

**RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:**

**ALTA VISTA, LLC
Attn: Teresa Garcia
340 Palladio Parkway, Suite 521
Folsom, CA 95630-8832**

(Space Above For Recorder's Use)

**MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIO DEL ORO**

TABLE OF CONTENTS

	Page
RECITALS	2
ARTICLE I DEFINITIONS	4
Section 1.01. "ADU" and "JADU"	4
Section 1.02. "Annexed Property"	4
Section 1.03. "Architectural Review Committee"	4
Section 1.04. "Architectural Rules"	4
Section 1.05. "Articles"	4
Section 1.06. "Assessment"	4
Section 1.07. "Board of Directors" or "Board"	4
Section 1.08. "Bylaws"	4
Section 1.09. "CalDRE"	4
Section 1.10. "City"	4
Section 1.11. "Commercial" and "Commercial Use"	5
Section 1.12. "Commercial/Industrial Act"	5
Section 1.13. "Commercial Owner"	5
Section 1.14. "Commercial Supplemental Declaration"	5
Section 1.15. "Common Expense"	5
Section 1.16. "Conditions of Approval"	5
Section 1.17. "Condominium" and "Condominium Project"	5
Section 1.18. "County"	6
Section 1.19. "Declaration of Annexation"	6
Section 1.20. "Davis-Stirling Act"	6
Section 1.21. "Declarant"	6
Section 1.22. "Design Guidelines"	6
Section 1.23. "Development"	7
Section 1.24. "Development Agreement"	7
Section 1.25. "Emergency Assessment"	7
Section 1.26. "Entitlements Documents"	7
Section 1.27. "Governing Documents"	7
Section 1.28. "Improvement"	7
Section 1.29. "Initial Covered Property"	8
Section 1.30. "Lot"	8
Section 1.31. "Maintenance Manual"	8
Section 1.32. "Maintenance Obligations"	8
Section 1.33. "Majority of a Quorum"	8
Section 1.34. "Master Association"	8
Section 1.35. "Master Association Rules"	9
Section 1.36. "Master Declaration"	9
Section 1.37. "Member"	9
Section 1.38. "Merchant Builder"	9
Section 1.39. "Mixed Use Project" or "Mixed Use Projects"	9
Section 1.40. "Mortgage"	9
Section 1.41. "Owner"	9

TABLE OF CONTENTS
(continued)

		Page
Section 1.42.	"Owner of Record	9
Section 1.43.	"Parcel	10
Section 1.44.	"Phase	10
Section 1.45.	"Planned Development	10
Section 1.46.	"Public Report	10
Section 1.47.	"RCMC	10
Section 1.48.	"Record	10
Section 1.49.	"Regular Assessment	10
Section 1.50.	"Reserves" and "Reserve Accounts	10
Section 1.51.	"Residence	11
Section 1.52.	"Residential Phase.....	11
Section 1.53.	"Separate Interest	11
Section 1.54.	"Single Family Residential Use	11
Section 1.55.	"Special Assessment	11
Section 1.56.	"Special Individual Assessment.....	11
Section 1.57.	"Standard Subdivision.....	11
Section 1.58.	"Sub-Association	11
Section 1.59.	"Subdivision Map	12
Section 1.60.	"Subsequent Phase Property	12
Section 1.61.	"Supplemental Declaration	12
Section 1.62.	"Voting Power.....	12
ARTICLE II	PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS.....	12
Section 2.01.	Declaration Regarding the Real Property Comprising the Rio Del Oro Development	12
Section 2.02.	Delegation of Use of Residences and Separate Interests	13
Section 2.03.	Obligations of Owners	14
ARTICLE III	RIO DEL ORO MASTER ASSOCIATION.....	16
Section 3.01.	Formation of the Master Association.....	16
Section 3.02.	Association Action; Board of Directors and Officers.....	16
Section 3.03.	Membership in the Master Association	16
Section 3.04.	Membership Voting	16
Section 3.05.	Assessments	17
Section 3.06.	Transfer of Memberships.....	17
Section 3.07.	Powers and Authority of the Master Association	17
Section 3.08.	Association Rules.....	18
Section 3.09.	Breach of Rules or Restrictions	19
Section 3.10.	Limitation on Liability of the Master Association's Directors and Officers.....	19
ARTICLE IV	ASSESSMENTS.....	20

TABLE OF CONTENTS
(continued)

	Page
Section 4.01. Assessments Generally	20
Section 4.02. Regular Assessments	20
Section 4.03. Special Assessments	22
Section 4.04. Special Individual Assessments	23
Section 4.05. Assessments to Address Emergency Situations.....	24
Section 4.06. Purpose and Reasonableness of Assessments	24
Section 4.07. Exemption of Certain Portions of the Development From Assessments	24
Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 and 4.03	24
Section 4.09. Maintenance of Assessment Funds	25
Section 4.10. Delinquency Dates and Collection of Delinquent Assessments	26
Section 4.11. Transfer of Lot; Effect on Assessment Obligations.....	27
 ARTICLE V ARCHITECTURAL REVIEW AND APPROVAL OF IMPROVEMENT PROJECTS	 28
Section 5.01. Architectural Review Committee Approval of Improvements	28
Section 5.02. Establishment of Architectural Review Committee	29
Section 5.03. Duties of the Architectural Review Committee.....	29
Section 5.04. Meetings of the Architectural Review Committee	30
Section 5.05. Separate or Subordinate Committees.....	30
Section 5.06. Architectural Rules	30
Section 5.07. Basis for Approval of Improvements.....	31
Section 5.08. Planned Development and Condominium Projects	32
Section 5.09. Inspection Fee and Deposits	32
Section 5.10. Delivery of Plans and Specifications	32
Section 5.11. Time Limits for Approval or Rejection	33
Section 5.12. Proceeding with Work	33
Section 5.13. Failure to Complete Work	33
Section 5.14. Inspection of Work by Architectural Review Committee	34
Section 5.15. Enforcement of Architectural Review and Approval Requirements	34
Section 5.16. Variances.....	35
Section 5.17. Compliance Certificate	35
Section 5.18. Limitation on Liability.....	35
Section 5.19. Compliance with Governmental Regulations	35
Section 5.20. Appeals	36
 ARTICLE VI MINIMUM IMPROVEMENT STANDARDS.....	 36
Section 6.01. Outdoor Lighting	36
Section 6.02. Installation of Landscape Improvements	36
Section 6.03. No Temporary Structures.....	36
Section 6.04. Solar Heating Systems	36

TABLE OF CONTENTS
(continued)

	Page
Section 6.05. Antennas, Aerials and Satellite Dishes	37
Section 6.06. No Interference with Drainage.....	37
Section 6.07. Patio Enclosures and Other Projects Involving Structures in Rear Yards	38
Section 6.08. Front Yard Parking and Paving Projects.....	38
Section 6.09. Fences, Walls and Screening Structures	38
 ARTICLE VII MAINTENANCE RESPONSIBILITIES OF PROPERTY OWNERS.....	 38
Section 7.01. Landscaping and Fencing	38
Section 7.02. Owner Maintenance and Repair Responsibilities	39
Section 7.03. Drainage Structures, Ditches and Swales	39
 ARTICLE VIII USE OF PROPERTY WITHIN THE DEVELOPMENT AND RESTRICTIONS	 40
Section 8.01. Residential Property Use Restrictions	40
Section 8.02. Commercial Use Restrictions	45
Section 8.03. Visibility Restrictions at Driveways and Intersections	45
Section 8.04. Variances.....	45
Section 8.05. Enforcement of Property Use Restrictions	45
 ARTICLE IX EASEMENTS.....	 45
Section 9.01. Easements for Utilities.....	45
Section 9.02. Easements for Drainage	46
Section 9.03. Easements for Slope and Drainage Maintenance.....	46
Section 9.04. Easements for Construction and Sales Activities of the Declarant and Merchant Builders	46
Section 9.05. Other Easements	46
Section 9.06. Priority of Easements.....	46
 ARTICLE X INSURANCE.....	 46
Section 10.01. Types of Insurance Coverage.....	47
Section 10.02. Copies of Policies	47
Section 10.03. Adjustment of Losses.....	47
Section 10.04. Obligation of Owners to Insure Their Residences, Units, and Personal Property	47
 ARTICLE XI DAMAGE OR DESTRUCTION OF RESIDENCES AND SPEARATE INTERESTS.....	 47
Section 11.01. Obligation to Rebuild or Clear Damaged Structures	47

TABLE OF CONTENTS

(continued)

	Page
Section 11.02. Architectural Review Committee Approval	47
Section 11.03. Time Limitation for Reconstruction or Removal.....	48
Section 11.04. Damage or Destruction of Residences of Other Separate Interests or Other Improvements in Planned Developments or Condominium Projects.....	48
ARTICLE XII BREACH AND DEFAULT.....	48
Section 12.01. Remedy at Law Inadequate.....	48
Section 12.02. Nuisance.....	48
Section 12.03. Attorneys' Fees.....	48
Section 12.04. Cumulative Remedies; Adoption of Fine Schedule.....	49
Section 12.05. Failure Not a Waiver.....	49
Section 12.06. Legal Principles Applicable to Enforcement	49
Section 12.07. Due Process Requirements for Disciplinary Proceedings	50
Section 12.08. Enforcement by the City	51
Section 12.09. Assessment Collection Actions.....	51
Section 12.10. Dispute Resolution Procedures Applicable to Declarant Disputes.....	51
ARTICLE XIII PROTECTION OF MORTGAGEES	51
Section 13.01. Assessment Lien Subordinated	52
Section 13.02. Amendment of This Master Declaration.....	52
Section 13.03. Default by Owner; Mortgagee's Right to Vote	52
Section 13.04. Breach; Obligation After Foreclosure.....	52
Section 13.05. Superiority of Mortgage to Condemnation Proceeds.....	52
Section 13.06. Quality of Future Improvements.....	52
ARTICLE XIV ANNEXATION, SUPPLEMENTAL DECLARATIONS	52
Section 14.01. Annexations, Generally.....	53
Section 14.02. Unilateral Annexations	53
Section 14.03. Other Annexations	53
Section 14.04. Declaration of Annexation.....	53
Section 14.05. Supplemental Declarations	54
Section 14.06. Reconciling Conflicts Among Documents	55
Section 14.07. De-Annexation and Amendment	55
Section 14.08. Taxes and Assessments.....	55
Section 14.09. Infrastructure Improvements.....	55
Section 14.10. Effect of Annexation.....	55
Section 14.11. Amendment of Annexation Provisions.....	56
ARTICLE XV DECLARANT PRIVILEGES AND EXEMPTIONS	56

TABLE OF CONTENTS
(continued)

	Page
Section 15.01. Interest of the Declarant; Material Actions Requiring Declarant Approval	56
Section 15.02. Exemptions from Restrictions Otherwise Applicable.....	57
Section 15.03. Exemptions from Restrictions Otherwise Applicable.....	57
Section 15.04. Extension of Privileges and Exemptions to Merchant Builders	58
Section 15.05. Amendment of Plans.....	58
Section 15.06. Right to Enforce Design Review and Approval Requirements	58
Section 15.07. Termination of Any Responsibility of Declarant.....	58
Section 15.08. No Amendment or Repeal	59
ARTICLE XVI NOTICES.....	59
Section 16.01. Mailing Addresses	59
Section 16.02. Personal Service Upon Co-Owners and Others	59
Section 16.03. Deposit in United States Mails	59
ARTICLE XVII NO PUBLIC RIGHTS IN THE DEVELOPMENT.....	59
ARTICLE XVIII AMENDMENT OF THIS DECLARATION	60
Section 18.01. Amendment Before Close of First Sale	60
Section 18.02. Amendment After Close of First Sale.....	60
Section 18.03. Restatements	61
Section 18.04. General.....	61
Section 18.05. Form of Restatement.....	61
Section 18.06. Department of Real Estate	61
Section 18.07. Effective Date of Amendment	61
Section 18.08. Reliance on Amendments	61
ARTICLE XIX GENERAL PROVISIONS.....	62
Section 19.01. Term.....	62
Section 19.02. Termination of Any Responsibility of the Declarant.....	62
Section 19.03. Statutory References	62
Section 19.04. Construction.....	62
EXHIBIT "A" LEGAL DESCRIPTION OF THE INITIAL COVERED PROPERTY.....	65
EXHIBIT "B" LEGAL DESCRIPTION OF THE SUBSEQUENT PHASE PROPERTY.....	66
EXHIBIT "C" ALTA VISTA, LLC DISPUTE RESOLUTION PROCEDURES.....	67

**MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIO Del ORO**

This Master Declaration is made by Alta Vista, LLC, an Arizona corporation (the "**Declarant**").

RECITALS

A. The Declarant is the owner of that certain real property located in the City of Rancho Cordova, County of Sacramento, State of California, more particularly described in Phase 1 (the "**Initial Covered Property**"). The Initial Covered Property constitutes the initial Phase of a multi-Phase residential real estate subdivision commonly known as "**Rio Del Oro**" which, if developed in accordance with present planning and entitlements could include as many as 5,000 homes, 3 million square feet of commercial and industrial space and parks and other open space areas located on approximately 1750 acres. At times herein, Rio Del Oro is simply referred to as the "**Development**."

B. The Declarant is also the owner of the real property described in Exhibit "B" that is located adjacent to the Initial Covered Property (the "**Subsequent Phase Property**"). Initially, this Master Declaration shall apply only to the Initial Covered Property. However, portions of the Subsequent Phase Property may be subjected to the covenants, conditions, restrictions, and equitable servitudes of this Master Declaration by the process of annexation that is set forth in Article XIV, below ("**Annexation; Supplemental Declarations**"). In the event of any such annexation, the annexed portion(s) of the Subsequent Phase Property shall thereupon become part of the Development. Article XIV of this Master Declaration also includes provisions which authorize the recordation of Supplemental Declarations, applicable to any Annexed Property and for the de-annexation of property from this Master Declaration under certain terms and conditions.

C. The Declarant hereby declares that all of the Initial Covered Property and any portion of the Subsequent Phase Property that is later annexed hereto in order to become part of the Development shall be held, sold and conveyed subject to the following easements, restrictions, associations, reservations, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of Rio Del Oro as residential real estate development. These covenants, easements, restrictions, conditions, associations and reservations: (i) create a general plan and scheme for the subdivision development, sale and use of the Development; (ii) are for the benefit and protection of the Development and for the protection and enhancement of the desirability, value and attractiveness of all Lots or Separate Interests located therein; (iii) run with the Development and bind all parties having or acquiring any right, title or interest in the real property comprising any portion of the Development; and (iv) inure to the benefit of the successors and assigns of each Owner of any real property constituting a portion of the Development.

D. In accordance with the Entitlements Documents identified in Section 1.26, below, future Phases of Rio Del Oro may also include commercial developments, condominium projects, planned developments, and mixed-use projects. If any of those types of development are included in a subsequent Phase of Rio Del Oro, it is likely that the Supplemental Declaration applicable to that Phase will include a Sub-Association that has primary responsibility for implementing, administering and enforcing any common interest elements of the Annexed Property.

E. Notwithstanding the anticipated development of Rio Del Oro in accordance with the plan of phased development contemplated by this Master Declaration and the Entitlement Documents, nothing in this Master Declaration shall be construed or interpreted to commit the Declarant to the development of any portion of the Subsequent Phase Property in accordance with any present planning, or to the annexation of all or any part of the Subsequent Phase Property to this Master Declaration, whether or not it is so developed. Accordingly, nothing contained herein shall obligate either the Declarant to refrain from the further subdivision or re-subdivision of the lands comprising the Subsequent Phase Property owned by either entity, and the Declarant shall be free to so further subdivide or re-subdivide, so long as the modified plans and consistent with the Entitlements Documents. Nothing contained herein shall obligate the Declarant to refrain from the further subdivision, re-subdivision or reversion to acreage of portions of any portion of the Subsequent Phase Property not theretofore annexed, and the Declarant shall be free to so further subdivide or re-subdivide, or revert those portions of the Subsequent Phase Property owned by the Declarant.

F. It is the intention of the Declarant that this Master Declaration create equitable servitudes and covenants running with the land in accordance with Civil Code section 1468, but that the Development not constitute a common interest development as defined in Civil Code section 4100 that would be subject to the Davis-Stirling Common Interest Development Act (California Civil Code section 4000 et seq.). Nevertheless, given the potential size of the Rio Del Oro development it is possible that portions of the Subsequent Phase Property could be developed as common interest developments or as commercial or industrial projects that would be subject to the Commercial and Industrial Common Interest Development Act (California Civil Code section 6500 et seq.). Those possible future developments within any portion of the Subsequent Phase Property would be documented pursuant to a Supplemental Declaration recorded in accordance with Article XIV, below, and would be subject to the jurisdiction of a Sub-Association created pursuant to the Supplemental Declaration applicable to that Phase of the Annexed Property.

G. It is the further intention of the Declarant to organize the Rio Del Oro Master Association as a California nonprofit mutual benefit corporation (the "**Master Association**") and for the memberships in the Master Association to be limited to the Owners of record of Lots or Separate Interests within the Rio Del Oro development. Memberships in the Master Association shall be appurtenant to and shall pass with conveyance of a fee simple interest in any Lot or Separate Interest within the Development. The principal purposes of the Master Association shall be to administer the design review and approval process set forth in Article V, below, once that responsibility has been delegated to the Master Association by the Declarant, and to fairly and uniformly enforce and administer the other covenants, conditions, restrictions and equitable

servitudes set forth in this Master Declaration and the other Governing Documents of the Master Association and any duly adopted amendments thereto.

ARTICLE I DEFINITIONS

Section 1.01. "**ADU**" and "**JADU**" shall mean and refer to an Accessory Dwelling Unit or Junior Accessory Dwelling Unit as defined in Civil Code section 4751 and Sections 65852.2 and 65852.22 of the California Government Code, respectively, and which meets the requirements of those Civil and Government Code sections and other applicable County ordinances.

Section 1.02. "**Annexed Property**" is a term that means and refers to portions of the Subsequent Phase Property that is later annexed to this Master Declaration and subjected to the Master Association in accordance with the annexation provisions set forth in Article XIV, below.

Section 1.03. "**Architectural Review Committee**" means the committee created by the Declarant and subsequently administered by the Association in accordance with Article V, below.

Section 1.04. "**Architectural Rules**" means the Architectural Rules and procedural rules of the Architectural Review Committee, adopted pursuant to Section 5.05, below. Any Architectural Rules adopted by the Board of Directors of the Master Association shall be consistent with the Rio Del Oro Design Guidelines.

Section 1.05. "**Articles**" means the Articles of Incorporation of the Master Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.06. "**Assessment**" means any Regular, Special, Special Individual or Emergency Assessment made or assessed by the Master Association against an Owner and his or her Lot or Separate Interest in accordance with the provisions of Article IV, below.

Section 1.07. "**Board of Directors**" or "**Board**" means the Board of Directors of the Master Association.

Section 1.08. "**Bylaws**" means the Bylaws of the Master Association; as such Bylaws may be amended from time to time.

Section 1.09. "**CalDRE**" means and refers to the California Department of Real Estate which regulates real property sales transactions that are subject to the Subdivided Lands Act, California Business & Professions Code section 11000, et seq.

Section 1.10. "**City**" means the incorporated municipal City of Rancho Cordova, in the County of Sacramento, State of California, and its various departments, divisions, employees and representatives.

Section 1.11. "**Commercial**" and "**Commercial Use**" are terms that mean and refer to any development or use of a Separate Interest, Site or Parcel for non-residential purposes and also to that portion of any Site or Parcel that is developed for mixed use (residential and Commercial). As so defined, "Commercial" includes retail, professional office, commercial storage, warehouse, industrial, and other similar non-residential uses authorized by the Architectural Review Committee and by applicable County ordinances and the Entitlements Documents. The commercial spaces or elements of a Mixed-Use Project are also "Commercial Uses" for purposes of this Master Declaration, although Mixed Use Projects remain subject to the jurisdiction of the CalDRE if the Project includes five (5) or more separate interests (see Civil Code section 11010.3).

Section 1.12. "**Commercial/Industrial Act**" means and refers to the Commercial and Industrial Common Interest Development Act (California Civil Code section 6500 et seq.), as amended from time to time. The Commercial /Industrial Act applies to common interest developments that are exclusively zoned or dedicated to commercial or industrial uses (Civil Code section 6531). There are no commercial/industrial common interest developments in the Initial Covered Property.

Section 1.13. "**Commercial Owner**" means any Person who is the Owner of a Lot or Parcel that is zoned for development for commercial, industrial, or multi-family uses. Commercial Owners are a sub-set of Merchant Builders.

Section 1.14. "**Commercial Supplemental Declaration**" means and refers to an instrument Recorded pursuant to Section 14.05, below, and approved by the Master Declarant that solely pertains to a Phase of the Development that is being developed by either the Master Declarant or a Merchant Builder as a Commercial Area and which imposes conditions, covenants, or restrictions or reserves easements in addition to or different from the conditions, covenants, restrictions and easements established in this Master Declaration.

Section 1.15. "**Common Expense**" means any use of Common Funds authorized by Article IV, below, and includes, without limitation: (i) all expenses or charges reasonably incurred to procure insurance for the protection of the Master Association and its Board of Directors; (ii) the use of Master Association funds to defray the costs of administering the architectural review and approval process and to enforce the private covenants and conditions set forth in this Master Declaration and the Master Association Rules; and (iii) any other expenses incurred by the Master Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 1.16. "**Conditions of Approval**" means and refers to two documents by that name relating to the Rio Del Oro development, namely the Conditions of Approval presented in the City Council Staff Report applicable to Project Number DD8403, dated August 29, 2016.

