment of the Trust Property in connection with the marketing, selling and/or

leasing of Residences, including the operation of a models complex and sales office, and the right to install and display reasonable signs;

(g) An exclusive easement for parking purposes on, over and across those portions of the Clubhouse Property as designated by Trustor from time to time as "Exclusive Parking Areas" (for the use and benefit of Trustor and Participating Builders, and their respective vendors, agents, employees, guests and invitees);

(h) A perpetual nonexclusive easement appurtenant to Lot 136 and the Golf Course Property on, over and across the Trust Property for drainage of surface waters, for the encroachment of any Improvements constructed and/or utilized in connection with Lot 136 and the Golf Course Property (including, but not limited to, cart paths, parking medians, landscaping, irrigation systems, etc.), as generally shown on Exhibit "A" attached hereto and for the maintenance and repair of such Improvements; and

(i) Any and all other easements as may be reasonably necessary to exercise any of the rights reserved by Trustor herein (or by Trustor as the Declarant under the Declaration).

The easements referenced in subparagraphs (a), (b), (c), (f), (g), (h) and (i) above shall survive the expiration of the Trust Term and conveyance of all or any portion of the Trust Property, as provided below. Unless expressly stated to be a perpetual easement, said easements shall continue for so long as such easements are reasonably necessary for the purposes granted.

2.4 Rules and Regulations. Trustor hereby reserves unto itself during the Trust Term the right to establish, amend, revoke and enforce reasonable rules and regulations pertaining to the use of the Trust Property. All rules and regulations shall be posted in a prominent location in the Clubhouse and/or available at the guard gate at the Entry Area.

2.5 Breach of Use Agreement by Beneficiary. Trustee hereby acknowledges and agrees that, in accordance with the terms of the Use Agreement referenced in Paragraph 1.1 above, in the event Beneficiary shall fail or refuse to pay the appropriate amount of the Use Fee required thereunder on or before the twenty-fifth (25th) day of the month, the Use Fee shall be deemed delinquent and Trustor shall give written notice to Beneficiary of such default. If the full amount of the delinquent payment is not received within thirty (30) days following receipt by Beneficiary of such notice (without limiting the generality of the rights reserved by Trustor as set forth herein), Trustor shall

have the right, in addition to any other rights and remedies available at law or in equity, to close the Clubhouse, remove the security personnel from the guard gate and/or cease maintaining all or any portion of the Trust Property until such delinquencies have been paid in full, plus any other amounts permitted under the Use Agreement. In no event, however, may Trustor deny ingress, egress or access over any of the private streets within the Trust Property. Upon payment in full of any such delinquencies, all rights and/or services suspended by Trustor shall be reinstated automatically.

2.6 Other Use of Clubhouse. Trustee and Beneficiary hereby acknowledge and agree that prospective purchasers and members of the general public may inspect and use the Trust Property and utilize the Food and Beverage Center and Loan Processing Center. Trustor hereby reserves the right during the Trust Term to allow such persons to so inspect and use the Trust Property, and Trustor covenants and agrees to repair, at its expense, any damage to the Trust Property occasioned by such use.

2.7 Non-Interference. Neither Beneficiary nor any Member thereof shall obstruct or otherwise interfere with any or all of the rights, easements or other privileges reserved or created hereunder.

2.8 General Reservation of Rights by Trustor. Trustor, Trustee and Beneficiary each acknowledge and agree this Trust is intended as a reasonable arrangement to assure that Beneficiary will, upon the satisfaction of certain conditions, receive title to the Trust Property. Without limiting the generality of the provisions of this Section 2, during the Trust Term Trustor hereby retains and shall have the authority to exercise such additional reasonable rights and powers to manage, operate, maintain, construct and/or modify the Improvements, services and/or activities (as the case may be) located on or available at the Trust Property as Trustor deems reasonably prudent to bring about civic betterment, to preserve the architecture and aesthetic quality of the Trust Property, and/or to promote the common good, health, safety and general welfare of all Members of Beneficiary.

### 3. OBLIGATIONS OF TRUSTOR.

#### 3.1 Maintenance.

(a) Maintenance of Trust Property. Except as otherwise provided herein, Trustor shall, during the Trust Term, maintain and repair the Trust Property so as to keep same in a neat, clean, safe and attractive condition at all times, as Trustor, in its sole discretion, deems appropriate. Except as otherwise provided in the Declaration or herein, Trustor shall be solely liable for the payment of all costs and expenses there-

for (including, but not limited to, the costs, expenses and fees payable for the management company, staff, maintenance crews and for all maintenance, repairs, decorations, remodeling, construction and any other modifications to the Trust Property); provided, however, if any maintenance or repairs are due to the intentional or negligent acts or omissions of any Member, his Family, lessees, tenants, guests or invitees, Trustor shall be entitled to reimbursement from such Member, or Beneficiary. The "Use Fee" provided for in the Use Agreement referenced in Paragraph 1.1 hereinabove shall be used in part to reimburse Trustor for the cost of such maintenance. Trustor shall also be entitled to retain any and all revenues generated by the Food and Beverage Center during the Trust Term.

(b) Maintenance of Parkways and Medians. Trustor shall, during the Trust Term, maintain and repair those certain parkways and medians (hereinafter referred to as "Parkways and Medians") located outside of the Project and within and/or along Sun Lakes Boulevard and Highland Springs Avenue, together with all Improvements located thereon (including, but not limited to landscaping, irrigation systems, fences and walls), as more particularly shown on Exhibit "B" attached hereto so as to keep same in a neat, clean, safe and attractive condition at all times, as Trustor, in its sole discretion, deems appropriate. Trustor shall be solely liable for the payment of costs and expenses thereof; provided however, if any maintenance or repairs are due to the intentional or negligent acts or omissions of any Member, his Family, lessees, tenants or guests or invitees, Trustor shall be entitled to reimbursement from such Member, or Beneficiary. Upon the termination or revocation of this Trust, the Medians and Parkways shall be deemed Maintenance Areas as defined in the Declaration.

(c) Maintenance Bond. To secure Trustor's obligations to maintain the Trust Property and Parkways and Medians, as provided herein, Trustor has obtained a surety bond (hereinafter referred to as the "Maintenance Bond") in the sum of Three Hundred Thousand Dollars (\$300,000.00), naming Trustee as obligee of Trustor's obligations hereunder, and has executed Instructions to Escrow Depository pertaining, among other things, to the enforcement and exoneration of said Bond. Trustor shall annually renew or replace

(c) Such other policies of insurance as Trustor may deem appropriate.

Trustor shall cause Trustee and Beneficiary to be named as additional insureds under the aforesaid policies. Copies of such policies shall be provided to Beneficiary and Trustee upon request.

3.4.2 Notice of Cancellation. Each policy of insurance maintained by Trustor, as provided herein, shall contain a provision that coverage thereunder may not be cancelled, terminated, allowed to expire or be substantially modified by any party without at least thirty (30) days prior written notice to Trustor, Trustee and Beneficiary. Trustee and Beneficiary are each hereby authorized to pay any premiums or obtain any insurance which Trustor fails to provide as required hereunder, and pursue all remedies available, at law or in equity, for the reimbursement for such premiums.

3.4.3 Waiver of Claims. As to all policies of insurance maintained by Trustor, as provided herein, which will not be voided or impaired thereby, Trustor, Trustee and Beneficiary, for and on behalf of itself and all of its Members, waive and release all claims against each other to the extent of the insurance proceeds available, whether or not insurable damage or injury is caused by the negligence or breach of any agreement by such person or entity.

3.4.4 Additional Waivers. All policies of insurance maintained by Trustor, to the maximum extent reasonably possible, shall provide for waiver of the following rights to the extent that the respective insurers would have such rights without such waivers:

(a) Subrogation of claims against the insured parties;

(b) Any defense based on co-insurance;

(c) Any release, set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by Trustor;

(d) Any invalidity or other adverse effect or defense on account of any breach of warranty or condition caused by any insured party, or arising from any act, neglect or omission of any insured party, or their respective agents, contractors and employees; and

(e) Any right of Trustor to repair, rebuild or replace any Improvement, 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.

3.4.5 Damage or Destruction to the Trust Property. If any portion of the Trust Property is damaged or destroyed during the Trust Term, it shall be the duty of Trustor to restore and repair the same to its former condition as promptly as practicable. All insurance proceeds payable as the result thereof shall be paid to Trustor, and Trustor shall have the exclusive right and power to receive such proceeds, and to deal therewith as provided herein. Such proceeds shall be used solely for restoration and repair of the Trust Property. The Trust Property shall be reconstructed or repaired substantially in accordance with its original construction. The license and payment of the Use Fee shall be suspended or abated in proportion to the degree of damage to the Trust Property, as Trustor and Trustee mutually agree, until the Trust Property has been reconstructed or repaired and is again available for use.

3.5 Indemnification.

(a) Trustor hereby agrees to indemnify and hold Trustee and the Trust Property free and harmless from and against any and all claims, liens, losses, damages, costs, expenses or other liability relating to the Trust Property, save and except any liability arising, in whole or in part, from any intentional or negligent act or omission on the part of Trustee or Beneficiary (or any Member of Beneficiary, his Family, lessees, tenants or guests), or any breach of this Agreement by Trustee or Beneficiary.

(b) Beneficiary hereby agrees to indemnify and hold Trustee free and harmless from and against any and all claims, liens, losses, damages, costs, expenses or other liability relating to the Trust Property, save and except any liability arising, in whole or in part, from any intentional or negligent act or omission on the part of Trustee, or any breach of this Agreement by Trustor or Trustee.

3.6 Funding of Reserves. Subject to the provisions of Paragraph 4.1 hereinbelow, at such time as the Trust Property is conveyed by Trustee to Beneficiary, Trustor shall pay to Trustee, for disbursement to Beneficiary, the amount of the Reserves under the Use Fee Budget, a copy of which is attached hereto as Exhibit "C," which would have been collected if the Trust Property had been conveyed to Beneficiary simultaneously with the first Close of Escrow for the sale of a Lot or Condominium in the Project, to assure that funds will be available to Beneficiary for the maintenance, repair and/or replacement of those elements of the Trust Property that must be repaired or replaced on a periodic basis. Trustee shall cause a "Reserve Study" to be prepared

approximately ninety (90) days prior to the expiration of the Trust Term to determine the amount to be paid by Trustor. Such Reserves shall be calculated based upon the then current California Department of Real Estate Operating Cost Manual (or comparable maintenance cost guide then being used by the California Department of Real Estate), unless actual expense records accumulated over time are available, in which case the later shall control. Reserves shall be separately calculated for the Clubhouse Property and the Entry Area.

To secure Trustor's obligations hereunder to pay such Reserves, Trustor has obtained a surety bond (hereinafter referred to as the "Reserve Bond") in the sum of Six Hundred Fifty Two Thousand Four Hundred and 00/100 Dollars (\$652,400.00), naming Trustee as obligee, and has executed Instructions to Escrow Depository pertaining, among other things, to the enforcement and exoneration of the Bond. The Reserve Bond shall be renewed or replaced annually by Trustor during the Trust Term at least thirty (30) days prior to the expiration thereof. If Trust elects to place the Reserves in a separate account, Trustor shall have the right to reduce the amount of the Bond when renewed or replaced to the amount equal to the difference between (a) the total reserves which would have been collected if the Trust Property had been conveyed to Beneficiary at the first Close of Escrow, and (b) the total funds collected by Trustor as part of the Use Fee and set aside as Reserves, if any. If Trustee is notified by the Escrow Depository that Trustor has failed to annually renew or replace the Reserve Bond during the Trust Term as required, Trustee shall initiate action to enforce the obligations under the Bond, as provided in said Instructions, and shall immediately notify the California Department of Real Estate.

After the Trust Property has been conveyed to the Association, as provided herein, and Trustor has paid all of the Reserves applicable to the Trust Property, if there are any excess funds, Trustor may retain such funds.

3.7 Encumbrance on Trust Property. Trustee hereby acknowledges that at the time the Trust Property is conveyed by the Trustor to Trustee, the Clubhouse Property may be subject to a deed of trust ("Deed of Trust") which secures a promissory note in favor of First Interstate Bank. To assure repayment of any such promissory note and release of the Deed of Trust as to the Clubhouse Property prior to the termination of this Trust Agreement, Trustor will obtain an Irrevocable Standby Letter of Credit ("Letter of Credit") for the entire principal amount of the promissory note wherein Trustee is named as the beneficiary. Trustor will deposit the Letter of Credit with a neutral escrow



depository and shall execute Instructions to Escrow Depository which provide for the enforcement of the Letter of Credit. Thereafter, Trustor shall annually renew the Letter of Credit with a lending institution reasonably acceptable to Trustee at least thirty (30) days prior to its expiration. The amount of the Letter of Credit may be decreased at each annual renewal to the then amount of the principal balance of the promissory note which is secured by the Deed of Trust on the Clubhouse Property. In the event Trustee is notified by the Escrow Depository (a)(i) that a Notice of Default has been of record in the office of the County Recorder for Riverside County pertaining to the Deed of Trust for at least sixty (60) days, and (ii) that to the best of Trustee's knowledge, the Notice of Default has not been rescinded and is in full force and effect, or (b) that Trustor has failed to annually renew the Letter of Credit during the Trust Term as provided herein, Trustee shall cash the Letter of Credit and utilize the proceeds derived therefrom to pay-off the promissory note and obtain a full reconveyance of the Deed of Trust as it affects the Clubhouse Property, as provided in the Instructions to Escrow Depository, and shall immediately notify the California Department of Real Estate. Save and except for the foregoing, Trustor hereby represents and warrants to Trustee and Beneficiary that at the time of the conveyance of the Trust Property by Trustor to Trustee, there will be no other deeds of trust, mortgages, unbonded mechanic's liens or other monetary encumbrances securing the payment of money affecting the Trust Property. Trustor shall indemnify and hold Trustee and Beneficiary harmless from and against any loss, expense, damage or liability arising out of or relating to any monetary encumbrance securing or evidencing the payment of money affecting the Trust Property. Trustor neither represents nor warrants that the Trust Property is free of the effect of other matters affecting title, such as easements, covenants, conditions, restrictions or other nonmonetary matters.

3.8 No Representations Regarding Food and Beverage Center. At such time as the Clubhouse Property is conveyed to Beneficiary, as provided for hereinbelow, Trustor shall not have any obligation, and makes no representations or warranties, express or implied, that Trustor will transfer any license issued by the California Department of Alcoholic Beverage Control for the Food and Beverage Center.

3.9 Condemnation. If at any time during the Trust Term, all or any portion of the Trust Property or any interest therein shall be 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 allocable to

the Trust Property shall be paid to the Trustee, in trust. The award shall be deposited in a separate account established by Trustee, and thereafter, Trustee shall release the funds to Beneficiary upon demand. Thereafter Trustor shall be relieved of any obligation under this Agreement to maintain or to pay Reserves for any portion of the Trust Property taken as provided in this Paragraph. With the exception of the Administrator of Veterans Affairs, an officer of the United States of America, all Owners hereby appoint Trustor to represent the interests of Trustee in condemnation proceedings affecting the Trust Property. Trustor shall promptly notify Trustee and all Delegates, as soon as Trustor becomes aware of any taking or threatened taking of any Trust Property.

