

5, Section 5.4 of this Declaration and California law and in the event that the Owner fails to pay the Social Initiation Assessment, the Association may collect it as a delinquent assessment as described in Article 5 below. The Association may take any other enforcement action permitted under the Governing Documents or California law.

(E) Golf Initiation Assessment. Owners who wish to obtain a Golf Membership shall pay a Golf Initiation Assessment in the amount of \$2,500.00, which shall be used to fund the maintenance, repair and replacement of the golf course and related amenities as well as the reserve funds for the golf course and related amenities. The Golf Initiation Assessment is separate and distinct from the Social Initiation Assessment described above and shall be due and payable sixty (60) days after the Association sends a notice of levy to the Owner. The Golf Initiation Assessment may be increased or decreased in the reasonable discretion of the Board subject to *Civil Code* Section 5600. The Golf Initiation Assessment is a Special Assessment as defined in Article 5, Section 5.4 of this Declaration and California law and in the event that the Owner fails to pay the Golf Initiation Assessment, the Association may collect it as a delinquent assessment as described in Article 5 below. The Association may take any other enforcement action permitted under the Governing Documents or California law.

ARTICLE 3

PROPERTY RIGHTS, EASEMENTS AND OBLIGATIONS OF OWNERS

Section 3.1. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive easement for use and enjoyment in and to the Common Area within the Development. Such right shall be appurtenant to and shall pass with the ownership of a Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in the Governing Documents, including, without limitation, the following provisions:

(A) The right of the Association to limit the number of guests of Owners using the recreational areas of the Common Facilities, subject to the provisions of California law;

(B) The right of the Board to adopt reasonable Rules and Regulations in accordance with the provisions of Article 4, Section 4.4(B) and California law;

(C) The right of the Association to temporarily suspend the voting rights and right to use the recreational areas of the Common Facilities by an Owner as more specifically set forth in Article 15 of this Declaration;

(D) Subject to the limitations set forth in this Declaration, the right of the Association to grant easements on, over and under the Common Area to public utilities or governmental entities or agencies; provided that such easement shall not unreasonably interfere with the right of any Owner to the use and enjoy of his or her Lot and the Common Area;

(E) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(F) The right of the Association to charge deposit fees to cover administrative costs for use of the Common Facilities, subject to the provisions of California law;

(G) Subject to the limitations set forth in this Declaration, the right of the Association to borrow money for the purpose of improving the Development or any other purpose reasonably related to fulfill the Association's obligations under the Governing Documents; and

(H) Upon acquisition of the Club Facilities by the Association, the right of the Association to permit members of the public to obtain Golf and Social Memberships.

Section 3.2. Utility Easements. Easements over the Development for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Development, and as may be hereafter required or needed to service the Development are hereby created for the benefit of each Owner and the Association.

Section 3.3. Common Area Easements. Each Lot within the Development is hereby declared to have an easement over all of the Common Area, for the benefit of the Lots, the Owners thereof, and for their families, guests, invitees and tenants, for all of the purposes and uses described herein, including ingress, egress, and support, if necessary, over and through the Common Area. Notwithstanding, upon acquisition of the Club Facilities by the Association, Owners, their families, guests, invitees and tenants may not walk across the golf course or driving range.

Section 3.4. Utilities. Wherever sewer connections, water connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Development, the Owners of Lots served by such connections, lines or facilities shall have an easement to the full extent necessary for the use and enjoyment of that portion of the connections which service his or her Lot, and to have utility companies enter upon Lots owned by others, in or upon which said connections, lines or facilities, or any portion thereof, to repair, replace and generally maintain said connections when it may be necessary.

Section 3.5. Establishment of Easements. The easements described in this Declaration shall be deemed established upon the recordation of this Declaration, and shall thereafter be considered covenants running with the land for the use and benefit of all of the Lots and the Common Area, superior to all other encumbrances affecting any portion of the Development. Individual conveyances of Lots may, but shall not be required to, set forth such easements.

Section 3.6. Drainage Easements. An easement for drainage is hereby created over each Lot and the Common Area, in favor of all Lots within the Development, in order to accommodate drainage flow from adjacent Lots. There shall be no modification, interference with or obstruction of the established surface drainage patterns or constructed drainage facilities unless adequate alternative provision is made for proper drainage. Any alteration of the established drainage pattern or constructed drainage facilities must comply with applicable ordinances of the City. For purposes of this Section, "established" drainage is the drainage which existed at the time the overall grading

of any Lot was completed by the developer in compliance with the grading requirements of the City.

Section 3.7. Access Easements for Maintenance and Repair. An easement for access in favor of the Association is hereby created and declared to exist over each Lot within the Development, allowing the Association, its agents and employees to maintain and repair all Common Areas and portions of the Lots for which it has maintenance responsibility.

Section 3.8. Encroachment Easements. The Owner of each Lot is hereby granted an easement over all adjoining Lots and the Common Area for the purpose of accommodating any minor encroachments due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of such encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by such encroachments, settlement or shifting, provided, however, that in no event shall an easement for encroachment be created in favor of any Owner if such encroachment occurred due to the willful misconduct of an Owner. In the event any portion of a structure on the property is partially or totally destroyed and then repaired or rebuilt, each Owner agrees that minor encroachments over adjoining Common Area shall be easements for the maintenance of such encroachments so long as they shall exist. Each Lot and its Owner shall have and is granted an easement, appurtenant to such Lot, over each adjoining Lot or the Common Area, as the case may be, for overhanging roofs and eaves, fireplace structures, and other structural components as originally constructed, or if partially or totally destroyed, as subsequently rebuilt or repaired in accordance with the original plans and specifications.

Section 3.9. Common Roof and Party Wall Easements. The Owner of a Residence that shares a Party Wall with an adjoining Residence shall have an easement appurtenant on, over, and upon such adjoining Residence to service, maintain, repair, or replace the Party Wall. The Owner of a Residence that shares a Common Roof with an adjoining Residence shall have an easement appurtenant on, over, and upon such adjoining Residence to install, service, maintain, repair, or replace approved skylights, solar energy systems and other Improvements on his/her portion of the Common Roof or to construct a new Common Roof after a casualty event. Exercise of these easements shall be at reasonable times after prior notice, except that in case of emergency the right of entry shall be immediate.

Section 3.10. Persons Subject to Governing Documents. All present and future Owners, their family members, guests, tenants, invitees or 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 or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e., Owners, tenants, guests, etc.). The acceptance of a deed to any Lot, the entering into a lease or contract of sale with respect to any Lot, or the occupancy of any Residence shall constitute the consent and agreement of such Owner, his or her family members, guests, tenants, invitees or occupants that each and all of the provisions of the Governing Documents, as the same or any of them may be amended from time to time, shall be binding upon such person and that the person will observe and comply with the Governing Documents. The Owners of the Lots are at all times responsible for the actions of the family members, guests, tenants, invitees or occupants.

Section 3.11. Waiver of Use. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to this Declaration.

Section 3.12. Obligations of Owners. Owners of Lots within the Development shall be subject to the following:

(A) **Notification of Tenants and Contract Purchasers.** Each Owner shall notify the Secretary of the Association or the Association's community manager, if any, of the names of any contract purchaser or tenant of the Owner's Lot. Each Owner shall also notify the Secretary of the Association, or the Association's community manager, if any, of the names of all persons to whom such Owner has delegated any rights to use and enjoy the Development.

(B) **Payment of Assessments and Compliance With Governing Documents.** Each Owner shall pay when due each Regular, Special and Reimbursement Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all provisions of the Governing Documents.

(C) **Discharge of Assessment Liens.** Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(D) **Joint and Several Liability.** In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph shall apply to all obligations, duties and responsibilities of Owners as set forth in the Governing Documents, including, without limitation, the payment of all Assessments.

(E) **Termination of Obligations.** Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferor-Owner shall not be liable for any Assessments due after the date of recording of the deed evidencing the transfer and, upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of the Lot shall cease.

Section 3.13. Delegation of Use. With the exception of the Club Facilities, an Owner may delegate his or her rights of enjoyment in the Development, including the Common Area, to his or her family members, guests, tenants, invitees or occupants, and to such other persons, subject to the terms and conditions set forth in the Association's Governing Documents. Neither an Owner of a Lot who has sold the same to a contract purchaser or has leased or rented same, nor his or her family members, guests or invitees shall be entitled to use and enjoy the Common Area while such Owner's Lot is occupied by a contract purchaser, lessee or renter. Any rights of enjoyment delegated pursuant to this Section are subject to suspension to the same extent that rights of the Owners are subject to suspension.

In relation to the Club Facilities, Owners may delegate use of their Social and/or Golf Memberships to a tenant subject to payment of an administrative fee and compliance with any Rules or Regulations adopted by the Board. Guest use of the Club Facilities (including the tennis complex and fitness center) shall be subject to any administrative fees and Rules and Regulations adopted by the Board of Directors.

Section 3.14. Owner's Obligation for Taxes. Each Owner shall be obligated to pay any taxes or assessments assessed by the County assessor against his or her Lot and against his or her personal property.

ARTICLE 4

POWER AND DUTIES OF THE ASSOCIATION

Section 4.1. Standard of Care; Limitation of Liability. Each Director shall perform his or her duties as a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, he or she shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(A) One (1) or more Officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented;

(B) Counsel, independent accountants or other persons that the Director reasonably believes to be within such person's professional or expert competence;

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

A person who performs the duties of a Director in accordance with the foregoing, shall have no liability based upon any failure or alleged failure to discharge the person's obligations as a Director.