Section 1.17. "**Condominium**" and "**Condominium Project**" shall be defined as set forth in Civil Code sections 4125 and 6542. There are no Condominium Projects within the Initial Covered Property (as identified in Exhibit "A" of this Master Declaration). In the event that any portion of the Subsequent Phase Property is developed as a Condominium Project, that Project and the Condominium Units and Common Areas therein shall be subject to the Davis-

Stirling Act (if it is a residential Condominium Project) or to the Commercial/Industrial Act (if it is a commercial or industrial Condominium Project).

Section 1.18. "**County**" means the County of Sacramento, State of California, and its various departments, divisions, employees and representatives.

Section 1.19. "**Declaration of Annexation**" shall have the meaning given to that term in Section 14.04, below. A Declaration of Annexation is the recorded instrument that subjects portions of the Subsequent Phase Property to this Master Declaration and to the jurisdiction of the Master Association. As stated in Article XIV, below, the Declaration of Annexation can include a Supplemental Declaration that supplements the covenants, conditions and restrictions set forth in this Master Declaration as applied to the Annexed Property.

Section 1.20. "**Davis-Stirling Act**" means and refers to the Davis-Stirling Common Interest Development Act (California Civil Code section 4000 et seq.), as the same may be amended from time to time. The Davis-Stirling Act applies to residential and mixed-use common interest developments (Civil Code section 4100). There are no common interest developments in the Initial Covered Property.

Section 1.21. "**Declarant**" means Alta Vista, LLC, an Arizona corporation. The term "Declarant" shall also refer to any successors and assigns of the named Declarant, if such successor or assign acquires any or all of any Declarant's interest in the Initial Covered Property or all or any portion of the Subsequent Phase Property for the purpose of purchase or sale, and the transferor Declarant (with the prior consent of any other Declarant) has expressly transferred or assigned to such successors or assigns its rights and duties as a Declarant to any portion or all of the Rio Del Oro development. For any successor or assignee of the Declarant to be deemed a Declarant under the terms of this Master Declaration, the Declarant or the co-Declarants (as the case may be) shall Record in the County a certificate so designating the successor assignee as the Declarant or as a co-Declarant.

A successor Declarant shall also be deemed to include the beneficiary under any deed of trust securing an obligation from a then-existing Declarant encumbering all or any portion of the Initial Covered Property or any real property subsequently annexed thereto, if the beneficiary has acquired any such property by foreclosure, power of sale or deed in lieu of such foreclosure or sale.

So long as expressly consented to by the Declarant named herein (or its successors in interest who have been expressly granted this consent authority) there may be more than one Declarant at any given time; provided, however, that in the case of multiple Declarants, each Declarant shall be a Declarant only with respect to those portions of the Development owned by that Declarant and the rights and obligations of the Declarants with respect to the Master Association and its Members shall be exercised as agreed among the co-Declarants with the consent of the Department of Real Estate.

Section 1.22. "**Design Guidelines**" is a document by that name which was prepared by the Declarant to identify general principles of development and construction within the Rio Del Oro development that are intended to be advisory in nature. The Design Guidelines address the

design of parks and open spaces, circulation and streetscape, residential, commercial and industrial land uses, and design details such as lighting, fencing and signage. Accordingly, the City's Design Guidelines are broader in scope than the Architectural Rules of the Master Association and in the event of any conflict between the Design Guidelines and the Architectural Rules, the requirements of the Design Guidelines shall prevail.

Section 1.23. "**Development**" means and refers to the Rio Del Oro development that is being constructed, marketed and sold by the Declarant in accordance with the Entitlements Documents. Initially, the Development is comprised of the Initial Covered Property and the improvements constructed by the Declarant therein. However, portions of the Subsequent Phase Property can be subjected to this Master Declaration and made a part of the Development in accordance with the annexation process set forth in Article XIV, below. At times the Development is referred to herein by its common name for identification and marketing purposes, which is **Rio Del Oro**.

Section 1.24. "**Development Agreement**" means and refers to the "Amended and Restated Development Agreement by and between the City of Rancho Cordova and Alta Vista, LLC Relative to the Rio Del Oro Project," that was recorded in the Official Records of Sacramento County, California on June 10, 2020, as Document No. 202006101878.

Section 1.25. "**Emergency Assessment**" means and refers to an Assessment imposed by the Master Association pursuant to Section 4.05, below, in response to an Emergency Situation.

Section 1.26. "**Entitlements Documents**" is a collective term which means and refers to:

- (a) The Conditions of Approval (see Section 1.16, above);
- (b) The Design Guidelines of the City of Rancho Cordova (see Section 1.22), above;
and
- (c) The Development Agreement (see Section 1.24, above).

Section 1.27. "**Governing Documents**" is a collective term that means and refers to this Master Declaration and to the Articles of Incorporation and the Bylaws of the Master Association and to the Master Association Rules. With respect to particular future Phases of Rio Del Oro that may be annexed to the Development in accordance with Article XIV, below. In the context of future Phases that are Annexed to the Development, any Supplemental Declaration shall also constitute a Governing Document as to the Lots or Separate Interests within that Annexed Phase.

Section 1.28. "**Improvement**" is a term that is used in this Declaration to identify improvement and construction projects that an Owner (other than the Declarant or a Co-Declarant) may wish to pursue on his or her Lot that require the prior written approval of the Master Association's Architectural Review Committee in accordance with Article V, below. In that context, the term "Improvement" includes the following, without limitation: the construction, installation, alteration or remodeling of any Residence, garages, permitted out buildings, walls, fences, swimming pools, landscaping, landscape structures, patio awnings, solar

heating equipment, spas, antennas, television satellite reception equipment, utility lines, the addition of parking areas on Lots that were not part of the original construction by the Declarant, or any other structure of any kind. In no event shall the term "Improvement" include any improvement, alteration or construction project located entirely within an existing Residence structure.

Section 1.29. **"Initial Covered Property"** means and refers to the first Phase of the Development, namely the real property that is more particularly described in Exhibit "A," and any improvements constructed, erected or maintained thereon. The Initial Covered Property is being developed by the Declarant as a Standard Subdivision, as defined in Section 1.54, below.

Section 1.30. **"Lot"** means any parcel of real property designated by a number on the Subdivision Map for any portion of the Development. When appropriate within the context of this Master Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on the Lot. As used in this Master Declaration there are two types of "Lots" namely: (i) Lots which are numbered Parcels on a Subdivision Map for a Standard Subdivision; and (ii) Lots which are numbered Parcels on a Subdivision Map for a Planned Development (Civil Code sections 4175 or 6562) in which case the Lot also constitutes a "Separate Interest" as defined in Civil Code section 4184 or 6564). Within the Initial Covered Property, all Lots are Standard Subdivision Lots.

Section 1.31. **"Maintenance Manual"** refers to the manual which may be prepared by the Declarant or its agents and provided to the Master Association and to each Owner specifying obligations for maintenance of Lots, Separate Interests, and Residences by the Owners, as updated and amended from time to time. In the event that a Phase of the Subsequent Phase Property is sold to a Merchant Builder, it is anticipated that the Merchant Builder will prepare and distribute to future Owners its own Maintenance Manual.

Section 1.32. **"Maintenance Obligations"** means the obligations imposed by Civil Code Section 907 on each Owner to perform, which shall include: (i) all reasonable maintenance obligations and schedules identified in the Maintenance Manual that pertain to the Owner's property at the times and in a manner consistent with the terms, recommendations and requirements of the Maintenance Manual; (ii) any maintenance obligations and schedules contained in any warranty offered by the Declarant or any manufacturer of any products or components originally installed in a Residence; and (iii) any maintenance obligations and/or schedules otherwise provided, in writing, by the Declarant or a manufacturer to the Owners. "Maintenance Obligations" shall also include and refer to any commonly accepted maintenance practices to prolong the useful life of the materials and construction of the Residences within the Development.

Section 1.33. **"Majority of a Quorum"** means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy or the number of members casting written ballots equals or exceeds the quorum requirement for Member action, as specified by the Bylaws or otherwise by statute.

Section 1.34. **"Master Association"** means the Rio Del Oro Master Association, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 1.35. "**Master Association Rules**" means the rules, regulations and policies adopted by the Board of Directors of the Master Association, pursuant to Section 3.08, below, as the same may be in effect from time to time. Once the Architectural Review Committee is a committee whose members are all appointed by the Master Association's Board of Directors (see Section 5.02, below), the Master Association Rules shall also include the Architectural Rules.

Section 1.36. "**Master Declaration**" means this instrument, as it may be amended and supplemented from time to time in accordance with Articles XIV (**Annexation and Supplemental Declarations**) and XVIII (**Amendment**), below.

Section 1.37. "**Member**" means every person or entity who holds a membership in the Master Association and whose rights as a Member are not suspended pursuant to Section 12.06, below.

Section 1.38. "**Merchant Builder**" means a person who is designated by the Master Declarant as a Merchant Builder in a Declaration of Annexation, Supplemental Declaration or other Recorded instrument and who acquires a portion of the Development for the purpose of developing the acquired property for resale to the general public. The term "**Merchant Builder**" does not include the Declarant, although a Merchant Builder can be designated as a Co-Declarant with respect to the property in the Development that the Merchant Builder has acquired. The instrument designating a Merchant Builder as a "Co-Declarant" may also give that Co-Declarant the authority to designate another builder who acquires a Phase or other portion of the Development then owned by the Co-Declarant as a Merchant Builder.

Section 1.39. "**Mixed Use Project**" or "**Mixed Use Projects**" means and refers to a Phase of the Development or to a Parcel within the Development that is developed to include both commercial and residential Separate Interests, whether integrated in a single building or located in separate self-contained buildings or areas within the same Mixed-Use Project.

Section 1.40. "**Mortgage**" means any security device encumbering all or any portion of the Development, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.41. "**Owner**" means any person, firm, corporation or other entity which owns a fee simple interest in any Lot, Parcel, or Separate Interest in the Development. The term "Owner" shall include the Declarant for so long as the Declarant possesses any Lot, Separate Interests or Parcels within the Development, and, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner. If a Lot, Parcel, or Separate Interest is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust. If a Lot, Parcel or Separate Interest is conveyed to an entity other than a trust, the "Owner" who has the right to represent the interests of that Lot, Parcel or Separate Interest in matters relating to the Master Association must be a principal of that entity-Owner.

Section 1.42. "**Owner of Record**" means any person, firm, corporation or other entity in which title to a Lot or Separate Interest is vested as shown by the official records of the Office of the County Recorder.

Section 1.43. "**Parcel**" means any separate plot of land within Rio Del Oro that is shown on any Recorded Subdivision Map, or shown on or described by a Recorded parcel map, lot line adjustment, re-subdivision or certificate of compliance, or the like, which is not a Lot, common area (as defined in Civil Code section 4095), a Separate Interest, or a separate plot to be dedicated to the City, the County or some other governmental agency.

Section 1.44. "**Phase**" means the Initial Covered Property and one or more Lots or Separate Interests within any portion of the Subsequent Phase Property that is annexed to the Development.

Section 1.45. "**Planned Development**" shall be defined as set forth in Civil Code section 4175 (residential Planned Developments) or Civil Code section 6562 (commercial or industrial Planned Developments). There are no Planned Developments in the Initial Covered Property. In the event that any portion of the Subsequent Phase Property is developed as a Planned Development, that development and the Separate Interests and Common Areas therein shall be subject to the Davis-Stirling Act (if it is a residential Condominium Project) or to the Commercial/Industrial Act (if it is a commercial or industrial Condominium Project).

Section 1.46. "**Public Report**" means a final subdivision public report issued by the Department of Real Estate in compliance with California Business and Professions Code section 11000 et seq., or any similar California statute hereafter enacted. Standard Subdivisions that are located entirely within the jurisdiction of a City and which include Lots improved with completed Residences are not required to obtain a Public Report (Business & Professions Code section 11010.4) however it is the intention of the Declarant to obtain a Public Report for all Phases that are subjected to this Master Declaration and developed by the Declarant.

Section 1.47. "**RCMC**" shall mean the Rancho Cordova Municipal Code.

Section 1.48. "**Record**" means, with respect to any document, the recordation or filing of such document in the Office of the County Recorder.

Section 1.49. "**Regular Assessment**" means an Assessment levied against an Owner and his or her Lot or Separate Interest in accordance with Section 4.02, below.

Section 1.50. "**Reserves**" and "**Reserve Accounts**" mean and refer to those funds that the Board of Directors of the Association has identified and set aside for use to defray the future repair or replacement of, or additions to, the major components of the Development that the Association is obligated to maintain, repair and eventually replace in one or more **Reserve Accounts**. The amounts required to properly fund Reserves (the "**Reserve Funds**") shall be determined annually by the Board in accordance with the standards prescribed by maintenance cost guidelines prepared in accordance with California Civil Code section 5550 and prudent property management practices generally applied in "common interest developments" in the geographic region in which the Development is located. Among other elements, the Reserve planning process set forth in Civil Code section 5550 requires the Board to conduct periodic studies of Reserve Account requirements (each a "**Reserve Study**") which must include a "**Reserve Funding Plan**" that indicates how the Association intends to fund the contributions to Reserve Accounts required to meet the Association's maintenance, repair and replacement

obligations. Due to the limited mission of the Master Association under this Master Declaration it is not anticipated that the Master Association will have any Reserve Funding obligations --- at least not for the Initial Covered Property.

Section 1.51. "**Residence**" means a dwelling that is designed and intended for use and occupancy by a single family, whether constructed on an individual Lot or Separate Interest in a Planned Development or as part of a Condominium Project or as a Residence in a Standard Subdivision. The term "Residence" applies to individual dwelling units whether the dwelling unit is detached or part of a multi-unit building so long as it is intended for residential occupancy.

Section 1.52. "**Residential Phase**" means any Phase of the Development that is so classified in this Master Declaration or by any Supplemental Declaration or any Separate Interests that are developed and sold solely for residential occupancy or as part of a Mixed-Use Project that includes both Residential and Commercial uses and spaces.

Section 1.53. "**Separate Interest**" means and refers to an individual Unit in a Condominium Project, a separately owned Lot or Separate Interest, or Common Area parcel or area in a Planned Development, or any other type of Separate Interest that is defined as such in either section Civil Code section 4185 (residential common interest developments) or Civil Code section 6564 (commercial or industrial common interest developments).

Section 1.54. "**Single Family Residential Use**" means occupation and use of a Residence for single family dwelling purposes in conformity with this Master Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Section 1.55. "**Special Assessment**" means an Assessment levied against an Owner and his or her Lot or Separate Interest in accordance with Section 4.03, below.

Section 1.56. "**Special Individual Assessment**" means an Assessment levied against an Owner and his or her Lot or Separate Interest in accordance with Section 4.04, below.

Section 1.57. "**Standard Subdivision**" means and refers to a subdivision that does not include any Common Areas, as defined in California Civil Code sections 4095 or 6532. As in the case of Rio Del Oro, the Lots in a Standard Subdivision may be subject to a declaration of covenants, conditions and restrictions in accordance with Civil Code section 1468 and that declaration may call for the formation of an owners' association to perform certain maintenance or enforcement obligations in the development, however that association cannot have lien and foreclosure rights that are granted to common interest owner association pursuant to Civil Code sections 5700 through 5705 (residential common interest developments) or 6820 (commercial/industrial developments).

Section 1.58. "**Sub-Association**" means and refers to an association that is comprised of the Owners of Lots or Separate Interests that is formed pursuant to a Declaration of Annexation or a Supplemental Declaration and which has jurisdiction over all or portions of the real property identified in a Declaration of Annexation for a portion of the Subsequent Phase Property.

Section 1.59. "**Subdivision Map**" means the map for any Phase or portion of the Development.

Section 1.60. "**Subsequent Phase Property**" This Master Declaration contemplates that all or portions of those real properties more particularly described in Exhibit "B" attached hereto, which are not initially subject to this Master Declaration, may, from time to time, be made subject to this Master Declaration by the annexation process described in Article XIV, below. Any portion of the real property described in Exhibit "B" that is not, at a particular time, subject to this Master Declaration is referred to as "**Subsequent Phase Property**."

Section 1.61. "**Supplemental Declaration**" means any declaration Recorded pursuant to Section 14.05, below, which supplements this Master Declaration and which may solely affect an annexed Phase of the Subsequent Phase Property.

Section 1.62. "**Voting Power**" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at any time a determination of voting rights is made. To be part of the Voting Power, a Member must be in good standing as defined in the Bylaws and/or the Master Association Rules.

ARTICLE II

PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

Section 2.01. Declaration Regarding the Real Property Comprising the Rio Del Oro Development.

(a) Real Property Subject to this Master Declaration. The Initial Covered Property and any portion of the Subsequent Phase Property that is subsequently annexed to the Rio Del Oro Development in accordance with Article XIV, below, shall be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only upon compliance with and subject to the provisions of this Master Declaration, which is hereby declared to: (i) be in furtherance of a plan for the subdivision of the real property comprising the Development and the sale of residential Lots or Separate Interests within the Rio Del Oro development; (ii) be for the benefit and protection of the real property and Improvements within the Development and to enhance the desirability, value and attractiveness of that real property and Improvements; (iii) be for the benefit of the Owners; (iv) run with the land and be binding upon all parties having or acquiring any right, title or interest in the Development or any portion thereof; (v) inure to the benefit of every portion of the Development and any interest therein; and (vi) inure to the benefit of and be binding upon each Owner, the Declarant and each successor in interest of the Declarant as long as the Declarant or any successor shall hold an interest in any portion of the Initial Covered Property or the Subsequent Phase Property.

(b) Binding Effect on Successors In Interest. Each conveyance, transfer, sale, assignment, lease or sublease made by the Declarant of any Lot or Separate Interest in the Development shall be deemed to incorporate by reference all of the provisions of this Master Declaration. All present and future Owners, tenants and occupants of Residences within the Development shall be subject to, and shall comply with, each and every provision of the

Governing Documents, as the same shall be amended from time to time unless a particular provision of the Governing Documents is specifically restricted to one or more classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot or Separate Interest, the execution of a lease, sublease or contract of sale with respect to any Lot or Separate Interest or the entering into occupancy of any Residence shall make the provisions of this Master Declaration binding upon said persons and they shall thereafter be obligated to observe and comply with all Governing Documents of the Master Association and the Development.

Section 2.02. Delegation of Use of Residences and Separate Interests..

(a) Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy his or her Lot, Separate Interest, and Residence to his or her family members or tenants, lessees or contract purchasers who reside in the Owner's Residence; provided, however, that any rental or lease may only be to a single family for Single Family Residential Use (as defined in Section 1.54 above) and for a term not less than ninety (90) days.

(b) Requirements That Must Be Observed In All Residential Leases. The following specific limitations shall apply to all leases or tenancies of a Residential Lot or Separate Interest within the Development: (i) no Residence or other residential Separate Interest may be leased or rented for a period of less than thirty (30) days; (ii) the rental shall apply to not less than an entire Residence or residential Separate Interest (other than JADUs that meet all applicable laws and local ordinances) including its appurtenant rights (except voting rights in the Master Association which may not be transferred to a tenant or lessee); and (iii) any rental shall be evidenced by a written lease or rental agreement which shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases and property use restrictions shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy upon thirty (30) days' written notice. The Owner-lessor's right to terminate a lease or rental agreement on account of the tenant's violation of the Governing Documents shall in no way restrict the right of the Master Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XII, below, when the Owner's tenant is violating the Governing Documents.

(c) Discipline of Lessees. Subject to subparagraph (d), below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Master Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances in order to preserve the quiet enjoyment of other Owners and residents within the Development. Without limiting the foregoing, the Master Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-lessor of the leased Residence or other Separate Interest.

(d) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any Residence or other improvement within the Development or to preserve the rights of quiet enjoyment of other Owners, the Master Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the

Owner has received written notice from the Board, the Master Association's property manager or an authorized committee of the Board detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Section 12.06, below.

Section 2.03. Obligations of Owners. Owners of Lots or Separate Interests within the Development shall be subject to the following obligations:

(a) Notification to Owners of Their Obligation to Provide Certain Information to Prospective Purchasers Regarding the Development and the Master Association. As soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot or Separate Interest, any Owner who is seeking to sell his or her Lot or Separate Interest must give any prospective purchaser:

- (i) a copy of all the Governing Documents of the Master Association, including any Association Rules;
- (ii) a copy of the most recent annual budget for the Master Association;;
- (iii) a true statement ("**delinquency statement**") in writing from an authorized representative of the Master Association as to: (1) the amount of the Master Association's current Regular and Special assessments and fees; (2) the amount of any Assessments levied upon the Owner's Lot or Separate Interest that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied upon the Owner's Lot and unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Lot or Separate Interest in accordance with Section 4.10(b), below.
- (iv) a statement disclosing any change in the Master Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided to the prospective purchaser;
- (v) if requested by the prospective purchaser, a copy of the minutes of the meetings of the Association's Board of Directors (other than executive session minutes) that were conducted over the previous twelve (12) months and approved by the Board.

(b) The Association's Obligations In Response to an Owner's Request for Information or Documentation. In accordance with Civil Code section 4530, within ten (10) days of an Owner's mailing or delivery of a request for the information described in subparagraph (a), above, the Association shall provide the Owner (or any other recipient authorized by the Owner) with copies of the requested items. The items required to be made available pursuant to this subparagraph (b) and subparagraph (a), above, may be maintained in electronic form and the requesting parties shall have the option of receiving them by electronic transmission or in machine readable storage media if the Association maintains the requested items in electronic form and may be posted on the Association's Internet Website.

The Association may collect a reasonable fee from the selling Owner for this service based upon the Association's actual cost to procure, prepare, and reproduce the requested items. No additional fees may be charged by the Association for the electronic delivery of requested documents.

The provisions of this subparagraph (b) and subparagraph (a), above, except for those provisions relating to the furnishing of a delinquency statement, shall not apply to any Owner who is subject to the requirements of California Business and Professions Code sections 11018.1 and 11018.6 (i.e., the obligation of subdividers to provide prospective purchasers with a California Department of Real Estate Public Report and certain enumerated documentation relating to the offering in connection with the sale of Lots and Separate Interests in the Development).