4. POWERS AND DUTIES OF TRUSTEE.

4.1 Conveyance of Trust Property.

Upon the termination of the Trust Term, as provided in Paragraph 1.3 above, Trustee shall convey the Trust Property to Beneficiary by recordation of a Grant Deed in substantially the form and content of Exhibit "D" attached hereto, and Beneficiary shall be obligated to accept such conveyance, subject to the following conditions:

(a) Such conveyance is made in accordance with the terms and provisions of this Agreement;

(b) Trustor shall pay to Trustee, for distribution to Beneficiary, the Reserves attributable to the Clubhouse Property and Entry Area in accordance with the provisions of Paragraph 3.6 above; and

(c) Concurrently with the conveyance, Trustor may record a Notice of Annexation annexing the Trust Property into the Project.

The establishment of this Trust and the conveyance of the Trust Property to Trustee is for the benefit of Beneficiary, and the Members thereof, to ensure that if Regular Assessments have commenced on three thousand (3,000) Lots and Condominiums in the Project, in accordance with the provisions of the Declaration, prior to June 30, 1997, the Trust Property will be conveyed to Beneficiary. Therefore, if, prior to June 30, 1997, Trustor or Beneficiary notifies Trustee, in writing, that Regular Assessments have commenced on three thousand (3,000) Lots and Condominiums in the Project, Trustee may rely thereon, without any duty of further inquiry, and shall convey the Trust Property to Beneficiary in accordance with the provisions of this Paragraph.

If, at the time of such conveyance, the effect of such conveyance would result in an increase in the Regular

Assessments levied by Beneficiary against each Lot and Condominium in the Project, as provided in the Declaration, in an amount greater than fifteen percent (15%) of the then current Regular Assessments, a special meeting of the Delegates shall be held and Delegates representing at least two-thirds (2/3) of the voting power of Beneficiary residing in Members, other than Trustor and all Participating Builders, may decide to curtail certain activities provided at the Clubhouse, or to completely close the Clubhouse for such period of time as the Delegates deem appropriate. Voting shall be conducted in accordance with the provisions of the Declaration.

4.2 General Powers. Subject to the terms of this Agreement, Trustee may employ, at Trustor's expense, counsel, accountants or other consultants for any purpose directly related to the administration of the Trust created hereunder, provided, however, all costs and expenses of such persons or entities shall not be charged as a lien or encumbrance on the Trust Property, and the amount thereof shall be subject to the reasonable approval of Trustor.

4.3 Resignation of Trustee. Trustee shall have the right to resign at any time. Trustor reserves the right to remove the Trustee at any time with the approval of the California Department of Real Estate and the United States Veterans Administration. Upon such resignation or removal of Trustee, Trustor shall appoint a "Successor Trustee," which shall be a corporation which is authorized by law to act as a trustee in the State of California. If Trustor fails, refuses or is unable to appoint a Successor Trustee, then Trustee, the California Department of Real Estate, the United States Veterans Administration or Beneficiary may petition a court of competent jurisdiction for appointment of a Successor Trustee. In the event of transfer of substantially all of the assets of Trustee, or merger or consolidation of Trustee, the successor in interest to substantially all of the assets and business of Trustee shall become the Successor Trustee under this Agreement, and shall succeed to title to the Trust Property and to all powers, rights, discretions, obligations and immunities under this Agreement, with the same effect as if such successor was originally named as Trustee herein.

4.4 Bonding. No bond shall be required of Trustee or any Successor Trustee.

4.5 Enforcement of Bonded Obligations. In the event Trustor shall fail or refuse (a) to maintain the Trust Property, or renew or replace the Maintenance Bond in accordance with the provisions of Paragraph 3.1 hereinabove, and/or (b) to pay to Trustee the amount of the Reserves at the time the Trust Property

paragraphs or subparagraphs of this Agreement, each of which shall continue to be binding and enforceable.

5.4 Assignment By Trustor. Subject to prior approval of the California Department of Real Estate and the United States Veterans Administration, Trustor may assign its rights and delegate its duties under this Agreement at any time to any person or entity, so long as such person or entity agrees, in writing, to assume the rights and duties of Trustor hereunder.

5.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns.

5.6 Governing Law. This Agreement has been entered into and executed in the State of California, and shall be interpreted in accordance with the laws of this State.

5.7 Notices. Any notice required or desired to be given under this Agreement shall be personally served, or shall be sent by telegram or by certified or registered mail to the address shown hereinbelow, until notice of a different address be given. Any notice given by telegram shall be deemed given on the date service is confirmed by the telephone company. Any notice given by depositing it with the United States Postal Department as certified or registered mail, postage prepaid, shall be deemed given three (3) business days after the date such mail is post-marked.

Trustor:

Presley of Southern California  
17991 Mitchell South  
Irvine, California 92714-6095  
(714) 660-0660

Trustee:

Security Title Insurance Company  
1301 Third Avenue  
Post Office Box 1589  
San Diego, California 92112  
(619) 235-7274  
Attention: J. Paul Spring

5.8 Incorporation of Exhibits. Each of the Exhibits referred to herein and attached hereto is hereby incorporated herein by this reference, as if set forth herein in full.

5.9 Capitalized Terms. Unless otherwise stated herein, various capitalized terms used herein shall have the same meanings as set forth in the Declaration.


5.10 Amendments. This Agreement may be amended at any time by a written instrument executed by Trustor and Trustee, and

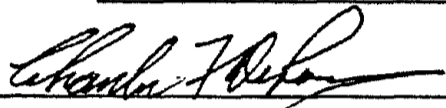
subject to the approval of the California Department of Real Estate and the United States Veterans Administration.

IN WITNESS WHEREOF, Trustor and Trustee have executed this Agreement as of the date first written above.

"TRUSTOR"

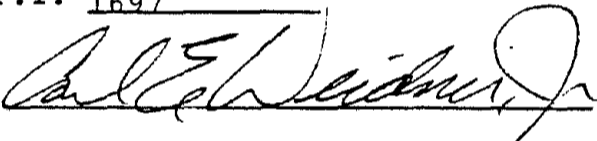
PRESLEY OF SOUTHERN CALIFORNIA,  
a California corporation

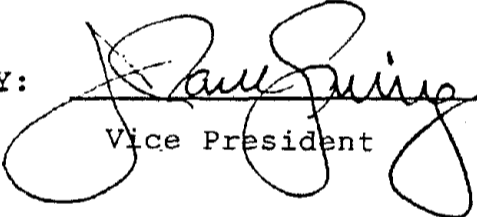
BY:   
Its: Vice President

BY:   
Its: Vice President

"TRUSTEE"

SECURITY TITLE INSURANCE COMPANY,  
a California corporation,  
as Trustee of its Trust No.  
P.T. 1697

BY:   
Trust Officer

BY:   
Vice President

CONSENT OF BENEFICIARY

The undersigned Beneficiary hereby accepts the beneficial interests created under this Trust Agreement, and agrees to be bound by the terms and provisions set forth herein pertaining to Beneficiary.

"BENEFICIARY"

SUN LAKES COUNTRY CLUB HOMEOWNERS  
ASSOCIATION,  
a California nonprofit, mutual  
benefit corporation

BY: Alan D. Uman

Its: Vice President

BY: W. H. P. [Signature]

Its: Vice President

## EXHIBIT "A"

TRUST PROPERTY

The Trust Property shall mean and refer to the "Clubhouse Property" and the "Entry Area," as more particularly described hereinbelow.

I. CLUBHOUSE PROPERTY. The Clubhouse Property shall mean and refer to the following:

1. Lot 135 of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements constructed thereon (including, but not limited to, the Clubhouse, tennis courts, swimming pool, spa, parking area, pavement, driveway, sidewalks, walls, fences, planters, landscaping, fountain, irrigation systems, utility lines and connections, and exterior light fixtures);

2. A nonexclusive easement appurtenant to said Lot 135 on, over and across any flowerbeds, planters or other similar unimproved areas on Lot 136 of Tract 21479 and the Parcels shown on Tentative Parcel Map No. 22175 on file with the City of Banning, for purposes of installation, maintenance and repair of landscaping, irrigation systems and related Improvements; provided however, said flowerbeds, planters and/or other similar unimproved areas shall not unreasonably interfere or impair the right of the owner of Lot 136 and/or said Parcels to remove said landscaping and utilize said areas for the construction of new facilities or other Improvements; and

3. A perpetual nonexclusive easement appurtenant to said Lot 135 on, over and across those certain portions of Lot 136 of Tract 21479 which are not improved with structures and which are available for vehicular ingress, egress and parking.

II. ENTRY AREA. The Entry Area shall mean and refer to the following:

1. Lot 6 of Tract 21477, as shown on a map recorded in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements located thereon (including, but not limited to, entry guard house and electronic gate system, private street, street lights, medians, parkways, landscaping, water feature, irrigation systems and exterior light fixtures);

2. Lot A of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together

with all Improvements located thereon (including, but not limited to, private street, street lights, medians, parkways, landscaping, irrigation systems and exterior light fixtures);

3. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1, 2, 3 and 5 of Tract 21477, shown on the diagram attached hereto as the "Easement Areas," for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, exterior surfaces of patio fences adjacent to said Lot 6, as shown on said diagram).

4. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of the Golf Course Property as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard and/or Highland Springs Avenue, and other related Improvements as shown on said diagram; and

5. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1 through 5, inclusive, and 8 through 12, inclusive, of Tract 21478 as shown on a map recorded in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder for Riverside County, California as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard, and other related Improvements as shown on said diagram.

III. PERSONAL PROPERTY. The Trust Property also includes all personal property located on or within the Clubhouse Property and Entry Area, and which has been, or will be, transferred by Trustor to Trustee for the common use and benefit of the Members of Beneficiary, their Families, lessees, tenants, guests and invitees.

The Trust Property is conveyed, in trust, by Trustor to Trustee, and shall be subject to each and all of the following:

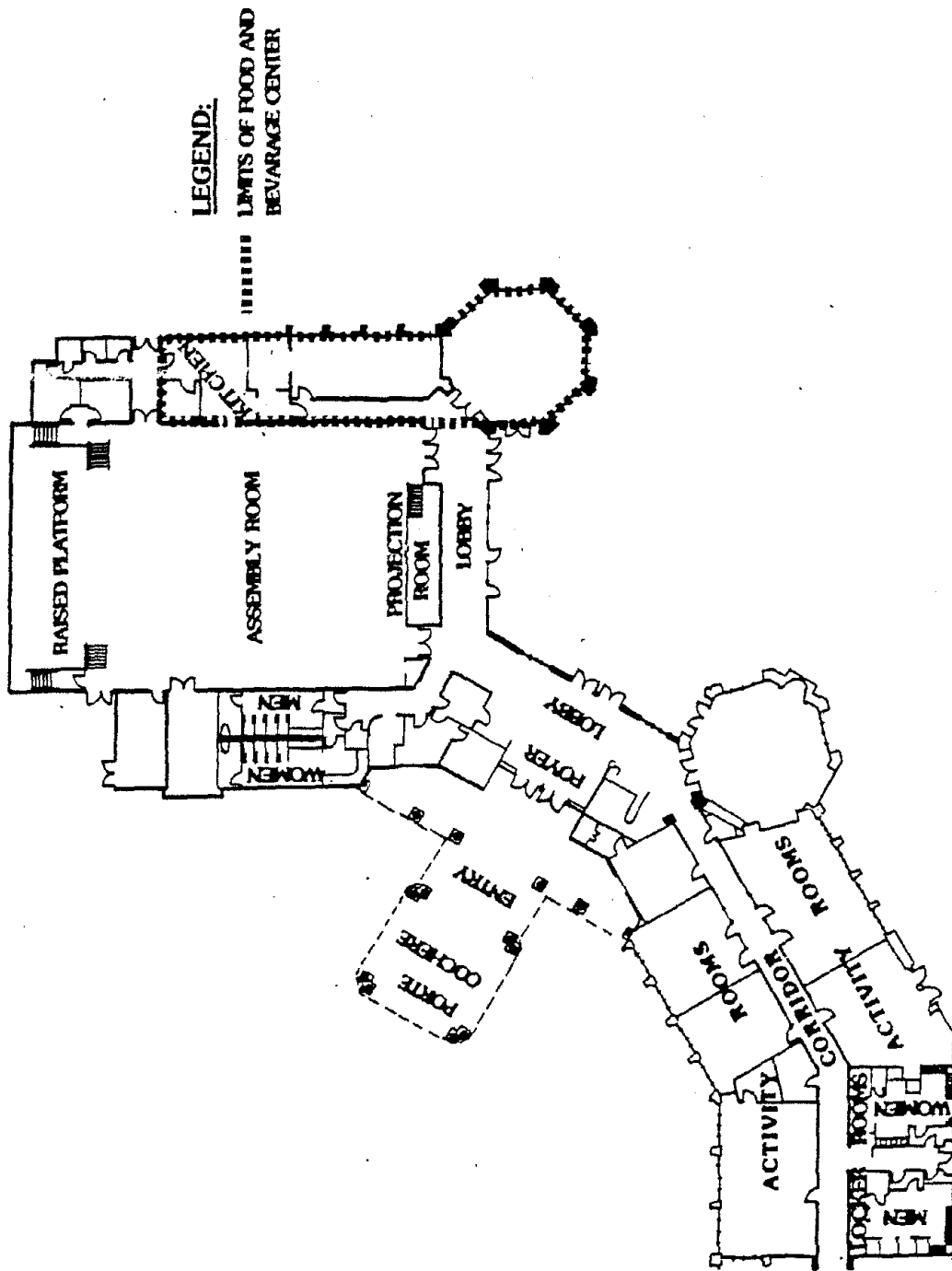
(a) Each and all of the terms and provisions set forth in this Trust Agreement, including, but not limited to, all of the rights, easements and privileges reserved by Trustor herein;

(b) The terms and provisions of that certain Use Agreement dated April 22, 1987, by and among Trustor, Trustee, and Sun Lakes Country Club Homeowners Association;





SCALE: 1" = 40'



LEGEND:

LIMITS OF FOOD AND BEVERAGE CENTER

EXHIBIT A

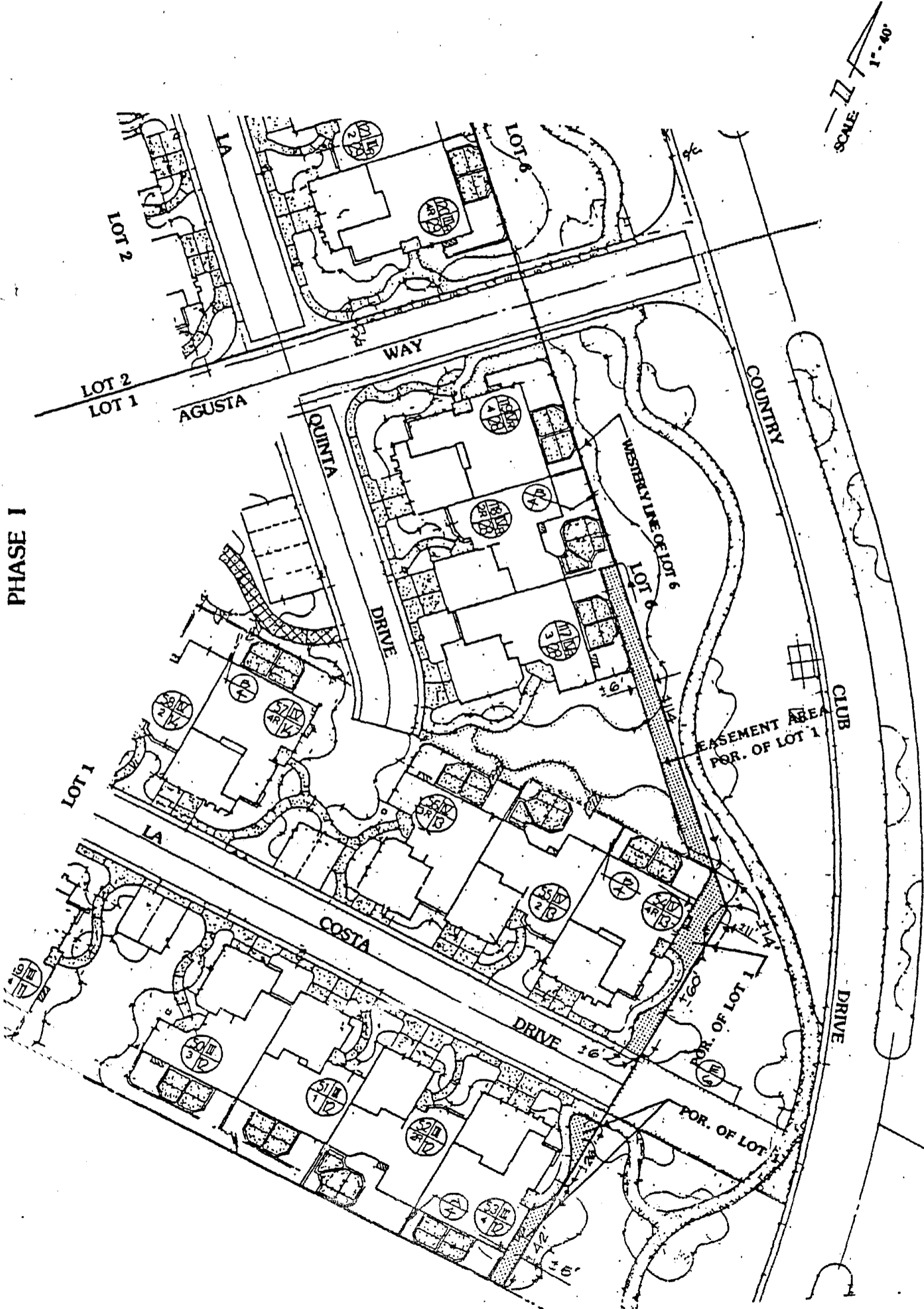
**CLUBHOUSE PROPERTY**  
**SUN LAKES COUNTRY CLUBHOUSE**



EXHIBIT "A"  
**EASEMENT AREAS**  
SUN LAKES COUNTRY CLUB  
TRACT NO. 21477

SCALE 1"=40'

PHASE I



**EASEMENT**  
**SUN LAKES COUNTRY CLUB**  
**TRACT NO. 21477**

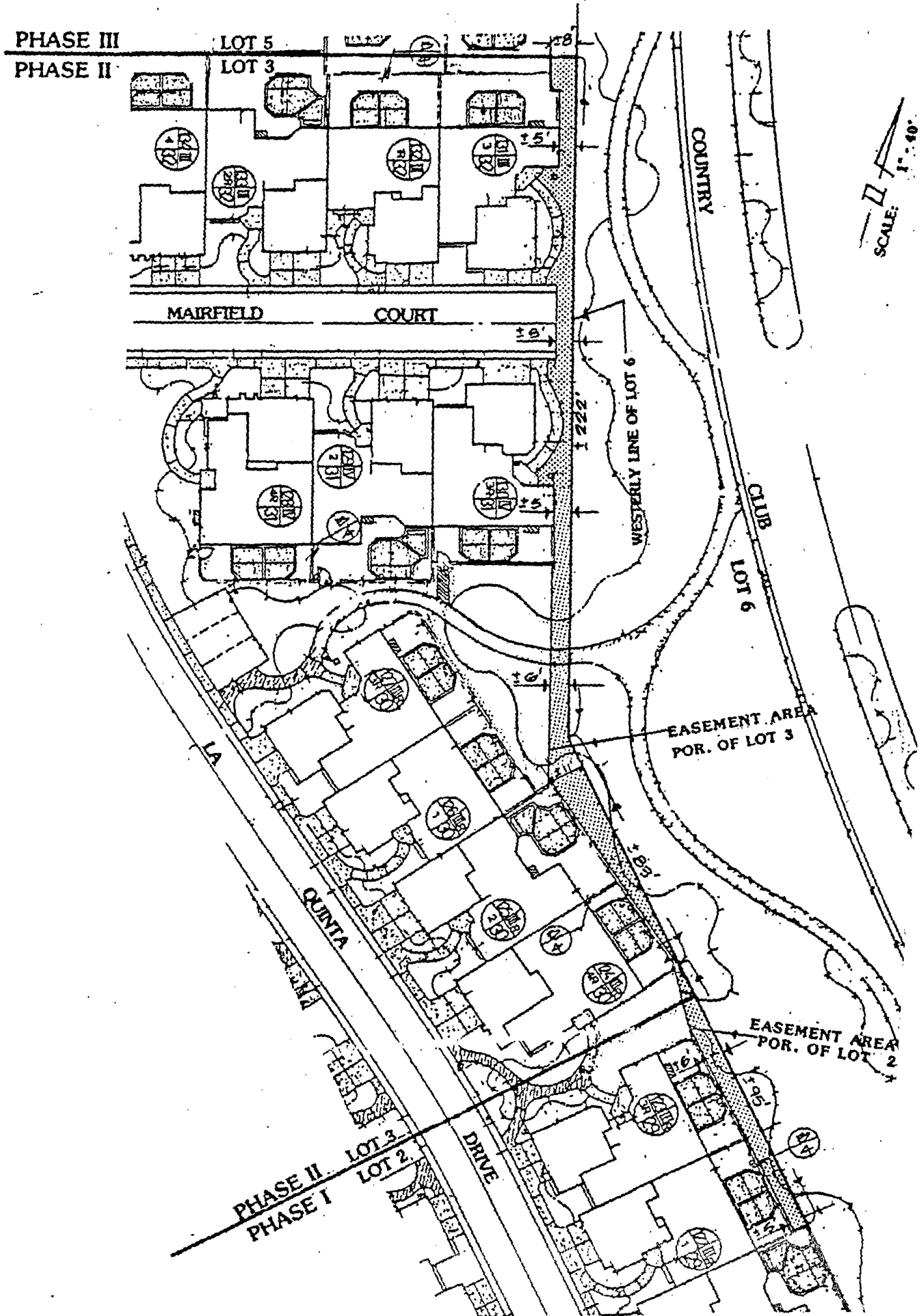


EXHIBIT "C"

USE FEE BUDGET  
(Estimated Build-Out)

FIXED COSTS

ANNUAL EXPENSE

Lot 135

Insurance  
Local License & Inspection Fee  
Estimated Income Tax

Tract 21479 - Lot A

Estimated Income Tax

Tract 21477 - Lot 6

Estimated Income Tax

OPERATING COSTS

Lot 135

Electricity  
Gas  
Water  
Custodial  
Landscaping  
Streets  
Heating & Air Conditioning  
Pool and Spa Maintenance  
Courts  
Clubhouse Materials

Tract 21479 - Lot A

Electricity  
Water  
Landscaping  
Streets

Tract 21477 - Lot 6

Electricity  
Water  
Custodial  
Landscaping  
Streets  
Security Gate  
Security Guard  
Lakes/Waterways

RESERVES

Lot 135

Painting  
Roofing  
Landscape/Irrigation  
Water Heaters  
Lighting  
Floor Coverings  
Streets

Lot 135, cont'd.

Heating and Cooling  
Pool  
Spa  
Courts  
Furnishings  
Office Equipment  
Shuffleboard & Paddle Tennis  
Fountain Reserve  
Reserve Funding Analysis

Tract 21479 - Lot A

Landscape/Irrigation  
Lighting  
Streets  
Reserve Funding Analysis

Tract 21477 - Lot 6

Painting  
Roofing  
Trellis  
Pond Pumps  
Pond Reserve  
Landscape/Irrigation  
Lighting  
Security Gates  
Streets  
Fountains  
Reserve Funding Analysis

ADMINISTRATION

Lot 135

Property Management  
General Manager  
\*Club Manager - 75%  
Activities Coordinator  
\*Secretary/Administrative Assistant - 75%  
Maintenance Supervisor  
Maintenance Assistant  
Lifeguards  
Exercise Room Attendant  
\*Receptionist - 50%  
Plus 30% for general employee benefits

Tract 21479 - Lot A

NONE

Tract 21477 - Lot 6

NONE

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

NAME Presley of Southern California  
ADDRESS 17991 Mitchell South  
CITY & STATE Irvine, California 92714-6095  
ZIP Attention: Mark Portner, Esq.

Title Order No. Escrow No.

SPACE ABOVE THIS LINE FOR RECORDER'S USE.

# Corporation Grant Deed

This Tax Parcel should NOT be assessed a separate amount as provided in Section 2188.5 of California Revenue Tax Code.

The undersigned declares that the documentary transfer tax is \$..... and is  
 computed on the full value of the interest or property conveyed, or is  
 computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale. The land, tenements or realty is located in  
 unincorporated area  city of Banning,..... and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

PRESLEY OF SOUTHERN CALIFORNIA,

a corporation organized under the laws of the State of California hereby GRANT(S) ~~to~~ in trust to

SECURITY TITLE INSURANCE COMPANY, a California corporation, as Trustee of Trust No. \_\_\_\_\_,

the following described real property in the City of Banning, County of Riverside, state of California:

See Exhibit "A" attached hereto and incorporated herein by this reference.

PRESLEY OF SOUTHERN CALIFORNIA, a California corporation

Dated \_\_\_\_\_

BY: [Signature]

STATE OF CALIFORNIA COUNTY OF \_\_\_\_\_ SS.

Its: Vice President

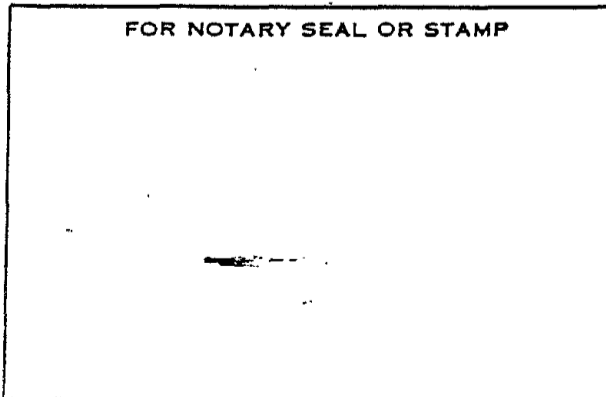
On this the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_ before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_

BY: [Signature]

Its: Vice President

personally known to me or proved to me on the basis of satisfactory evidence to be the \_\_\_\_\_ President, and \_\_\_\_\_ personally known to me or

proved to me on the basis of satisfactory evidence to be \_\_\_\_\_ Secretary of the corporation that executed the within instrument, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.



Signature of Notary

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE

Name

Street Address

City & State

## EXHIBIT "A"

The real property conveyed in Trust hereunder shall mean and refer to the "Clubhouse Property" and the "Entry Area," as more particularly described hereinbelow.

I. CLUBHOUSE PROPERTY. The Clubhouse Property shall mean and refer to the following:

1. Lot 135 of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements constructed thereon (including, but not limited to, the Clubhouse, tennis courts, swimming pool, spa, parking area, pavement, driveway, sidewalks, walls, fences, planters, landscaping, fountain, irrigation systems, utility lines and connections, and exterior light fixtures);

2. A nonexclusive easement appurtenant to Lot 135 of said Tract 21479 on, over and across any flowerbeds, planters or other similar unimproved areas of Lot 136 of Tract 21479, and the Parcels shown on Tentative Parcel Map No. 22175 on file with the City of Banning, for purposes of installation, maintenance and repair of landscaping, irrigation systems and related Improvements, provided however, said flowerbeds, planters and/or other similar unimproved areas shall not unreasonably interfere or impair the right of the owner of Lot 136 and/or said Parcels to remove said landscaping and utilize said areas for the construction of new facilities or other Improvements;

3. A perpetual nonexclusive easement appurtenant to Lot 135 of Tract 21479 on, over and across those certain portions of Lot 136 of Tract 21479, which are not improved with structures and which are available for vehicular ingress, egress and parking.

II. ENTRY AREA. The Entry Area shall mean and refer to the following:

1. Lot 6 of Tract 21477, as shown on a map recorded in Book 165, Pages 57 to 62, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all Improvements located thereon (including, but not limited to, entry guard house and electronic gate system, private street, street lights, medians, parkways, landscaping, water feature, irrigation systems and exterior light fixtures); and

2. Lot A of Tract 21479, as shown on a map recorded in Book 165, Pages 69 to 76, inclusive, of Maps in the Office of the County Recorder for Riverside County, California, together with all improvements located thereon (including, but not limited



to, private street, street lights, medians, parkways, landscaping, irrigation systems and exterior light fixtures); and

3. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1, 2, 3 and 5 of Tract 21477, shown on the diagram attached hereto as the "Easement Areas," for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, exterior surfaces of patio fences adjacent to said Lot 6, as shown on said diagram;

4. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of the Golf Course Property as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard and/or Highland Springs Avenue, and other related Improvements as shown on said diagram; and

5. A perpetual nonexclusive easement appurtenant to Lot 6 of said Tract 21477 on, over and across those certain portions of Lots 1 through 5, inclusive, and 8 through 12, inclusive of Tract 21478 as shown on a map recorded in Book 165, Pages 63 to 68, inclusive, of Maps in the Office of the County Recorder for Riverside County, California as shown on the diagram attached hereto as the "Easement Areas" for the installation, painting, maintenance and repair (as the case may be) of landscaping and related irrigation systems, project perimeter fences and/or walls adjacent to Sun Lakes Boulevard, and other related Improvements as shown on said diagram.

Grantor hereby expressly reserves unto itself and its successors and assigns, and the Trust Property is conveyed to Grantee, in trust, subject to each and all of the following:

(a) A perpetual nonexclusive easement appurtenant to Lot 136 of Tract 21479, and that certain real property described as Parcels on Tentative Parcel Map No. 22175, on file with the City of Banning (the "Golf Course Property"), on, over and across the Trust Property, as reasonably necessary, for ingress, egress and access to and for the maintenance and repair of said Lot 136 and the Golf Course Property;

(b) A perpetual nonexclusive easement for vehicular parking appurtenant to Lot 136 of Tract 21479 and the Golf Course Parking on, over and across any parking areas located on the Clubhouse Property, not designated by Grantor from time to time as "Exclusive Parking Areas";

(c) A perpetual nonexclusive easement appurtenant to Lot 136 of Tract 21479 and the Golf Course Property on, over and across the Trust Property for drainage of surface waters, for the encroachment of any Improvements constructed and/or utilized in connection with Lot 136 of Tract 21479 and the Golf Course Property (including, but not limited to, cart paths, parking medians, landscaping, irrigation systems, etc.); and for the maintenance and repair of such Improvements;

(d) A nonexclusive easement on, over and across the Trust Property, as reasonably necessary, to complete construction of that certain master planned residential community commonly known as "Sun Lakes Country Club," and more particularly described in that certain "Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Sun Lakes Country Club" recorded on April 10, 1987, as Instrument No. 100128, of the Official Records of Riverside County, California, as amended, from time to time (the "Master Declaration"), and to complete construction of Lot 136 and the Golf Course Property;

(e) A nonexclusive easement on, over and across the Trust Property for the purpose of changing, modifying, redecorating, decorating and/or remodeling the Clubhouse Property and/or Entry Area, and/or constructing any addition to the Clubhouse;

(f) A nonexclusive easement on, over and across the Trust Property for ingress, egress, access, use and enjoyment of the Trust Property in connection with the marketing, selling, and/or leasing of Residences, together the operation of a models complex and sales office, and the right to install and display reasonable signs, all as more particularly set forth in the Master Declaration and "Trust Agreement" referenced hereinbelow;

(g) An exclusive easement for parking purposes on, over and across those portions of the Clubhouse Property as designated by Grantor from time to time as "Exclusive Parking Areas"; and

(h) A nonexclusive easement on, over and across the Trust Property for purposes of maintaining and repairing the Trust Property, as provided in the Trust Agreement referenced hereinbelow.