In discharging their duties and responsibilities, the Board, Officers and committee members act on behalf of and as representatives of the Association, which acts on behalf of, and as a representative of, the Owners. No Director, Officer or committee member shall be individually or personally liable or obligated for performance or failure of performance of such duties or responsibilities unless he or she fails to act in the manner set forth in this Section.

Section 4.2. Conflict of Interest. A Director or committee member shall not vote on any of the following matters:

- (A) Discipline of the Director or committee member;
- (B) An Assessment against the Director or committee member for damage to the Common Area or Common Facilities;
- (C) A request, by the Director or committee member, for a payment plan for overdue Assessments;
- (D) A decision whether to foreclose on a lien on the Lot of the Director or committee member;
- (E) Review of a proposed physical change to the Lot of the Director or committee member; or
- (F) Granting a portion of the Common Area to the Director or committee member for his or her exclusive use.

Section 4.3. Management and Control. The Association shall have all those duties and powers set forth in the Governing Documents of the Association or permitted pursuant to the provisions of the *Corporations Code* for nonprofit mutual benefit corporations. All such duties and powers shall be subject to any specific limitations set forth in the Governing Documents. All such duties and powers shall be exercised by the Board unless specifically reserved to the Owners. The Board shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Development subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents.

The Board shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under California law and the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association.

Section 4.4. Specific Powers. The Board shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Development subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents. The Board shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association.

In addition to the duties imposed by the Governing Documents or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for, the following, in way of explanation, but not limitation:

- (A) **Management of Business.** To conduct, manage and control the affairs and business of the Association as it deems best, for the operation of the Development. The Board may appoint such agents and employ such other employees, including professional property

management, attorneys and accountants, as it sees fit to assist in the operation of the Association and to fix their duties and to establish their compensation.

(B) Association Rules. Subject to the provisions of the Governing Documents and California law, the Board shall have the right to adopt reasonable Rules and Regulations and to amend the same from time to time relating to the Social and Golf Memberships, as well as use of the Common Area and Lots, and all other facilities situated thereon by Owners, their family members, guests, tenants, invitees or occupants and the conduct of such persons and other activities reasonably contemplated under the Association's Governing Documents. So long as required by *Civil Code* Sections 4340 - 4370, at least twenty-eight (28) days prior to adopting, amending or repealing rules that relate to use of the Common Area, Lots, member discipline (including monetary penalties for violation of the Governing Documents), delinquent Assessment payment plans, and procedures regarding resolution of Assessment disputes, the Board shall provide the Owners of the proposed Rule change by General Notice. This notice shall include the text of the proposed Rule change and a description of the purpose and effect of such proposed Rule change. The Rules and Regulations may be amended only by the vote of a majority of the entire Board at a duly held meeting after consideration of any comments made by the Owners. Within fifteen (15) days after making any rule change, the Board shall deliver General Notice of the Rule change to every Owner.

The requirement that Owners be sent General Notice of proposed Rule changes does not apply to any Rule change that the Board determines is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association.

The Rules and Regulations shall be binding upon the Owners, their family members, guests, tenants and other occupants of the Lots, and shall be enforceable to the same extent as if they were specifically set forth as provisions in the Declaration or Bylaws. A copy of the Rules and Regulations shall be:

- (1) Maintained in the office of the Association and be available for inspection at all reasonable times; and
- (2) Made available to each Owner within a reasonable time after the Association has notice of his or her occupancy of a Lot.

(C) Delegation of Powers; Professional Management. To delegate the management of the activities of the Association to any person(s), management company or committee(s), however imposed, provided that the affairs of the Association shall be managed and all Association powers shall be exercised under the ultimate direction of the Board.

(D) Enforcement of the Governing Documents. To enforce the Governing Documents by the imposition of reasonable monetary fines, Reimbursement Assessments, and suspension of voting privileges and use of the recreational areas of the Common Area. These powers, however, shall not be construed as limiting any other legal means of enforcing the Governing Documents.

(E) Suspension of Rights and Privileges. To temporarily suspend an Owner's rights and privileges, including but not limited to use of Social and Golf Memberships, and/or assess

monetary penalties against any Owner or other person entitled to exercise such rights or privileges for any violation of the Governing Documents. However, before a decision to impose such a suspension or monetary penalties is reached by the Board, the Board shall comply with the notice and hearing requirements set forth in Article 15 of this Declaration. If the Board decides to impose a penalty or suspension, written notice of the penalty or suspension shall be provided to the Owner by Individual Notice within fifteen (15) days after the date of the hearing in accordance with *Civil Code* Section 5855.

(F) Selection of Officers/Committee Members. To select and remove all the Officers, committee members, agents and employees of the Association, prescribe such powers and duties for them as may be consistent with law and the Governing Documents.

(G) Location of Office and Membership Meetings. To change the principal office for the transaction of the business of the Association from one location to another within the County and to designate any place within reasonable proximity to the Development, in the sole discretion of the Board, within the County for the holding of any membership meeting.

(H) Reconstruction. As more specifically set forth in Article 11, to contract for and pay for reconstruction of any portion of the Development damaged or destroyed.

(I) Legal Action. To commence and maintain actions for damages and/or to restrain and enjoin any actual or threatened breach of any provision of the Governing Documents. The Board shall also have the power to prosecute or defend, in the name of the Association, any action affecting, or relating to, the Common Area, any property owned or maintained by the Association, the obligations of the Association as set forth in the Governing Documents and any action in which all or substantially all of the Owners have an interest.

(J) Deposits/Administrative Fees. To impose and receive deposit or other administrative fees for the use or operation of the Common Area and Common Facilities.

(K) Grant Permits, Licenses, Easements. To grant permits, licenses, utility easements, and other easements, permits, or licenses necessary for the proper maintenance or operation of the Development under, through, or over the Common Area, as may be reasonably necessary to or desirable for the ongoing development and operation of the Development.

(L) Borrowing Money. Subject to the limitations set forth in Section 4.6(A) of this Article, the Board may borrow money for the purposes of improvement or restoration of the Common Area and Common Facilities.

(M) Enter into Contracts. Subject to the provisions of Section 4.6(E) of this Article, to enter into contracts or arrangements for services or materials for the benefit of, or improvement to, the Common Area.

(N) Sell Association Property. Subject to the provisions of Section 4.6(C) of this Article, to sell property owned by the Association.

(O) Capital Improvements. Subject to the provisions of Section 4.6(B) of this Article, to expend money for capital improvements to the Common Area. For purposes of the Governing Documents, the term "capital improvement" means those items or elements which are new to the Development.

(P) Removal of Common Facilities/ Common Area. To remove/eliminate any golf course and related amenities (if acquired by the Association) or pools, as long as it obtains the approval of sixty-seven percent (67%) of the Voting Power of the Association. To remove/eliminate any other Common Facilities or Common Area structures, improvements or appurtenances, the Board of Directors shall obtain the prior approval of a majority of a quorum of the Voting Power, where quorum is defined as a majority of the Members.

(Q) Annexation of Additional Real Property. By a majority vote of the Board, annex additional real property and any improvements thereon into the Association. In order to annex the property into the Association, a Declaration of Annexation describing the real property to be annexed must be signed by two officers and recorded with the Riverside County Recorder.

Section 4.5. Duties of the Association. In addition to the powers delegated to it by the Governing Documents, the Board, has the obligation to conduct all business affairs of common interest for all Owners and to perform each of the duties set forth below:

(A) Operation and Maintenance of Common Area. As more specifically set forth in Article 9 of this Declaration, to maintain, operate and otherwise manage all of the Common Area and Common Facilities, including the improvements and landscaping thereon, and all property subsequently acquired by the Association. In connection with this duty, the Board shall contract for and purchase tools, equipment, materials, supplies and other personal property and services for the maintenance and repair of the Common Area and improvements to the Development. The Board shall also have the right to assign, rent, license or otherwise designate and control the use of the Common Area and/or the improvements thereon.

(B) Taxes and Assessments. To pay all real and personal property taxes and assessments and all other taxes levied against the Association. The obligation to pay the taxes and assessments may be contested by the Association; provided, however, that they are paid, or that a bond insuring payment, is posted before the sale or the disposition of any property to satisfy the payment of such taxes or assessments.

(C) Water and Other Utilities. To acquire, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas, gardening service and other necessary utility services for the Common Area and make these and such other utilities as the Board may determine, available to all Lots if and when the Lots are not separately billed for these items.

(D) Insurance. As more particularly set forth in Article 10 of this Declaration, to contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association, Directors and Owners with respect to the Common Area and the affairs of the Association. Each Owner is obligated to obtain and maintain adequate insurance for his or her Lot, Residence, personal property and maintenance items which are the Owner's responsibility.

(E) Assessments. To establish, fix, and levy Assessments against the Owners and to enforce payment of such Assessments, in accordance with the provisions of the Governing Documents and current California law.

(F) Annual Budget Report, Financial Statements and Assessment and Reserve Funding Disclosure Summary. The Board shall prepare Annual Budget Reports, financial statements and assessment and reserve funding disclosure summaries for the Association as required by *Civil Code* Sections 5300, 5305, and 5570.

(G) Bank Accounts. To maintain bank account(s) for funds under the control of the Association.