(c) Obligation to Provide Subsequent Purchasers with Information Relating to Declarant Repair Rights and Obligations and Residence Maintenance Standards. Civil Code section 912 requires home builders, such as the Declarant, to provide their initial home buyers with certain documents enumerated in that Code section, including (i) copies of all maintenance and preventative maintenance recommendations that pertain to the Owner's Lot or Separate Interest; (ii) copies of all manufactured products maintenance, preventative maintenance, and limited warranty information relating to components of the Owner's Residence or Unit; (iii) copies of the builder's limited contractual warranties; (iv) a written copy of Civil Code sections 895 et seq.; and (iv) other documents provided by the builder to the initial buyer of a Lot or Separate Interest in the Development. Civil Code section 912(h) obligates the first purchaser of a Lot or Separate from the Declarant or a Merchant Builder to provide these documents to subsequent purchasers of the Lot or Separate Interest.

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, any Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot or Separate Interest and shall observe, comply with and abide by any and all rules and regulations set forth in the Master Association's Governing Documents for the purpose of protecting the interests of all Owners or protecting, maintaining and/or preserving the Development.

(e) Joint Ownership of Lots or Separate Interests. In the event of joint ownership of any Lot or Separate Interest, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (e) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Master Declaration including, without limitation, the obligation to pay Assessments.

ARTICLE III RIO DEL ORO MASTER ASSOCIATION

Section 3.01. Formation of the Master Association. The Rio Del Oro Master Association is a California nonprofit mutual benefit corporation. The Master Association shall be charged with the duties and invested with the powers set forth in the Governing Documents including, but not limited to, the power to administer the design review and approval process set forth in Article V, below, once that responsibility has been delegated to the Master Association by the Declarant, and to fairly and uniformly enforce and administer the other covenants, conditions, restrictions and equitable servitudes set forth in the Declaration and the other Governing Documents of the Master Association and any duly adopted amendments thereto.

Section 3.02. Association Action; Board of Directors and Officers. With the exception of those matters requiring approval of Members under the Governing Documents or California law, the affairs of the Master Association shall be conducted and all corporate powers shall be exercised by the Board of Directors and such officers as the Board may elect or appoint. Except as otherwise provided in the Governing Documents or California law, all matters requiring the approval of Members shall be deemed approved upon the affirmative vote of a Majority of a Quorum of the Members.

Section 3.03. Membership in the Master Association.

(a) Qualifications for being a Member. Each Owner of a Lot or Separate Interest, including the Declarant(s), shall be a Member of the Master Association. An Owner shall hold one membership in the Master Association for each Lot or Separate Interest that the Member owns (with Member voting rights as set forth in section 3.04, below). Sole or joint ownership of a Lot or Separate Interest shall be the sole qualification for membership in the Master Association. Each Owner shall remain a Member of the Master Association until his or her ownership of, or ownership interest in, all Lots or Separate Interests within the Development ceases, at which time the Owner's membership in the Master Association shall automatically cease. Persons or entities who hold an interest in a Lot or Separate Interest merely as security for performance of an obligation are not Members of the Master Association and shall have no voting or other rights of membership.

(b) Members' Rights and Duties. Membership in the Master Association shall give rise to the rights, duties, and obligations set forth in the Governing Documents and any amendments thereto.

Section 3.04. Membership Voting.

(a) Commencement of Voting Rights. Voting rights attributable to the ownership of Lots or Separate Interests shall not vest until Assessments against those Lots or Separate Interests have been levied by the Master Association.

(b) Classes of Membership. The Master Association shall have two (2) classes of voting membership, namely Class A Members, initially comprised of all Owners of Lots or Separate Interests except the Declarant, and Class B Membership, which shall be held by the Declarant. The voting rights and other privileges of the two (2) classes of membership and the

conversion of the Declarant's Class B membership into Class A membership shall be as set forth in Article IV of the Bylaws.

(c) Suspension of Voting Rights. Voting rights of Members may be temporarily suspended under those circumstances described in Sections 4.10 and 12.06, below.

Section 3.05. Assessments. The Master Association shall have the power to establish, fix and levy Assessments against the Owners of Lots or Separate Interests within the Development and to enforce payment of such Assessments, as more particularly provided in Article IV, below. Any Assessments levied by the Master Association against its Members shall be levied in accordance with, and pursuant to, the provisions of this Master Declaration.

Section 3.06. Transfer of Memberships. Membership in the Master Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot or Separate Interest to which it is appurtenant, and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot or Separate Interest shall pass automatically to the purchaser upon the Recordation of a deed evidencing the transfer of title. In the case of an encumbrance recorded with respect to any Lot or Separate Interest, the Mortgagee shall not possess any membership rights until the Mortgagee becomes an Owner by foreclosure or acceptance of a deed in lieu thereof. Tenants who are delegated rights of use pursuant to the rental or lease of a Residence (see Section 2.02, above) do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the property use restrictions and enforcement/disciplinary provisions of the Governing Documents. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Lot or Separate Interest, the Master Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.07. Powers and Authority of the Master Association.

(a) Powers, Generally. The Master Association shall have the responsibility of discharging the duties and responsibilities imposed on the Master Association by the Governing Documents. In the discharge of such responsibilities and duties, the Master Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Master Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, 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 Master Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Master Association and the limitations thereon are set forth in Article IX of the Bylaws.

(b) The Master Association's Limited Right of Entry.

(i) Right of Entry, Generally. Without limiting the foregoing description of powers, but in addition thereto, the Master Association and its agents shall have the right and power to enter any Lot or Separate Interest to perform the Master Association's obligations under this Master Declaration, including: (A) obligations to enforce the Design Review and approval requirements, the minimum improvement standards, or land use restrictions of Articles V, VI and VIII, below; (B) any obligations with respect to construction, maintenance and repair of adjacent lot; or (C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Development or the Owners in common.

(ii) Limitations on the Exercise of the Master Association's Right of Entry. The Master Association's right of entry pursuant to this subparagraph (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot or Separate Interest where entry is required or any adjoining Lots or Separate Interests. The Master Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all non-emergency situations involving routine repair and/or maintenance activities, the Master Association or its agents shall furnish the Owner or his or her lessee with at least twenty-four (24) hours' prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.

(C) In all non-emergency situations involving access by the Master Association for purposes of enforcing the Governing Documents against an Owner in default, the Master Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 12.06, below.

(D) In no event shall the Master Association's right of entry hereunder be construed to permit the Master Association or its agents to enter any Residence without the express permission of the Owner or tenant.

Section 3.08. Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Master Declaration, propose, enact and amend rules and regulations of general application to the Owners ("**Association Rules**"). The Master Association Rules may concern, but need not be limited to: (i) architectural control and the rules of the Architectural Committee under Article V, below; (ii) regulation of pet ownership, parking, signs, collection and disposal of refuse and other matters subject to regulation and restriction under Article VIII, below; (iii) collection of delinquent Assessments; (iv) minimum standards of maintenance of landscaping or other Improvements on any Lot; (v) the conduct of disciplinary proceedings in accordance with

Section 12.06, below; and (vi) any other subject or matter within the jurisdiction of the Master Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Master Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and the provisions of any other Governing Document, the conflicting provisions contained in the other Governing Document shall prevail.

(b) Distribution of Rules. A copy of the Master Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Master Association Rules shall also be available and open for inspection by any Owner during normal business hours at the principal office of the Master Association.

(c) Adoption and Amendment of Rules. Association Rules may be adopted or amended from time to time by majority vote of the Board; provided, however, that no Association Rule or amendment thereto shall be adopted by the Board until at least thirty (30) days after the proposed rule or rule amendment has been: (i) published in the Master Association newsletter, if any, or otherwise communicated to the Owners in writing; and (ii) posted in the Master Association's principal office. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken.

Any duly adopted rule or amendment to the Master Association Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

Section 3.09. Breach of Rules or Restrictions. Any breach of the Master Association Rules or any other Governing Document provision shall give rise to the rights and remedies set forth in Article XII, below.

Section 3.10. Limitation on Liability of the Master Association's Directors and Officers. No director or officer of the Master Association (collectively and individually referred to as the "**Released Party**") shall be personally liable to any of the Members, or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Master Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances (Corporations Code section 7231(a)).

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Master Association's annual financial budget, the funding of Association capital replacement and Reserve Accounts, and enforcement of the Governing Documents.

ARTICLE IV ASSESSMENTS

Section 4.01. Assessments Generally.

(a) Covenant Obligating Owners to Pay Assessments. The Declarant, for each Lot owned by the Declarant within the Development, and each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees to pay to the Master Association: (i) Regular Assessments; (ii) Special Assessments; (iii) Special Individual Assessments; and (iv) Emergency Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot or Separate Interest at the time the Assessment is levied. Each Owner who acquires title to a Lot or a Separate Interest (whether by conventional conveyance, at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot/Separate Interest which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot or a Separate Interest, he or she shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability.

(c) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself or the Owner's Lot or Separate Interest from liability or charge for the Owner's share of any Assessment made against the Owner or his or her share of any Regular or Special Assessment made against the Owner's Lot or Separate Interest by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Development or by the abandonment or non-use of the Owner's Lot or Separate Interest.

Section 4.02. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Master Association's fiscal year, the Board shall estimate the total amount required to fund the Master Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any Reserve Fund established to defray the costs of future repairs, replacement or additions to the preparing and distributing to all Members a budget satisfying the requirements of Section 12.05 of the Master Association Bylaws). If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this section, the Board shall not be permitted to increase the Master Association's Regular Assessment for that fiscal year unless the Board first obtains the approval of the requisite percentage of the Members in accordance with Section 4.08, below.

(b) Establishment of Regular Assessment; Member Approval Requirements for Certain Assessment Increases.

The total Common Expenses estimated in the Master Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that except as provided in Section 4.05, below (relating to "Emergency Assessments"), the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Master Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.08, below.

(c) Commencement Date for Regular Assessments. Regular Assessments shall commence as to each Lot within a Phase upon the earlier to occur of (i) the date specified in a Notice of Commencement of Regular Assessments that is recorded by Declarant with respect to the Phase (which date shall be after the date of Recordation of this Master Declaration); or (ii) to the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Phase to a person other than the Declarant. Each Lot in the subject Phase shall thereafter be subject to its payment of an equal share of the aggregate annual Regular Assessment. The first annual Regular Assessment shall be prorated, if necessary, according to the number of months remaining in the fiscal year established in the Master Association's Bylaws.

(d) Allocation of Regular Assessments.

(i) Association Common Expenses. Except as otherwise provided in subparagraph (d)(ii), below, the total estimated Common Expenses determined in accordance with subparagraph (a), above, shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots or Separate Interests within the Development owned by the assessed Owner to the total number of Lots and Separate Interests subject to Assessment so that each Lot and Separate Interest bears an equal share of the total Regular Assessment.

(e) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an assessment roll which shall be maintained and available with the records of the Master Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Master Association. The assessment roll shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Section 2.03(a)(iii), above, shall be conclusive upon the Master Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Master Association's assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(f) Mailing of the Notice of Assessments to Owners. Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Master Association's fiscal year the Board of Directors of the Master Association shall mail to each Owner (including Declarant with respect to any unsold or retained Lots or Separate Interests), at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Master Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year, disclosed in both the aggregate amount of the Regular Assessment for all Lots or Separate Interests that are subject to Assessment and the allocable share of the total Regular Assessment payable by each Lot that is subject to assessment.

(g) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year (thereby failing to adjust the amount of the Regular Assessment for the next succeeding fiscal year), then the Regular Assessment imposed for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.03(a)(i), below, for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Regular Assessment shall be payable on the regular payment dates established by the Board pursuant to subparagraph (h), below.

(h) Installment Payment. The Regular Assessment made against each Owner shall be due and payable in advance to the Master Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Master Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board.

Section 4.03. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b), below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots or Separate Interests for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Master Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.08, below: (i) any Special Assessments which, in the aggregate, exceed five percent (5%) of the Master Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.02(a), above. The foregoing Member approval requirements shall not apply,

however, to any Special Assessment imposed to address any "**emergency situation**" as defined in Section 4.05, below.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot (including the Declarant as to any unsold or retained Lots or Separate Interests) in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(d), above. The Special Assessment so levied shall be recorded on the Master Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in subparagraph (a)(i) of this Section 4.03, above, shall be due as a separate debt of the Owner and shall be payable to the Master Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) of this Section 4.03 shall be due as a separate debt of the Owner and shall be payable in full to the Master Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 4.04. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.03, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.04 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 12.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the facts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Expenses Incurred in Gaining Member Compliance. In the event that the Master Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance or replacement to any portion of the Development that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Master Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Required Maintenance of Lots or Separate Interests. If any Lot or Separate Interest is maintained so as to become a nuisance, fire or safety hazard for any reason, the Master Association shall have the right to enter said Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Master Association shall be affected in accordance with Section 3.07(b), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a) of this Section, such Special Individual Assessment shall be recorded on the Master Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Master Association within thirty (30) days after the mailing of notice of the Assessment.

Section 4.05. Assessments to Address Emergency Situations. The requirement of a membership vote to approve: (a) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (b) Special Assessments which, in the aggregate, exceed five percent (5%) of the Master Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments necessary to address emergency situations. For purposes of this Section, an emergency situation is any of the following: an extraordinary expense required by an order of a court.

Section 4.06. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Master Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Development; and (b) to promote the enjoyment and use of the Development by the Owners and their families, tenants, invitees, licensees, guests and employees.

Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.07. Exemption of Certain Portions of the Development From Assessments. The following real property subject to this Master Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Development that is dedicated and accepted by a local public authority;
- (b) Any Lot that is owned by the Master Association.

Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 and 4.03. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.02 and 4.03, above, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The quorum required for such membership action shall be a simple majority of the Members.

Section 4.09. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Master Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of Reserve Funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Master Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall require the signature of two (2) officers of the Master Association as provided in Section 12.02 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Master Association as provided in subparagraph (b), below.

(b) Expenditure of Assessment Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Master Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Master Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Master Association's Reserve Accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

(c) Separate Accounts; Commingling of Funds. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Master Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to Section 4.03(a)(i), above, shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital Improvement for which Reserve Funds for replacement are allocated.

Unless the Master Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Master Association and as trust funds segregated from the regular income of the Master Association or in any other manner authorized by law or by regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Master Association.

(d) Reserve Funds. The Board shall not expend funds designated as Reserve Funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of major components of the Development, if any, that the Master Association is obligated to repair, restore, replace, or maintain and for which the Reserve Fund was established. However, the Board may authorize the temporary transfer of money from a Reserve Fund to the Master Association's general operating fund to meet short term cash flow requirements or other expenses; provided, the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the Reserve Fund. Given the limited nature of the Master Association's mission and the absence of any Common Areas it is not anticipated that there will be any need to establish Reserve Funds as part of the Master Association's annual funding obligations.

The transferred funds shall be restored to the Reserve Fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Owners and the Development as a whole, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (d). This Special Assessment is subject to the Member approval requirements of Section 4.03(b), above, if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Master Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use Reserve Funds or to temporarily transfer money from the Reserve Fund to pay for litigation, the Master Association shall notify the Members of that decision in the next available mailing to all Members pursuant to California Corporations Code section 5016, and of the availability of an accounting of those expenses. The Master Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Master Association's principal office.

Section 4.10. Delinquency Dates and Collection of Delinquent Assessments.

(a) Delinquency Dates and Right to Pursue Collection in An Action at Law. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.03(c), and 4.04(b), respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments. Once an Assessment is delinquent, the Master Association may bring a legal action directly against the Owner for breach of the

Owner's personal obligation to pay the Assessment and in such action shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs and reasonable attorneys' fees. Before commencing such an action, the Master Association shall provide notice to the delinquent Owner in accordance with subparagraph (b), below.

(b) Requirement of Notice to Owners Who Are Delinquent in the Payment of Assessments. At least thirty (30) days prior to initiating an action against an Owner to collect a delinquent Assessment, the Master Association shall notify the Owner in writing by certified mail of the following (the "**Delinquency Notice**"):

(i) A general description of the collection procedures of the Master Association and the method of calculation of the amount of the Owner's delinquency, a statement that the Owner of the Lot or Separate Interest has the right to inspect the Master Association records, pursuant to Section 8333 of the Corporations Code, in order to confirm the amount of the claimed delinquency.

(ii) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(iii) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the Assessment was paid on time to the Master Association.

(iv) The right of the notified Owner to request a meeting with the Master Association Board as provided in subparagraph (d), below.

(c) Application of Payments. Any payments made by the Lot Owner toward the delinquent Assessment shall first be applied to the Assessments that are owed at the time the payment is made; and only after the Assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorneys' fees, late charges or interest. When an Owner makes a payment, the Owner may request a receipt and the Master Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Master Association. The Master Association shall provide its Members with a mailing address for overnight payment of Assessments.

(d) Process for Disputing Assessment Obligations. An Owner may dispute the amounts claimed as due and owing in the Delinquency Notice by submitting to the Board a written explanation of the reasons for his or her dispute. If the Owner wishes to submit an explanation, it must be mailed to the Master Association within fifteen (15) days of the postmark of the Delinquency Notice. The Board shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner's explanation. Owners who are delinquent in the payment of Assessments may also request, at the time the Owner submits his or her explanation, an opportunity to meet and confer with the Board.

Section 4.11. Transfer of Lot; Effect on Assessment Obligations. The following rules shall govern the right of the Master Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot or Separate Interest:

(a) No sale or transfer of a Lot or Separate Interest as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of such Lot or Separate Interest (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot or Separate Interest) from liability for any Assessments which thereafter become due with respect to the Lot or Separate Interest.

(b) No sale or transfer of a Lot or Separate Interest as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Master Association's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent Assessments, late charges, interest and associated costs of collection incurred prior to and/or in connection with the sale or transfer.

ARTICLE V ARCHITECTURAL REVIEW AND APPROVAL OF IMPROVEMENT PROJECTS

Section 5.01. Architectural Review Committee Approval of Improvements.

(a) Approval Generally. Prior to commencement of construction or installation of any Improvement within the Development (as defined in Section 1.28, above), other than the initial construction of Residences by any Declarant, the Owner planning such Improvement must submit to the Architectural Review Committee a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the minimum requirements set forth in the Architectural Rules adopted pursuant to Section 5.06, below. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Committee shall base its decision on the criteria described in Section 5.07, below.

(b) Modifications to Approved Plans Must Also Be Approved. Once a proposed work of Improvement has been duly approved by the Architectural Review Committee, no material modifications shall be made in the approved plans and specifications therefore and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the Committee. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Master Association, its Architectural Review Committee, or the agents or employees of either that a work of Improvement or any modification thereof is proceeding without proper approval, the Master Association shall be entitled to exercise the enforcement remedies specified in Section 5.15, below, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement by "red tagging" the project until such time as proper Architectural Review Committee review and approval is obtained.

Section 5.02. Establishment of Architectural Review Committee. Initially, the Architectural Review Committee shall be comprised of a minimum of three (3) Members who shall be responsible for administering the architectural review and approval process consistent with this Article V and the Design Guidelines.

(a) The initial members of the Architectural Review Committee shall be appointed by the Declarant.

(b) The Declarant alone shall be entitled to remove and replace any member or members of the Architectural Review Committee and to fill all vacancies on the Architectural Review Committee, so long as the Declarant owns five percent (5%) or more of the Property comprising the Rio Del Oro development by acreage. Once the Declarant is no longer entitled to solely appoint and remove all members of the Architectural Review Committee, the Declarant shall remain entitled to solely appoint and remove one of the three members of the Architectural and Review Committee until the earlier of such time as (i) the Declarant no longer owns any portion of Rio Del Oro; or (ii) the Declarant records a Supplemental Declaration in which the Declarant voluntarily relinquishes its right to appoint any member of the Architectural Review Committee.

(c) Once the Declarant owns less than five percent (5%) of the Property comprising Rio Del Oro (computed by acreage) the Declarant may tender a notice to the Board of Directors of the Master Association transferring to the Board the authority to appoint the members of the Architectural Review Committee. Thereafter, the Board shall have the power to appoint all of the members of the Architectural Review Committee which can continue to include representatives of the Declarant for so long as the Declarant owns any Lots or Separate Interests in the Development.

With the exception of individuals appointed to the Architectural Review Committee by Declarant (who need not be Members of the Master Association), all members of the Committee shall be Members of the Master Association in good standing. With the exception of those individuals appointed by the Declarant, all members of the Architectural Review Committee shall serve for a one-year term, although many Members can be reappointed to successive terms as a Committee Member.

In the event of the death or resignation of any member of the Committee, the successor shall be appointed by the person, entity or group that appointed such member to the Committee, and thereafter the Board shall have full authority to designate such a successor. Neither the members of the Architectural Review Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto.

Section 5.03. Duties of the Architectural Review Committee. It shall be the duty of the Architectural Review Committee to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Master Declaration, to adopt Architectural Rules pursuant to Section 5.06, below, to perform other duties delegated to it by the Board of Directors and to carry out all other duties imposed upon it by this Master Declaration.

Section 5.04. Meetings of the Architectural Review Committee. The Architectural Review Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute an act by the Committee and the Committee shall keep and maintain a written record of all actions taken.

The Owner-Applicant shall be entitled to appear at any meeting of the Architectural Review Committee, at which meeting the Owner's proposal is scheduled for review and consideration. The Owner shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor. Reasonable notice of the time, place and proposed agenda for Architectural Review Committee meetings shall be communicated before the date of the meeting to any Owner Applicant whose application is scheduled to be heard.