Unless otherwise indicated to be a perpetual easement, the foregoing easements shall remain in effect for so long as Grantor, and its successors and assigns, deem reasonably necessary in accordance with the purpose for which such easement was reserved. Additionally, unless otherwise indicated, each easement

may be utilized by Grantor, its successors, assigns, agents, employees, vendors, contractors, subcontractors, prospective buyers, guests, invitees and general public, as reasonably appropriate, for the purpose for which the easement was reserved as determined by Grantor.

Without limiting the generality of the foregoing reservations, this conveyance is made and accepted, subject to each and all of the following:

(a) The terms and provisions set forth in that certain unrecorded "Trust Agreement" of even date herewith executed by and between Grantor, as Trustor, and Grantee, as Trustee, including all rights, easements and privileges reserved by Grantor, as Trustor, as set forth in said Agreement;

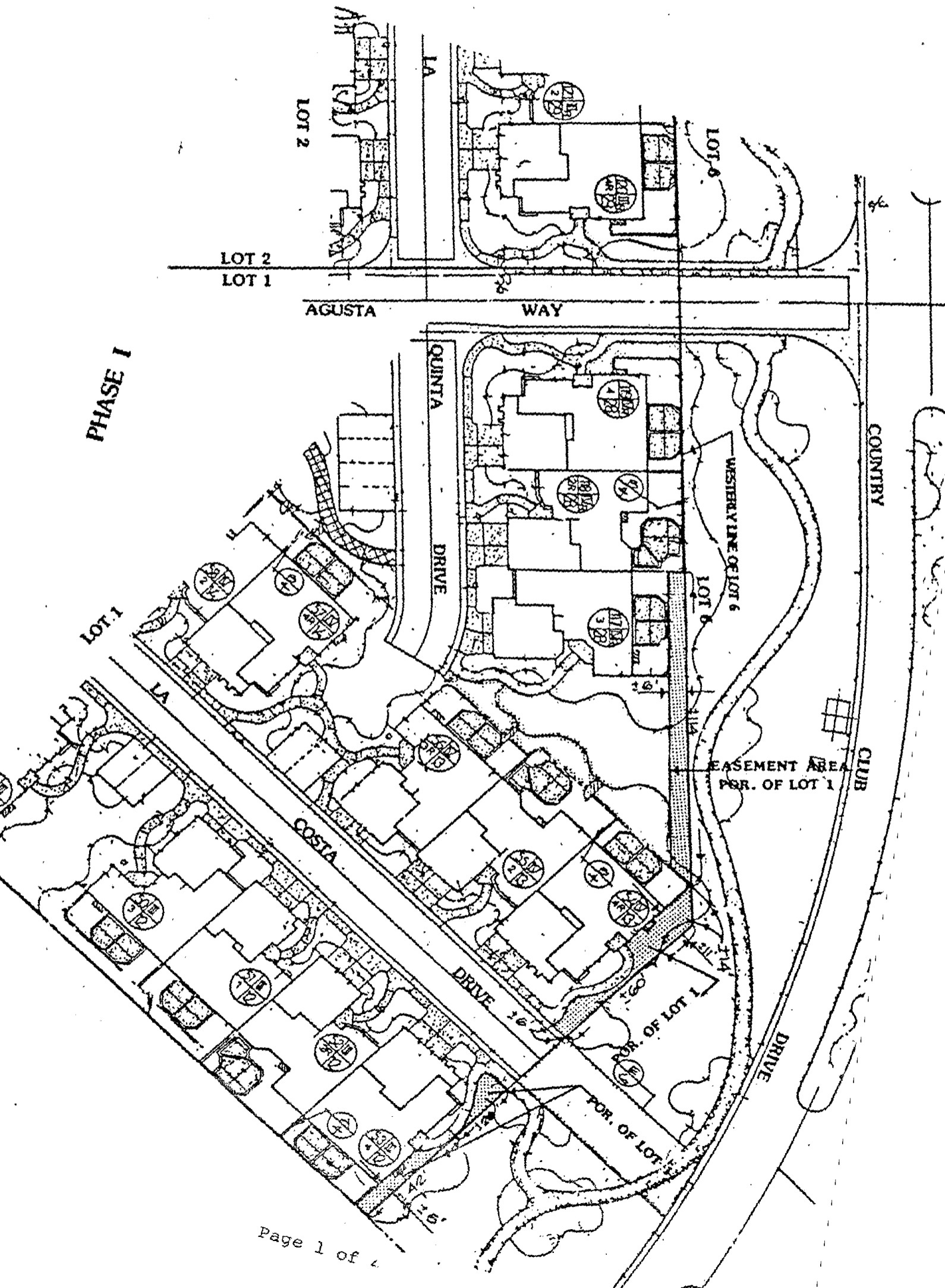
(b) The terms and provisions of that certain unrecorded "Use Agreement" of even date herewith by and among Grantor, Grantee and Sun Lakes Country Club Homeowners Association;

(c) The Master Declaration;

(d) The "Supplemental Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Lakeside" recorded on April 10, 1987 as Instrument No. 100130, of the Official Records of Riverside County, California, as amended, from time to time; and

(e) All other matters of record.

EXHIBIT "A"  
**EASEMENT AREAS**  
SUN LAKES COUNTRY CLUB  
TRACT NO. 21477



**EASEMENT AREAS**  
**SUN LAKES COUNTRY CLUB**  
**TRACT NO. 21477**

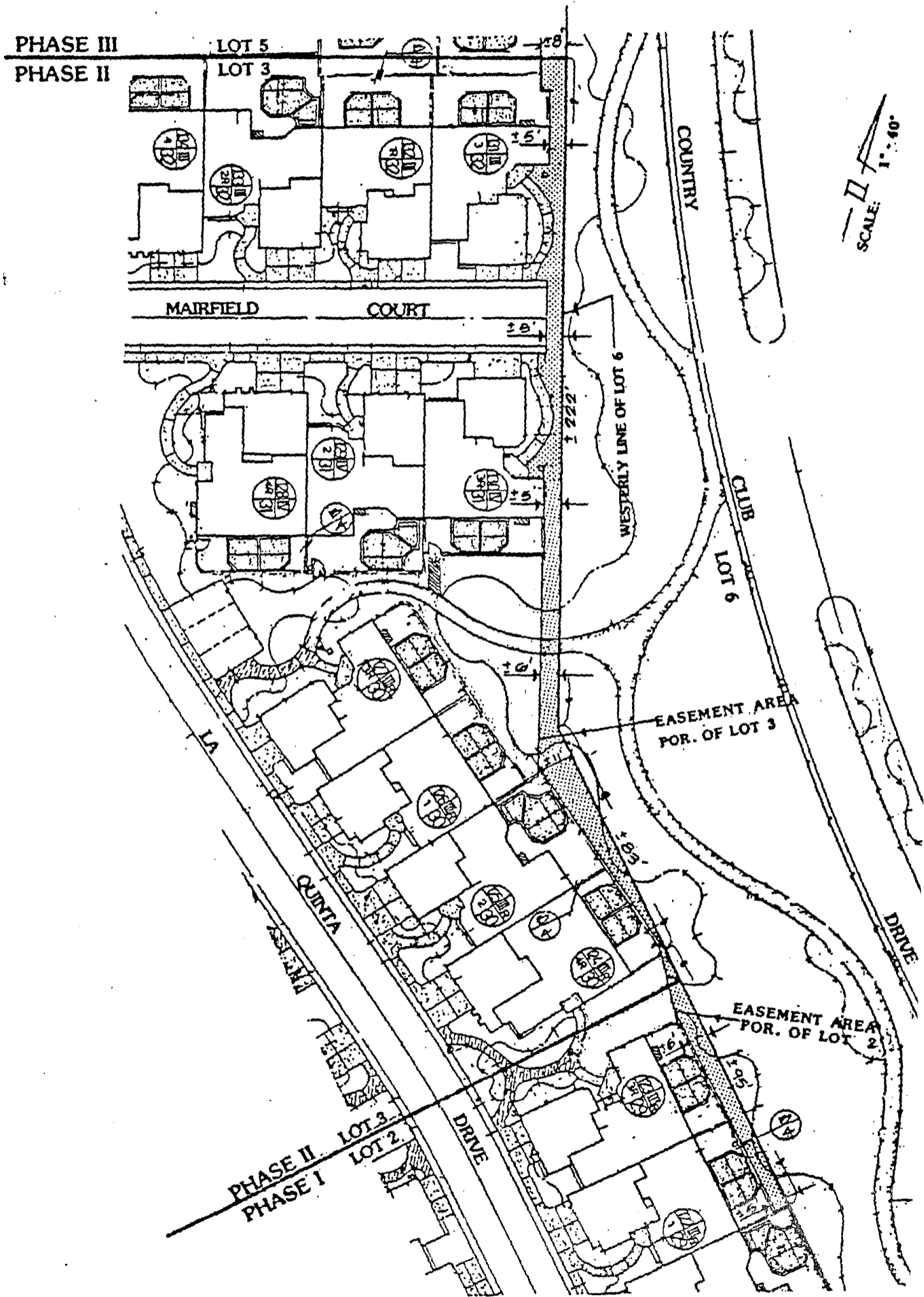
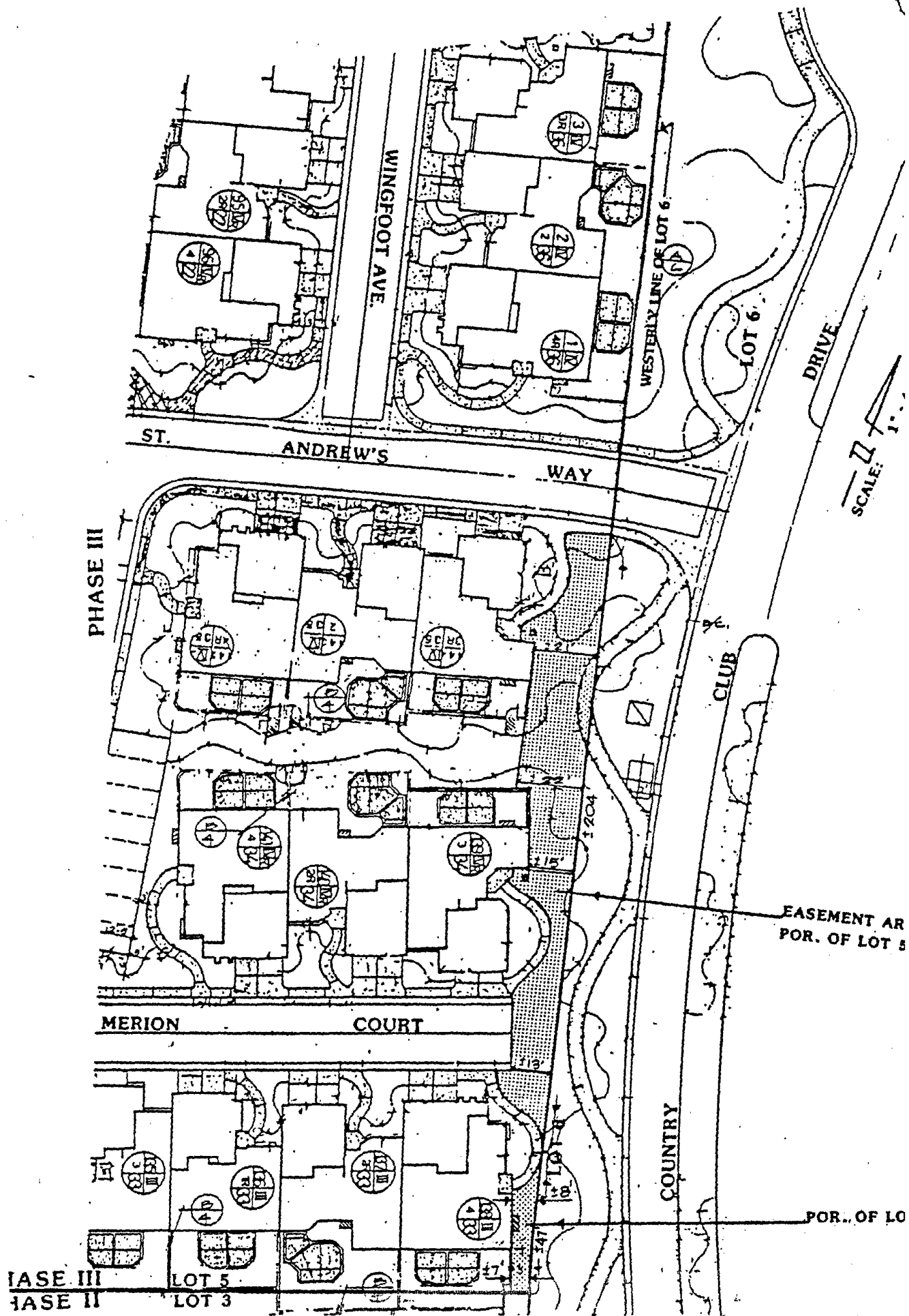
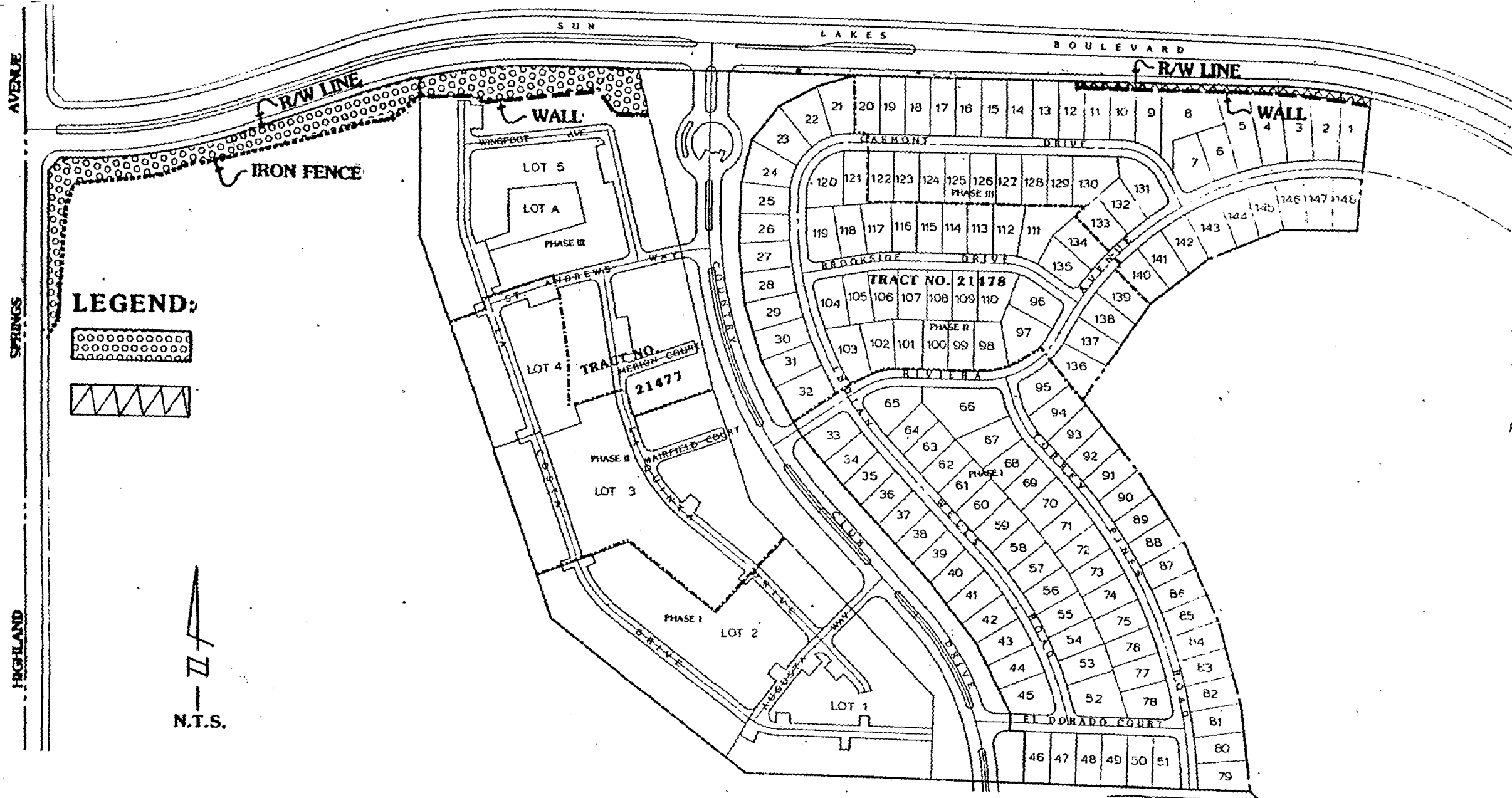


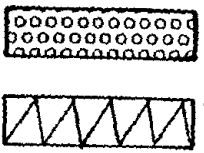
EXHIBIT A  
**EASEMENT AREAS**  
 SUN LAKES' COUNTRY CLUB  
 TRACT NO. 21477.