(H) Availability of Documents. To make available to, and reproduce upon the written request of, any Owner, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage encumbering any Lot, current copies of the Association's Governing Documents, and other books, records and financial statements of the Association to which those persons or entities are entitled under the Governing Documents or current law. The Board can establish reasonable procedures to facilitate inspection of these records, including providing for reasonable fees to produce the same.

(I) Distribute Documents and Perform Other Duties. To prepare and distribute to the Owners documents as provided in the Article 10 of the Bylaws and as required by *Civil Code* Sections 4530, 5300, 5305, 5310, and 5810, and to perform other duties as required by *Civil Code* Sections 5500 and 5550.

Section 4.6. Limitations on Authority of the Board. The Board shall not take any of the actions listed below except with the vote or written consent of a majority of the Voting Power of the Association:

(A) Borrow Money. Borrow money and incur indebtedness for the purposes of the Association in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

(B) Expenditures for Capital Improvements. Make expenditures for capital improvements to the Development in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year. For purposes of the Governing Documents the term "capital improvement" means any new addition to the Development.

(C) Sales of Common Area. Sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(D) Convey or Grant Licenses/Easements. Sell, convey or grant licenses or easements to Owners to exclusively use portions of the Common Area where the value of the license or easement is five percent (5%) or more of the budgeted gross expenses of the Association for that fiscal year. For purposes of *Civil Code* Section 4600, the affirmative vote of zero percent (0%)

of the Owners is required for the Board to sell, convey or grant exclusive use of any portion of the Common Area to any Owner if the value of the license or easement is less than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding the provisions of this section, the Board shall not be obligated to obtain a vote of the Owners if any of the exceptions contained in *Civil Code* Section 4600(b) apply to any conveyance, sale or grant of easement, license and/or permit.

(E) Third Person Contracts. Enter into a contract with third persons for furnishing goods or services for the Common Area for a term longer than one (1) year, with the following exceptions:

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

(2) Payment of any taxes and governmental special assessments which are and could become a lien on any portion of the Common Area;

(3) Agreements for cable television services and equipment, internet services and equipment, or satellite dish television services and equipment not to exceed five (5) years duration;

(4) Contracts for management. Additionally, the Board shall not have the power to approve or authorize any contract for the professional management of the Development which (1) does not permit the Association to terminate (a) for cause on thirty (30) days written notice and (b) without cause, or payment of a termination fee, on ninety (90) days or less written notice and/or (2) has a term greater than three (3) years;

(5) Prepaid casualty and/or liability insurance policy which does not exceed three (3) years duration provided that such policy permits for short rate cancellation by the insured; and

(6) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed a five (5) year duration.

Section 4.7. Limited Right of Entry.

(A) For the purposes of constructing, maintaining and repairing the Common Area, enforcing the architectural and land use restrictions of the Governing Documents, or making necessary repairs that an Owner has failed to perform, the Association's Directors, Officers, committee members, agents or employees shall have the right, after at least twenty-four (24) hours prior written notice to the Owner, to enter his or her Lot, including the Residence, at reasonable hours. Such persons shall not be deemed guilty of trespass by reason of any entry on any Lot pursuant to the provisions of the Governing Documents. The cost of such maintenance or repair may be imposed as a Reimbursement Assessment against the Owner in accordance with the Governing Documents.

(B) In addition to, and not in limitation of all other rights, the Association may enter onto the Lots including the Residences for emergency, security, or safety purposes, which right may be exercised by the Association's Directors, Officers, committee members, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. In an emergency situation, if practicable, prior to entering the Lot, a reasonable attempt will be made to notify the occupant and the Owner of the Lot of the Association's need and intent to enter the Lot.

ARTICLE 5

COVENANT FOR MAINTENANCE ASSESSMENTS TO ASSOCIATION

Section 5.1. Assessments Generally.

(A) **Purpose of Assessment.** The Assessments for Common Expenses provided for in the Governing Documents shall be used for the general purpose of the preservation and proper operation of the Development and for promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and/or occupants of Lots in the Development as may be more specifically authorized from time to time by the Board.

(B) **No Avoidance of Assessment Obligations.** No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him or her from such liens and charges, by waiver of the use and enjoyment of the Common Area or any facilities thereon, by abandonment or non-use of his or her Lot or any other portion of the Development, by any alleged failure by the Association to perform services, or for any other reasons.

Section 5.2. Creation of Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay the Association: (a) annual Regular Assessments or charges; (b) Special Assessments, to be established and collected as provided in this Declaration; and (c) Reimbursement Assessments against any particular Lot which are established pursuant to the terms of the Association's Governing Documents.

(A) All such Assessments, together with late charges, interest, costs, and all attorneys' fees reasonably incurred, as provided in this Declaration and in the maximum amount permitted by the laws of the State of California, whichever is greater, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each Assessment is made. Such amounts shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. In the event more than one (1) person or entity was the Owner of a Lot, the personal obligation to pay such Assessment, or installment, shall be joint and several.

(B) Assessments shall be paid on a monthly basis on the first day of each month or in such manner and on such dates as may be fixed by the Board.

(C) The personal obligation for delinquent Assessments, or delinquent installments, and such other sums, shall not pass to an Owner's good faith and for value successors in title unless expressly assumed by them.

(D) Any Assessment not paid within thirty (30) days after the date due shall bear interest from the date due at the rate provided for in the Association's Governing Documents or California law, whichever is greater.

Section 5.3. Regular Assessments.

(A) Establishment of Regular Assessments. The total annual expenses estimated in the Association's Annual Budget Report (less projected income from sources other than Assessments) shall be a guide to establishing the aggregate Regular Assessment for the next succeeding fiscal year, provided that, except as provided in subparagraph (C) below, the Board may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association. For purposes of this Section, "quorum" means more than fifty-percent (50%) of the Owners of the Association.

(B) Mailing Notice of Assessment. The Board shall provide Individual Notice to each Owner 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 Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than thirty (30) days nor more than ninety (90) days prior to the beginning of the next fiscal year.

(C) Failure to Make Estimate. If, for any reason, the Board fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Article 5, Section 5.4 for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year and the Assessments shall be payable on the regular payment dates established by the Association.

(D) Ability to Change Regular Assessments. The Board may increase the amount of Regular Assessments at any time upon not less than thirty (30) nor more than sixty (60) days prior written Individual Notice to the Owners, subject to the limitations in Section 5.3(A).

Section 5.4. Special Assessments.

(A) In addition to the Regular Assessments, authorized above, the Board may levy Special Assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or such other purpose as may be determined by the Board; provided, however, that no Special Assessment shall exceed, in the aggregate during any fiscal year of the Association, an amount equal to five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the vote or written assent of Owners, constituting a quorum, casting a majority of the votes at any meeting or election of the Association. For purposes of this Section, "quorum" means more than fifty-percent (50%) of the Owners of the

Association. All such Special Assessments shall be levied upon each Lot in the same proportion as Regular Assessments are levied.

(B) Special Assessments called Social Initiation Assessments shall be levied against Owners as further described in Article 2, Section 2.6 of this Declaration.

(C) Special Assessments called Golf Initiation Assessments shall be levied against Owners who obtain Golf Memberships as further described in Article 2, Section 2.6 of this Declaration.

(D) Ability to Change Special Assessments. The Board may increase the amount of Special Assessments at any time upon not less than thirty (30) nor more than sixty (60) days prior written Individual Notice to the Owners, subject to the limitations in Section 5.4(A).

Section 5.5. Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment or Special Assessments in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall not apply to Assessment increases necessary to address emergency situations. For purposes of this section, an emergency situation is any of the following:

(A) An extraordinary expense required by an order of a court.

(B) An extraordinary expense necessary to repair or maintain the Common Area, Common Facilities or any portion of the Lots which the Association is obligated to maintain where a threat to personal safety is discovered.

(C) An extraordinary expense necessary to repair or maintain the Common Area, Common Facilities or any portion of the Lots which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the Annual Budget Report pursuant to Section 5.3(A) above, provided that, prior to the imposition or collection of an Assessment under this subsection, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Owners together with the notice of Assessment.

Section 5.6. Reimbursement Assessments.

(A) Circumstances Giving Rise to Reimbursement Assessments. The Board may impose Reimbursement Assessments against an Owner in any of the circumstances described, without limitation, in subparagraphs (1) through (4) below, provided that no Reimbursement Assessments may be imposed against an Owner pursuant to this Section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to this Declaration and *Civil Code* Section 5855, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Reimbursement Assessments include the following:

(1) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, including any portion of the Lot which the Association is obligated to repair and maintain, is caused by the willful misconduct or negligent act or omission of any Owner, his or her family members, guests, tenants, invitees or occupants, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment. Reimbursement Assessments imposed under this subsection may be collected in the same manner as Regular and Special Assessments, including the imposition of a lien, if allowed by California law.

(2) Expenses Incurred in Gaining Membership Compliance. In the event that the Association incurs any costs or expenses, to accomplish: (a) the payment of delinquent Assessments; (b) 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) to otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable attorneys' fees, title company fees, accounting fees, and court costs) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(3) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk automobiles, or improper weed or vegetation control, the Association shall have the right to enter the Lot, correct the offensive or hazardous condition and recover the reasonable cost of such action through imposition of a Reimbursement Assessment against the offending Owner.

(4) Unpaid Fines, Fees or other Charges. If an Owner does not pay a fine or any other fee or charge duly levied against him or her within thirty (30) days after the Board has notified the Owner of the fine, fee or charge, then the Board shall have the right to levy a Reimbursement Assessment against such Owner. Unless expressly permitted under California law, any lien against the Owner's Lot for nonpayment of a Reimbursement Assessment levied pursuant to this subsection (4) shall not be enforceable by nonjudicial foreclosure of the Lot.