Section 5.05. Separate or Subordinate Committees. The Declarant or a Merchant Builder with the consent of the Declarant shall be entitled to establish, or approve the establishment of, one or more separate or subordinate architectural committees having jurisdiction over the review and approval of Improvement projects within the subordinate committee's jurisdictional area, as defined in a Supplemental Declaration. For example, separate or subordinate committees may also be authorized with jurisdiction over Improvement projects within Planned Developments or Condominium Projects undertaken on Parcels within Rio Del Oro. When the phrase "architectural committee having jurisdiction" is used in this Master Declaration the reference is intended to suggest that a separate or subordinate committee may have been created pursuant to a Supplemental Declaration and that the separate or subordinate committee has either exclusive jurisdiction or initial jurisdiction to review and approve the Improvement project, rather than the Architectural Review Committee formed pursuant to this Article V.

If a separate architectural committee is established with sole jurisdiction over any area or Parcel within Rio Del Oro, Owners of Separate Interests or Lots and/or Separate Interests that are within the jurisdiction of that separate architectural committee shall have no right to vote in the election of members of the Architectural Review Committee in accordance with Section 5.02, above. Instead, such Owners shall have such rights to vote in the election of members of the separate architectural committee having jurisdiction over their Separate Interests or Lots as are set forth in the Supplemental Declaration creating the separate architectural committee.

Section 5.06. Architectural Rules. The Architectural Review Committee may, from time to time and with approval of the Board of Directors of the Master Association, adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof by setting forth: (a) any standards and procedures for Architectural Review Committee review; (b) guidelines for architectural design, the placement of any work of Improvement on a Lot, or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects within the Development; (c) the criteria and procedures for requesting variances from any property use restrictions that would otherwise apply to the proposed Improvement under the Governing Documents (see Section 5.16 (variances) below); and (d) the minimum requirements regarding the content of plans and specifications which must be submitted with respect to any request for Design Review and approval. Notwithstanding the foregoing, no Design Guideline shall be in derogation of the minimum standards required by this

Master Declaration. In the event of any conflict between the Architectural Rules and this Master Declaration, the provisions of the Master Declaration shall prevail.

Section 5.07. Basis for Approval of Improvements. When a proposed Improvement is submitted to the Architectural Review Committee for review, the Committee shall grant the requested approval only if the Committee, in its sole discretion, makes the following findings regarding the proposed project:

- (a) The Owner's plans and specifications conform to this Master Declaration including, without limitation, the Minimum Improvement Standards set forth in Article VI, below, and to the Architectural Rules in effect at the time such plans are submitted to the Committee;
- (b) The Improvement will be in harmony with the external design of other structures and/or landscaping within the Development;
- (c) The Improvement, as a result of its appearance, location or anticipated use, will not interfere with the reasonable enjoyment of any other Owner of his or her property; and
- (d) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Development and with the overall plan and scheme of development within Rio Del Oro.

While it is recognized that the Architectural Review Committee's determination will, of necessity, be subjective to some degree, the members of the Committee shall act reasonably and in good faith and shall consider such factors as the quality of workmanship and materials proposed for the Improvement project, the harmony of its exterior design, finished materials and color with that of other existing structures, and the proposed location of the Improvement in relation to the existing topography, finished grade elevations, roads, and other existing structures.

The approval by the Architectural Review Committee of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the Architectural Review Committee under this Master Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Residences and other factors may be taken into consideration by the Committee in reviewing a particular submittal. Accordingly, the Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement/component has previously been approved for use at another location if factors such as drainage, topography, noise or visibility from roads or other Lots or Separate Interests, or prior adverse experience with the product, the design or with similar Improvements mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

In approving a request for construction of an Improvement, the Architectural Review Committee may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement or similar mitigating conditions.

Section 5.08. Planned Development and Condominium Projects. The Architectural and Review Committee shall also have jurisdiction over the review and approval of the plans and specifications for any Planned Development or Condominium Project. With respect to any Planned Development or Condominium Project owned or controlled by a Merchant Builder, the Merchant Builder shall submit to the Architectural Review Committee the following:

(a) Improvement Plans. The Merchant Builder shall submit to the Architectural Review Committee building elevation plans that depict the models or types of structures that the Merchant Builder intends to construct.

(b) Declaration of Covenants, Conditions and Restrictions. The Architectural Review Committee shall also have the right to review and approve any declaration of covenants, conditions and restrictions that any Merchant Builder intends to Record in the chain of title to Lots or other Separate Interests in a Planned Development or Condominium Project ("**Project Declaration**"). The purpose of that review and approval is to assure that the contents of any such Project Declaration are consistent with this Master Declaration and those portions of the Entitlement Documents that are applicable to the Merchant Builder's project.

(c) Plan Changes. Material changes in approved Improvement Plans or Project Declaration must be similarly submitted to and approved by the Architectural Review Committee prior to the construction of any Improvement based thereon, which approval shall not be unreasonably withheld.

(d) Plan Review Fee. Each Merchant Builder shall pay the Architectural Review Committee, upon submission of the Improvement Plans and Project Declaration, the reasonable fee established by the Architectural Review Committee in a published fee schedule in order to compensate it for the review of the Preliminary and Final Building Plans described above. The Architectural Review Committee may increase such fees from time to time as needed to compensate it for the time and expense involved in such review.

Section 5.09. Inspection Fee and Deposits. Once the Architectural Review Committee is under the control of the Master Association, the Architectural Rules may require that the submission of plans and specifications be accompanied by a reasonable fee that is limited to the actual costs incurred to review the submission. The Architectural Rules may also provide for a cash deposit procedure to help ensure proper and timely completion of works of Improvement in accordance with approved plans and specifications and to reimburse the Master Association for damage to roadways resulting from the Owner's construction project.

Section 5.10. Delivery of Plans and Specifications. Plans and specifications shall be submitted to the Architectural Review Committee by personal delivery or first-class mail addressed to the Secretary of the Master Association or the Chairman of the Architectural Review Committee at the Master Association's principal office.

Section 5.11. Time Limits for Approval or Rejection. Within thirty (30) days after submission of plans and specifications satisfying the requirements of the Architectural Rules, the Architectural Review Committee shall return one set of such plans to the applicant, with either written notice of approval or disapproval or with written suggestions of changes required for approval. If written suggestions of changes required for approval accompany the returned set of plans, the applicant may implement such changes to the plans and within thirty (30) days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval so long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant within thirty (30) days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

Section 5.12. Proceeding with Work. Upon receipt of approval from the Architectural Review Committee, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction and erection of the Improvement pursuant to said approval, said commencement to be, in all cases, within eight (6) months from the date of such approval, and the project shall be diligently pursued to completion. If the Owner shall fail to comply with this Section, any approval given pursuant to this Article shall be deemed revoked unless the Architectural Review Committee, upon written request of the Owner made prior to the expiration of the initial eight (8) month period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by the Architectural Review Committee that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bona fide intention and ability to complete the project within the time specified in the extension request.

Section 5.13. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Architectural Review Committee, construction, reconstruction, refinishing or alteration of any such Improvement must be complete within six (6) months after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his or her agents. In the case of building Improvements, the requirements of this section shall be deemed to have been met if, within the eight (8) month construction period, the Owner has completed construction of the building's foundation and all exterior surfaces (including the roof, exterior walls, windows and doors).

If the Owner fails to comply with this section, the Architectural Review Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Sections 5.14(c) and (d), below, as though the failure to complete the Improvement was a noncompliance with approved plans.

Section 5.14. Inspection of Work by Architectural Review Committee. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the Architectural Review Committee shall have the right to inspect the job site to confirm that the work of Improvement is proceeding in accordance with the approved plans and specifications.

(b) Upon the completion of any work of Improvement for which Architectural Review Committee approval is required under this Article, the Owner shall give the Architectural Review Committee a written notice of completion.

(c) Within thirty (30) days thereafter, the Architectural Review Committee, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approval plans. If the Architectural Review Committee finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the thirty (30) day inspection period the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Master Association and the Architectural Review Committee shall have the rights and remedies set forth in Section 5.15 (enforcement), below.

(d) If for any reason the Architectural Review Committee fails to notify the Owner of any noncompliance within thirty (30) days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless the Owner knows of the noncompliance and intentionally misleads the Committee with respect thereto.

Section 5.15. Enforcement of Architectural Review and Approval Requirements.

(a) In addition to other enforcement remedies set forth in this Master Declaration, the Architectural Review Committee shall have the authority to order an abatement ("**red tag**") of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to and approved by the Committee. If an Owner's Improvement project is red tagged, the Owner and his or her contractor shall cease all construction activity until such time as the issue giving rise to the red tag order is resolved. The red tag notice shall clearly state the reasons why the abatement has been ordered.

(b) No work of Improvement for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

(c) If the Owner fails to remedy any noticed noncompliance within thirty (30) days from the date of such notification of the Owner, or if the Owner feels that the project has been

red tagged without justification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing shall be conducted in accordance with Section 12.06, below.

Section 5.16. Variances. The Architectural Review Committee, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article V, or in any land use restrictions specified in Article VII, below, to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships so long as the Architectural Review Committee must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) the requested variance will not constitute a material deviation from any restriction contained herein or that the variance proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) that the variance relates to a required land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Lot or Separate Interest within the Development.

Section 5.17. Compliance Certificate. Within thirty (30) days after written demand is delivered to the Architectural Review Committee by any Owner, the Architectural Review Committee shall provide the requesting Owner with a certificate, executed by any two of its members, certifying (with respect to any Lot or Separate Interest owned by the applicant Owner) that as of the date thereof, either: (a) all Improvements made and other work completed by said Owner comply with this Master Declaration; or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot or Separate Interest through the Owner, shall be entitled to rely on the Committee's compliance certificate with respect to the matters therein set forth, such matters being conclusive as among the Master Association, the Committee, the Declarant, all Owners and any persons deriving any interest through them.

Section 5.18. Limitation on Liability. Neither the Declarant, the Master Association, the Architectural Review Committee nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not pursuant to approved plans, drawings and specifications; (c) the Development of any Lot or Separate Interest within the Development; or (d) the execution and delivery to an Owner of a compliance certificate pursuant to Section 5.17, above, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information as he or she possessed at the time the act or omission occurred.

Section 5.19. Compliance with Governmental Regulations. Review and approval by the Architectural Review Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Lot Owner who desires to construct, install, or modify the Improvement.

Section 5.20. Appeals. Once the Architectural Review Committee is a committee appointed solely by the Board of Directors, appeals from decisions of the Architectural Review Committee may be made to the Board of Directors which may elect, in its discretion, to hear the appeal or, in the alternative, to affirm the decision of the Architectural Review Committee. The Master Association Rules or the Architectural Rules shall contain procedures to hear, process and decide appeals pursuant to this Section.

ARTICLE VI MINIMUM IMPROVEMENT STANDARDS

The following minimum construction standards shall apply to Improvement projects within the Development undertaken or proposed by Owners other than the Declarant, a Co-Declarant or a Merchant Builder:

Section 6.01. Outdoor Lighting. Fluorescent, mercury vapor, sodium or amber vapor lights, or standard outdoor lights of the type used for security shall be prohibited. Wherever possible downward oriented cut-off type outdoor fixtures and shielding shall be used in order to prevent light spillage and glare impacts beyond the target of illumination. Further, energy efficient light fixtures using photocell operation shall be utilized. No lighting will be permitted which causes unreasonable glare to neighboring Owners or Residences.

Section 6.02. Installation of Landscape Improvements. An Owner shall, within six months after the close of escrow in the purchase of the Owner's Lot, substantially complete all landscaping of his/her Lot not otherwise installed by the Declarant. The Architectural Review Committee may allow extensions of this landscape installation deadline to account for weather conditions and seasonal constraints on landscape installation. In the event an Owner does not complete his/her landscaping within the six month period (with approved extensions), the Master Association shall be authorized to install landscaping (under a standard plan if the Owner has not obtained approval of a plan or if landscaping under the approved plan would be more costly) and charge such costs to Owner as Reimbursement Assessment. The Architectural Rules can also impose limitations on the height of trees and other landscaping installed by Owners in yard areas, so as to avoid excessive shade, the obstruction of views, limb overhang, and other interferences with the quiet enjoyment by neighbors of their property.

Section 6.03. No Temporary Structures. Other than an ADU and/or a JADU that is constructed in compliance with Civil Code section 4751 and Sacramento County Zoning Code Section 17.228.105, no other outbuildings shall be used on any Lot at any time as a Residence.

Section 6.04. Solar Heating Systems. Subject to limitations imposed by California law (see particularly Public Resources Code section 2590 et seq), the Architectural Review Committee shall be entitled to adopt, as part of the Architectural Rules, reasonable regulations regarding the installation of solar heating systems. These rules may include limitations on placement and design of such systems to the extent necessary to avoid an unsightly appearance from neighboring Lots, Separate Interests or streets within the Development.

Section 6.05. Antennas, Aerials and Satellite Dishes. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Development, no Owner, resident or lessee shall place or maintain any objects, such as masts, towers, poles, or radio or television antennas on the exterior of any building within the Development unless Architectural Review Committee approval is first obtained in accordance with Article V, above; provided, however, that:

(a) the Master Association shall have the right, without obligation, to erect, place or install and maintain any such apparatus for the benefit of all or a portion of the Development;

(b) in accordance with Federal law, antennas or satellite dishes with a diameter or diagonal measurement not greater than thirty-six inches (36") which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "**Permitted Devices**") may be erected, placed or installed on a Lot, provided that:

(i) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is either not visible from neighboring property or is screened from the view from streets of any neighboring Lot, Separate Interest, or streets within the Development.

(ii) Reasonable restrictions which do not significantly increase the cost of installation of a Permitted Device or significantly decrease its efficiency or performance, including, without limitation, screening material, location or complimentary-color painting of the Permitted Device, may be imposed as part of the Architectural Rules.

Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

Section 6.06. No Interference with Drainage. The entire Development and the individual Lots or Separate Interests therein have been specifically engineered and constructed to provide for proper drainage of surface waters. Accordingly, there shall be no interference with the rain gutters, down spouts, or drainage systems originally installed by the Declarant or by a Merchant Builder, or any other interference with the established drainage pattern over any Lot, unless an adequate alternative provision is made for proper drainage. Any submittal for initial Improvements on a Lot or for additional Improvements which may affect drainage shall include a drainage plan. Drainage plans shall conform to all applicable State laws or local ordinances pertaining to drainage. For purposes of this paragraph, "established" drainage is defined as the drainage pattern and drainage Improvements which exist at the time the Lot or Parcel is conveyed to an Owner by the Declarant or a Merchant Builder. There shall be no violation of the drainage requirements of the City, notwithstanding any approval of the Architectural Review Committee, and if any Owner (other than the Declarant or a Merchant Builder) or his or her contractor alters established drainage courses to the detriment of neighboring Owners, neither the Master Association nor the Architectural Review Committee shall have any liability therefor. Instead, the responsibility to initiate appropriate corrective or remedial action and to properly engineer any alterations in established drainage courses will rest solely with the Owner who has altered the drainage course.

Section 6.07. Patio Enclosures and Other Projects Involving Structures in Rear Yards. No non-enclosed structures such as gazebos, patio improvements, play structures or screening material shall be placed, assembled, constructed or otherwise maintained on any Lot except as may be approved by the Architectural Review Committee. If a patio enclosure or structural project in a patio area or expansion of the patio surface, as constructed by the Declarants, is sought by an Owner, upon receipt of the Owner's application for architectural approval, the Architectural Review Committee shall notify the immediately adjacent Owners of the application; however, the decision of whether to approve or deny the project shall remain in the sole discretion of the Committee. The Architectural Rules may provide for a streamlined Design Review approval process if certain Design Review parameters are met for certain types of non-enclosed structures.

Section 6.08. Front Yard Parking and Paving Projects. No Owner shall create additional parking areas or add paved areas to the front yard area of any Lot (i.e., new parking or paved areas beyond what was originally constructed by the Declarant or a Merchant Builder) without first obtaining written approval from the Architectural Review Committee, which approval shall be conditioned on compliance with RCMC §§ 16.18.1703(W) & 23.716.060.

Section 6.09. Fences, Walls and Screening Structures. No fences composed of chain link, woven wire, barbed wire, electrified fence, razor or concertina wire shall be allowed on a Lot if visible from the public streets or any other Lots or parcels. Any fences, walls and screening constructed upon any Lot shall be constructed in accordance with the height requirements imposed by RCMC Table 23.731-I and any limitations imposed by RCMC Figure 23.731-I.

ARTICLE VII MAINTENANCE RESPONSIBILITIES OF PROPERTY OWNERS

Section 7.01. Landscaping and Fencing. Front yards will be initially landscaped and provided with automatic irrigation systems by the Declarant or each Merchant Builder. All Lots shall contain at least one tree within the front yard at any given time after the close of escrow. If a Lot's front-yard contains only one tree and such tree is removed, the Owner of such Lot shall promptly replace such tree with a tree of like size and species. In accordance with RCMC § 23.716.060(A) & 23.719.130(c)(2), at least twenty-five percent (25%) of a Lot shall contain pervious surface (surface that allows water to percolate through), and no more than forty percent (40%) of the front-yard area of a Lot shall be non-pervious surface (e.g. sidewalks, driveway, or parking). Driveway pavement shall be five (5) feet from the side property line of the Lot in order to provide an area of landscaping between adjacent lots. This setback requirement excludes pedestrian walkways from the driveway to the side yard area.

Rear yard landscaping shall be completed by the Owner within six months after the Close of Escrow in the transaction for the purchase of a residential Lot by the first Owner to acquire the Lot from the Declarant or a Merchant Builder. Landscaping shall be installed using high quality workmanship and materials, and incorporating the use of specimen accent trees at key visual focal points and native and drought tolerate plants where appropriate. The landscaping should incorporate the harmony of design and location of other improvements on the Owner's Lot, with

attention to factors such as the enhancement of, or detracting from, the value of surrounding and the general aesthetic appearance of the Development.

Section 7.02. Owner Maintenance and Repair Responsibilities.

(a) Each Owner shall be responsible for the maintenance and repair of his or her Residence, Lot or Separate Interest in a first-class condition consistent with the maintenance standards prevailing in the Development. The Master Association shall maintain at its principal offices and provide to each Owner upon request a Maintenance Manual prepared by the Declarant which pertains to the maintenance and repair obligations of Owners under the Governing Documents. Without limiting the generality of the foregoing, each Owner's repair and maintenance obligations shall be in accordance with the Maintenance Obligations as set forth in the Maintenance Manual (see subparagraph (b), below) and shall extend to and include:

- (i) Painting, repairing, replacing and caring for roofs, fences, exterior building surfaces, exterior glass surfaces, exterior doors, and to maintaining all front- and rear-yard areas;
- (ii) Weekly mowing, trimming, edging of lawns and other ground cover, removal of overgrown, dead, or dying plants and weeds;
- (iii) Watering at intervals necessary to keep grass, shrubs and trees on the Owner's Lot or Separate Interest in an attractive condition; and
- (iv) Maintenance of drainage facilities on the Owner's Lot or Separate Interest.

(b) Owner Maintenance Manuals. The Master Association shall maintain at its principal offices and provide to each Owner upon request a Maintenance Manual prepared by the Declarant which pertains to the Maintenance Obligations of Owners under the Governing Documents with respect to Lots, Separate Interests, and Residences. The Master Association shall have the right to charge the requesting Owner a fee for the Maintenance Manual equal to the actual cost to the Master Association of providing a copy to the Owner. By accepting a deed to any Lot or Separate Interest within the Development, each Owner acknowledges and agrees that the Owner is required to comply with all of the recommended Maintenance Obligations and schedules set forth in the Maintenance Manual and each Owner is further obligated to provide a copy of the Maintenance Manual to any successor purchaser of the Owner's Lot or Separate Interest.

(c) Enforcement. In the event that an Owner is not maintaining his or her Lot and Residence in a manner that is consistent with the prevailing standards in the neighborhood, the Master Association or other Owners may initiate dispute resolution procedures in accordance with Article XII, below.

Section 7.03. Drainage Structures, Ditches and Swales.

(a) Each Owner shall keep drainage courses, ditches and swales on his or her Lot free and clear of all obstructions and shall, in cooperation with contiguous property Owners (including the Master Association and the Declarant as to any contiguous parcels owned by

them), maintain all such drainage ditches, swales and culverts common to their Lots or Separate Interests in good order.

(b) No Owner or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course, without making adequate provisions with respect to neighboring Lots or Separate Interests. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the Architectural Review Committee.

ARTICLE VIII USE OF PROPERTY WITHIN THE DEVELOPMENT AND RESTRICTIONS

In addition to the restrictions established by law or by Association Rules promulgated by the Board of Directors (consistent with this Master Declaration), the following restrictions are hereby imposed upon the use of Lots, Separate Interests, and other Parcels within the Development:

Section 8.01. Residential Property Use Restrictions.

(a) General Restrictions.

(i) All residential Separate Interests within the Development shall be occupied solely for Single Family Residential Use. In no event shall a Separate Interest be occupied by more individuals than permitted by applicable law, zoning or other local governmental regulation. However ADAs and JADAs shall be permitted so long as they comply with all local ordinances and are approved, in advance, by the Architectural Review Committee, such approval not to be unreasonably withheld.

(ii) Notwithstanding the foregoing, the Declarant and its successors or assigns or any Merchant Builder shall be entitled to use the Lots or Separate Interests owned by the Declarant or by a Merchant Builder, and the residential Separate Interest located thereon, as model homes, sales offices or construction headquarters for the purpose of constructing residential Separate Interests and marketing Lots or Separate Interests within any portion of the Development until all Lots or Separate Interests owned by the Declarant or by the Merchant Builder are sold.

(iii) Each Lot and Separate Interest shall be conveyed as a separately designated and legally described fee simple estate, subject to this Master Declaration. All Lots, Separate Interests, and the Residences and other Improvements erected or placed thereon (including, without limitation, landscaping) shall at all times be maintained in such a manner as to prevent their becoming unsightly.

(iv) No more than one kitchen facility shall be installed or maintained within any Residence, other than within an approved ADU or JADU.