# SUN LAKES COUNTRY CLUB



## LEGEND:



5-10-00

CC&Rs AMENDMENT



PLEASE COMPLETE THIS INFORMATION

RECORDING REQUESTED BY:

FIGRE, RACOBS & POWERS  
A Professional Law Corporation  
6670 Alessandro Boulevard, Suite B  
Riverside, CA 92506

DOC # 2000-176934

Conformed Copy 05/10/2000  
Gary L Orso  
Assessor-County Clerk-Recorder

(This Space for Recorder's Use Only)

**AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3.00 Additional Recording Fee Applies)

RECORDING REQUESTED BY AND,  
WHEN RECORDED, MAIL TO:

FIORE, RACOBS & POWERS  
A Professional Law Corporation  
6670 Alessandro Boulevard, Suite B  
Riverside, CA 92506

(This Space for Recorder's Use Only)

**AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

WHEREAS, the Sun Lakes Country Club Homeowners Association is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California ("Declaration");

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26177 and 26425; and the specified lots in the following tracts in the City of Banning, County of Riverside, are also subject to the Declaration: Lots 1 through 5, and 38 through 41, inclusive, of Tract 26175-1; Lots 1 through 61, 75 through 82, 91 through 96, 128 and 129, inclusive, and Lots C, D, E, F, G, H and L of Tract 27450-1; Lots 1 through 41, 55 through 59, 66 through 88, and 102 through 107, inclusive, and Lots B, D, F, G, H, I and K of Tract 27755; Lots 1 through 7, 9 and 10, inclusive, and Lot B of Tract 27755-1; Lots 1 through 5, 62 through 64, and 82 through 84, inclusive, of Tract 27756; Lots 1 through 14, and 31 through 44, inclusive, and Lots C and D of Tract 27889-1; and Lots 1 through 42, and 47 through 58, inclusive, and Lot A of Tract 28032; together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 3, 6 through 8, and 20 and 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation,

maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California.

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendments herein to the Declaration were proposed and approved by the requisite percentage of the voting power of the Association represented by Delegates as specified in the Declaration; and

WHEREAS, all subsequent annexation of properties into Sun Lakes Country Club Homeowners Association shall subject such annexed properties to the Declaration, as amended herein.

NOW, THEREFORE, the above Declaration is hereby amended as follows:

AMENDMENTS

1. Article IV, Section 4.03(e), of the Declaration (Cumulative Voting) is deleted in its entirety, thereby eliminating the provision for cumulative voting.
2. The third-to-the-last sentence of Article IV, Section 4.03(a), of the Declaration (Delegate Term of Office) is amended to delete "one (1) year" and insert "two (2) years" and thereby provide for Delegates to serve terms of two (2) years' duration.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 13<sup>th</sup> day of APRIL, 2000.

SUNLAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By: Rick Webber  
Its President

By: Robert L. Ernst  
Its Secretary

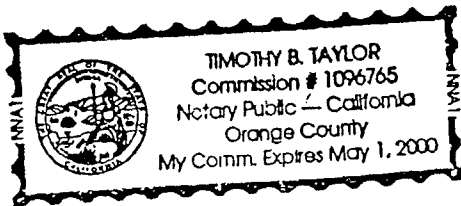


ACKNOWLEDGMENT

STATE OF CALIFORNIA        )  
  ) ss.  
COUNTY OF RIVERSIDE     )

On this 27 day of April, 2000, before me, Timothy B. Taylor,  
a Notary Public, State of California, duly commissioned and sworn, personally appeared  
Robert L. Ewert personally known to me ~~or proved to~~  
~~me on the basis of satisfactory evidence~~ to be the person whose name is subscribed to the  
within instrument, and acknowledged to me that he/~~she~~ executed the same in his/~~her~~  
authorized capacity, and that by his/~~her~~ signature on the instrument, the person, or the entity  
upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Timothy B. Taylor  
Notary Public, State of California

10-03-02

**CC&Rs AMENDMENT**

**DOC # 2002-552122**  
10/03/2002

**PLEASE COMPLETE THIS INFORMATION**

**RECORDING REQUESTED BY:**

FIGRE, RACOBS & POWERS  
A Professional Law Corporation  
6670 Alessandro Boulevard, Suite B  
Riverside, CA 92506

**Conformed Copy**

Has not been compared with original

**Gary L Orso**  
County of Riverside  
Assessor, County Clerk & Recorder

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(This Space for Recorder's Use Only)

**AMENDMENT TO THE DECLARATION  
OF COVENANTS, CONDITIONS, AND  
RESTRICTIONS AND RESERVATION OF  
EASEMENTS FOR SUN LAKES COUNTRY CLUB  
(Golf Course Trust Termination)**

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3.00 Additional Recording Fee Applies)

**AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB  
(Golf Course Trust Termination)**

WHEREAS, the Sun Lakes Country Club Homeowners Association is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California, as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Instrument No. 2000-176934, in the Official Records of Riverside County, California ("Declaration");

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26177 and 26425; and the specified lots in the following tracts in the City of Banning, County of Riverside, are also subject to the Declaration: Lots 1 through 37, inclusive, of Tract 26175; Lots 1 through 5, and 38 through 41, inclusive, of Tract 26175-1; Lots 9 through 54, 59 through 73, 81 through 94, 102 through 115 and 126 through 139, inclusive, of Tract 26179; Lots 1 through 31, 47 through 54 and 78 through 84, inclusive, of Tract 26180; Lots 62 through 74, inclusive, of Tract 27450; Lots 1 through 61, 75 through 82, 91 through 96, and 99 through 129, inclusive, and Lots C, D, E, F, G, H and L of Tract 27450-1; Lots 4 through 9, inclusive, of Tract 27450-2; Lots 23 through 31, 39 through 48 and 85 through 121, inclusive, of Tract 27450-3; Lots 1 through 41, 55 through 59, 61 through 107, inclusive, and Lots B, D, F, G, H, I and K of Tract 27755; Lots 1 through 7, 9 and 10, inclusive, and Lot B of Tract 27755-1; Lots 1 through 5, 62 through 64, and 82 through 84, inclusive, of Tract 27756; Lots 1 through 14, and 31 through 44, inclusive, and Lots C and D of Tract 27889-1; Lots 1 through 42, and 47 through 58, inclusive, and Lot A of Tract 28032; Lots 1 through 4, inclusive, of Tract 28142-1; Lots 20 through 45, inclusive, of Tract 28142-2; Lots 1 and 2, inclusive, of Tract 29363; and , together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 3, 6 through 8, and 20 and 21, inclusive, as shown and described on Lot Line Adjustment No.



1996-02, recorded March 29, 1996, as Instrument No. 113612; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California;

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendments herein to the Declaration were one of the subjects of an Agreement Re: Trust Termination between the Association, Pulte Home Corporation, and First American Trust Company and were proposed to and approved by the requisite percentage of the voting power of the Association represented by Delegates as specified in the Declaration;

WHEREAS, the original Declarant and the Association entered into certain agreements regarding the Sun Lakes North Property, including the Grant Deed and Agreement Conveying Real Property, Reserving Rights and Easements and Establishing Maintenance and Cost Sharing Covenants (Lot C of Tract 27450-1), recorded on September 27, 1996, in the Official Records of Riverside County, California, as Instrument No. 371663, and Grant Deed and Agreement Regarding Conveyance of Real Property, the Reservation of Rights and Easements and the Establishment of Maintenance and Cost Sharing Covenants (Lots 128 and 129 of Tract 27450-1), recorded on September 27, 1996, in the Official Records of Riverside County, California, as Instrument No. 371664. The Association and the original Declarant's successor-in-interest, Pulte Home Corporation, have entered into an Agreement Re: Trust Termination dated July 23, 2002, agreeing, among other things, that Sun Lakes North Property shall be subject to the provisions set forth herein as between the Association and the successor Declarant;

WHEREAS, the original Declarant also recorded a Supplementary Declaration of Covenants, Conditions and Restrictions and Reservations and Grants of Easements for the Executive Golf Course at Sun Lakes Country Club, recorded on October 31, 1995, in the Official Records of Riverside County, California, as Instrument No. 364955, and said Supplementary Declaration is also being amended to add the new Articles set forth below, pursuant to the affirmative vote of at least 67 percent of

the voting power of the owners of Sun Lakes North Property represented by their Delegates in accordance with the provisions of said Supplementary Declaration and with the approval of Pulte Home Corporation, as successor Declarant, as reflected in the Agreement Re: Trust Termination dated July 23, 2002; and

WHEREAS, all subsequent annexation of properties into Sun Lakes Country Club Homeowners Association shall subject such annexed properties to the Declaration, as amended herein.

NOW, THEREFORE, the above Declaration and Supplementary Declaration are each hereby amended to add two new Articles as follows:

## **AMENDMENTS**

### ARTICLE XVI

#### DECLARANT'S RIGHTS

##### Section 16.01. Definitions.

Capitalized terms in this Article XVI not defined in Article II of this Declaration shall have the meanings herein specified.

Championship Golf Course. "Championship Golf Course" shall refer to the original golf course located on that certain real property described in Exhibit "E" to the original Declaration.

Executive Golf Course. "Executive Golf Course" includes the original nine-hole executive golf course located on Lots 130 through 134, inclusive, of Tract No. 27450-1, as shown by Map on file in Book 254, pages 85 through 94, inclusive, of Maps, Records of Riverside County, California. (An RV storage area is also located on said property and is part of the Former Trust Property but is not part of the Executive Golf Course.) The original nine holes, together with the Additional Nine Holes (more particularly described at Exhibit A-2 to the Trust

Agreement), defined below, collectively constitute the Executive Golf Course.

Former Trust Property. All references to "Former Trust Property" shall refer to the real property transferred by or pursuant to the below-described Trust Agreement to First American Trust Company, Trustee, for the benefit of the Association, including, but not limited to, the Championship Golf Course and the Executive Golf Course.

Trust. All references to the "Trust" refer to the trust created by the Trust Agreement of October 16, 1998, between Presley Homes, original Trustor; First American Trust Company, trustee; and the Association, beneficiary.

Trust Agreement. "Trust Agreement" refers to the Trust Agreement of October 16, 1998, between Presley Homes, original Trustor; First American Trust Company, trustee; and the Association, beneficiary.

Section 16.02. Term/Effect of Declarant's Rights.

It is expressly understood and acknowledged that as consideration for Declarant's early termination of the Trust Agreement and the conveyance of the Former Trust Property and of all personal property held in the Trust to the Association, the Declarant shall be entitled to exercise certain rights and prerogatives as set forth in this Article XVI, subject to the conditions herein. During the effective period of this Article XVI, as set forth below, it is further understood and agreed that as to the subject matter of this Article, the provisions herein shall control, notwithstanding any contrary provisions which may exist in the Declaration as previously amended and supplemented.

**Section 16.03. Termination of Declarant's Rights.**

Declarant's rights pursuant to this Article XVI, including, but not limited to, the Declarant's extended rights pursuant to Article XI of the Declaration, as described below, shall terminate, and the provisions granting or reserving to Declarant certain prerogatives under this Article XVI shall be of no further force or effect upon the first to occur of any of the following:

(a) Declarant notifies the Association, in writing, of Declarant's intention not to complete the Sun Lakes Country Club project in accordance with the Development Plan;

(b) Upon Declarant's close of escrow for sale of the last home in the Subject Property or in the Annexable Area so long as the Annexable Area is subject to annexation by Declarant pursuant to Section 3.02 of the Declaration; or

(c) April 10, 2012.

**Section 16.04. Destruction of Golf Course(s).**

If any portion of the Championship Golf Course or the Executive Golf Course is damaged or destroyed and the owners elect not to rebuild or restore said improvement pursuant to Section 5.07(b) of the Declaration, Declarant shall have the right, but not the obligation, to rebuild and restore the Championship Golf Course or the Executive Golf Course. If Declarant elects to rebuild the Championship Golf Course or the Executive Golf Course, the Association shall assign all available insurance proceeds to Declarant for use in such rebuilding work; provided, however, Declarant shall be solely responsible for the expense of any such rebuilding or restoration to the extent the cost exceeds the amount of the available insurance proceeds.

**Section 16.05. Right to Maintain Certain Improvements.**

If the Association fails to maintain the Former Trust Property in substantially the same condition as existed prior to the conveyance of said property to the Association, Declarant shall have the right, but not the obligation, to perform said maintenance upon the following conditions:

(a) Declarant shall deliver to the Association a written notice of deficiency specifying any and all components of said property which the Association has failed to adequately maintain;

(b) Within 30 days of the Association's receipt of Declarant's notice of deficiency, the Association shall cause the deficiencies specified in said notice to be cured or, if the curing of any such deficiency requires more than 30 days, the Association shall commence to cure any such deficiencies within 30 days of receipt of Declarant's notice of deficiency; and

(c) If the Association fails to cure the specified deficiencies in accordance with Section 16.05(b), above, Declarant shall have the right to enter upon the Former Trust Property and cause the same to be repaired and maintained. The Association shall then be obligated to reimburse Declarant for the costs it incurred by performing such maintenance and repair within 30 days of the Association's receipt of invoices and/or other documents evidencing the actual amount paid by Declarant for said work.

**Section 16.06. Promotional Rights.** Declarant reserves for itself and Participating Builders the right to advertise the Association Properties and the services offered by the Association in connection with the promotion and marketing of residential developments within the Subject Property.