(B) Levy of Reimbursement Assessment and Payment. Once a Reimbursement Assessment has been levied against an Owner for any reason described in the Governing Documents, and subject to the conditions imposed, Individual Notice shall be mailed to the affected Owner and the Reimbursement Assessment shall thereafter be due and payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. The Reimbursement Assessment may be collected in the same manner as Regular and Special Assessments as allowed by California law.

Section 5.7. Notice/Certificate of Status. Annual written notice of an Assessment shall be given to every Owner with the Annual Budget Report and Annual Policy Statement prepared

pursuant to Article 10 of the Bylaws and *Civil Code* Sections 5300, et. seq. Assessments may be collected on a monthly basis or otherwise as determined by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an Officer or other agent of the Association setting forth whether the Assessments of a specified Lot have been paid.

Section 5.8. Exemption of Certain of the Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to use as a residential dwelling, be exempted from the Assessments and the liens provided in this Article:

- (A) Any portion of the Development dedicated and accepted by a local public authority;
- (B) The Common Area and Common Facilities;
- (C) Any Lot owned by the Association.

Section 5.9. Remedies of the Association for Non-Payment of Assessments. The Association shall have the power to impose Assessments as provided in these Governing Documents. Such Assessments are the personal obligation of the Owner against whom they are assessed and constitute a lien against that Lot. The Association shall have the authority to initiate a lawsuit and/or create and enforce the lien with a power of sale on each separate Lot (including the Residence and Improvements) to secure payment of the amount of any Assessment, to the full extent permitted by applicable law. The obligation and the lien for Assessments may also include the following:

- (A) A late or delinquency charge in the amount of the greater of ten dollars (\$10.00) or ten percent (10%), or such higher amount as may be authorized by the laws of the State of California, of the amount of each Regular Assessment or lump sum or installment payment of any Special Assessment or Reimbursement Assessment not paid when due;
- (B) Interest on each Assessment or installment not paid when due and on any delinquency fee or late charge from the date the charge was first due and payable at the rate of twelve percent (12%) per annum, or such higher rate as may be authorized by the laws of the State of California; and
- (C) Costs of collection, including court costs, the expenses of sale, any expense required for the protection and preservation of the Lot, and reasonable attorneys' fees actually incurred; and the fair rental value of the Lot from the time of institution of suit until the sale at foreclosure or other satisfaction of any judgment.

Section 5.10. Effect of Non-Payment of Assessments.

- (A) As more particularly provided in *Civil Code* Section 5700 et seq., and so long as the Association has complied with the pre-lien requirements set forth in *Civil Code* Sections 5660, 5670, and 5673, the Association, upon a vote of a majority of the Board made at an open Board meeting, may file for recording in the Office of the County Recorder a notice of delinquency as to such Lot, which notice shall state all amounts which have become delinquent with respect to such Lot and the late fee, interest and costs (including attorneys' fees) which have accrued thereon, the

amount of any Assessments relating to such Lot which are due and payable, although not delinquent, a description of the Lot with respect to which the delinquent Assessments are owed, and the name of the record or reputed record Owner of such Lot. Such notice shall be signed by the President or other Officer of the Board, or by a majority of the members of the Board, or by the Association's attorney.

Immediately upon the recording of any notice of delinquency pursuant to the foregoing provisions of this Section, the amounts delinquent, as set forth in such notice, together with the costs (including attorneys' fees), penalties and interest accruing thereon, shall be and become a lien upon the Lot, which lien shall also secure all other payments and/or Assessments which shall become due and payable with respect to the Lot following such recording, and all costs (including attorneys' fees), penalties and interest accruing thereon. The lien shall continue until all amounts secured thereby are fully paid or otherwise satisfied.

(B) In the event the delinquent Assessments, and all other Assessments which have become due and payable with respect to the same Lot, together with all costs (including attorneys' fees) and interest which have accrued on such amounts, are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in this Article, the Board shall record a further notice, similarly signed, stating the satisfaction and releasing of such lien.

Section 5.11. Foreclosure of Assessment Lien. Each Assessment lien may be foreclosed upon as and in the same manner as the foreclosure of a Mortgage upon real property under the laws of the State of California or may be enforced by sale pursuant to *Civil Code* Sections 5705 et seq., and 2924 et. seq., and to that end a power of sale is hereby conferred upon the Association.

Section 5.12. Subordination of Lien. The lien of the Assessments provided for in this Article shall be subordinate to the lien of a first Mortgage, given and made in good faith and for value that is of record as an encumbrance against such Lot prior to the recordation of a notice of delinquency. The sale or transfer of any Lot shall not affect the Assessment lien described in this Article, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments. However, the sale or transfer of any Lot pursuant to a judicial foreclosure or foreclosure by power of sale of a first encumbrance shall extinguish any Assessment lien recorded prior to the time of such sale or transfer. Following a foreclosure, the interest of any purchaser at such foreclosure sale shall be subject to all Assessments becoming due after the date of such sale or transfer, and in the event of nonpayment of such Assessments, shall be subject to all of the remedies described in this Declaration. For the purpose of this Section, a sale or transfer of a Lot shall occur on the date of recordation of a deed or land sale contract evidencing the conveyance of record ownership of the Lot.

Section 5.13. Assignment of Rents. Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due, or hereafter to become due, under any lease or agreement or otherwise for the use or occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments due to the Association pursuant to this Declaration which are in default. The Board hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided that the Board, in its sole discretion, may revoke such authority at any time, upon written

Individual Notice to the Owner of a default in the payment of any Assessment due hereunder. Upon revocation of such authority the Board may collect and retain such monies, whether past due and unpaid or current. The Association's rights under this Section shall be subordinate to the rights of any first Mortgagee. Any attempt to collect rents under this Section shall be done after the Owner of the Lot has been given Individual Notice and an opportunity to be heard by the Board in accordance with the Governing Documents and current California law.

Section 5.14. Waiver of Exemptions. Each Owner does hereby waive, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment, or installment, becomes delinquent or any lien is imposed pursuant to the terms of this Declaration.

Section 5.15. Uniform Rate of Assessments. With the exceptions noted below, Regular and Special Assessments must be fixed at a uniform rate for all Lots:

- (A) Reimbursement Assessments (Article 5, Section 5.6 of this Declaration);
- (B) Social Initiation Assessments (Article 2, Section 2.6(D) of this Declaration);
- (C) Golf Initiation Assessments (Article 2, Section 2.6(E) of this Declaration);
- (D) Regular Assessments that include Golf Membership Dues (Article 2, Section 2.6(B) of this Declaration).

ARTICLE 6

USE RESTRICTIONS

Section 6.1. Occupancy.

(A) **Single Families.** The Residences within the Development are restricted exclusively to residential use, and no Residence shall be occupied by more than a single family. The term "family" shall be defined in accordance with applicable Federal and California laws, County and City codes and ordinances. "Occupancy," for purposes of the Governing Documents, shall be defined as staying overnight in a Residence for a total of more than thirty (30), either consecutive or non-consecutive days, in any one (1) year. The maximum number of occupants that may reside in a Residence at any one time shall be as set forth in the City codes and ordinances.

(B) **Residential Use.** Each Residence shall be used for residential purposes only. Legal trade or business may be conducted in or from a Residence so long as there is no external evidence of such business and the business use is incidental to the primary purpose of the Lots as single-family private residences. The Board may establish guidelines in the Rules and Regulations to allow certain home occupations which: (a) are consistent and compatible with the typical residential use of the Development; and (b) do not have any detrimental effect on neighboring Lots or the Development.

(C) Lessee/Tenant Bound by Governing Documents. As more particularly set forth in Article 8, each Owner shall have the right to lease his or her Lot, provided that such lease is in writing and provides that the tenant shall be bound by and obligated to the provisions of the Governing Documents.

(D) No camping, whether temporary or permanent, shall be permitted on any Lot.

Section 6.2. Subdivision of Lots and Structures. No Lot may be subdivided into a smaller Lot, except as approved by the Board, and no Lot Owner shall erect or use any structure(s) of a temporary character, including but not limited to trailer, tent, shack, carport, garage, barn, or other outbuilding on any portion of the Lot at any time, either temporarily or permanently, except as approved by the Board.

Section 6.3. Pets.

(A) No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any part of the Development, except that no more than a reasonable number of domestic pets, as determined by the Board in the Rules and Regulations, may be kept by their respective owners in their respective Residences, provided that they are not kept, bred, or maintained for any commercial purpose and do not endanger the health or unreasonably disturb the Owner/resident of any Lot or otherwise create a nuisance.

(B) No pet, regardless of size or type, shall be permitted to be kept within any portion of the Development if it makes excessive noise or otherwise constitutes an unreasonable annoyance or danger to other Owners or residents.

(C) No pet enclosures shall be erected, placed, or permitted to remain on any property subject to this Declaration, except as approved by the Board.

(D) Each pet owner must immediately clean up after their pet. Dogs shall be allowed on the Common Area only when they are leashed and are otherwise under the supervision and restraint of their owners.

(E) The keeping of pets in the Development and their ingress, egress, and travel upon the Development shall be subject to such Rules and Regulations as may be issued by the Board.