(b) Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence, garage, or outbuilding or in any portion of any Lot or Separate Interest without the prior written approval of the Board; provided, however, the

foregoing restriction shall not apply to the activities, signs or activities of the Master Association in the discharge of its responsibilities under the Governing Documents or the Declarant's activities in connection with the Development, sale and marketing of Lots, Separate Interests, and Residences within Rio Del Oro. The business or commercial activities contemplated by the foregoing sentence expressly include, but are not limited to, any home occupation operating in violation of RCMC § 23.901.030. Furthermore, no restrictions contained herein shall be construed in such a manner so as to prohibit any Owner from: (a) maintaining his or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional telephone calls or correspondence therefrom; (d) engaging in other activities related to the resident's business profession that can be conducted from a Residence using computers and other technology so long as the home or business activities generate no traffic, noise, or involve other employees or contractors in the Residence; (e) leasing or renting his or her Residence in accordance with Section 2.02, above; or (f) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Master Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (f), above, are expressly declared to be customarily incidental to the principal residential use and not in violation of this Section 8.01(b).

(c) Parking and Vehicle Restrictions.

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

(ii) No motor vehicle shall be constructed, reconstructed or repaired within the Development and no dilapidated, unregistered or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on any Lot within the Development; provided, however, that the provisions of this subparagraph (b) shall not apply to emergency vehicle repairs. If a vehicle is being repaired in a garage, the garage door shall remain closed while the repairs are ongoing.

(iii) Campers, boats, trailers, motorcycles, and trucks in excess of three-quarter tons are not to be parked in any garages or other parking areas, including driveways and public streets, within the Development, except for the purpose of loading and unloading, unless in the sole discretion of the Architectural Review Committee the Owner has an appropriate location on his or her Lot where the type of vehicle or trailer listed in this subparagraph can be parked so as to be adequately screened from view from other neighboring Lots, Separate Interests, or streets. In accordance with RCMC § 23.719.130(I), commercial vehicles shall not be parked on any residential Lot. For purposes of this restriction, a recreation vehicle shall include any van, bus, motor home or vehicle designed for off-road or recreational use which cannot be parked entirely

within a garage so that the garage door can be returned to a fully-closed position or adequately screened from view at some other location on the Owner's Lot that is approved by the Architectural Review Committee as to both screening and location.

(iv) The Board shall have the authority to promulgate as part of the Master Association Rules such further rules and restrictions regarding parking and vehicles within the Development as may be deemed prudent and appropriate.

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

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

(ii) Dogs shall be leashed and otherwise under the supervision and restraint of their Owners when they are outside the Owner's Lot or Separate Interest.

(iii) No household pet shall be left chained or otherwise tethered in front of a Lot or Separate Interest. Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets in the Development.

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

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

(e) Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots or Separate Interests. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities which shall be located in the residence or garage or at some other location on the resident's Lot that is screened from view from any street or neighboring Lot. In accordance with RCMC § 23.731.080(A)(6), trash containers may be placed for pickup at a reasonable time not to exceed twelve (12) hours prior to trash collection and shall be stored (and screened) as provided herein not more than twelve (12) hours after collection. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from the Development to a public dump or trash collection area by the Owner or tenant at his or her expense. The Master

Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

(f) Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot nor shall anything be done within the Development which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise including, but not limited to, barking dogs, stereo amplifier systems, television systems, motor vehicles or power tools to emanate from an Owner's Lot, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot. The following non-exhaustive examples are expressly deemed a nuisance in violation of this subparagraph (f):

- (i) Prohibited accessory structures and portable storage containers (RCMC §§ 23.734.035, 23.922.030(A)(4)).
- (ii) Commercial vehicles parked upon any residential Lot (RCMC § 23.719.130(I)).
- (iii) Any Owner that creates, causes, or permits any of the conditions itemized in RCMC § 16.18.1703 to exist upon his or her Lot or Residence when such conditions are visible from public property.

(g) Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are visible from neighboring property shall be erected or maintained on any Lot except:

- (i) signs required by legal proceedings;
- (ii) no more than one identification sign for individual Residences;
- (iii) no more than one "for sale" or "for rent" sign for the individual Lot on which the sign is located. The Board of Directors shall have the authority to adopt uniform rules regarding the color and appearance of signs, so long as the name and logo or other identification of a realty company is permitted to be displayed;
- (iv) other signs, such as open house or garage sale signs, or signs advising of the existence of security or surveillance services, or "no solicitation" signs, the nature, size, number, and location of which have been approved in advance and in writing by the Architectural Committee or are in accordance with written guidelines which may be developed and approved by the Board of Directors;
- (v) signs of the Declarant or any Merchant Builder located on any Lot or Separate Interest owned by the Declarant or a designated Merchant Builder; and

- (vi) signs pertaining to political campaigns or ballot measures; subject to such reasonable rules and regulations relating to the placement and/or manner to displaying political signs or the duration for which the signs may be displayed as may be adopted by the Board of Directors.

(h) Storage. Storage of personal property on any Lot shall be entirely within enclosed storage areas or areas that are screened from view from adjacent streets, Lots or Separate Interests. There shall be no woodpiles nor storage piles accumulated on top, or outside, of any enclosed storage area.

(i) Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on any Lot in a manner which is visible from any neighboring Lot.

(j) Burning. There shall be no exterior fires whatsoever except for the following: (i) barbecue fires located only upon Lots or Separate Interests and contained within receptacles designed for such purpose; and (ii) outdoor fire pits located upon Lots or Separate Interests and powered by propane or natural gas. No Owner or resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles or weeds which create a fire hazard or is in violation of local fire regulations.

(k) Sports Apparatus. No basketball standards or fixed sports apparatus shall be attached to any Residence or garage or erected on any Lot or streets within the Development, unless the location of the standard or other sports fixture is in the rear-yard area of the Lot. It is the intent that this restriction also applies to portable basketball standards. When such standards are not in use, they shall either be stored out of view or, if located in the rear-yard, retracted so as not to be visible over the rear yard fence.

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

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

(n) Activities Affecting Insurance. Nothing shall be done or kept on any Lot or Separate Interest which will increase the rate of insurance relating thereto without the prior written consent of the Master Association and no Owner shall permit anything to be done or kept on his or her Lot which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence.

(o) Restriction on Further Subdivision and Severability. No Lot or Separate Interest shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof. No Lot or Separate Interest, as shown on a final Subdivision Map for any portion of the Development, shall be combined with any other Lot or Separate Interest.

Section 8.02. Commercial Use Restrictions. Any uses and limitations imposed on the use of Lots or Separate Interests that are zoned for commercial, retail and/or industrial uses shall be set forth in the Supplemental Declaration that is subsequently Recorded with respect to that Phase of the Development. In addition to the foregoing, No Owner shall create, cause, or permit any of the conditions itemized in RCMC § 16.18.1704 to exist upon the Commercial Lot and/or Buildings thereon when such conditions are visible from public property.

Section 8.03. Visibility Restrictions at Driveways and Intersections. Areas at street corners and adjacent to driveways shall be free of obstructions to visibility in accordance with the attached Exhibit "D".

Section 8.04. Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article VIII, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Master Declaration. In considering and acting upon any request for a variance, the Board shall follow the procedures set forth in Section 5.14 for the granting of variances from the Architectural Rules.

Section 8.05. Enforcement of Property Use Restrictions. The objective of this Master Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Master Association becomes aware of a Design Review or property use infraction that does not necessitate immediate corrective action under Section 12.06, below, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE IX EASEMENTS

Section 9.01. Easements for Utilities. Easements for installation and maintenance of utilities are created as shown on any recorded Subdivision Map or any portion of the Development or as otherwise granted to utility companies. The rights and duties of the Owners of Lots or Separate Interests within the Development with respect to sanitary sewer, water, electricity, gas, television cable (or CATV service) and telephone lines, and other facilities, shall be governed by the following:

(a) Each Owner shall maintain those facilities and connections located upon his or her respective Lot which are not maintained by the respective utility company or agency.

(b) No Owner shall construct any Improvements on any utility easement area of record which will unreasonably interfere with the maintenance and repair of the facilities located in said easement without the prior written consent of the appropriate utility company. No Owner shall construct any improvements in open space parcels adjacent to the Owner's property.

Section 9.02. Easements for Drainage. Easements for installation and maintenance of drainage facilities may be shown on the recorded Subdivision Maps for the Development, and no buildings, obstructions or encroachments by landfills are allowed within any such drainage easements. Additional nonexclusive easements appurtenant to each Lot in the Development are hereby created and reserved for drainage according to the patterns for drainage created by the approved grading plans for the Development, as well as according to the actual, natural and existing patterns for drainage.

Section 9.03. Easements for Slope and Drainage Maintenance. Each Owner of a Lot in the Development acknowledges and agrees that he or she will permit free access by Owners of adjacent Lots or Separate Interests to slopes or drainage channels, if any, located on his or her Lot which affect the adjacent Lot when such access is essential for the maintenance of said slopes or drainage channels for the protection of the adjoining Lot.

Section 9.04. Easements for Construction and Sales Activities of the Declarant and Merchant Builders. The Declarant hereby reserves for itself and for the benefit of those persons who are designated as Merchant Builders easements over the Development for access, ingress and egress on and over the Development as necessary to improve and develop the Development, and for construction, display, maintenance, sales and exhibit purposes in connection with the improvement and sale of Lots and Separate Interests within the residential areas of Rio Del Oro, together with the right to grant and transfer the same to the Declarant's/Merchant Builders' sales agents and representatives and prospective purchasers; provided, however, that such use by the Declarant, Merchant Builders and others shall not interfere with the reasonable use and enjoyment of a Residence by the Owner thereof, commencing at closing on his or her Lot; and provided further that the rights pursuant to this Section 9.04 for any Merchant Builder shall only extend to those Parcels, Lots or Separate Interests acquired by the Merchant Builder from the Declarant. The construction and sales easements reserved hereby shall specifically include the right to maintain sales offices in models and/or temporary modular facilities at such location or locations throughout the Development as Declarant or the Merchant Builder may deem appropriate, the right to place signs advertising Residences for sale, and the right to maintain temporary utility poles, lines and other facilities throughout Rio Del Oro.

Section 9.05. Other Easements. Each Lot and its Owner, the Master Association and Declarant, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Development and each Lot as shown on the Subdivision Map for any portion of the Development including, without limitation, roadway and ditch drainage easements.

Section 9.06. Priority of Easements. Wherever easements granted to the City, or to a political subdivision thereof are, in whole or in part, coterminous with any other easements, the easements of the City shall have and are hereby granted priority over said other easements in all respects.

ARTICLE X INSURANCE

Section 10.01. Types of Insurance Coverage. The Master Association shall, at the discretion of the Board of Directors, purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, such insurance and bonds as the Board may, from time to time, determine to be necessary or desirable to adequately protect the Association, its directors, officers, and Members from liability arising out of or relating to the activities and actions of the Master Association and the Board in the discharge of its duties under the Governing Documents, including, for example, general liability insurance, directors and officers liability insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than one hundred percent (100%) of each year's estimated annual operating expenses and shall contain an endorsement of any person who may serve without compensation.

Section 10.02. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Master Association and shall be available for inspection by Owners at any reasonable time.

Section 10.03. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 10.01, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 10.04. Obligation of Owners to Insure Their Residences, Units, and Personal Property. Each Owner of a Lot or other Separate Interest shall be responsible for obtaining his/her own policy of fire and casualty insurance with respect to such Lot or Separate Interest. Further, in any event, each Owner shall be responsible for obtaining his/her own insurance to cover: (i) furnishings, fixtures and personal property within such Owner's Residence; and (ii) such Owner's personal liability for committing negligent or tortuous acts while within the Development.

ARTICLE XI

DAMAGE OR DESTRUCTION OF RESIDENCES AND SEPARATE INTERESTS

Section 11.01. Obligation to Rebuild or Clear Damaged Structures. If all or any portion of any Lot or Separate Interest is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of that Lot or Separate Interest to rebuild, repair or reconstruct the Lot or Separate Interest in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty. If structural improvements other than a Residence, garage or fence are damaged or destroyed and the Owner prefers not to rebuild the improvement, the Owner shall clear his or her Lot or Separate Interest of all damaged or destroyed materials and return the affected area to an attractive appearance.

Section 11.02. Architectural Review Committee Approval. Any Owner whose Residence or other structural improvements on a Lot or other Separate Interest have been damaged or destroyed shall apply to the Architectural Review Committee for approval of plans for the reconstruction, rebuilding, or repair of the damaged or destroyed Residence or structure. Application for such approval shall be made in writing, together with full and complete plans,

specifications, working drawing and elevations showing the proposed reconstruction and the end result thereof. The Architectural Review Committee shall grant such approval only if the design proposed by the Owner satisfies the requirements for approval set forth in Section 5.07, above.

Section 11.03. Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) and the Architectural Review Committee shall be obligated to proceed with all due diligence hereunder to remove damaged structures (or portions thereof), prepare and process reconstruction plans and specifications and complete the repair and restoration work. At a minimum, whenever Owners are required to prepare and submit repair or reconstruction plans to the Architectural Review Committee, said submittal shall be made within sixty (60) days following the event and reconstruction shall commence within thirty (30) days following receipt of approval from the Committee. Reconstruction shall be completed within eight (8) months following receipt of Committee approval. For good cause (including, without limitation, delays caused by inclement weather or the processing of insurance claims) the Architectural Review Committee may waive or extend any of the deadlines imposed by this Section 11.03.

Section 11.04. Damage or Destruction of Residences of Other Separate Interests or Other Improvements in Planned Developments or Condominium Projects. In the event that a Residence, Separate Interest or other Improvement located in a Planned Development or Condominium Project that is part of a future Annexed Phase, the Supplemental Declaration applicable to that Phase shall control and dictate the process for the repair and reconstruction of the damaged Improvements.

ARTICLE XII BREACH AND DEFAULT

Section 12.01. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Master Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by Declarant, any Owner, the Master Association, its officers or Board of Directors, or by their respective successors in interest.

Section 12.02. Nuisance. Without limiting the generality of the foregoing Section 12.01, the result of every act or omission whereby any covenant contained in this Master Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 12.03. Attorneys' Fees. Reasonable attorneys' fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedure includes an action brought in any court having jurisdiction over any alternative dispute resolution procedure implemented pursuant to the Governing Documents. In any enforcement procedure, such as mediation or arbitration in which there is not an agreement between all of the parties that

attorneys will represent them, recoverable costs are limited to attorneys' fees and costs incurred in providing the notices required under such statute.

Section 12.04. Cumulative Remedies; Adoption of Fine Schedule. The respective rights and remedies provided by this Master Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Master Declaration. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

Section 12.05. Failure Not a Waiver. The failure of Declarant, any Owner, the Board of Directors, the Master Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Master Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Declarant, the Master Association or the Board, or any of its officers or agents.

Section 12.06. Legal Principles Applicable to Enforcement. Although the Master Association is not subject to the Davis-Stirling Act, in any action to enforce this Master Declaration or any other Governing Documents, the Master Association and each Owner acknowledges and agrees to be bound by the legal principles and legal presumptions governing covenant enforcement in the context of common interest developments and the enforcement of equitable servitudes in such developments. As an example, and without limiting the foregoing, those legal principles and legal presumptions shall include the holdings and precedents of the following cases, unless and until any of the listed judicial decisions are overturned or modified by subsequent case law or statutory enactments:

- (a) *Nahrstedt v. Lakeside Village Condominium Association* (1994) 8 Cal 4th 361. (CC&Rs are presumed reasonable; burden is on the party challenging provision to show that provision is unreasonable).
- (b) *Villa De Las Palmas Homeowners Association v. Terifaj* (2004) 33 Cal 4th 73. (Amendments are as valid as the original Declaration, and duly adopted Rules are enforceable).
- (c) *Rancho Santa Fe Association v. Dolan-King* (2004) 115 Cal. App. 4th 28. (Architectural rules and review by Board are subject to requirements that decisions be made in good faith good faith judgments have been made,, the courts will not second guess the decisions of the Board).
- (d) *La Jolla Shores Clubdominium Association v. Lamden* (1999) 21 Cal 4th 249. (Courts won't overrule Board decisions, so long as decisions were made in good faith, in the best interest of the community, and based upon reasonable inquiry).

Section 12.07. Due Process Requirements for Disciplinary Proceedings. Except as otherwise provided in Section 4.10, above (relating to disputes over the collection and payment of delinquent Assessments) and 12.09, below (relating to disputes with the Declarant), disputes of the kind described in subparagraph (a), below, among Owners, or among Owners and other residents who are not Owners, or between an Owner or Owners and the Master Association, shall be resolved as provided in this Section 12.07:

(a) Mediation or Other Informal Resolution of Disputes Among Owners. If an Owner believes that another Owner or resident of the Development is in violation of any covenant or restriction contained in this Master Declaration or any of the other Governing Documents of the Master Association, or if an Owner believes that the Board of Directors of the Master Association is failing to properly discharge the Master Association's responsibilities under this Master Declaration or other Governing Documents of the Master Association, the Owner shall provide written notice (a "**Notice of Violation**") of the alleged violation to the other party (Owner, resident, or the Master Association Board). The Notice of Violation shall contain a general description of the condition, action or activity that the noticing Owner believes to be in violation of the Declaration/Governing Document and the notice shall cite the Section of the Declaration or of another Governing Document of the Master Association that is allegedly being violated. The Owner or Owners who are alleging that a violation of the Declaration/Governing Documents has occurred and the noticed parties shall be referred to collectively as the "Disputing Parties" and the alleged violation shall be referred to as the "Dispute."

Disputing Parties are encouraged to resolve the Dispute through clear communication and neighborly courtesy, if at all possible. In the case of a Dispute that involves the Master Association, within fifteen (15) days after receipt of the Notice of Violation the Board shall set the matter for a hearing before the Board and shall provide the complaining Owner(s) with written notice of the date, time and location of that hearing. The hearing may be conducted in executive session if requested by the complaining Owner(s) and the date of the hearing shall be no sooner than ten (10) days following the date of the Master Association's notice. The Board of Directors of the Master Association shall also have the discretion to serve as a mediating body to hear, and attempt to resolve, Disputes among Owners and residents that do not involve the Master Association directly, if all Disputing Parties desire the Board to act as a mediator. Disputing Parties who are unable to resolve the Dispute through communication or other informal means may also agree among themselves to retain the services of a third-party mediator, with the scheduling and cost of those proceedings being determined by agreement among the Disputing Parties.

(b) Arbitration of Owner Disputes. If a Dispute cannot be resolved through informal means or mediation in accordance with subparagraph (a), above, all Disputing Parties (including the Master Association, if the Master Association is a party) shall resolve such Dispute by arbitration in accordance with this subparagraph (b). The Dispute between the Disputing Parties shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") before an arbitrator(s) selected from the panels of the arbitrators of the AAA. Any fees or costs in initiating arbitration which must be paid prior to such arbitration shall be borne equally by the Disputing Parties; provided, however, that all such costs or fees and all other costs of the arbitration, including without limitation, reasonable

attorneys' fees, shall be borne by the Disputing Parties in such amounts and such proportions as shall be determined by the arbitrator(s).

(c) Remedies Available for Resolving Disputes. In any proceedings conducted pursuant to this Section 12.06, the arbitrator or arbitrators shall be empowered to do any one or more of the following: (i) issue a ruling or decision interpreting the meaning and intent of this Master Declaration or any other Governing Document of the Master Association, as applied to the Dispute in question; (ii) awarding injunctive or other equitable relief to the prevailing party; (iii) awarding actual damages (but not punitive damages), including reasonable attorneys' fees and costs, to the prevailing party; (iv) ordering a suspension of membership voting privileges with respect to any Member who is a Disputing Party; (v) imposing a fine against any Disputing Party so long as the Master Association has adopted and distributed to its members a schedule of fines that can be imposed for enumerated categories of Governing Document violations (and the awarded fine is in accordance with the written fine schedule); and (vi) making a determination as to which Disputing Party is the prevailing party in the Dispute.

(d) Effect of Arbitration. The decision of the Arbitration Panel or AAA arbitrator(s), as applicable, shall be binding upon all Disputing Parties (except where the Arbitration Panel fails to act in good faith or acts arbitrarily or capriciously) and may, as long as not otherwise prohibited by applicable law, be entered as a judgment or order in any court of competent jurisdiction. The cost for the entry of such judgment shall be borne by the Disputing Party or Disputing Parties that do not prevail in the arbitration.

Section 12.08. Enforcement by the City. The City shall be a third-party beneficiary to the duties and covenants imposed in this Master Declaration and shall be entitled to, without obligation, take appropriate legal action to enforce these duties and covenants. If an action is commenced, the City shall be entitled to recover costs including reasonable attorneys' fees. The provisions of this Section 12.08 may not be amended or rescinded without the prior written consent of the City.

Section 12.09. Assessment Collection Actions. The notice and hearing procedures set forth in Section 12.06 shall not apply to any actions by the Master Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Association assessment collection efforts.

Section 12.10. Dispute Resolution Procedures Applicable to Declarant Disputes. Reference is made to Exhibit "C," attached hereto and incorporated herein by reference.

ARTICLE XIII PROTECTION OF MORTGAGEES

Section 13.01. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Article IV, above, shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Master Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Article IV, above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such recorded Mortgage.

Section 13.02. Amendment of This Master Declaration. No amendment of this Master Declaration shall affect any of the rights of the holder of any Mortgage described in Section 13.01, above, which is made in good faith and for value, if such Mortgage is recorded and notice of the delivery and recording thereof is given to the Master Association prior to the recording of such amendment.

Section 13.03. Default by Owner; Mortgagee's Right to Vote. In the event of a default by any Owner under a Mortgage encumbering such Owner's Lot, the Mortgagee under such Mortgage shall, upon: (a) giving written notice to the defaulting Owner; (b) recording a Notice of Default in accordance with California Civil Code section 2924; and (c) delivering a copy of such recorded Notice of Default to the Master Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Master Association held only during such period as such default continues.