Section 16.07. Use of Recreational Facilities and Golf Course.

a. Recreational Facilities. Declarant shall have the right to use the north clubhouse, the main clubhouse and the south recreational facilities and amenities related thereto (collectively "Recreational Facilities") as follows:

(1) The right to show the Recreational Facilities to prospective buyers during normal hours that the clubhouses are open. Declarant will use its best efforts not to disturb ongoing functions and activities when showing the Recreational Facilities; and

(2) The right to use the Recreational Facilities up to 10 times per year for marketing and promotional functions. Declarant acknowledges and agrees it cannot displace any of the Association's Members' prebooked functions. Additionally, Declarant can only book the clubhouse for open slots within 90 days prior to the event. If, as a result of Declarant's use, any cost above the normal cost of operating the Recreational Facilities is incurred, Declarant shall be responsible for such additional costs.

b. Golf Courses. Declarant hereby reserves unto itself and its invitees the right to use the Championship Golf Course and the Executive Golf Course for recreational and promotional purposes; provided, however, that Declarant's play shall not unreasonably interfere with the play of the Association's Members and their guests. Declarant's play over 100 golf rounds per month shall be paid for by Declarant at the then prevailing rate for the Association's Members' green fees; Declarant's first 100 rounds each month may be played without charge.

Section 16.08. Lot Line Adjustments.

Declarant reserves the right to make minor lot line adjustments to property lines between the Former Trust

Property and any undeveloped real property owned by Declarant. The Association shall promptly execute and deliver to Declarant any deeds, licenses, agreements or other documentation required to effectuate such lot line adjustments.

Section 16.09. Golf Course Fees.

The one-time membership initiation fee which each new owner is required to pay in the sum of \$950.00 to become a social member of the Sun Lakes Country Club pursuant to Section 14.02 of the Declaration is reserved by and assigned to Declarant for all sales of Lots or Condominiums which are completed prior to the termination of Declarant's rights pursuant to this Article XVI. Notwithstanding the foregoing, it is expressly understood and agreed that the monthly greenbelt fees ("Basic Dues" on the south side, "Greenbelt Maintenance Fee" on the north side), annual golf dues, daily green fees, golf cart rental, pro shop revenue, monthly RV parking fees, and any and all sources of revenue attributable to or generated by the Former Trust Property and/or the Additional Nine Holes have been and are irrevocably assigned to the Association immediately upon termination of the Trust. Upon termination of Declarant's rights under this Article XVI, the Association shall be assigned and shall succeed to the right to the \$950.00 membership initiation fee from new owners.

Section 16.10. Entry Guard Gate Expenses.

Declarant shall pay the Association's budgeted costs of operating and maintaining the staffed north entry gate (Gate No. 2) so long as Declarant enjoys the rights granted and reserved to it by this Article XVI.

Section 16.11. Extension of Certain of Declarant's Article XI Rights, Reservations and Exemptions.

Declarant's rights, reservations and exemptions pursuant to the following specified sections of Article XI of the Declaration are hereby extended through the date of termination of Declarant's rights pursuant to Section 16.03, above:

Section 11.01(a), (c), (d), (e), (f) and (g); and Section 11.02(a), (b), (c), (d) and (e).

Provided, however, these sections of Article XI are hereafter to be interpreted in the same manner as any other provision(s) of the Declaration, as amended, and shall no longer be entitled to any priority or superiority.

ARTICLE XVII

ASSOCIATION'S AUTHORITY TO OPERATE GOLF COURSES

Section 17.01. Assignee of Declarant's Rights.

The Association has been assigned the Declarant's rights and prerogatives under Article XIV of the Declaration, subject to the rights temporarily reserved to Declarant by Article XVI, above. In addition to such assigned rights, the Association shall have the authority to regulate and operate the Former Trust Property as Association Properties.

Section 17.02. Merger of Greenbelt Fees in Regular Assessment.


The monthly greenbelt fees formerly paid to Declarant (Trustor) as operator of the Championship Golf Course and Executive Golf Course ("Basic Dues" on the south side, "Greenbelt Maintenance Fee" on the north side) are hereby merged into and have become part of the




Association's Regular Assessment. As such, there shall be no separate calculation, billing or accounting of any Greenbelt Maintenance Fee or Basic Dues following the effective date of this amendment.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 11<sup>th</sup> day of September, 2002.


SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By:   
Its President

By:   
Its Secretary


**CERTIFICATE OF PRESIDENT**

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendments were duly and properly approved in accordance with the terms of the Declaration.

Dated: 9/11/02   
President

**CERTIFICATE OF SECRETARY**

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendments were duly and properly approved in accordance with the terms of the Declaration.

Dated: 9-11-02   
Secretary





**11-16-05**  
**CC&Rs AMENDMENT**

DOC # 2005-0953995

11/16/2005 08:00A Fee:19.00

Page 1 of 5

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

Sun Lakes Country Club Homeowners Assn.  
850 S. Country Club Dr.  
Banning, CA 92220



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TRA: *Amendment to the Declaration of Covenants, Conditions, and*  
DTT: *Restrictions and Reservation of Easements for Sun Lakes Country Club*  
*(Exterior Maintenance; Owners' Obligations)*

Title of Document



THIS AREA FOR  
RECORDER'S  
USE ONLY

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3:00 Additional Recording Fee Applies)

**AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB  
(Exterior Maintenance; Owners' Obligations)**

WHEREAS, the Sun Lakes Country Club Homeowners Association is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California, as previously amended by those certain Amendments to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Instrument No. 2000-176934, and October 3, 2002, as Instrument No. 2002-552122; in the Official Records of Riverside County, California ("Declaration"),

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26177, 26425, 26175, 26175-1, 26179, 26180, 27450-1, 27450-2, 27450-3, 27755, 27755-1, 27756, 27889-1, 28032, 28142-2 and 29363; and, together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 3, 6 through 8, and 20 and 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California;

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendment herein to the Declaration was proposed and approved by the requisite percentage of the voting power of the Association represented by Delegates specified in the Declaration; and

WHEREAS, all subsequent annexation of properties into Sun Lakes Country Club Homeowners Association shall subject such annexed properties to the Declaration, as amended herein.

NOW, THEREFORE, the above Declaration and Supplementary Declaration are each hereby amended to read as follows:

### **AMENDMENT**

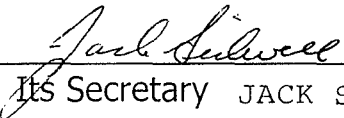
THE SECOND (2<sup>ND</sup>) PARAGRAPH OF ARTICLE X, GENERAL RESTRICTIONS, SECTION 10.08, EXTERIOR MAINTENANCE AND REPAIR; OWNERS' OBLIGATIONS, IS HEREBY AMENDED TO READ AS FOLLOWS:

Each owner of a Lot, each Sub-Association of a Condominium Project, and each Sub-Association of a Planned Development that is responsible for the maintenance of the exterior surfaces of any Residences, shall cause all wood siding portions of the exterior surfaces of the Residences, and all fences and walls including stucco-masonry fences and walls, to be painted not less frequently than every four (4) years, and all stucco portions of the exterior of the Residences to be painted, scratch coated or otherwise repaired not less frequently than every sixteen (16) years, calculated from the date of the Close of Escrow of a Lot, or the date of the Close of Escrow of the first Condominium in a Condominium Project. Upon the failure to perform such required work, the Association shall have the right, but not the obligation, after Notice and Hearing, to cause such work to be performed at the cost and expense of the Owner or Sub-Association, in which case the Association shall cause such exterior surfaces to be painted the same color as previously existed, or a color substantially similar thereto in accordance with the provisions of this Section.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 10<sup>th</sup> day of November, 2005.

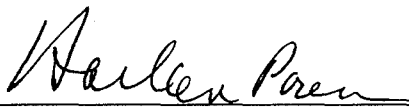
SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By:   
Its President HARLEN POSEN

By:   
Its Secretary JACK SIDWELL

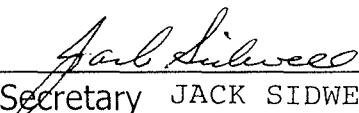
**CERTIFICATE OF PRESIDENT**

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendment was duly and properly approved in accordance with the terms of the Declaration.

Dated: 11/10/05   
President HARLEN POSEN

**CERTIFICATE OF SECRETARY**

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendment was duly and properly approved in accordance with the terms of the Declaration.

Dated: 11-10-05   
Secretary JACK SIDWELL







**SUN LAKES**  
*Country Club*

December 2008

Dear Sun Lakes Country Club Homeowners Association Member:

Attached is a copy of the recorded Fourth Amendment to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (CC&Rs) and the Second Amendment of the By-Laws regarding Delegate voting power that was approved by the membership. Your copy of the amendments should be kept with your other governing documents to form a complete set of the Articles of Incorporation, CC&Rs and Bylaws. A complete set of the governing documents must be provided to all successive owners of your Sun Lakes property.

Respectfully,



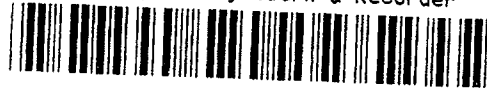
Jim Evans  
President

**11-14-08**  
**CC&Rs AMENDMENT**

DOC # 2008-0605435  
11/14/2008 08:00A Fee:24.00  
Page 1 of 6

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County of Riverside

Larry W. Ward  
Assessor, County Clerk & Recorder



PLEASE COMPLETE THIS INFORMATION  
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FIORE, RACOBS & POWERS

AND WHEN RECORDED MAIL TO:

FIORE, RACOBS & POWERS

A Professional Law Corporation

6820 Indiana Avenue, Suite 140

Riverside, CA 92506

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TRA: FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND  
DTT: RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SUN LAKES COUNTRY CLUB

Title of Document

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(\$3:00 Additional Recording Fee Applies)

**FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

WHEREAS, the Sun Lakes Country Club Homeowners Association ("Association") is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Document No. 2000-176934, in the Official Records of Riverside County, California ("Declaration"); as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Golf Course Trust Termination) recorded October 3, 2002, as Document No. 2002-552122, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Exterior Maintenance; Owners' Obligations) recorded November 16, 2005, as Document No. 2005-0953995, in the Official Records of Riverside County, California (collectively, "Declaration");

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26175, 26175-1, 26177, 26179, 26180, 26181, 26425, 27450-1, 27450-2, 27450-3, 27755, 27755-1, 27756, 27756-1, 27889, 27889-1, 27889-2, 28032, 28142-1, 28142-2, 29363 and 30184; and, together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; Parcels 1-3, inclusive, and Parcels 17-19, inclusive, as shown in Lot Line Adjustment 1996-03 recorded May 27, 1997, as Instrument No. 183510; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California.

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendment herein to the Declaration was proposed and approved by the requisite percentage of the voting power of the Association represented by Delegates as specified in the Declaration; and

WHEREAS, all subsequent annexation of properties into the Association shall subject such annexed properties to the Declaration, as amended herein.

NOW, THEREFORE, the above Declaration are each hereby amended as follows:

Add Section 4.03(g) to Article IV of the Declaration providing as follows:

(g) Notwithstanding any other provision of this Declaration, voting by a "Designated Delegate" shall be permitted as provided for in Section 9-B of Article III of the Bylaws, as amended.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this ~~Nov 5<sup>th</sup>~~ day of Nov., 2008.

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By: [Signature]  
Named Printed: Jim Evans  
Its President

By: [Signature]  
Named Printed: GEORGE E. MOYER  
Its Secretary

CERTIFICATE OF PRESIDENT

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendment was duly and properly approved in accordance with the terms of the Declaration.

Dated: 11-05-08

[Signature]  
President

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendments were duly and properly approved in accordance with the terms of the Declaration.

Dated: 11-5-08

[Signature]  
Secretary

ACKNOWLEDGMENT

State of California }  
County of Riverside }

On Nov. 05, 2008

before me, DIANE WORDEN

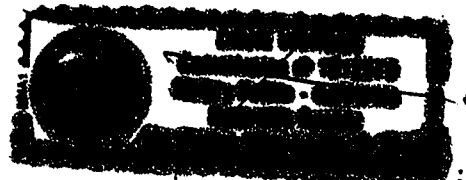
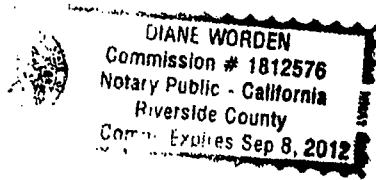
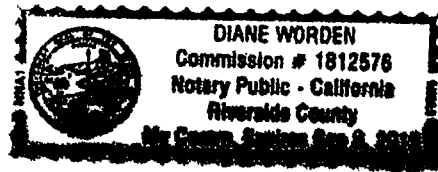
Notary Public, personally appeared GEORGE E. MOYER

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

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

WITNESS my hand and official seal.

Signature Diane Worden



ACKNOWLEDGMENT

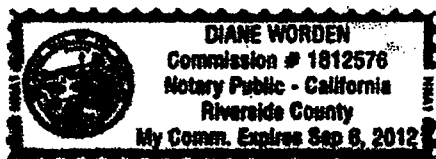
State of California }  
County of Riverside }

On Nov 05, 2008  
before me, DIANE WORDEN  
Notary Public, personally appeared JIM EPANS  
who proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to  
me that he/she/they executed the same in his/her/their authorized  
capacity(ies) and that by his/her/their signature(s) on the instrument, the  
person(s), or the entity upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.

Signature Diane Worden







LARRY W. WARD  
COUNTY OF RIVERSIDE  
ASSESSOR-COUNTY CLERK-RECORDER

Recorder  
P.O. Box 751  
Riverside, CA 92502-0751  
(951) 486-7000

www.riversideacr.com

## NOTARY CLARITY

Under the provisions of Government Code 27361.7, I certify under the penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

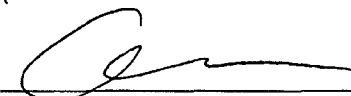
Name of Notary: DIANE WARDEN

Commission #: 1812576

Place of Execution: RIVERSIDE

Date Commission Expires: SEP 8, 2012

Date: 11-14-08

Signature: 

Print Name: DIANE WARDEN

**JULY 7, 2009**  
**CC&Rs AMENDMENT**



**SUN LAKES**  
*Country Club*

September 2009

Dear Sun Lakes Country Club Homeowners Association Member:

Attached is a copy of the recorded Fifth Amendment to the Declaration of Covenants, Conditions, and Restrictions and the Third Amendment of the Bylaws that was approved by the membership. Your copy of the amendments should be kept with your other governing documents to form a complete set of the Articles of Incorporation, CC&Rs and Bylaws. A complete set of the governing documents must be provided to all successive owners of your Sun Lakes property.

Respectfully,



George Moyer  
President

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:

FIORE, RACOBS & POWERS

AND WHEN RECORDED MAIL TO:

FIORE, RACOBS & POWERS

A Professional Law Corporation

6820 Indiana Avenue, Suite 140

Riverside, CA 92506

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with the recorded document

Larry W. Ward

County of Riverside  
Assessor, County Clerk & Recorder

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TRA: FIFTH AMENDMENT TO THE DECLARATION OF COVENANTS,  
DTT: CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB

Title of Document

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RECORDER'S  
USE ONLY

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(\$3:00 Additional Recording Fee Applies)

**FIFTH AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

WHEREAS, the Sun Lakes Country Club Homeowners Association ("Association") is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Document No. 2000-176934, in the Official Records of Riverside County, California ("Declaration"); as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Golf Course Trust Termination) recorded October 3, 2002, as Document No. 2002-552122, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Exterior Maintenance; Owners' Obligations) recorded November 16, 2005, as Document No. 2005-0953995, in the Official Records of Riverside County, California; as previously amended by that certain Fourth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded November 14, 2008, as Document No. 2008-0605435, in the Official Records of Riverside County, California (collectively, "Declaration");

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26175, 26175-1, 26177, 26179, 26180, 26181, 26425, 27450-1, 27450-2, 27450-3, 27755, 27755-1, 27756, 27756-1, 27889, 27889-1, 27889-2, 28032, 28142-1, 28142-2, 29363 and 30184; and, together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; Parcels 1-3, inclusive, and Parcels 17-19, inclusive, as shown in Lot Line Adjustment 1996-03 recorded May 27, 1997, as Instrument No. 183510; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per

the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California.