(F) The Board has the right, but not the obligation, to require the permanent removal of any pet which is allowed to unreasonably threaten the physical or emotional well being of any Owner or resident of a Lot, is allowed to create a nuisance or disturbance, or causes damage to property. The Board has the sole discretion to determine whether any of the foregoing conditions exist which requires the permanent removal of a pet. Except in an emergency situation warranting an application for the issuance of a temporary restraining order or preliminary injunction, prior to requiring the permanent removal of a pet, the Owner of the Lot shall be provided with Individual Notice and an opportunity to be heard by the Board.

Section 6.4. Signs, Flags, Banners and Holiday Decorations.

(A) **Commercial Signs.** Except as may be required by legal proceedings or authorized by the Association's Rules, no commercial signs, billboards, real estate flags or advertising of any kind shall be maintained or permitted on any portion of the Development without the prior written approval of the Board, except for one "For Sale" or "For Rent" sign per Lot, not larger than 18-inches by 24-inches.

(B) **Non-Commercial Signs, Flags and Banners.** Non-commercial signs that are nine (9) square feet or less may be posted or displayed from the yard, window, door, balcony, or outside walls of the Residences and must be made of paper, cardboard, cloth, plastic, or fabric. No signs will be allowed that consist of lights, roofing, siding, paving materials, flora or balloons, or any similar building, landscaping, or decorative component, including the painting of architectural surfaces.

Non-commercial flags, or banners that are fifteen (15) square feet or less may be posted or displayed from the yard, window, door, balcony, or outside walls of a Residence. These flags or banners can only be made of paper, cardboard, cloth, plastic, or fabric and may not consist of lights, roofing, siding, paving materials, flora or balloons, or any similar building, landscaping, or decorative component, including the painting of architectural surfaces.

(C) **Common Area.** No signs shall be erected or displayed on the Common Area, except signs placed by authority of the Board. The Board, on behalf of the Association, shall have the right to erect reasonable and appropriate signs on the Common Area. Flagpoles are not permitted to be installed in the ground in the Common Area without prior Association approval.

(D) **Holiday Decorations.** Holiday decorations may be displayed on the Lot subject to any restrictions in the Rules and Regulations.

Section 6.5. Antennas and Similar Devices. No Owner may install a video or television antenna or satellite dish which has a diameter or diagonal measurement of greater than one (1) meter. Owners may install a video or television antenna, including a satellite dish, that has a diameter or diagonal measurement of one (1) meter or less in diameter in accordance with the procedures adopted by the Board. These procedures may require reasonable screening, establish preferred locations, and impose other restrictions as permitted by applicable federal and state law, provided they do not preclude an acceptable signal or unreasonably increase the cost or cause unreasonable delay in the installation of same. These restrictions are subject to change based on federal and state law.

Section 6.6. Vehicles and Parking. The following parking and vehicle restrictions shall apply within the Development:

(A) Vehicles shall be parked in designated areas so as not to obstruct free traffic flow, constitute a nuisance, violate the Rules and Regulations, or otherwise create a safety hazard.

(B) Vehicles shall not park in fire lanes at any time and will be subject to tow at the vehicle owner's expense.

(C) Recreational vehicles, boats, motor homes, trailers, limousines, commercial vehicles, or any other special vehicles are not permitted to be parked in any area of the Development except for loading and unloading purposes, not to exceed two (2) successive days and less than four (4) total days in any calendar month. For purposes of this sub-section, "commercial vehicles" shall not include sedans or standard size pickup trucks or sport utility vehicles which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board.

(D) The Board shall have the authority to tow at the vehicle owner's expense, any vehicle parked or stored in violation of this Section or the Rules and Regulations. The Board shall post such notices or signs within the Development as may be required by law to effectuate this towing provision.

(E) Owners, tenants and residents shall park the maximum number of vehicles in the garage as it was designed to accommodate. Only after the maximum number of vehicles has been parked in the garage may Owners, tenants and residents park additional vehicles on the driveway. Notwithstanding, Owners, tenants and residents may park oversized vehicles that do not fit in the garage on the driveway.

(F) The Board may adopt further reasonable Rules and Regulations regarding parking on Lots and in the Common Area.

(G) No Owner, tenant or occupant shall store or allow to remain within the Development any inoperable or unregistered vehicle.

(H) All Owners, tenants and residents shall have and keep in force, at their own expense, property damage insurance on their automobiles.

(I) No Owner or any of his or her family members, guests, tenants, invitees or occupants, shall park, cause to be parked, left or abandoned, any vehicle in such a manner as to impede or prevent ready ingress, egress or passage to, from, over, across or through any parking space, driveway or sidewalk within the Development.

Section 6.7. Garages. No garage doors shall be permitted to remain open except for a temporary purpose. The Board shall have the power to make reasonable Rules and Regulations regarding the use of and storage in garages. For purposes of this Section, "temporary purpose" shall be defined as permitting reasonable work to be performed in the garage during normal daytime/evening hours. No Owner shall convert or otherwise remodel the garage portion of the Residence so that it constitutes a bedroom, family room, den or similar living facility.

Section 6.8. Impairment of Lots and Easements. No Owner, tenant or occupant shall perform or commence any work that will impair the structural soundness or integrity of another Lot, Common Area or impair any easement, or do any act nor allow any condition to exist which will adversely affect the other Lots or their Owners, tenants or occupants.

Section 6.9. Rubbish, Trash, and Garbage. All rubbish, trash and garbage shall be removed no less than weekly from the Lot, and shall not be allowed to accumulate outside of any Residence and/or upon any Lot. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any portion of the Development. If a Residence is in the process of construction on any Lot, a dumpster must be placed on the Lot and emptied regularly. Trash containers shall, in any event, only be placed in locations approved by the Architectural Committee. Trash cans and trash shall be stored out of view when it is not trash pick-up day.

Section 6.10. Nuisance. No noxious, illegal, or materially offensive activities shall be carried out or conducted upon any Lot or Common Area or in any part of the Development, nor shall anything be done within the Development which shall unreasonably interfere with any other resident's right to quiet enjoyment. No Owner or his or her family members, guests, tenants, invitees or occupants may use or allow the use of the Residence or any portion of the Lot in any way or for any purpose which may endanger the health or unreasonably annoy or disturb other Owners or occupants of a portion of the Lot; or in such a way as to constitute, in the sole opinion of the Board, a nuisance. Nothing in this Section, however, shall be construed to affect the rights of an aggrieved Owner or his or her family members, guests, tenants, invitees or occupants to proceed individually for relief from interference with his or her property or personal rights. The Association may unilaterally delegate responsibility for enforcing this Section in whole or in part to the Owners.

Section 6.11. Unsightly or Unkempt Conditions. The pursuit of activities, including without limitation, the assembly and/or disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Lot nor on or within any part of the Development.

Section 6.12. Dangerous Use of Lots/Indemnification. Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance on any policy maintained by the Association without the prior written consent of the Board and no Owner shall permit anything to be done or kept on his or her Lot or within the Common Area which would cause any improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence or any part of the Common Area.

Each Owner agrees for himself, herself and for his or her family members, guests, tenants, invitees or occupants, to indemnify each and every other Owner, the Association, its Directors, Officers, committee members, agents and employees, and to hold him or her harmless from, and to defend him or her against, any claim of any person or persons for personal injury or property damage occurring within the Lot of the indemnifying Owner.

Section 6.13. Responsibility for Damage to the Common Area. Each Owner shall be liable to the Association for all damages to the Common Area or any area in which the Association has the maintenance obligation, including but not limited to the buildings, Common Facilities and landscaping caused by any action, including without limitation, tortious acts by such Owner, his or her tenants, licensee(s) or any occupant of such Owner's Lot. In the event, after Individual Notice to the Owner and an opportunity to be heard by the Board, the Owner fails to pay the Association for the damage caused by the Owner, his or her family members, guests, tenants,

invitees or occupants of such Owner's Lot, the Board, by majority vote, may impose a Reimbursement Assessment against the Owner as set forth in Article 5.

Section 6.14. Alterations of Residences. No Owner shall make or cause to be made structural alterations or modifications to his or her Residence and/or any exterior alterations or modifications to the Lot without the prior written consent of the Architectural Committee as provided in Article 7. No building of any kind shall be moved from any other place onto any of such Lots, or from one (1) Lot onto another without the prior written consent of the Architectural Committee as provided in Article 7.

Nothing shall be done on any Lot or in any Residence or in, on, or to the Common Area which may impair the structural integrity of any building, or which would structurally change any building. Except as otherwise provided in the Governing Documents, nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Board.

Section 6.15. Use of Common Area. Except as otherwise provided in the Governing Documents, the Common Area shall be improved and used only for the following purposes:

(A) Affording vehicular passage and pedestrian movement within the Development, including access to the Lots;

(B) Recreational use by the Owners and their family members, guests, tenants, invitees or occupants, subject to Rules and Regulations established by the Board;

(C) Beautification of the Common Area through landscaping and such other means as the Board shall deem appropriate;

(D) Parking of vehicles in areas provided therefor as may be designated and approved by the Board, upon such terms and conditions as may from time to time be determined by the Board;

(E) No part of the Common Area shall be obstructed so as to interfere with the use of the Common Area, nor shall any part of the Common Area be used for storage purposes (except as incidental to one of such permitted uses or for storage of maintenance equipment used exclusively to maintain the Common Area).