Section 13.04. Breach; Obligation After Foreclosure. No breach of any provision of this Master Declaration by Declarant, the Master Association or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Lot. The Declarant, the Master Association or their successor and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Master Declaration as it may be amended from time to time with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.

Section 13.05. Superiority of Mortgage to Condemnation Proceeds. If any Lot or Separate Interest, or portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of Lots or Separate Interests with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 13.06. Quality of Future Improvements. All intended Improvements in any future phase of the Development shall be consistent with the Improvements in the first phase in terms of quality of construction. The requirements of this section are solely for the benefit of, and may be enforced only by, the Federal National Mortgage Association.

ARTICLE XIV

ANNEXATION, SUPPLEMENTAL DECLARATIONS

Section 14.01. Annexations, Generally. Any or all of the Subsequent Phase Property may be annexed to and made subject to this Master Declaration by any of the methods hereinafter set forth. In this Article XIV, any reference to the "**Annexed Property**" or to an "**Annexed Phase**" shall mean the property that is described in a duly Recorded Declaration of Annexation or Supplemental Declaration.

Section 14.02. Unilateral Annexations. Declarant has the right, as to the Subsequent Phase Property (i.e., the lands more particularly described in Exhibit "B") to annex any or all of that Subsequent Phase Property so as to be subject to this Master Declaration and so that membership in the Master Association shall be appurtenant to ownership of Lots or Separate Interests within the annexed Phase.

Section 14.03. Other Annexations. In addition to annexations effected by the Declarant pursuant to Section 14.02, annexations of other real property may be made by Declarant with the approval by vote or written consent of Members entitled to exercise not less than two-thirds of the Voting Power of each class of membership of the Master Association. After the Class B membership has ceased, the affirmative vote of at least two-thirds of the voting power of Members other than Declarant shall be required to approve annexations pursuant to this Section 14.03. Upon obtaining the requisite approval of the Members pursuant to this Section, Declarant shall Record a Declaration of Annexation and, if appropriate, a Supplemental Declaration, as more particularly described in Sections 14.04 and 14.05 of this Article.

Section 14.04. Declaration of Annexation.

(a) Effect of Recordation of a Declaration of Annexation. Any annexation of portions of the Subsequent Phase Property to the Development authorized by this Master Declaration shall be made by Recording a Declaration of Annexation, or other similar instrument, with respect to the additional real property which shall be executed by Declarant or the Owner thereof and shall extend this Master Declaration to such real property. The Recordation of such a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of Development, become subject to this Declaration and encompassed within the general plan and scheme of the covenants, conditions and restrictions contained herein, and become subject to Assessment by the Master Association and to the functions, powers and jurisdiction of the Master Association, and the Owners of Lots or Separate Interests in said real property shall automatically become Members of the Master Association.

(b) Contents of Declaration of Annexation. The Declaration of Annexation shall include the following:

(i) Legal Description of the Annexed Property. A legal description of the property included in the annexed property, separately identifying Lots and Separate Interests;

(ii) Statement Regarding Commencement of Assessments. The Declaration of Annexation shall provide for a specified date on which Assessments shall commence for Lots or Separate Interests in the annexed Phase, provided that the date specified may not be later than the

first day of the first month following the month in which the first Lot in the annexed Phase is conveyed to an Owner;

(iii) Application of Equitable Servitudes. A statement that all of the covenants, conditions and restrictions of this Master Declaration shall apply to property within the Annexed Phase in the same manner as if the annexed property was originally covered by this Master Declaration; provided, however, that additional or revised covenants, conditions and restrictions applicable to the annexed property (collectively, "supplemental restrictions"), may be imposed when, in the sole discretion of the Declarant, it is deemed necessary or appropriate and to impose supplemental restrictions in order to reflect differences in the nature, Design or use of the Improvements to be constructed on Lots or Separate Interests in the annexed Phase.

Supplemental restrictions may not alter the general common plan or scheme created by this Master Declaration, revise any restriction imposed by a governmental entity as a condition of Subdivision Map approval (without the consent of that entity) or revoke, modify or add to the covenants, conditions and restrictions imposed by this Master Declaration with respect to portions of the Development initially subject to this Master Declaration or real property annexed to the Development prior to the annexed Phase. If supplemental restrictions are considered necessary or appropriate for a particular Phase, they shall be set forth in a Supplemental Declaration attached to, or incorporated in, the Declaration of Annexation (see Section 14.05, below).

Additional real property may be annexed to the Development and become subject to this Master Declaration in accordance with this section. Although the present intention of the Declarant is to develop the Subsequent Phase Property as part of the Development in conformance with a plan of phased development, nothing in this Master Declaration shall be construed or interpreted to commit the Declarant to the annexation of any portion of the Subsequent Phase Property to the Development in accordance with any present planning.

Section 14.05. Supplemental Declarations.

(a) Authority to Record Supplemental Declarations. During the course of developing the Property, it may become necessary or appropriate for Declarant to Record a Supplemental Declaration. Recordation of Supplemental Declarations by Declarant with the consent of Declarant (such consent not to be unreasonably withheld) is hereby approved.

(b) Content of Supplemental Declarations. Any Supplemental Declaration shall describe the portion of the Subsequent Phase Property to which it is to apply, recite that the Supplemental Declaration is being Recorded pursuant to the authority conferred by this Section 14.05 and may include, without limitation:

(i) Specification of Property Use Restrictions Applicable to the Annexed Property. Property use restrictions and design and building standards which shall apply solely to the Lots (and any Improvements constructed thereon) within the annexed Phase;

(ii) The Creation of a Sub-Association with Jurisdiction Over Property in the Annexed Phase. It is possible that portions of the Subsequent Phase Property may be developed by the Declarant or by a Merchant Builder as a project that is subject to either the Davis-Stirling Act or the Commercial/Industrial Act and, should that occur, the development would need to be managed by a Sub-Association comprised of the Owners of Separate Interests in that Phase.

Section 14.06. Reconciling Conflicts Among Documents. This Master Declaration shall control if there is any conflict between any Declaration of Annexation or Supplemental Declaration and the provisions of this Master Declaration; provided, however, that to the extent that any provision hereof is expressly modified by a Supplemental Declaration, no conflict shall be deemed to exist; and, provided further, that this Master Declaration and any Supplemental Declaration shall be construed so as to be consistent with one another to the extent that the reconciliation of provisions is reasonably possible. However, the inclusion in any Supplemental Declaration of covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens or charges which are more restrictive or more inclusive than in the Governing Documents shall not be deemed to constitute a conflict with the provisions of this Master Declaration.

Section 14.07. De-Annexation and Amendment. Any Declarant has the right, at its sole option, to (a) amend a Declaration of Annexation or a Supplemental Declaration; or (b) remove from the Development any property described in a Recorded Declaration of Annexation or a Supplemental Declaration by executing and Recording a rescission of such document, so long as both of the following conditions are satisfied at the time of the execution of the amendment or rescission: (i) no Lot in the annexed Phase encumbered by the Declaration of Annexation and/or Supplemental Declaration has been conveyed to an Owner; and (ii) Assessments have not commenced for any Lot in such annexed Phase.

Section 14.08. Taxes and Assessments. All taxes and other assessments relating to any Subsequent Phase Property that is duly annexed to the Development in accordance with Sections 14.02 and 14.03, above, covering any period prior to annexation of the Phase shall be paid or otherwise provided for by the Declarant or other entity that is the owner of the annexed Phase.

Section 14.09. Infrastructure Improvements. All intended infrastructure improvements in Phases that are annexed to the Development pursuant to Sections 14.02 and 14.03, above, shall be substantially completed or bonded to the satisfaction of the local governmental agency with authority therefor and the Federal National Mortgage Association prior to annexation and shall be consistent with the initial improvements of the initial Phase of the Overall Development in terms of the quality of construction.

Section 14.10. Effect of Annexation.

(a) Application of Declaration to Annexed Phase. The Recordation of a Declaration of Annexation shall constitute and effectuate the annexation of the Subsequent Phase Property described therein, and thereupon the annexed Phase shall become and constitute a part of the Development, and be subject to, and encompassed within, the general plan and scheme of this Master Declaration, subject only to such modification in said general plan as may be imposed by the Declaration of Annexation or by a Supplemental Declaration. Lots and Separate Interests

within the annexed Phase shall thereupon become subject to Assessment by the Master Association and to the functions, powers and jurisdiction of the Master Association, and the Owners of Lots and Separate Interests within the annexed Phase shall automatically become Members of the Master Association. Any private roads which are included within the annexed Phase shall be subject to an easement in favor of the Master Association, free of all liens and encumbrances, other than liens, rights of way or other encumbrances disclosed on the preliminary title report for the annexed Phase and approved by the Master Association.

(b) The Obligation of the Master Association Board to Approve Revisions to the Master Association Budget Resulting From Annexation of a New Phase. After a new Phase has been annexed, the Board shall approve a budget, which is substantially based upon the operating budget accepted by the California Department of Real Estate in connection with the Public Report for that Phase, for the remainder of the current fiscal year for use upon commencement of Regular Assessments against Lots and Separate Interests within the annexed Phase.

Section 14.11. Amendment of Annexation Provisions. After the conversion of Class B membership to Class A membership, and until such time as the Declarant no longer has any rights of unilateral annexation pursuant to Section 14.02, above, this Article may not be amended without the written consent of the Declarant, unless at the time of the amendment all property constituting Subsequent Phase Property has been annexed to the Development.

ARTICLE XV DECLARANT PRIVILEGES AND EXEMPTIONS

Section 15.01. Interest of the Declarant; Material Actions Requiring Declarant Approval. The real property that is initially subject to this Master Declaration constitutes only a portion of the lands that are planned through the phasing and annexation process described in Article XIV, above, to become part of Rio Del Oro. Each Owner of a Lot in the Development acknowledges, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant has a substantial interest to be protected with regard to assuring compliance with and enforcement of the covenants, conditions, restrictions and reservations contained in this Master Declaration and any amendments thereto and any Supplemental Declarations recorded pursuant to this Master Declaration. Notwithstanding any other provisions of the Governing Documents, until such time as the Declarant is no longer entitled to annex any portion of the Subsequent Phase Property by the process of annexation set forth in Article XIV, above, without the vote of the Members, the following actions, before being undertaken by the Members or the Master Association, shall first be approved in writing by the Declarant.

(a) Specified Approvals. Any amendment or action requiring the approval of the Declarant pursuant to this Master Declaration, and any amendment or action requiring the approval of first Mortgagees pursuant to this Master Declaration (the Master Association shall provide the Declarant with all notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration, provided that the Declarant shall be furnished with such notices and other documents without making written request);

(b) Annexation. The annexation to the Development of any real property that is not included in the description of Subsequent Phase Property by action of the Declarant;

(c) Architectural Rules. Any supplement or amendment to the Architectural Rules, including Architectural Rules applicable to a particular Phase within the Development (see Section 5.06, above).

Section 15.02. Exemptions from Restrictions Otherwise Applicable. Nothing in the Governing Documents shall limit and no Owner, the Master Association, or any Sub-Association shall do anything to interfere with the right of the Declarant or any Merchant Builders, either directly or through their respective agents and representatives, to subdivide, re-subdivide, sell, resell, rent or re-rent any portion of Development, or the right of the Declarant or a Merchant Builder as to any Phase that a Merchant Builder is developing to complete excavation, grading, construction of Improvements or other development activities to and on any portion of Rio Del Oro that is owned by the Declarant or a Merchant Builder or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as the Declarant or the Merchant Builder deems advisable in the course of development of the residential Phases of Rio Del Oro so long as any Lot, Separate Interest or Parcel within Rio Del Oro is owned by the Declarant or by a Merchant Builder.

The rights reserved to the Declarant and to Merchant Builders pursuant to this Section 15.02 shall include, but shall not be limited to, carrying on by the Declarant or any Merchant Builder and their respective agents and representatives of such grading work as may be approved by the City Department of Public Works or other agency having jurisdiction, and erecting, constructing and maintaining on Development such structures (including, without limitation, temporary sales and construction offices or trailers, sales offices or model homes), signs 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. Notwithstanding the foregoing, any signage, banners, model homes and other marketing programs or activities of a Merchant Builder within Rio Del Oro must be approved in advance by the Declarant and said approval may be included in the documentation by which a Merchant Builder acquires a Phase of Rio Del Oro from the Declarant for development and resale.

Each Owner, by accepting a deed to a Lot or Separate Interest, hereby acknowledges that any construction or installation by the Declarant or by a Merchant Builder may impair the view of such Owner, and hereby consents to such impairment. Merchant Builders shall have the right to apply to the City for special use permits needed in connection with their Lot sales activities.

Section 15.03. Exemptions from Restrictions Otherwise Applicable. Nothing in the Governing Documents shall limit and no Owner or the Master Association shall do anything to interfere with the right of Declarant or any designated Merchant Builder, either directly or through their respective agents and representatives, to subdivide, re-subdivide, sell, resell, rent or re-rent any portion of the Development, or the right of Declarant or a Merchant Builder to complete excavation, grading, construction of Improvements or other development activities to and on any portion of the Development owned by Declarant or Merchant Builder 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 Rio Del Oro so long as any Lot or

any portion of the Development is owned by the Declarant or by a Merchant Builder with respect to its Phase of development.. Such rights shall include, but shall not be limited to, carrying on by Declarant, and Merchant Builders, and their respective agents and representatives of such grading work as may be approved by the City or other agency having jurisdiction, and erecting, constructing and maintaining within the Development such structures, signs 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. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by Declarant or a Merchant Builder may impair the view of such Owner, and hereby consents to such impairment.

Section 15.04. Extension of Privileges and Exemptions to Merchant Builders. A Declaration of Annexation or Supplemental Declaration signed and Recorded by the Declarant may extend all of some of the privileges and exemptions of this Article XV to the Merchant Builder who acquires a Subsequent Phase.

Section 15.05. Amendment of Plans. Subject to approval, as necessary, by the County of Sacramento, Declarant may, from time to time as it deems fit, amend its plans for the Rio Del Oro development, combine or split Lots, Separate Interests, or Parcels, and apply for changes in the entitlements for the Development, changes in zoning, use and use permits for any property within the Development.

Section 15.06. Right to Enforce Design Review and Approval Requirements. For so long as the Declarant has the right to appoint any members of the Architectural Review Committee, the Declarant shall have the right to initiate action to correct or prevent any activity, condition or Improvement that is not in substantial compliance with approved plans and specifications to the same extent as the Master Association if: (a) the Committee has issued a Notice of Noncompliance; and (b) the Master Association, after having a reasonable opportunity to do so, is unable or unwilling to initiate enforcement action. In the event that such action is initiated by the Declarant and it is later determined by an arbitrator or a court of competent jurisdiction that the Owner of the subject Lot was, in fact, proceeding in violation of the approved plans and specifications, any reasonable costs incurred by the Declarant in initiating enforcement action, including reasonable attorney's fees, which are not the subject of an award of fees and/or costs against the offending Owner, may be charged to the Master Association.

Section 15.07. Termination of Any Responsibility of Declarant. In the event the Declarant conveys all of its rights, title and interest to any partnership, limited liability company, individual or individuals, corporation or corporations, in and to the Development, and the acquiring person or entity is designated as a successor Declarant as to all the property conveyed, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of Declarant. This Article shall not terminate any responsibility of the Declarant for acts or omissions occurring prior to the conveyance to such partnership, individual or individuals, corporation or corporations. However, this shall not limit Declarant's right to enter into a contract or agreement dealing with such acts or omissions, provided the contract or agreement is enforced by Declarant, if necessary.

Section 15.08. No Amendment or Repeal. So long as the Declarant owns any Lots or Separate Interests within the Development, the provisions of this Article may not be amended or repealed without the consent of the Declarant.

ARTICLE XVI NOTICES

Section 16.01. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to Declarant:	Alta Vista, LLC, at 340 Palladio Parkway, Suite 521, Folsom, CA 95630-8832 (or to such other address as Declarant may from time to time designate in writing to the Master Association).
If to any Owner:	To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Master Association for purposes of notice.
If to the Master Association:	Rio Del Oro Master Association, at the principal office of the Master Association (or to such other address as the Master Association may from time to time designate in writing to the Owners).

Section 16.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the Co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such Co-Owners, to such partnership, or to such corporation, as the case may be.

Section 16.03. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four (4) days after deposit in the United States mail in the County.

ARTICLE XVII NO PUBLIC RIGHTS IN THE DEVELOPMENT

Nothing contained in this Master Declaration shall be deemed to be a gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever. Notwithstanding the foregoing, the lands included within the Development shall be subject to such public dedications and/or easements and rights-of-way as appear on the Subdivision Maps.

ARTICLE XVIII AMENDMENT OF THIS DECLARATION

Section 18.01. Amendment Before Close of First Sale. Before the close of escrow for the first sale of a Lot in the Development to a purchaser other than Declarant, this Master Declaration may be amended or revoked in any respect by the execution of an instrument amending or revoking the Declaration signed by Declarant and any Mortgagee of record, provided the consent or approval of the Commissioner of the California Department of Real Estate is first obtained to the extent required by California law. The amending or revoking instrument shall make appropriate reference to this Master Declaration and shall be Recorded.

Section 18.02. Amendment After Close of First Sale. After the close of escrow for the first sale of a Lot in the Development to a purchaser other than Declarant, this Master Declaration may be amended or revoked in any respect upon compliance with the following provisions:

(a) Member Approval Requirements. Any amendment shall be approved by the vote or assent by written ballot of the holders of not less than fifty-one percent (51%) of the Voting Power of each class of Members. If a two-class voting structure is no longer in effect in the Master Association because of the conversion of Class B membership to Class A membership, as provided in the Master Association's Bylaws, any amendment thereof will require the vote or assent by written ballot of both: (i) fifty-one percent (51%) of the total voting power of the Master Association; and (ii) the vote of fifty-one percent (51%) of the total Voting Power held by Members other than the Declarant. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Master Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

(b) Additional Approvals for Amendments to Particular Provisions.

- (i) Mortgagee Approvals. Mortgagee approvals shall be required to amend any of the provisions described in Article XIII, above.
- (ii) Declarant Approvals. The following provisions may only be amended with the prior written consent of the Declarant(s) for so long as the Declarant owns any Lots or Separate Interests in the Development or any portion of the Subsequent Phase Property: Sections 1.21, 1.28, 1.31, 1.32, 1.38, 2.03(c), 3.04(b), 45.02, 12.09, 19.02, Articles XIV and XV, and Exhibit "C".
- (iii) Approval by the City. The following provisions of this Master Declaration reflect Entitlements Documents conditions and RCMC conditions for the Development imposed by the City and may only be amended, changed or deleted with the prior written consent of the City: Sections 1.01; 1.10; 1.16; 1.24; 1.26; 2.02(b); 6.03; 8.01(a)(iv); 6.08; 6.09; 7.01; 7.02(a)(ii); 8.01(a)(iv); 8.01(b); 8.02 to the extent a sentence

references RCMC; 8.01(c)(ii),(iii); 8.01(e); 8.01(f)(i)-(iii); 8.02; 8.03 12.08.

Section 18.03. Restatements. This Section describes the methods for restating the Declaration after an amendment or amendments are dully approved.

Section 18.04. General. The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Master Declaration when it has been properly amended pursuant to its requirements for amendment. Such restatement shall be effective upon execution of the restatement by any two (2) officers of the Master Association and its Recordation. Upon Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration initial date of Recordation.

Section 18.05. Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete the text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions described in the section entitled "Amendment of Declarant Benefit Provisions;" (iv) the addition of a statement that the Board has authorized the restatement pursuant to this section; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as title, section, or subsection numbering changes.

Section 18.06. Department of Real Estate. An amendment to this Master Declaration, Bylaws, or other governing instruments of the Master Association shall require immediate notification of the California Department of Real Estate in accordance with section 2800 of the Commissioner's Regulations so long as the Development, or any portion thereof, are subject to an outstanding Final Subdivision Public Report.

Section 18.07. Effective Date of Amendment. The amendment will be effective upon the Recording of a Certificate of Amendment, duly executed and certified by the president and secretary of the Master Association setting forth in full the amendment so approved and that the approval requirements of subsection (a) or (b), above, have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Master Declaration to amend or revoke any provision of this Master Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Section 18.08. Reliance on Amendments. Any amendments made in accordance with the terms of this Master Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XIX GENERAL PROVISIONS

Section 19.01. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights of way, liens, charges and equitable servitudes contained in this Master Declaration shall run with, and shall benefit and burden the Lots and Separate Interests as herein provided, and shall inure to the benefit of and be binding upon the Owners, Declarant, the Master Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of the recording of this Master Declaration. After the expiration of the initial term, the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial sixty (60) year term or any such ten (10) year extension period, a written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Master Association terminating the effectiveness of this Master Declaration, is Recorded.

Section 19.02. Termination of Any Responsibility of the Declarant. In the event Declarant shall convey all of its rights, title and interest in and to the Development to any partnership, individual or individuals, corporation or corporations, the Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations shall be obligated to perform all such duties and obligations of the Declarant.

Section 19.03. Statutory References. In the event that any statute in this Master Declaration, whether stated by code and number, or named by body of law, is amended, repealed, renumbered, or renamed, all references to such statute or body of law shall refer to the amended, repealed, renumbered, or renamed statutory provisions.

Section 19.04. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Master Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the Development of Rio Del Oro as set forth in the Recitals of this Master Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

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

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

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

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

(f) References to State Statutes. Any references in this Master Declaration to California Statutes shall be to the referenced statute as in effect on the date that this Master Declaration is Recorded in the Official Records of Sacramento County. In the event that any referenced statute is subsequently amended or superseded, all such references shall thereupon mean and refer to the referenced statute as so amended, modified or superseded, so long as the amended statute continues to regulate or pertain to the same subject matter.