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendment herein to the Declaration was proposed and approved by the requisite percentage of the voting power of the Association represented by Delegates as specified in the Declaration; and

WHEREAS, all subsequent annexation of properties into the Association shall subject such annexed properties to the Declaration, as amended herein.

NOW, THEREFORE, the above Declaration is hereby amended as follows:

1. Add Section 4.03(h) to Article IV of the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Sun Lakes Country Club providing as follows:

(h) Notwithstanding any other provision of this Declaration, appointments to fill Delegate and Alternate Delegate vacancies shall be as provided for in Section 13 of Article III of the By-laws, as amended.

2. Add new Sections 5.02(c) and (d) to Article V of the CC&Rs as follows:

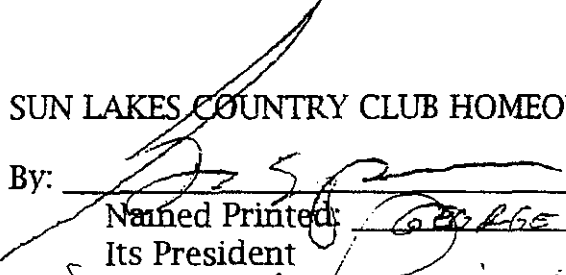
(c) Members' Assumption of the Risk of Use of Association Properties. Members who use the Association Properties are required, and shall be deemed, to (1) have familiarized themselves with any risks or danger and have become familiar with and agree to utilize all safety procedures associated with the use of the Association Properties, (2) have no health, physical or emotional impediment to the safe use of the Association Properties, (3) be either experienced in the safe use of the Association Properties or will be adequately supervised by another person having such experience, (4) knowingly and willingly assume all risks of personal injury or property damage associated with the use of the Association Properties, and (5) agree and acknowledge that neither the Association nor its officers, directors, agents or employees shall be liable for any personal injury or property damage resulting from the use of

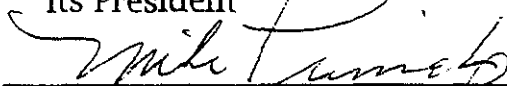
the Association Properties unless caused by the gross negligence of the Association.

(d) Members' Responsibility for Safe Use of Association Properties by Co-Residents, Tenants, Guests and Invitees. Each Member is responsible for the safe use of Association Properties by the Members' co-residents, tenants, guests and invitees. Without limiting the foregoing, each Member shall ensure that his/her co-residents, tenants, guests and invitees (1) have familiarized themselves with any risks or danger and have become familiar with and agree to utilize all safety procedures associated with the use of the Association Properties, (2) have no health, physical or emotional impediment to the safe use of the Association Properties, (3) be either experienced in the safe use of the Association Properties or will be adequately supervised by another person having such experience, (4) knowingly and willingly assume all risks of personal injury or property damage associated with the use of the Association Properties, and (5) agree and acknowledge that neither the Association nor its officers, directors, agents or employees shall be liable for any personal injury or property damage resulting from the use of the Association Properties unless caused by the gross negligence of the Association.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 17 day of June, 2009.

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By:   
Named Printed: GEORGE E. MOYER  
Its President

By:   
Named Printed: MIKE TRIMARK  
Its Secretary

CERTIFICATE OF PRESIDENT

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendment was duly and properly approved in accordance with the terms of the Declaration.

Dated: 6-17-09

President George E. Moyer

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendments were duly and properly approved in accordance with the terms of the Declaration.

Dated: 6-17-09

Secretary Mike Primak

ACKNOWLEDGMENT

State of California }  
County of Riverside }

On June 17, 2009

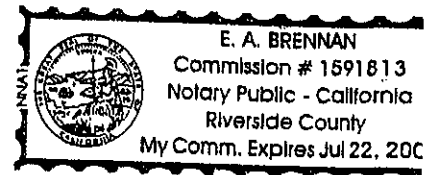
before me, E. A. BRENNAN  
Notary Public, personally appeared GEORGE E. MOYER & MIKE PRIMAK

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

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

WITNESS my hand and official seal.

Signature E. A. Brennan, Notary Public





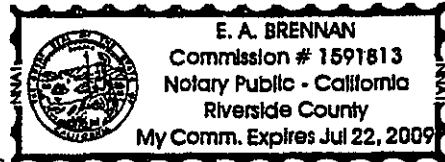
ACKNOWLEDGMENT

State of California }  
County of Riverside }

On June 17, 2009  
before me, E. A. BRENNAN MIKE PRIMAK  
Notary Public, personally appeared ~~ETECORP ET MOVER~~ MIKE PRIMAK *EDJ*  
who proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is are subscribed to the within instrument and acknowledged to  
me that he/she/they executed the same in his/her/their authorized  
capacity(ies) and that by his/her/their signature(s) on the instrument, the  
person(s), or the entity upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.



Signature \_\_\_\_\_

*E. A. Brennan*  
*Notary Public*



July 1, 2014

Dear Sun Lakes Country Club Homeowners Association Member:

A conformed copy of the sixth amendment to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements (CC&Rs) regarding *rental and leasing of residences* is attached for your records. This CC&R amendment was approved by the membership and was recorded June 23, 2014, which is the effective date. Please keep this with your governing documents. A complete set of the governing documents must be provided to all successive owners of your Sun Lakes property.

Respectfully,

On behalf of the Board of Directors



Jeremy Wilson  
General Manager

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:

Fiore, Racobs & Powers

AND WHEN RECORDED MAIL TO:

Fiore, Racobs & Powers  
6820 Indiana Avenue, Suite 140  
Riverside, CA 92506

**DOC # 2014-0229158**  
06/23/2014

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affixed has not been compared  
with the filed/recorded document

Larry W Ward  
County of Riverside  
Assessor, County Clerk & Recorder

COPY
EXAM

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**SIXTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND  
RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

Title of Document

TRA: \_\_\_\_\_

DTT: \_\_\_\_\_

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(\$3.00 Additional Recording Fee Applies)

**SIXTH AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR SUN LAKES COUNTRY CLUB**

WHEREAS, the Sun Lakes Country Club Homeowners Association ("Association") is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Document No. 2000-176934, in the Official Records of Riverside County, California ("Declaration"); as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Golf Course Trust Termination) recorded October 3, 2002, as Document No. 2002-552122, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Exterior Maintenance; Owners' Obligations) recorded November 16, 2005, as Document No. 2005-0953995, in the Official Records of Riverside County, California; as previously amended by that certain Fourth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded November 14, 2008, as Document No. 2008-0605435, in the Official Records of Riverside County, California; as previously amended by that certain Fifth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded July 7, 2009, as Document No. 2009-0347532 (collectively, "Declaration");

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26175, 26175-1, 26177, 26179, 26180, 26181, 26425, 27450-1, 27450-2, 27450-3, 27755, 27755-1, 27756, 27756-1, 27889, 27889-1, 27889-2, 28032, 28142-1, 28142-2, 29363 and 30184; and, together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No.

1999-377000; Parcels 1 through 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; Parcels 1-3, inclusive, and Parcels 17-19, inclusive, as shown in Lot Line Adjustment 1996-03 recorded May 27, 1997, as Instrument No. 183510; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California.

WHEREAS, certain provisions of the Declaration may be amended by the affirmative vote of Delegates representing at least three-fourths (3/4) of the voting power of the Association [Article XII, Section 12.02(b), of the Declaration];

WHEREAS, the amendment herein to the Declaration was proposed and approved by the requisite percentage of the voting power of the Association represented by Delegates as specified in the Declaration; and

WHEREAS, all subsequent annexation of properties into the Association shall subject such annexed properties to the Declaration, as amended herein,

NOW, THEREFORE, the above Declaration is hereby amended as follows:

1. Add a new Article XVIII to the Declaration as follows:

#### ARTICLE XVIII

##### RENTAL AND LEASING OF RESIDENCES

Section 18.01. Assignment of Rents. Each Owner hereby assigns to the Association, absolutely and regardless of possession of the Residence, all rents and other moneys now due, past due or that become due under any lease or rental agreement for the use or occupation of any Residence (as defined in Section 2.50 of the Declaration) owned by the Owner, either now existing or made in the future, for the purpose of collecting all delinquent assessments, including all late

charges, costs, attorneys' fees, receiver fees, premiums on receiver's bonds and interest. The Association hereby authorizes each Owner to collect and retain the rents and other moneys derived from any such lease or agreement. Provided, however, the Association may revoke such authority at any time, on written notice to the Owner of a default in the payment of any assessment due under this Declaration. On revocation of such authority, the Association may collect and retain the rents and other moneys, whether past due and unpaid or current, and may do so, if necessary, by court order or court-appointed receiver. Owner consents to the release of notice to Owner's tenant that Owner has become delinquent in the payment of assessments to the Association and further waives any right of privacy or confidentiality with respect to said notice of Owner's delinquency provided to tenant pursuant to this assignment.

Section 18.02. Copy of Lease/Required Language.

Each Owner must provide the Association with a copy of any lease agreement and any subsequent renewals, signed by their tenant(s) within 10 days of such signing. Each Owner's lease agreement must contain substantially the following language in the lease: "Tenant understands that the leased Residence is subject to CC&Rs, Bylaws, and Rules and Regulations of the Association. Sun Lakes Country Club is an age-restricted, senior citizens' community pursuant to Civil Code Section 51.11. Landlord has assigned to the Association, upon written notice to the Landlord, the right, the power and authority to collect rents, issues, and profits of Landlord's Residence in the event the Landlord becomes delinquent in the payment of assessments to the Association. In the event Landlord becomes delinquent in the payment of assessments, and upon demand by the Association, Tenant agrees to make rent payments directly to the Association until the delinquency is cured."

Section 18.03. Terms Affecting Rental/Leasing of Residences.

Section 18.03(a) amended. See PDF page 213 to view Amendment #7 dated November 19, 2021.

- a. Any Owner may delegate the Owner's rights to use and enjoy the Association Property to the Owner's tenants or lessees who reside in the Owner's Residence, provided that any rental or lease may only be for residential use and for a term not less than one year. Further subletting by an Owner's lessee or tenant shall be prohibited. Residences which are leased or rented upon a month-to-month basis on the date of recordation of this Article may continue in effect so long as the same tenant or lessee remains in possession, but upon the termination of that lease or tenancy, the Residence shall be subject to the requirement of a minimum lease or rental term of one year.
- b. Any rental or lease of a Residence shall be subject to the provisions of the Declaration and other Association governing documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner lessor shall provide any tenant or lessee with a current copy of all governing documents and shall be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the governing documents during the tenant's/lessee's occupancy and use of the Residence.
- c. Each tenant or lessee and any co-resident spouses, family, cohabitants, etc., shall register with the Association, and each shall provide the Association proof of his/her right to occupy a residence pursuant to Article XIII of the Declaration and current law governing housing

for older persons, including California Civil Code Section 51.11.

Section 18.04. Rules and Regulations Related to Rental/Leasing. The Board may adopt such Board Rules and Regulations as it may deem appropriate in order to enforce, clarify or implement the provisions of the Declaration related to rental or leasing of Residences. Such Rules and Regulations may include, without limitation, provisions governing the access of tenants/lessees and their Families, guests and invitees to/from Residences via the Association private gates and streets.

Section 18.05. Owner's Termination of Lease. If, during the course of any tenancy, any occupant of the Residence demonstrates such a disregard for any provisions of the Association's governing documents, including its Board Rules and Regulations, that the Association's Board determines, at a noticed disciplinary hearing in which the Owner of the Leased Residence shall be entitled to appear and be heard, that it is in the best interests of the Association as a whole that the Owner terminate the lease/tenancy, the Association shall so notify the Owner, in writing, of that determination. Upon receipt of the Association's written notification of a Board determination pursuant to this section, the Owner shall thereupon proceed to give the appropriate notice to Owner's tenant(s) and thereafter cause the tenancy to be terminated as expeditiously as permitted under California law. Expeditious termination of the tenancy shall include the Owner's prompt initiation and diligent prosecution of any court proceedings, including, but not limited to, unlawful detainer proceedings, as may be required to bring the Leased Residence into compliance.

Section 18.06. No Prejudice to Mortgagees. The provisions and restrictions contained in this Article



shall not prejudice or diminish the rights of Mortgagees defined in and guaranteed by existing provisions in the Declaration.

Section 18.07. Owner Occupancy Required to Avoid Effect of Rental/Lease Provisions. Any Residence which is not permanently and consistently occupied by its Owner, as defined by Section 2.43 of this Declaration, shall be considered rented or leased regardless of any compensation arrangements for use of the Residence. In the event of any dispute or uncertainty regarding whether an individual qualifies as an Owner, the Board's reasonable determination shall be final and binding.

#### END OF ARTICLE XVIII

2. Amend existing Section 5.04 of Article V of the Declaration as follows (strikeout shows deletions; *italics* show additions):

Section 5.04. Delegation of Use.

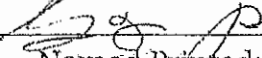
Any Owner who resides within his Lot or Condominium may delegate his rights to use and enjoy the Association Properties to the members of his Family, and to their respective guests and invitees. If, however, an Owner has rented or leased his Lot or Condominium, his rights to use and enjoy the Association Properties shall be deemed to have been automatically delegated to his tenants or lessees for the duration of their tenancy, and said Owner and his Family release any rights to use and enjoy the Association Properties for the duration of such tenancy *subject to Board Rules and Regulations*. All tenants and lessees may, in turn, delegate their rights to use and enjoy the Association Properties to the members of their Family, and to their respective guests and invitees, ~~on the same basis as an Owner~~ *subject to Board Rules and Regulations*. The Owner of any Lot improved with an Apartment Building may delegate his

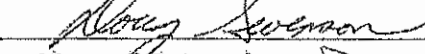
right and easement of use and enjoyment in and to the Association Properties to lessees or tenants of the Apartment Building, and such lessees or tenants may further delegate such rights of enjoyment and use to their Family, and their bona fide guests and invitees, subject to such reasonable Board Rules and Regulations as may be adopted by the Board. All tenancies shall be subject to the age limitations set forth in Article XIII hereof, and no Owner shall rent or lease his Lot or Condominium for transient or hotel purposes, or for a period of less than ~~thirty~~(30) ~~days~~one year, nor shall an Owner rent or lease less than his entire Residence.

Except as expressly amended above, the balance of the Declaration, as amended previous hereto, remains in full force and effect.

IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 5 day of June, 2014.

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By:   
Named Printed: GEORGE MAYER  
Its President

By:   
Named Printed: DOUG SWENSON  
Its Secretary

CERTIFICATE OF PRESIDENT

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendment was duly and properly approved in accordance with the terms of the Declaration.

Dated: 6-5-14  
  
President

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing amendments were duly and properly approved in accordance with the terms of the Declaration.

Dated: 6-5-2014

[Signature]  
Secretary

ACKNOWLEDGMENT

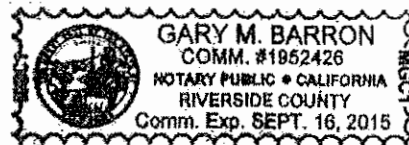
State of California }  
County of Riverside }

On June 5, 2014  
before me, GARY M. BARRON "Notary Public"  
Notary Public, personally appeared George Eckelband Moyer  
who proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to  
me that he/she/they executed the same in his/her/their authorized  
capacity(ies) and that by his/her/their signature(s) on the instrument, the  
person(s), or the entity upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.