(F) No Owner shall make any alteration or improvement to the Common Area, or remove any plants, structure, furnishings or other object therefrom, except with the prior written consent of the Board. The building, construction or placing by any Owner, or by the Board, or by any other person or persons, of any structure, hedge, fence, shrubbery or any obstruction of any kind or character in such position as to encroach on any of such private roads or driveways as presently shown on the subdivision map, is prohibited. Each Owner shall be liable to the Association for all damage to the Common Area or to any improvements, including, but not limited to, buildings, recreational facilities and landscaping, caused by such Owner or his or her family members, guests, tenants, invitees or occupants of such Owner's Residence.

Section 6.16. Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil or similar material. The Board shall have the power to make reasonable Rules and Regulations regarding window coverings which are visible from the exterior of the Residence. Each Owner shall promptly repair any broken windows on the Residence.

Section 6.17. No Timeshare Use.

(A) Use of any Lot in a manner which is consistent with timeshare projects, timeshare estates, timeshare programs and timeshare uses as defined in this Declaration and/or pursuant to *Business and Professions Code* Section 11212 is prohibited.

(B) For the purpose of this Section, the term "timeshare program" shall include and not be limited to any arrangement, plan, scheme, or similar device, whether by membership, agreement, tenancy in common, sale, lease, deed, rental agreement, license, right-to-use agreement, or by any other means, whereby a timeshare interval is created and whereby the use, occupancy or possession of an accommodation, Lot, Improvement or Residence circulates among purchasers of the timeshare interval according to a fixed or floating time schedule on a periodic basis occurring annually over any period of time in excess of one (1) year in duration.

(C) For the purpose of this Section, the term "timeshare use" includes, but is not limited to, any contractual right of exclusive occupancy, whether fixed for a specific time period or not, which does not fall within the definition of a "timeshare estate," including, without limitation, a vacation license, prepaid hotel reservations, club membership, limited partnership, trust agreement, or vacation bond.

(D) Ownership of a Lot as tenants in common, joint tenants or any other form of multiple ownership by more than four (4) persons or entities is prohibited unless otherwise approved by the Board.

Section 6.18. Exterior Clotheslines. Exterior clotheslines and drying racks shall only be allowed in the backyard of the Lot, subject to Rules and Regulations adopted by the Board. There shall be no outside drying of clothes or other items on any balcony, railing, awning, or other exterior portion of the Residence.

Section 6.19. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or 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, or the reasonable pursuit of hobbies.

Section 6.20. Diseases and Pests. No Owner shall permit any thing or condition to exist on his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 6.21. Oil Drilling/Water Wells. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in the Development, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the Development. No derrick or other structures designed for use in boring for

water, oil or natural gas shall be erected, maintained or permitted anywhere upon the Development. No well for the production of or from which there is produced water shall be operated on any Lot.

Section 6.22. No Interference With Established Drainage Patterns. There shall be no interference with the established drainage pattern over any Lot so as to affect any other Residence, unless an adequate alternative provision is made for proper drainage which is first approved in writing by the Architectural Committee. For the purpose of this Section, "established drainage" is defined as the drainage which existed at the time the overall final grading of any Lot was completed or any later grading changes that are shown on plans approved by the Architectural Committee, which may include drainage from the Common Area over any Lot. The Owner of each Lot will be responsible for reasonably maintaining any drainage control facilities located on his or her Lot and shall otherwise be responsible for effecting proper drainage controls on his or her Lot.

Section 6.23. Code of Conduct. All Owners and their family members, guests, tenants, invitees or occupants shall adhere to a code of conduct as may be adopted by the Board in connection with their treatment, actions, language and behavior towards other Owners, Directors, Association staff, employees, agents, and vendors. Abusive and/or harassing behavior will not be tolerated. Violations of this Section shall also constitute violations of the Governing Documents.

Section 6.24. Height Restrictions. No Improvement, including without limitation, fences, retaining walls, landscape or privacy structures shall be constructed, erected, or placed on any Lot without the prior approval of the Architectural Committee. In no event shall any fence exceed 6' in height and fences constructed of metal, chain link, (or similar fabric or plastic appearances) shall not be permitted; provided, however, that wrought iron fences may be erected with architectural approval.

Section 6.25. Perimeter Access. Other than to those Lots owned by the Association, there shall be no access to any Lot on the perimeter of the Development except from designated streets or roads within the Association.

Section 6.26. Fires. With the exception of charcoal, propane or gas barbecues or Association approved propane or gas fire pits that are controlled in such a manner that they do not create a fire hazard, there shall be no exterior fires permitted on the Lots. Notwithstanding, there shall no exterior fires whatsoever on balconies or on second story patio areas. Wood-burning fire pits, chimneys and similar are expressly prohibited.

Section 6.27. Water Supply Systems. No individual water supply, sewage disposal system, or water softening system shall be permitted on any Lot in the Association unless such system is designed, located, constructed and equipped in accordance with the requirements, standard and recommendations of any applicable water district, the Health Department of Riverside County, the Architectural Committee, and all other applicable government entities.

Section 6.28. Storage. Storage of personal property on any Lot shall be entirely within enclosed storage areas. There shall be no woodpiles nor storage piles accumulated on top, or outside, of any enclosed storage area although residents shall be entitled to stock firewood in reasonable amounts on the porches or patio areas of the Owner's Residence. The Association shall have the right to

establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, gardens and other Improvements within the Common Areas and the Common Facilities and any portion of the Lots or Residences which the Association is obligated to repair and maintain.

ARTICLE 7

ARCHITECTURAL AND LANDSCAPE CONTROL

Section 7.1. Architectural Committee and Landscape Committee.

(A) The Board shall appoint an Architectural Committee which consists of at least three (3) members, none of whom shall be required to meet any particular qualifications, except that members appointed to the Architectural Committee by the Board shall be from the membership of the Association. In the absence of an appointed Architectural Committee, the Board may act as the Architectural Committee and shall have the authority of the Architectural Committee as set forth in this Declaration.

(B) The Board may appoint a Landscape Committee which consists of at least three (3) members, none of whom shall be required to meet any qualifications, except that members appointed to the Landscape Committee by the Board shall be from the membership of the Association. In the absence of an appointed Landscape Committee, the Architectural Committee shall have the authority of the Landscape Committee as set forth in this Declaration.

(C) Members of the Architectural Committee and Landscape Committee shall be considered subordinate Officers of the Association. The Board has the sole discretion to appoint and remove members of these Committees.

Section 7.2. Duties of the Architectural and Landscape Committees.

(A) With the exception of Landscape Improvements (as defined below), it shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to the Association pursuant to the terms of the Governing Documents, to ensure that Improvements constructed on the property conform to plans approved by the Architectural Committee, to recommend that the Board adopt or amend the Architectural Guidelines, and to perform other duties imposed upon it by the Governing Documents or by Association charter.

(B) It shall be the duty of the Landscape Committee to consider and act upon any and all proposals or plans relating to Landscape Improvements submitted to the Association pursuant to the terms of the Governing Documents, to ensure that any Landscape Improvement installed, planted or constructed on the property conform to plans approved by the Landscape Committee, to recommend that the Board adopt or amend the Architectural Guidelines, and to perform other duties imposed upon it by the Governing Documents or Association charter.

Section 7.3. Committee Approval of Improvements.

(A) Notwithstanding anything contained in the Governing Documents expressly or impliedly to the contrary, no building, fence, wall or other structure or Improvement or Landscape Improvement shall be constructed or maintained upon the Lots, nor shall any exterior addition, change or alteration be made in, on or to the Lots or Residences including without limitation painting, repainting and landscaping and all Improvements and Landscape Improvements, until the plans and specifications, locating plat and color scheme showing the nature, shape, dimensions, materials and location of the same shall have been submitted to and approved in writing by the Architectural Committee and Landscape Committee (if applicable).

(B) Approval shall be based, among other things, on conformity and harmony of design and location in relation to surrounding Improvements, effect on location and use of Improvements and landscaping on neighboring property, aesthetic beauty, and conformity with Rules and Regulations and/or Architectural Guidelines. The Board shall have the right to establish a fee for the review of plans and specifications. Owners shall be responsible for the Association's costs incurred for review of their plans.

(C) For purposes of the Governing Documents, the term "Improvement" includes, without limitation, the construction, installation, alteration, or remodeling of any buildings, outbuildings, cages, storage sheds, mailboxes, walkways, garages, walls, patios, gates, garage doors, skylights, lighting and lighting fixtures, fences, swimming pools, spas, recreation facilities, , driveways, ditches, culverts, parking areas, screening walls, retaining walls, stairs, decks, utility lines, air conditioners or air conditioning systems, or any structure of any kind. The term "Improvement" shall not be interpreted to include projects which are restricted to the interior of any Residence. For purposes of the Governing Documents, the term "Landscape Improvement" includes, without limitation, the construction, installation, planting, or alteration of landscaping, landscape structures, hedges, windbreaks, plantings, planted trees and shrubs, poles, landscape/ornamental lighting, drainage facilities, inert material (such as decomposed granite, boulders, etc.), irrigation systems/ sprinkler pipes, exterior hardscaping and artificial turf. Landscape Improvements may be further defined in the Architectural Guidelines and/or by Association charter.