Dated: _____, 2022

ALTA VISTA LLC,
an Arizona limited liability company

By: _____
Harry C. Elliott III, President

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 to the truthfulness, accuracy, or validity of that document.

State of California

County of _____)

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

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A"
LEGAL DESCRIPTION OF THE INITIAL COVERED PROPERTY

All of the real property and improvements located in the County of Sacramento, City of Rancho Cordova, California, more particularly described as follows:

Numbered Lots 1 through 136, inclusive, as shown on the "Final Map of Rio Del Oro Lot 67A", filed for record in the Official Records of Sacramento County, California on _____, 2022, in Book ____ of Maps at Page ____.

Numbered Lots 137 through 253, inclusive, as shown on the "Final Map of Rio Del Oro Lot 67B", filed for record in the Official Records of Sacramento County, California on _____, 2022, in Book ____ of Maps at Page ____.

EXHIBIT "B"
LEGAL DESCRIPTION OF THE SUBSEQUENT PHASE PROPERTY

All of the real property and improvements located in the County of Sacramento, City of Rancho Cordova, California, more particularly described as follows:

Lots "25D", "63", "65", "66", "67C", "67D", "67E", "A", "B", "C", "D", "E", "F", "G", as shown on the "Final Map Rio Del Oro Phase 1 Large Lot Map", filed for record in the Official Records of Sacramento County, California on _____, 2021, in Book ____ of Maps at Page ____.

EXHIBIT "C"
ALTA VISTA, LLC DISPUTE RESOLUTION PROCEDURES

CLAIM RESOLUTION ADDENDUM

SUBDIVISION: «Lot_Development» LOT: «Lot_Homesite» UNIT/PHASE:
«Lot_Unit»

POST-CLOSING CLAIM RESOLUTION; MEDIATION AND ARBITRATION

This Post-Closing Claim Resolution Addendum presents a progressive three-step process which has as its objective the prompt resolution of Claims, as defined in Paragraph 1, below, that the purchaser of an Alta Vista LLC home may have regarding defects in construction or workmanship of the home or lot, defects or malfunctions related to appliances or other fixtures installed in the home, disputes relating to the Purchase and Sale Agreement, or disputes regarding the work performed by Alta Vista LLC (the "***Declarant***") or its contractors or subcontractors in connection with the grading of Lots and/or the construction of access roads or other infrastructure improvements in the Rio Del Oro Development. The ultimate goal of Alta Vista, LLC, as the Seller of the home, is to create a community of satisfied purchasers. If you feel that you have a Claim your first obligation is to contact the Alta Vista, LLC Customer Care department. A Customer Care representative will meet with you and assist you in evaluating the problem you are experiencing and determine if it is a problem that may be covered by a warranty. This stage of the Claim Resolution process is described in Paragraph 2 below.

If Seller's Customer Care efforts do not result in resolving the Claim to your satisfaction, then the process moves to stage two, which is mediation. As described in Paragraph 4, below, mediation is a non-adversarial process in which the parties engage the services of a neutral third party (the mediator) to hear presentations from both parties regarding the Claim and possible means of resolving the Claim, with the goal being to conclude the mediation with an agreed-upon course of action that will resolve the dispute. In mediation the goal is not to identify a winning or a losing party, but rather to achieve a mutually acceptable and fair resolution of Claim(s).

If the mediation process does not resolve the Claim(s) to Buyer's satisfaction, then by signing this Addendum the Parties agree to proceed to the third and final stage of the dispute resolution process, which is binding arbitration. In an arbitration proceeding, a neutral party with experience in construction matters (the arbitrator) hears presentations from both the Seller and the Buyer, receives and evaluates evidence pertaining to the Claim, and ultimately renders a decision that is binding on both parties. This process is described in Paragraph 6, below.

1. Description of Claims That Are Subject to These Post-Closing Dispute Resolution Procedures. There are three legal categories of controversies, Claims, causes of action and/or alleged liabilities (collectively, "***Claims***") that could arise and be related to the Buyer's purchase

of a home from Seller that are subject to the alternative dispute resolution procedures of this Addendum. Those three categories of Claims are:

(a) Claims Relating to Defects in Construction. This category of Claims includes any Claims asserted by or on behalf of Buyer against the Seller and its agents to compel the Seller to correct alleged defects or deficiencies in the design or construction of the Buyer's home or seeking recovery of damages relating to construction of the home. This category of possible Claims is often referred to as "**Title 7 Claims**" or "**Calderon Claims**" – both terms being references to Civil Code provisions relating to the resolution of construction defect Claims asserted by home buyers or common interest owner associations against home builders. See Civil Code sections 895-945.5 and 6000-6100.

(b) Claims Covered by Warranty Contracts. This category of Claims includes any Claims asserted by or on behalf of Buyer against the Seller or any agent of the Seller relating to alleged deficiencies in the quality of workmanship or materials in any appliances or fixtures Seller installed in the Buyer's home that are covered either by Seller's Limited Warranty Agreement or by a separate warranty offered by the manufacturer of the component. These warranty Claims could pertain, for example, to home improvements such as windows, doors, roofs, plumbing products and fixtures, fireplaces, electrical fixtures, HVAC units, countertops, cabinets, paint, and appliances. See Paragraph 3, below ("**Warranty Claims**").

(c) Other Claims and Disputes Between Buyer and Seller. The third category of Claims that are covered by this Addendum includes any other Claim asserted by or on behalf of Buyer against Seller and/or any agent of the Seller involving matters other than alleged construction defects or warranty Claims. This third category of possible Claims may include, for example, disputes regarding the rights and obligations of the Buyer and Seller under this Purchase Agreement (including, without limitation, Claims for breach of contract, fraud, or misrepresentation); or Claims for fraud or breach of fiduciary duty; and any Claims involving alleged breaches of any other documents provided by Seller or an agent of the Seller to the Buyer in connection with the purchase of the Properly (see the list of documents provided to Buyer at the time this Agreement was executed).

Collectively, the potential parties on either side of any Claims, as defined in subparagraphs (a), (b) and (c), above, shall be referred to in this Addendum as the "**Parties.**"

2. How to begin the claim resolution process. Seller is in the business of building and selling homes to Buyers that are of a high quality of construction. It is in Seller's best interest to build communities populated by satisfied home owners; and an important component in achieving those business objectives is to respond promptly to Buyer requests for Customer service and, when appropriate, to commence necessary repairs to the home following the close of escrow and to correct any construction defects or problems that are identified as a result of Seller's inspection of the home as promptly as possible. Accordingly, the initial obligation of all Buyers who believe they have identified a construction defect or problem with their home or any appliances or fixtures in the home is to contact Seller's Customer Care Department at 340 Palladio Parkway, Suite 521, Folsom, California, 95630-8832 or by calling the Customer Care Department at (916) 984-1300; fax (916) 984-1322.

Buyer's initial contact with Seller's Customer Care Department must include a written description, in reasonable detail, of the alleged defect or problem with construction that Buyer has experienced, so that Seller's representative can determine the nature and the location of the construction defect or problem, if known by the Buyer. Seller shall then have a reciprocal obligation to promptly schedule a time that is convenient to the Buyer, to have the Buyer's home visited and inspected by Seller's Customer Care representative. Buyer agrees to afford reasonable access to Buyer's home by the Seller's representative and to schedule a convenient time for any repair work that is determined to be required. The parties shall be obligated to cooperate in good faith with these notices and Customer Care access requirements in order to resolve any defects or problems identified by Buyer as promptly as possible.

The notice and access requirements of this subparagraph (a) are contractual and are in addition to any notice and access requirements that the parties must observe pursuant to Civil Code sections 910 and 6000, if applicable to the claim. The types of "**Claims**" that are covered by this addendum shall be as defined in paragraph 1, above.

3. Resort to Customer Service and Warranty Programs. Alta Vista, LLC, (the Seller) has a Customer Care Service program to respond to and resolve property owner complaints regarding matters related to the construction of the Buyer's home or any components of the home (essentially the first two categories of Claims that are described in Paragraph 1, above). As provided in Civil Code section 910(b), any requests that an Owner makes pursuant to applicable warranties or Customer service procedures are in addition to, and shall not constitute satisfaction of, the notice requirements identified in subparagraph (d), below, that apply to "Title 7 Claims", as defined in that subparagraph. Buyer is advised that if he or she wishes to pursue Claims that are covered by any contractual warranty issued or provided by Seller or any manufacturer of a product or component of Buyer's residence or the Property, the provisions of the applicable contractual warranty are not affected by the provisions of this Addendum, except as provided in this Paragraph 3.

If the Buyer's Claim cannot be resolved between the Parties through the Seller's Customer Care program process or applicable warranty procedures, and the Claim is for a construction defect claim covered by one or both of the Civil Code sections identified in Paragraph 1(a), above, the Claim shall first be subject to the applicable non-adversarial Claim resolution procedures identified in Paragraph 4, below. If those statutory procedures are unsuccessful in resolving the Claim, then the Claim shall be resolved through the arbitration procedures set forth in Paragraph 6, below.

If the Claim is not a Title 7 Claim or a Calderon Claim and the Parties are unsuccessful in resolving the Claim pursuant to the Customer Care procedures described in this Paragraph 3, the Claim shall be resolved in a two-step process that begins with mediation in accordance with Paragraph 5, below; and, if necessary, through the arbitration procedures set forth in Paragraph 6, below.

Any and all Claims that are covered by Seller's one year Fit-and-Finish Warranty shall be resolved pursuant to the dispute resolution process set forth in the most recent edition of the Fit-and-Finish quality assurance program agreement (limited warranty) as in effect on the date both Buyer and Seller sign this Purchase and Sale Agreement that pertains to the property and the residence that is the subject of the claim. That warranty and the attached performance guidelines that were provided to Buyer and other home purchasers in connection with their execution of a Purchase and Sale Agreement and the dispute resolution process prescribed in that warranty agreement are set forth on pages 3 through 9 of the limited warranty and is incorporated in this addendum and made a part hereof.

4. Notice of Actions Against Seller and Compliance with Applicable Non-Adversarial Pre-Litigation Claim Resolution Procedures. As authorized by Civil Code section 910 et seq. Seller has elected to use the statutory pre-litigation procedures to resolve Title 7 Claims made by Buyer under Civil Code sections 910-938 (as such sections may be amended from time to time). These Civil Code provisions, which have been provided to each Buyer at the time a Purchase and Sale Agreement has been executed, set forth certain notice and non-adversarial pre-litigation Claim resolution procedures with respect to any Claims seeking recovery of damages relating to residential construction and/or violations of the functionality standards set forth in Civil Code sections 896-897. The notice requirements of this Paragraph 4 and Civil Code section 910 are in addition to any contractual notice requirements set forth in any limited warranty given to an Owner (including Buyer) by Seller or any manufacturer of a product installed in the Owner's residence.

If the property being purchased has a legally formed Home Owners Association, before an association of property owners, as defined in Civil Code section 4080, can file a complaint for damages against a builder, developer or general contractor of a common interest development based upon a claim for defects in the design or construction of the development, other notice and dispute resolutions procedures may be applicable to the association's Claim under Civil Code sections 6000 through 6100 ("**Calderon Claims**"). If the Claim is a Title 7 Claim or a Calderon Claim (i.e., a Claim relating to alleged construction defects), the mediation process set forth in Paragraph 5 below shall not apply, because the Civil Code non-adversarial dispute resolution processes for Title 7 Claims and Calderon Claims include similar mediation procedures.

5. Mediation of Claims. If a Claim has not been resolved as provided above and the Claim is (i) not covered by the Limited Warranty and (ii) is not a Title 7 Claim or a Calderon Claim, the Claim shall be submitted to mediation pursuant to the mediation procedures adopted by the American Arbitration Association (except as such procedures are modified by the provisions of this Paragraph 5 or any successor to those procedures or to any other entity offering mediation services that is acceptable to all Parties). No person shall serve as a mediator of any Claim in which the person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties to the Claim. Prior to accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process. Buyer covenants that it shall not commence any litigation against the Seller or any Seller Parties without complying with the mediation procedures set forth in this Paragraph 5.

(a) Position Memoranda; Pre-Mediation Conference. Within ten (10) days of the selection of the mediator, each Party to the Claim participating in the mediation shall submit a brief memorandum setting forth its position with regard to the issues that need to be resolved. The mediator shall have the right to schedule a pre-mediation conference and all Parties to the Claim participating in the mediation shall attend the conference unless otherwise agreed. The mediation shall be commenced within ten (10) days following the submittal of the memoranda and shall be concluded within fifteen (15) days from commencement of the mediation, unless the Parties to the Claim participating in the mediation mutually agree to extend the mediation period. The mediation shall be held in the County in which the Property Is located or such other place as is mutually acceptable to the Parties to the Claim participating in the mediation.

(b) Conduct of the Mediation. The mediator has the discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a mediated settlement of the Claim. The mediator is authorized to conduct joint and separate meetings with the Parties to the Claim participating in the mediation and to make oral and written recommendations for settlement of the Claim. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Claim, provided the Parties to the mediation agree and assume the expenses of obtaining such advice as the Parties, among themselves, may agree. The mediator does not have the authority to impose a settlement on the Parties to the mediation.

(c) Exclusion Agreement. Prior to the commencement of the mediation session, the mediator and all Parties to the mediation shall execute an agreement pursuant to California Evidence Code section 1115 et seq., and any successor statutes or laws relating to the mediation of disputes, in order to exclude the use of any testimony or evidence produced at the mediation in any subsequent dispute resolution forum, including but not limited to court proceedings, reference proceedings, or arbitration hearings. Pursuant to California Evidence Code section 1115 et seq., the agreement shall specifically state that evidence of anything said or of any admission made in the course of the mediation is not admissible evidence, and disclosure of any such evidence shall not be compelled in any Civil action in which, pursuant to law, testimony can be compelled to be given. Unless the exclusion agreement provides otherwise, no document prepared for the purpose of, or in the course of, or pursuant to, the mediation, or copy thereof, is admissible in evidence, and disclosure of any such document shall not be compelled in any Civil action in which, pursuant to law, testimony can be compelled to be given. The provisions of California Evidence Code sections 1115 through 1128 shall also be applicable to any mediation pursuant to this Paragraph 5.

(d) Persons Permitted to Attend Mediation Sessions. Persons other than the Parties to the Claim participating in the mediation, their representatives, and the mediator may attend mediation sessions only with the permission of the Parties to the Claim who are participating in the mediation and with the consent of the mediator; provided, however, that such permission and consent shall not be required to allow participation of such parties' insurer in the mediation to the extent required under any insured Party's liability insurance policy. Although any Party has the right to be accompanied and represented in the mediation by legal counsel or another representative of the Party's selection, the actual Party or Parties asserting the Claim

must be present and participating in the mediation and the Seller's Parties must be represented in the proceeding by a person or persons with authority to authorize a binding resolution of the Claim.

(e) Confidential Disclosures. Confidential information disclosed to a mediator by any Parties or by witnesses in the course of the mediation while serving in such capacity shall be confidential. There shall be no stenographic record of the mediation process, unless the Parties mutually agree that such a record shall be produced.

(f) Expenses. The expenses of witnesses for either side of the mediation shall be paid by the Party producing such witnesses. All other expenses of the mediation, including, but not limited to, the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any proof or expert advice produced at the direct request of the mediator, shall be borne equally by the Parties to the Claim who are participating in the mediation, unless those Parties otherwise agree. Each Party to the Claim participating in the mediation shall bear its own attorneys' fees and costs in connection with the mediation.

6. ARBITRATION OF CLAIMS BETWEEN BUYER AND THE SELLER; APPLICATION OF THE FEDERAL ARBITRATION ACT. IN THE EVENT THAT ONE OR MORE CLAIMS OF A BUYER ARE SO SUBSTANTIAL THAT THEY CANNOT BE SATISFACTORILY RESOLVED BY MEDIATION PURSUANT TO PARAGRAPH 5, ABOVE, OR PURSUANT TO THE SIMILAR DISPUTE RESOLUTION PROCEDURES APPLICABLE TO TITLE 7 CLAIMS AND CALDERONE CLAIMS UNDER THE CIVIL CODE (SEE PARAGRAPH 4, ABOVE) THEN THE FINAL STEP IN THIS CLAIMS RESOLUTION PROCESS SHALL BE FOR THE PARTIES TO SUBMIT THE CLAIMS TO BINDING ARBITRATION IN ACCORDANCE WITH THIS PARAGRAPH 6. BECAUSE THE CONSTRUCTION AND SALE OF RESIDENCES BY SELLER INVOLVES INTERSTATE COMMERCE WITH TRADES AND SUPPLIERS OUTSIDE OF CALIFORNIA AND MATERIALS AND PRODUCTS INCORPORATED INTO THE HOME WERE MANUFACTURED IN OTHER STATES, THE ARBITRATION SHALL BE CONDUCTED PURSUANT TO THE FEDERAL ARBITRATION ACT (TITLE 9 OF THE UNITED STATES CODE) AND THE CALIFORNIA ARBITRATION ACT (TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT).

(a) RULES APPLICABLE TO ALL CASES. THE ARBITRATION OF ANY CLAIMS BETWEEN BUYER AND SELLER SHALL BE CONDUCTED BY JUDICIAL ARBITRATION AND MEDIATION SERVICES ("**JAMS**") IN ACCORDANCE WITH THE RULES OF JAMS IN EFFECT UPON THE INITIATION OF THE ARBITRATION ("**JAMS RULES**"). THE FOLLOWING SUPPLEMENTAL RULES SHALL APPLY TO ALL ARBITRATION PROCEEDINGS AND SHALL GOVERN IN THE EVENT OF A CONFLICT BETWEEN THE RULES SET FORTH BELOW AND THE JAMS RULES.

(b) QUALIFICATIONS OF ARBITRATORS. THE ARBITRATOR SHALL BE NEUTRAL AND IMPARTIAL AND EITHER A RETIRED JUDGE OR A MEMBER OR FORMER MEMBER OF THE CALIFORNIA STATE BAR WITH AT LEAST FIFTEEN (15)

YEARS EXPERIENCE AS A PRACTICING LAWYER AND WITH AN EMPHASIS OR SPECIALTY IN THE FIELDS OF CONSTRUCTION AND REAL ESTATE.

(c) APPOINTMENT OF ARBITRATOR. THE ARBITRATOR SHALL BE SELECTED IN ACCORDANCE WITH JAMS RULES, BUT NO LATER THAN SIXTY (60) DAYS AFTER A NOTICE OF CLAIM IS FILED.

(d) EXPENSES. ALL FEES CHARGED BY JAMS AND THE ARBITRATOR SHALL BE ADVANCED BY THE SELLER. IF THE SELLER IS DETERMINED TO BE THE PREVAILING PARTY IN THE ARBITRATION, THE ARBITRATOR MAY, IN HIS OR HER DISCRETION AND ONLY TO THE EXTENT PERMITTED BY LAW AND JAMS RULES, DIRECT THE BUYER ASSERTING THE CLAIM TO REIMBURSE THE SELLER ALL OR PART OF THE JAMS FEE AND ARBITRATOR'S FEE ADVANCED BY THE SELLER.

(e) VENUE. THE VENUE OF THE ARBITRATION SHALL BE IN SACRAMENTO COUNTY, UNLESS THE PARTIES AGREE IN WRITING TO ANOTHER LOCATION.

(f) PRELIMINARY PROCEDURES. IF STATE OR FEDERAL LAW REQUIRES THE BUYER ASSERTING THE CLAIM OR THE SELLER TO TAKE STEPS OR PROCEDURES BEFORE COMMENCING AN ACTION IN COURT OR SUBMITTING THE CLAIM TO ARBITRATION, SUCH AS THE PROCEDURES DESCRIBED IN PARAGRAPH 4, ABOVE, THEN THE BUYER OR THE SELLER MUST TAKE SUCH STEPS OR FOLLOW SUCH PROCEDURES BEFORE COMMENCING THE ARBITRATION.

(g) PARTICIPATION BY OTHER PARTIES; NO AUTHORITY TO CONSOLIDATE SEPARATE CLAIMS OF DIFFERENT BUYERS. THE BUYER ASSERTING THE CLAIM AND THE SELLER SHALL BOTH BE ENTITLED TO HAVE ALL NECESSARY AND APPROPRIATE PARTIES INCLUDED AS PARTIES TO THE ARBITRATION. HOWEVER, THE ARBITRATOR MAY NOT CONSOLIDATE MORE THAN ONE BUYER'S CLAIMS AND MAY NOT OTHERWISE PRESIDE OVER ANY FORM OF REPRESENTATIVE OR CLASS PROCEEDING. THE FOREGOING IS NOT INTENDED TO PREVENT AN ARBITRATION BETWEEN THE SELLER AND AN ASSOCIATION IF THE COMPLAINING PARTY ASSERTING THE CLAIM IS PROPERLY THE ASSOCIATION, RATHER THAN AN INDIVIDUAL HOME OWNER.

(h) RULES OF LAW. THE ARBITRATOR MUST FOLLOW CALIFORNIA SUBSTANTIVE LAW (INCLUDING STATUTES OF LIMITATIONS). HOWEVER, STRICT CONFORMITY WITH THE RULES OF EVIDENCE IS NOT REQUIRED, EXCEPT THAT THE ARBITRATOR SHALL APPLY APPLICABLE LAW RELATING TO PRIVILEGE AND WORK PRODUCT. THE ARBITRATOR SHALL BE AUTHORIZED TO PROVIDE ALL RECOGNIZED REMEDIES AVAILABLE AT LAW OR EQUITY FOR ANY CAUSE OF ACTION.