Signature [Signature]  
GARY M. BARRON  
Sept 16, 2015



ACKNOWLEDGMENT

State of California }  
County of Riverside }

On June 5, 2014  
before me, GARY M. BARRON "Notary Public"  
Notary Public, personally appeared Douglas Arthur Swenson  
who proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to  
me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized  
capacity(ies) and that by his/~~her~~/~~their~~ signature(s) on the instrument, the  
person(s), or the entity upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.

Signature Gary M. Barron  
GARY M. BARRON  
Sept. 16, 2015





From the Board of Directors

### **RENTAL OR LEASING OF SEPARATE INTERESTS / ACCESSORY DWELLING UNITS**

AB 3182 was signed into law by the Governor on September 28, 2020. As a result of the law, Civil Code section 4741 was added. This law required Associations to allow ADUs, JADUs, and prohibited certain rental restrictions. This law took effect on January 1, 2021. The law also required the Association to revise their CC&Rs to comply with the new law by December 31, 2021.

On February 24, 2021, the Sun Lakes Board of Directors approved to place a CC&R amendment on the April 2021 ballot. This ballot measure was included in the ballot package that was mailed to members on March 5, 2021. At the conclusion of the election on April 15<sup>th</sup>, the CC&R amendment did not pass. The measure only received a 70.72% approval. Our governing documents require a 75% approval to pass.

The Board, working with the Association's legal counsel, Fiore, Racobs & Powers, moved forward to petition the court to reduce the percentage of affirmative votes necessary to amend the CC&Rs pursuant to Civil Code Section 4275. As required by the court, a notification mailing was sent to members on June 4, 2021, to notify the community what action was taking place, and that a hearing was scheduled for July 15, 2021. The Court approved the reduction of the percentage of affirmative votes to amend the CC&Rs. The court finalized their order on August 6, 2021. The final document was recorded with the County of Riverside Assessor's office on December 28, 2021.

Please find attached:

- 1) The conformed copy of the Seventh Amendment to the Declaration of Covenants, Conditions and Restrictions recorded on December 28, 2021.
- 2) The Court Order of August 6, 2021.

2021-0759233

12/28/2021 11:51 AM Fee: \$ 231.00

Page 1 of 12

Recorded in Official Records  
County of Riverside  
Peter Aldana  
Assessor-County Clerk-Recorder

PLEASE COMPLETE THIS INFORMATION  
RECORDING REQUESTED BY:  
Fiore, Racobs & Powers

AND WHEN RECORDED MAIL TO:  
Fiore, Racobs & Powers  
6820 Indiana Avenue, Suite 140  
Riverside, CA 92506



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SEVENTH AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SUN LAKES COUNTRY CLUB

Title of Document

TRA: \_\_\_\_\_

DTT: \_\_\_\_\_

**If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.**

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(\$3.00 Additional Recording Fee Applies)

**SEVENTH AMENDMENT TO THE DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR  
SUN LAKES COUNTRY CLUB**

This Seventh Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club ("Seventh Amendment") is made this 19 day of November, 2021, by the Sun Lakes Country Club Homeowners Association ("Association").

**Recitals**

WHEREAS, the Sun Lakes Country Club Homeowners Association ("Association") is located entirely within the County of Riverside and is comprised of multiple tracts which are subject to the recorded Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded May 10, 2000, as Document No. 2000-176934, in the Official Records of Riverside County, California ("Declaration"); as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Golf Course Trust Termination) recorded October 3, 2002, as Document No. 2002-552122, in the Official Records of Riverside County, California; as previously amended by that certain Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club (Exterior Maintenance; Owners' Obligations) recorded November 16, 2005, as Document No. 2005-0953995, in the Official Records of Riverside County, California; as previously amended by that certain Fourth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded November 14, 2008, as Document No. 2008-0605435, in the Official Records of Riverside County, California; as previously amended by that certain Fifth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded July 7, 2009, as Document No. 2009-0347532, in the Official Records of Riverside County, California; as previously amended by that certain Sixth Amendment to the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club recorded June 23, 2014, as Document No. 2014-0229158, in the Official Records of Riverside County, California (collectively, "Declaration").

WHEREAS, the following tracts in the City of Banning, County of Riverside, are each subject to the Declaration: Tract Nos. 21477, 21478, 21479, 22173, 22174, 22198, 22245, 23274, 23695, 24728, 24729, 24730, 24731, 26175, 26175-1, 26177, 26179, 26180, 26181, 26425, 27450-1, 27450-2, 27450-3, 27755, 27755-1, 27756, 27756-1, 27889, 27889-1, 27889-2, 28032, 28142-1, 28142-2, 29363 and 30184; and, together with Parcel 2 as shown and described on Lot Line Adjustment No. 1999-02, recorded August 23, 1999, as Instrument No. 1999-377000; Parcels 1 through 21, inclusive, as shown and described on Lot Line Adjustment No. 1996-02, recorded March 29, 1996, as Instrument No. 113612; Parcels 1-3, inclusive, and Parcels 17-19, inclusive, as shown in Lot Line Adjustment 1996-03 recorded May 27, 1997, as Instrument No. 183510; as well as any and all nonexclusive easements appurtenant to any of the foregoing tracts, lots and parcels for vehicular and pedestrian ingress, egress and access, the drainage of surface waters and the installation, maintenance and repair of utilities. All of the above-described tracts, specified lots and parcels are as per the operative maps or instruments recorded in the Office of the County Recorder for Riverside County, California.

WHEREAS, pursuant to the Riverside County Superior Court's Order Granting Civil Code Section 4275 Petition in Case No. CVMV2101917, entered on August 6, 2021 ("Order"), this Seventh Amendment was approved based upon the affirmative votes cast for the Amendment.

WHEREAS, pursuant to Article XII, Section 12.02, of the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Sun Lakes Country Club, recorded on April 10, 1987, as Instrument No. 100128, in the Official Records of Riverside County, California, and all amendments and supplements thereto, and the attached Order, the following Seventh Amendment is to be attached to and become a part of that Declaration (insertions are in *italics*, deletions are ~~strikethrough~~):

#### Amendment

1. Section 18.03(a) of the Declaration is hereby amended to read in full as follows:
  - (a) Any Owner may delegate the Owner's rights to use and enjoy the Association Property to the Owner's tenants or lessees who reside in the Owner's Residence or *accessory dwelling unit ("ADU") or junior accessory dwelling unit ("JADU")* provided that any rental or lease may be only for residential use and for a term of not less than *one-year-30 consecutive days*. Further subletting by an Owner's lessee or tenant shall be prohibited. ~~Residences which are leased or rented upon a month-to-month basis on the date~~



~~of recordation of this Article may continue in effect so long as the same tenant or lessee remains in possession, but upon the termination of that lease or tenancy, the Residence shall be subject to the requirement of a minimum lease or rental term of one year.~~

2. Section 5.04 of Article V of the Declaration, which was previously amended by the Sixth Amendment, is hereby amended to read in full as follows:

Section 5.04. Delegation of Use.

Any Owner who resides within his Lot or Condominium may delegate his rights to use and enjoy the Association Properties to the members of his Family, and to their respective guests and invitees. If, however, an Owner has rented or leased his Lot or Condominium, his rights to use and enjoy the Association Properties shall be deemed to have been automatically delegated to his tenants or lessees for the duration of their tenancy, and said Owner and his Family release any rights to use and enjoy the Association Properties for the duration of such tenancy subject to Board Rules and Regulations. All tenants and lessees may, in turn, delegate their rights to use and enjoy the Association Properties to the members of their Family, and to their respective guests and invitees subject to Board Rules and Regulations. The Owner of any Lot improved with an Apartment Building may delegate his right and easement of use and enjoyment in and to the Association Properties to lessees or tenants of the Apartment Building, and such lessees or tenants may further delegate such rights of enjoyment and use to their Family, and their bona fide guests and invitees, subject to such reasonable Board Rules and Regulations as may be adopted by the Board. All tenancies shall be subject to the age limitations set forth in Article XIII hereof, and no Owner shall rent or lease his Lot *or ADU or JADU* or Condominium for transient or hotel purposes, or for a period of less than *thirty (30) days* ~~one year~~, nor shall an Owner rent or lease less than his entire Residence.

3. Amend existing Section 10.03 to read in full as follows:

Section 10.03. No Further Subdivision.

No Lot, Condominium, Association Properties or Common Area may be further subdivided, nor may any easement or other interest therein less than fee title (including a time-share estate or time-share use as defined in California Business and Professions Code Section 11003.5) be conveyed by the Owner thereof (including Participating Builders, the Association and any Sub-Association) without the prior written approval of the Master Architectural Committee, but excepting any subdivision or conveyance made by Declarant. Nothing in this Section shall be deemed to prevent an Owner from, or require the approval of the Master Architectural Committee for selling or leasing of entire Lots or selling or leasing of Condominiums to more than one person to be held by them as tenants in common, joint tenants, or as community property.

*An accessory dwelling unit ("ADU") or junior accessory dwelling unit ("JADU") may be installed upon a Lot following prior application to and receipt of architectural approval from the Master Architectural Committee and receipt of approval and a permit from the City of Banning. Any such ADU or JADU may be rented or leased by the Owner for residential purposes, subject to the Association's Declaration and Board Rules and Regulations, for a term of not less than 30 consecutive days.*

Except as expressly amended above, the balance of the Declaration, as amended previously hereto, remains in full force and effect.

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IN WITNESS WHEREOF, the undersigned Association has hereunto set its hand and seal this 19 day of November, 2021.

SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION

By: Marsha Midgett  
Named Printed: Marsha Midgett  
Its President

By: Lori Hazelton  
Named Printed: LORI HAZELTON  
Its Secretary

CERTIFICATE OF PRESIDENT

The undersigned, as the duly appointed President of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing Seventh Amendment was duly and properly approved pursuant to affirmative votes cast for the Amendment and the August 6, 2021, Riverside County Superior Court Order Granting Civil Code Section 4275 Petition in Case No. CVMV2101917.

Dated: 11/19/2021 Marsha Midgett  
Named Printed: Marsha Midgett  
Its President

CERTIFICATE OF SECRETARY

The undersigned, as the duly appointed Secretary of the Sun Lakes Country Club Homeowners Association, a California nonprofit mutual benefit corporation, hereby certifies that the foregoing Seventh Amendment was duly and properly approved pursuant to affirmative votes cast for the Amendment and the August 6, 2021, Riverside County Superior Court Order Granting Civil Code Section 4275 Petition in Case No. CVMV2101917.

Dated: 11/19/2021 Lori Hazelton  
Named Printed: LORI HAZELTON  
Its Secretary

ACKNOWLEDGMENT

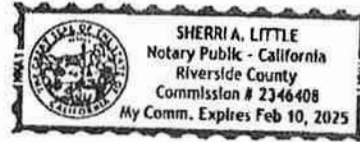
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Riverside )

On November 19, 2021, before me, SHERRI A. LITTLE, a Notary Public, personally appeared M. Lisa Martinez, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]

ACKNOWLEDGMENT

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

State of California )  
County of Riverside )

On November 19, 2021, before me, SHERRI A. LITTLE, a Notary Public, personally appeared A. Marsha Midgett, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]

1 PETER E. RACOBS (SBN 109390)  
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7 Telephone: (951) 369-6300  
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9 Attorneys for Petitioner SUN LAKES  
10 COUNTRY CLUB HOMEOWNERS  
11 ASSOCIATION

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF RIVERSIDE, RIVERSIDE JUDICIAL DISTRICT

12 In Re:  
13 SUN LAKES COUNTRY CLUB  
14 HOMEOWNERS ASSOCIATION, a  
15 California nonprofit mutual benefit  
16 corporation,  
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    Petitioner.

Case No. CVMV2101917

~~PROPOSED~~ ORDER GRANTING CIVIL  
CODE SECTION 4275 PETITION

ASSIGNED TO:  
JUDGE BELINDA A. HANDY  
Commissioner  
DEPARTMENT MV2

Hearing  
Date: July 15, 2021  
Time: 1:30 p.m.  
Dept.: MV2

Action Filed: May 27, 2021

20 The petition of SUN LAKES COUNTRY CLUB HOMEOWNERS ASSOCIATION, a  
21 California nonprofit mutual benefit corporation ("ASSOCIATION"), for an order modifying voting  
22 requirements pursuant to Civil Code Section 4275 came on regularly for hearing by this Court on  
23 July 15, 2021, at 1:30 p.m., in Department MV2 of the above-referenced Court. Petitioner appeared  
24 by counsel Amber T. Ashby of Fiore, Racobs & Powers.

25 Upon reading and considering all of the evidence presented to the Court and the argument of  
26 counsel and all parties present at the hearing, the Court finds as follows:  
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Electronically RECEIVED by Superior Court of California, County of Riverside on 07/19/2021 10:39 AM - W. Samuel Hamrick Jr., Executive Officer/Clerk of the Court By Petrina Usborn, Clerk  
FIORE, RACOBS & POWERS  
A PROFESSIONAL LAW CORPORATION  
6820 INDIANA AVENUE, SUITE 140  
RIVERSIDE, CALIFORNIA 92506-7202  
TELEPHONE (951) 369-6300

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- (1) That the ASSOCIATION's petition met all the requirements of Civil Code Section 4275;
- (2) That the ASSOCIATION gave at least 15 days' written notice of the July 15, 2021, Court hearing to all members of the ASSOCIATION;
- (3) That all balloting was conducted in accordance with the ASSOCIATION's election rules and procedures as well as applicable provisions of the Davis-Stirling Common Interest Development Act;
- (4) That the ASSOCIATION made a reasonably diligent effort to permit all eligible members of the ASSOCIATION to vote on the proposed amendment;
- (5) That more than 50 percent of the owners' votes, in a single-class voting structure, were voted in favor of the amendment;
- (6) The proposed amendment is reasonable; and
- (7) That granting the petition is not improper for any reason stated in Civil Code Section 4275(c)(6).

IT IS ORDERED, therefore, that the petition be granted and that the amendments to the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, recorded on April 10, 1987, as Instrument No. 100128, of the Official Records of Riverside County, State of California, and all amendments and supplements thereto ("Declaration"), is approved based on the approvals actually received.

IT IS ORDERED, the Declaration is hereby amended as follows (~~strike out~~ indicates words removed; *italics* are words added):

1. Section 18.03(a) of the Declaration is hereby amended to read in full as follows:

- (a) Any Owner may delegate the Owner's rights to use and enjoy the Association Property to the Owner's tenants or lessees who reside in the Owner's Residence *or accessory dwelling unit ("ADU") or junior accessory dwelling unit ("JADU")* provided that any rental or lease may be only for residential use and for a term of not less than ~~one year~~ *30 consecutive days*. Further subletting by an Owner's lessee or tenant shall be prohibited. ~~Residences which are leased or rented upon a month-to-month basis on the date of recordation of this Article may continue in effect so long as the same tenant or lessee remains in~~




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Committee and receipt of approval and a permit from the City of Banning. Any such ADU or JADU may be rented or leased by the Owner for residential purposes, subject to the Association's Declaration and Board Rules and Regulations, for a term of not less than 30 consecutive days.

IT IS FURTHER ORDERED that the ASSOCIATION record the foregoing amendments and that, within a reasonable time after the amendment is recorded, the ASSOCIATION shall mail a copy of the amendment to each member of the ASSOCIATION, together with a statement that the amendment has been recorded pursuant to Civil Code Sections 4275(f) and 4275(g).

IT IS SO ORDERED.

Dated: 08/06/2021

  
\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT  
Commissioner Honorable Belinda A. Handy



Each document to which this certificate is attached is certified to be a full, true and correct copy to the original on file and to record in my office.  
County of Riverside  
Superior Court of California  
\_\_\_\_\_  
DEPUTY  
Date: \_\_\_\_\_