(D) The Architectural Committee and Landscape Committee shall, in writing, approve or disapprove plans submitted to it within forty-five (45) days. The Committees can condition their approval of an Improvement or Landscape Improvement subject to certain conditions being met, including, but not limited to, requiring the Owner to enter into a separate agreement for an easement, license, maintenance and/or indemnification. In the case of such "conditional" approval, the Improvement or Landscape Improvement will not be considered approved unless or until all stated conditions have been met. If a plan is disapproved, the disapproval must include a description of why the plan was disapproved and a description of the procedure for reconsideration of the decision by the Board. In the event the Architectural Committee or Landscape Committee fails to approve the submitted plans within forty-five (45) days, the applicant may send written notice to the Committee advising that the plans will be deemed approved if not disapproved forty-five (45) days from the receipt of such notice if such Improvements or Landscape Improvements conform and are in harmony with the overall design and style of the Association. Notwithstanding the provisions of Article 17, Section 17.3 of this Declaration, such notice to the

Architectural Committee or Landscape Committee must be made by personal delivery or certified mail, return receipt requested.

(E) Once a work of Improvement has been duly approved by the Architectural Committee or a Landscape Improvement has been duly approved by the Landscape Committee, no material modifications shall be made to the approved plans and specifications and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement or Landscape Improvement, as approved, without a separate submittal to, and review and approval by, the Architectural Committee or Landscape Committee (as applicable). 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, 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.

(F) Prior to an Owner submitting plans, specifications, plats and/or schemes to the Architectural Committee and/or Landscape Committee pursuant to this Article, such Owner shall consult the City's staff to identify and determine all regulations, standards, guidelines and other criteria that will be applicable to such Owner and the approval which such Owner intends to request of the Committee. Prior to commencing any alteration or Improvements approved by the Architectural Committee or any Landscape Improvements approved by the Landscape Committee, the Owner shall comply with all appropriate governmental laws and regulations. The Association shall not be obligated to enforce the provisions of this Section. Approval by the Architectural and Landscape Committees shall not be considered to satisfy the approvals that may be required by any governmental entity with appropriate jurisdiction, nor shall the approval of any governmental entity be considered to satisfy the requirement of Architectural or Landscape Committee approval. An Owner's failure to obtain any required governmental approval may subject such Owner to certain penalties imposed by the governmental entity, notwithstanding the approval of the Architectural or Landscape Committee, which penalties shall be the responsibility of such Owner.

(G) No approval by the Architectural or Landscape Committee shall be deemed to excuse an Owner from compliance with any and all applicable laws, ordinances, rules, codes or regulations of all governmental agencies having jurisdiction. Approval by the Architectural or Landscape Committee shall not constitute a representation that the proposed Improvements or Landscape Improvements comply with laws, ordinances, rules, codes or regulations and it shall be the responsibility of each Owner to determine such compliance and to take all steps and acquire all permits at the Owner's sole expense as may be required to properly and legally complete such Improvements or Landscape Improvements.

(H) The Board, on behalf of the Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction of Improvements or Landscape Improvements in the Development.

Section 7.4. Architectural or Landscape Changes Not Requiring Prior Approval.

Notwithstanding Section 7.3 above, the Architectural Guidelines can set forth specifications for certain exterior modifications that are deemed approved without submission of an application including, without limitation, repainting the Residence the same color, or a previously approved color. Nothing contained in this Article shall be construed to limit the right of an Owner to paint the interior of his or her Residence any color desired, or to improve or alter any improvements within the interior of the Residence; provided such improvement or alteration does not impair or alter the Common Area, any utilities, or other systems servicing the Common Area or other Lots.

Section 7.5. Meetings. The Architectural Committee and Landscape Committee shall meet at least monthly or more frequently as necessary to perform their duties hereunder. The vote or written consent of a majority of the Committee members, at a meeting or otherwise, shall constitute the act of the Architectural Committee and Landscape Committee unless the unanimous decision of the Architectural or Landscape Committee is required by any other provision of the Governing Documents. The Architectural Committee and Landscape Committee shall keep and maintain a written record of their actions at such meetings or otherwise. Members of the Architectural Committee and Landscape Committee shall not receive any compensation for services rendered.

Section 7.6. Architectural Guidelines. The Architectural Committee and Landscape Committee may, from time to time, recommend that the Board, in its sole and absolute discretion, adopt, amend and repeal guidelines, to be known as "Architectural Guidelines." The Board's approval, amendment or repeal of Architectural Guidelines shall be made subject to *Civil Code* Sections 4340 - 4370. The Architectural Guidelines shall interpret and implement the Governing Documents by setting forth the standards and procedures for Committee review and the guidelines for design and placement of Improvements, Landscape Improvements and/or alterations. The Governing Documents may not prohibit, or include conditions that have the effect of prohibiting, the use of low water-using plants as a group. The Board is prohibited from adopting regulations that would prohibit or restrict compliance with water efficient landscape ordinances and regulations or restrictions on use of water adopted pursuant to the *Water Code*.

Section 7.7. Variances. The Board shall be entitled to allow reasonable variances with respect to this Article in order to overcome practical difficulties, avoid unnecessary hardships, provided that the following conditions are met:

(A) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise apply under the Governing Documents, the Board must conduct a hearing on the proposed variance after giving at prior written notice to the Architectural Committee and Landscape Committee (as applicable) and to all Owners of Residences by Individual Delivery within one hundred (100) feet of the property for which the variance applies. The Owners receiving notice of the proposed variance shall have thirty (30) days in which to submit to the Board written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the thirty (30) day comment period has expired.

(B) The Board must make a good faith determination that:

(1) The requested variance does not constitute a material deviation from the overall plan and scheme of development within the Development or from any restriction contained in the Governing Documents or that the proposal allows the objectives of the violated requirements to be substantially achieved despite noncompliance; or

(2) The variance relates to a requirement hereunder, that it is unnecessary or burdensome under the circumstances; and

(3) The variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Residence, Lot, Common Area or Owner within the Development.

Section 7.8. Waiver. The approval by the Architectural Committee or Landscape Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Committee 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.

Section 7.9. Liability. Neither the Association, nor the Board, Architectural Committee, Landscape Committee nor any member of such entity shall be liable to the Association, any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, or (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; provided that with respect to the liability of a Committee member, such member has acted in good faith on the basis of actual knowledge possessed by him or her.

Section 7.10. Appeal. In the event plans and specifications submitted to the Architectural Committee or Landscape Committee are disapproved, then the Owner may appeal in writing to the Board. The written request must be received by the Board not more than forty-five (45) days following the final decision of the Committee. Within forty-five (45) days following receipt of the request for appeal, the Board shall hold an open meeting to consider the appeal and make a decision regarding the appeal. Failure of the Board to render a decision within the forty-five (45) day period shall be deemed a decision in favor of the Owner.

Section 7.11. No Approval by Individual Architectural Committee Member. There shall be no approval of plans and specifications by any individual Architectural or Landscape Committee member. In the event an individual Committee member approves plans and specifications, such approval should not be relied upon and shall not be deemed approval by the Architectural or Landscape Committee.

Section 7.12. Commencement and Completion of Improvements. Unless expressly extended in writing by the Board or Architectural Committee, all Improvements must be commenced within sixty (60) days of approval of the proposed Improvement and must be completed within one (1) year from the commencement of construction. Unless expressly extended in writing by the Board or Landscape Committee, all Landscape Improvements must be commenced within sixty (60) days of approval of the proposed Landscape Improvement and must be completed within six (6) months from the commencement of construction. Notwithstanding the foregoing, either the Board or the

Architectural Committee/ Landscape Committee (as applicable) can specify a shorter time period in which any Improvement or Landscape Improvement shall be completed, depending on the scope of the construction. In the event that an Owner fails to comply with these commencement and completion timeframes or any other timeframes set by the Board or Committee or fails to comply with any extensions granted by the Board or a Committee, approval of the Improvement or Landscape Improvement may be revoked.

Section 7.13. Inspection. Any member or agent of the Architectural Committee, Landscape Committee or Board may, from time to time, at any reasonable hour or hours and upon reasonable Individual Notice, enter and inspect any Lot for the purpose of carrying out its duties.

Section 7.14. Vacant Lots.

(A) Continuation of Use. Except as provided below, the nonconforming use of any vacant Lot may be continued, provided that:

(1) Such use shall not be expanded or extended in any way either on the same or any adjoining land;

(2) Such use shall not be changed, except to a use which conforms to the Association's Governing Documents and Architectural Guidelines; and

(3) If such use is discontinued for a period of 12 months or more it shall not thereafter be reestablished.

(B) Limitation. The nonconforming use of any vacant Lot shall be discontinued within five (5) years from the effective date the use becomes nonconforming when:

(1) No buildings are employed in connection with such use;

(2) The only buildings employed are accessory or incidental to the principal use of the land and the replacement cost thereof does not exceed \$1000; or

(3) Such use is maintained in connection with a conforming building.

ARTICLE 8

LEASING OF LOTS

Section 8.1. Definition. "Renting" or "Leasing" for purposes of the Governing Documents, is defined as regular occupancy of a Residence by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service or gratuity.

Section 8.2. Leasing Provisions. All leasing of Lots within the Development shall be in writing and shall be governed by the following provisions:

(A) Leases Subject to Governing Documents; Owners to Provide Copies. All leases shall be subject in all respects to the provisions of this Declaration, the Bylaws and the Rules and Regulations and any failure by the tenant to comply with the terms of such documents shall be a default under the lease. The lease shall contain a provision stating that tenants are bound by, and will need to comply with, the terms of the Governing Documents. The Owner must make available to the tenant copies of the Declaration, Bylaws, and the Rules and Regulations. However, the failure of the Owner to provide his or her tenant with current copies of the Governing Documents, or to include a provision in the lease advising the tenants that they are bound by the Governing Documents, shall not be a defense to any violation of the Governing Documents by the tenant.