(i) ADDITIONAL RULES APPLICABLE TO CERTAIN CASES. IN ANY ARBITRATION IN WHICH A CLAIM OF THE BUYER OR THE SELLER EXCEEDS \$250,000 IN VALUE, THE FOLLOWING ADDITIONAL RULES WILL SUPPLEMENT JAMS RULES AND GOVERN IN THE EVENT OF A CONFLICT BETWEEN THE FOLLOWING RULES AND THE RULES SET FORTH ABOVE, JAMS RULES, OR BOTH.

(A) QUALIFICATIONS OF ARBITRATOR. IN ADDITION TO THE REQUIREMENTS OF SUBPARAGRAPH (i), ABOVE, THE ARBITRATOR SHALL BE A RETIRED JUDGE OF THE CALIFORNIA SUPERIOR COURT, A CALIFORNIA COURT OF APPEAL, OR THE CALIFORNIA SUPREME COURT.

(B) RULES OF LAW. THE CALIFORNIA EVIDENCE CODE SHALL APPLY.

(C) WRITTEN DECISION. WITHIN THIRTY (30) DAYS AFTER THE ARBITRATION PROCEEDING HAS CONCLUDED, THE ARBITRATOR MUST ISSUE A WRITTEN DECISION. IF EITHER THE BUYER ASSERTING THE CLAIM OR THE SELLER REQUESTS IT, THE ARBITRATOR MUST ISSUE A REASONED DECISION.

(j) FINAL AND BINDING AWARD. THE DECISION OF THE ARBITRATOR OR, IF AN APPEAL IS HEARD, THE DECISION OF THE APPEAL ARBITRATORS, SHALL BE FINAL AND BINDING. A PETITION TO CONFIRM, VACATE, MODIFY OR CORRECT AN AWARD OF THE ARBITRATORS MAY BE FILED IN ANY COURT OF COMPETENT JURISDICTION IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED, BUT THE AWARD MAY BE VACATED, MODIFIED OR CORRECTED ONLY AS PERMITTED BY THE FEDERAL ARBITRATION ACT.

BY INITIALING THIS PROVISION, BUYER ACKNOWLEDGES THAT BUYER HAS READ AND UNDERSTANDS THE FOREGOING PROVISIONS OF THIS PARAGRAPH 6 AND AGREES TO SUBMIT ANY AND ALL CLAIMS ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISIONS TO NEUTRAL ARBITRATION.

BUYER'S AGREEMENT TO THE FOREGOING CLAIMS RESOLUTION PROVISIONS, INCLUDING THIS ARBITRATION PROVISION, IS VOLUNTARY.

7. AGREEMENT TO PARTICIPATE IN CLAIM RESOLUTION PROCEDURES; WAIVER OF JURY TRIAL. SELLER AND BUYER AGREE TO HAVE ANY CLAIM RESOLVED ACCORDING TO THE PROVISIONS OF THIS ADDENDUM AND WAIVE THEIR RESPECTIVE RIGHTS TO PURSUE ANY CLAIM IN ANY MANNER OTHER THAN AS PROVIDED IN THIS ADDENDUM. SUCH PARTIES ACKNOWLEDGE THAT BY AGREEING TO GIVE UP ANY RIGHTS THEY MIGHT POSSESS TO HAVE THE CLAIMS LITIGATED IN A COURT OR JURY TRIAL AND TO GIVE UP THEIR RESPECTIVE RIGHTS TO APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY

INCLUDED IN THE APPLICABLE RULES FOR ARBITRATION PROCEEDINGS OR OTHER APPLICABLE STATUTES.

_____	_____	_____
Buyer's Initials	Buyer's Initials	Seller's Initials

8. Severability. In addition to and without limiting the effect of any general severability provisions of the Purchase and Sale Agreement, if any court determines that any provision of this Claims resolution addendum is unenforceable for any reason, that provision shall be severed and the proceedings agreed to in this claim resolution addendum shall be conducted under the remaining enforceable terms of the addendum.

The undersigned Buyer(s) confirm that they have read and understand the foregoing provisions of this Claims resolution addendum (or have had this addendum reviewed and explained to them by an advisor or other person of their selection) and agree to submit Claims (as defined in paragraph 1, above, arising out of the matters included in these claim resolution provisions to arbitration if they cannot be resolved to the Buyer's satisfaction through the progressive process beginning with a notice to the Seller's Customer Care Department, warranty, or the mediation provisions set forth above.

BUYER:

_____	DATED: _____ 2022
-------	-------------------

_____	DATED: _____, 2022
-------	--------------------

DATED: _____, 2022

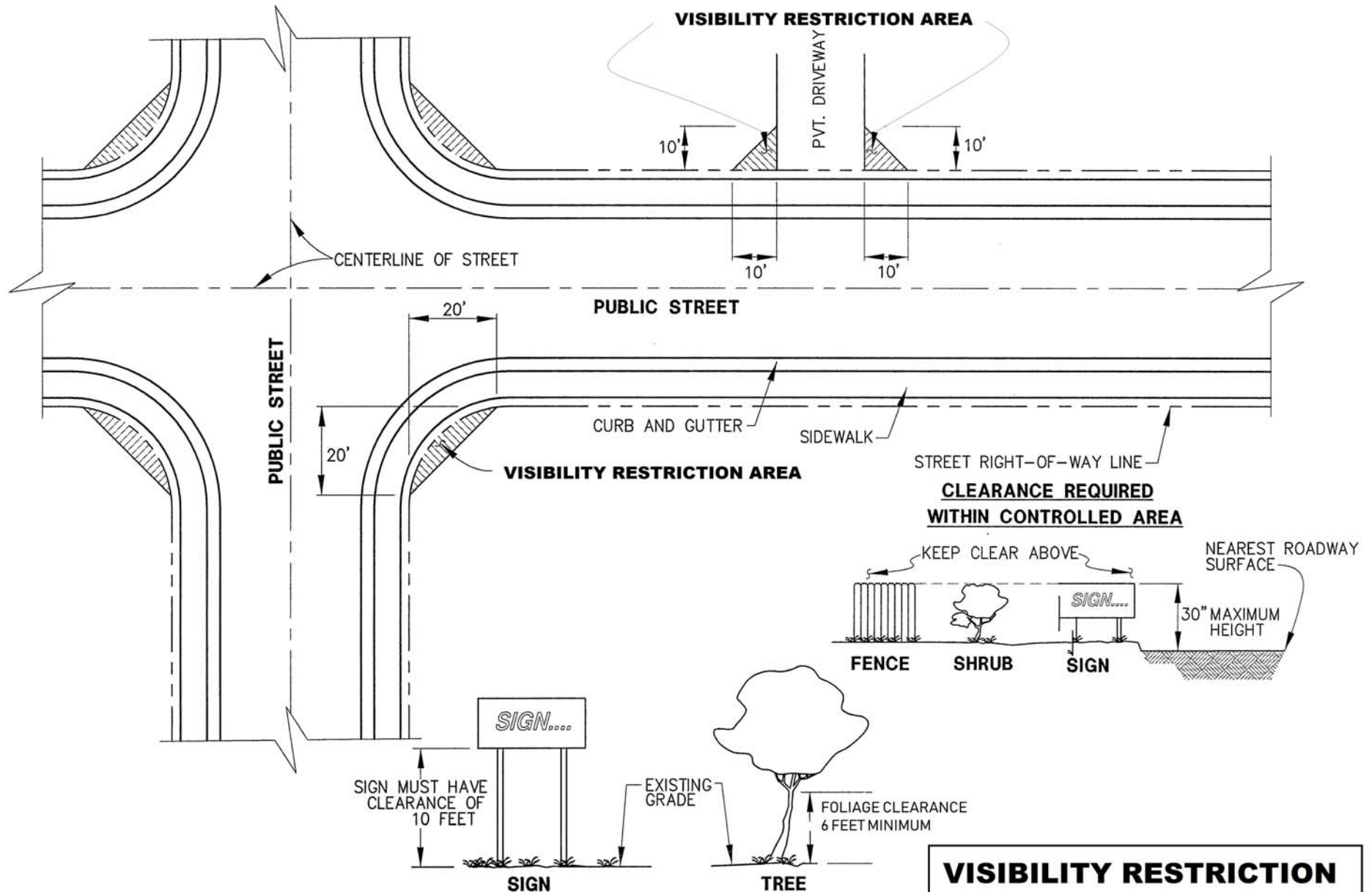
SELLER:

ALTA VISA, LLC,
an Arizona limited liability company

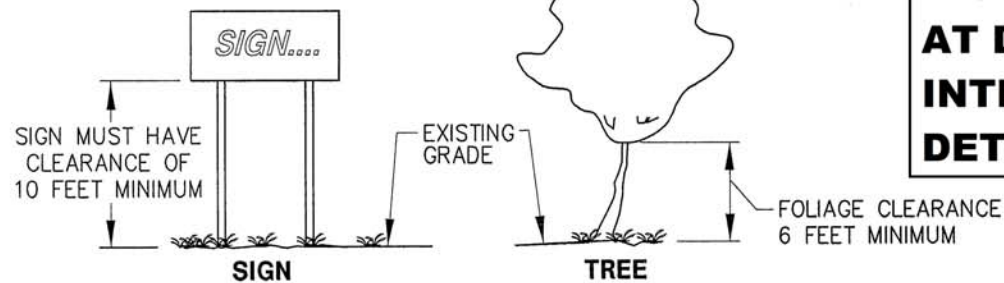
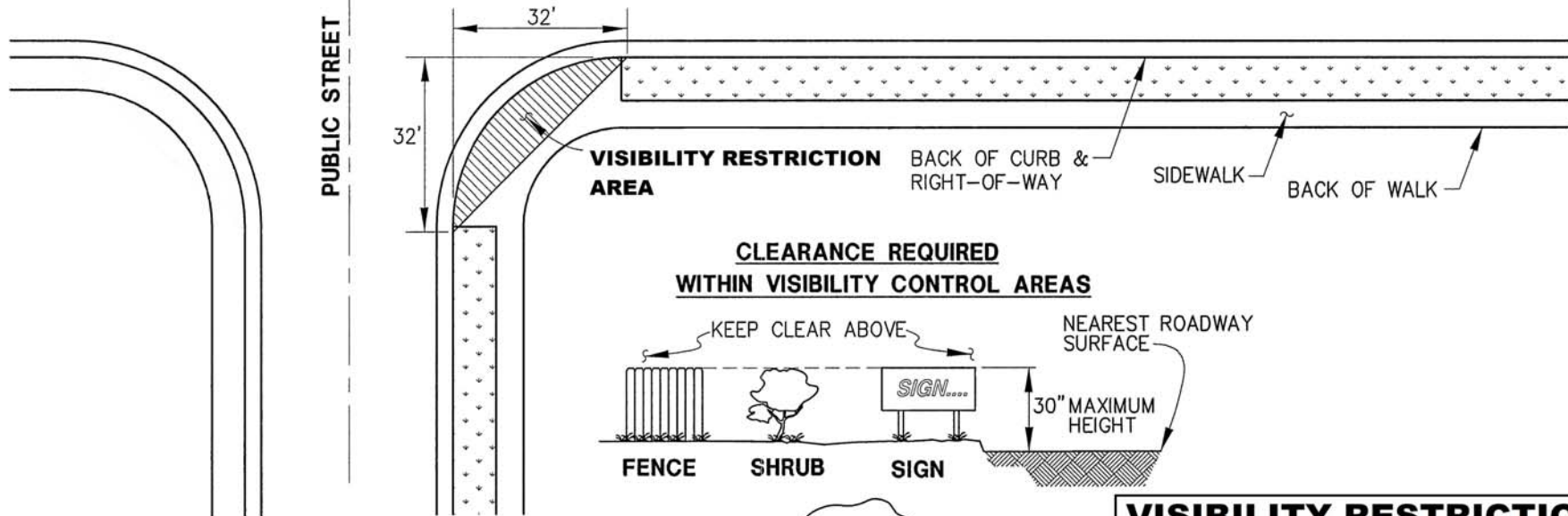
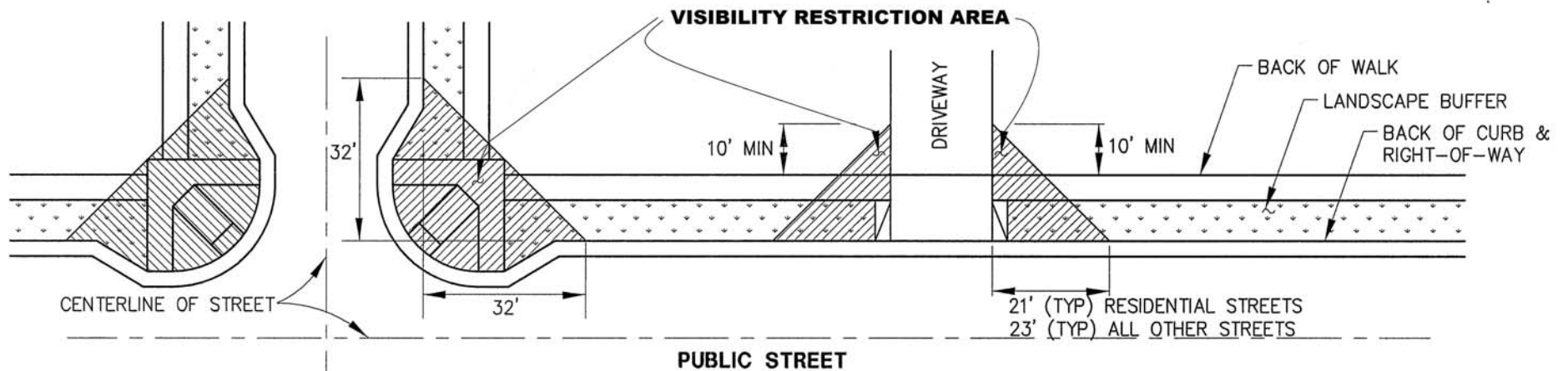
By: _____
Harry C. Elliott III, President

EXHIBIT "D"
VISIBILITY RESTRICTION AREAS

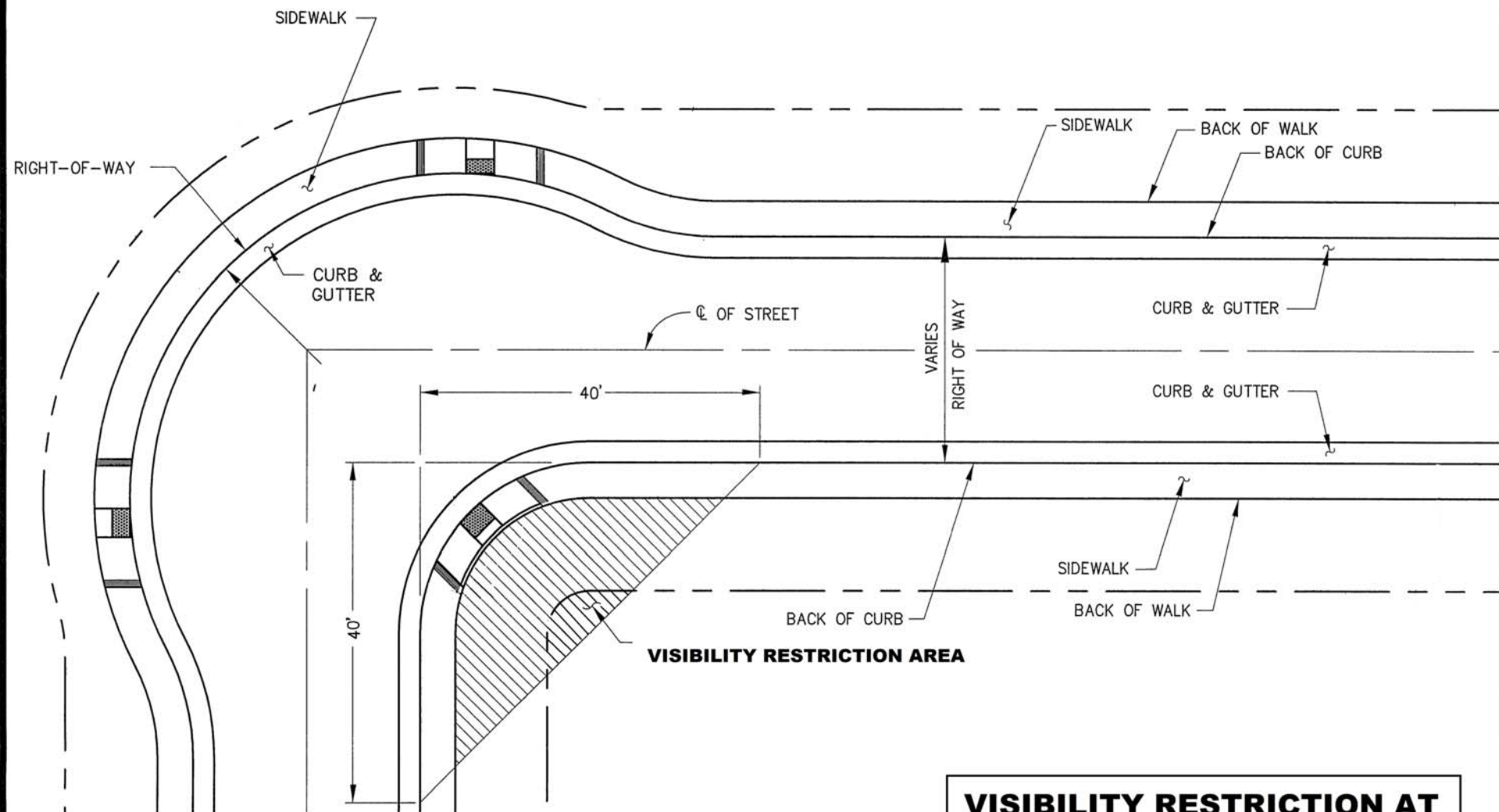
[attached separately]



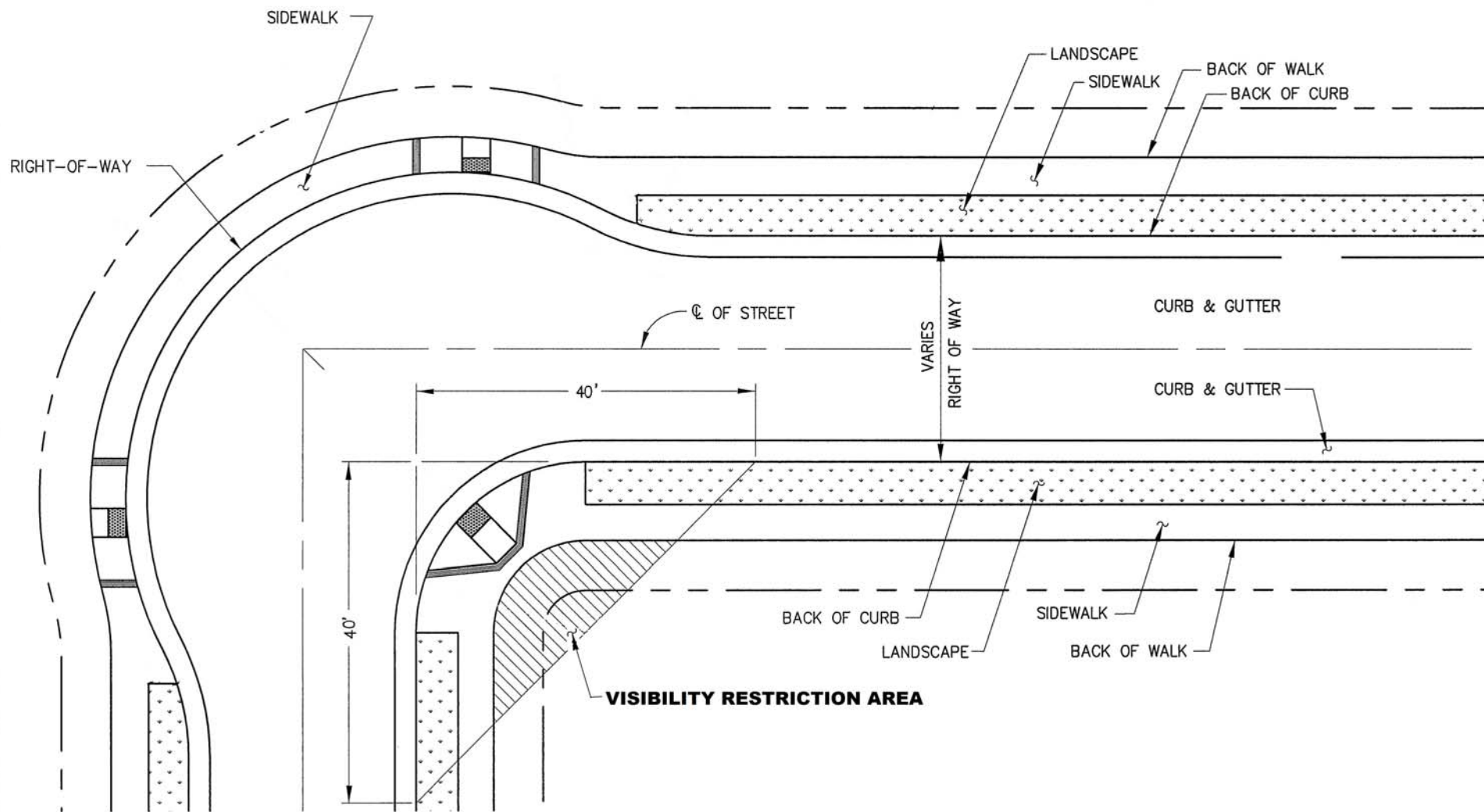
**VISIBILITY RESTRICTION
AT INTERSECTIONS FOR
ATTACHED SIDEWALK**



**VISIBILITY RESTRICTIONS
AT DRIVEWAYS &
INTERSECTIONS FOR
DETACHED SIDEWALK**



**VISIBILITY RESTRICTION AT
ELBOW INTERSECTION
WITH ATTACHED SIDEWALK**



**VISIBILITY RESTRICTION AT
ELBOW INTERSECTION
WITH DETACHED SIDEWALK**