(B) No Severability. All leases must be for the entire Lot, and not merely parts of the Lot, unless the Owner remains in occupancy. Notwithstanding, compliance with the single family use restriction in this Declaration is required where the Owner remains in occupancy.

(C) Tenant/Owner Contact Information. Within fourteen (14) days after entering into a lease of a Lot, the Owner shall provide the Board with the name, telephone number and address of the lessee, the name, address and phone number of the Owner, and such other information as the Board may reasonably require.

(D) No Subleasing; Minimum Lease Term. There shall be no subleasing of Lots or assignment of leases unless approved in writing by the Board. All leases, including those where the Owner remains in occupancy, must be for a term of no less than thirty (30) consecutive days. The thirty (30) day minimum lease requirement is declaratory of the Association Governing Documents that were in effect prior to January 1, 2012. No lease, including where the Owner remains in occupancy, shall be for hotel or transient use and shall comply with all other provisions of the Governing Documents pertaining to leasing. Any lease which is either for a period of less than thirty (30) days or pursuant to which the lessor provides any services normally associated with a hotel shall be deemed to be for transient or hotel purposes.

(E) Liability for Delinquent Assessments. In the event any Owner is delinquent in the payment of any Assessment, upon written request by the Board, the tenant shall pay to the Association the rental payments due to the Owner, but not to exceed the total amount of delinquent Assessments, late fees, interest, costs of collection and attorneys' fees and costs unpaid at the time of the Association's request. All such payments thus made shall reduce the tenant's obligation to the Owner by like amount. Payment of Assessments shall be deemed necessary for maintenance of the habitability of the Lot. Prior to informing the tenant of his or her obligation to remit rental payments to the Association, the Owner shall be given at least ten (10) days written Individual Notice and an opportunity to be heard by the Board in compliance with the provisions of this Declaration and current California law.

(F) Compliance with Governing Documents. All tenants and their guests shall abide by and comply with all provisions of the Governing Documents, as they may be amended from time to time, and the violation of the same shall constitute the tenant's default under the lease. Each Lot Owner shall be liable to the Association for damages arising from all actions, including without limitation, tortious acts, of his or her lessees, their guests and invitees. The residency limitations governing all other leases shall be set forth by the policy of the Board. If a tenant or

an occupant violates the Governing Documents for which a Reimbursement Assessment is imposed, such Reimbursement Assessment shall be the joint responsibility of the Owner and/or tenant. Unpaid Reimbursement Assessments may result in a lien against the Lot, where allowed by law.

(G) Enforcement Against Tenant by Association. Notwithstanding any language in this paragraph to the contrary, the Owner is responsible for any acts or omissions of the tenant that violate California law and/or the Governing Documents. The Owner hereby provides the Association with the right, but not the obligation, to proceed directly against the tenant(s) and the Owner for any violation of the Governing Documents. This authority includes, but is not limited to, the right to evict the tenant on behalf of and for the benefit of the Owner. In the event the Association proceeds to take legal action against and/or to evict the tenant, any costs, including attorneys' fees and court costs, associated with the action/eviction shall be assessed against the Lot and the Owner(s) as a Reimbursement Assessment, such being an expense required to bring the Owner(s) into compliance and an expense which benefits the leased Lot.

(H) Use of Common Area. With the exception of the Social Membership and Golf Membership, the Owner transfers and assigns to the tenant, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Area, including, but not limited to, the use of any and all Common Facilities and other amenities. In relation to the Club Facilities, Owners may delegate use of their Social and/or Golf Memberships to a tenant subject to payment of an administrative fee and compliance with any Rules or Regulations adopted by the Board.

(I) Existing Leases. Leases existing on the effective date of this Declaration shall be permitted to continue in accordance with the terms of the Governing Documents as they existed prior to the effective date of this Declaration. However, any assignment, extension, renewal, or modification of any lease agreement, including, but not limited to, changes in the terms or duration of occupancy, shall be considered a termination of the old lease and commencement of a new lease which must comply with this Article.

ARTICLE 9

MAINTENANCE RESPONSIBILITIES

Section 9.1. Maintenance Matrix. A listing of the items within the Development, the routine maintenance, repair and replacement duty for which the Owners and Association are responsible is contained in the "Maintenance Matrix" attached as Exhibit "C" to this Declaration. If an item is not specifically addressed in the Maintenance Matrix, the principles in the Sections below will be used to determine maintenance responsibility.

Section 9.2. Association Maintenance Responsibilities.

(A) Common Area. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area, including, but not limited to the following: private streets; gutters; storm drains; curbs; street lights; sewers. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub

or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area or the Common Facilities without express written approval of the Board or Landscape Committee.

The Association shall maintain, repair and replace any landscaped slope areas within the Common Area in a neat, orderly and safe condition and in such a manner as to prevent erosion or sliding problems and to facilitate the orderly discharge of water through established drainage facilities and systems. Any natural slope areas within the Common Area shall be maintained in a natural condition and in such a manner as to prevent noxious or dangerous weeds, sagebrush, chaparral or any other brush or weeds from attaining such growth as to become a fire menace or public nuisance.

The Association shall be responsible for the maintenance of all open space lots within the Development.

(B) Residences and Lots. The Association shall provide exterior maintenance upon each Lot and Residence which is subject to Assessment hereunder, as follows:

(1) Paint, stain, repair, and care for the exterior building surfaces of all Residences, including roofs, fences, and exterior walls (surface only), provided that the Association shall not be responsible for the repair and replacement of exterior doors, exterior siding, screen doors, garage doors, door and window frames, or exterior lighting fixtures and other hardware and glass surfaces. Owners are responsible for all structural repairs to the Lots/Residences, including but not limited to the trusses, which are not part of the roofs for which the Association has maintenance responsibilities.

(2) Maintain the Developer or Association-installed security equipment and fire detection equipment on each Lot. Security equipment and fire detection equipment installed by the Owner or any previous Owner other than the Developer will not be maintained by the Association;

(3) Maintain the underground sewer, gas, water and electrical lines located under the Common Area but the Association shall not be responsible for the sewer, water and electrical lines located within the boundaries of the Owner's Lots for the risers and connecting lines between such service and the individual Residences.

Section 9.3. Owner Maintenance Responsibilities.

(A) Except to the extent specifically listed above and on the Maintenance Matrix, each Owner shall be responsible for the maintenance, repair and replacement of his or her Lot and Residence and shall maintain the same in a neat, orderly and attractive condition and in such a manner as to enhance its appearance. This obligation shall include, without limitation, the maintenance and repair of the glass surfaces, glass doors, garage doors, windows, screens and screen doors, other exterior doors, exterior siding, window fixtures, any hardware, Improvements within enclosed patio areas, concrete surfaces within the fenced or enclosed areas on the Lot, the interior of the Residence and the plumbing, electrical, security wiring, plumbing (including gas

lines), heating and air conditioning systems, and any other utility improvement servicing the Residence.

The Owner shall be responsible for security and fire detection equipment installed by the Owner or any previous Owner other than the Developer. Owners are responsible for all structural repairs to the Residence/ Lot, including but not limited to the trusses, which are not part of the roofs for which the Association has maintenance responsibilities.

(B) Each Owner shall plant, keep, maintain, water and replant all landscaping on his or her Lot or Exclusive Use Common Area, so as to create an attractive appearance. All trees must be regularly trimmed and no branches may touch the Residence (including the roof).

(C) Each Owner shall keep his or her Lot and Exclusive Use Common Area free and clear of all rubbish and do all other things necessary or desirable to keep such Lot and Exclusive Use Common Area neat, in good order and condition.

(D) Each Owner shall be responsible for the repair, replacement and maintenance of all Exclusive Use Common Areas appurtenant to his Lot.

Section 9.4. Drainage Structures, Ditches, and Swales.

(A) All drainage structures, culverts and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within Common Areas shall be maintained regularly by the Association.

(B) Except as provided above, 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 Association as to any contiguous parcels it owns) maintain all such drainage ditches, swales and culverts common to their Lots in good order.

(C) 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, Common Areas and/or Common Facilities. 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 Committee.

Section 9.5. Party Walls/Fences.

(A) General Rules of Law to Apply. Each wall, including but not limited to, shared walls between two Residences and retaining walls, or fence which is built as a part of the original construction of the Residences and placed on the dividing line between the Lots shall constitute a "Party Wall," and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

(B) Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the wall in proportion to such use.

(C) Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, the Owners thereafter that make use of the wall, shall contribute to the cost of restoration in proportion to such use without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(D) Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(E) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(F) Arbitration. In the event any dispute arises concerning a party wall, or under the provisions of this Section 9.5, each party shall choose one arbitrator, and such arbitrators shall jointly choose one (1) additional arbitrator, and the decisions shall be by a majority of the three (3) arbitrators.

Section 9.6. Failure of Owner to Carry Out Maintenance Responsibilities. In the event the Owner of a Lot fails to perform his or her maintenance responsibilities, the Board shall have the right, but not the obligation, through itself or its agents, to perform appropriate maintenance and/or repairs at the expense of the Owner. In such event, in addition to other penalties and disciplinary measures imposed by the Board, the Board may levy a Reimbursement Assessment against such Owner in the amount equal to all direct and indirect costs and expenses incurred by the Board in its performance of such maintenance and/or repairs. Any claim against the Board shall not constitute a defense or offset in any action of the Board for nonpayment of any amounts which may have been assessed hereunder.

Section 9.7. Liability for Damage.

(A) Should any damage to the Common Area, Exclusive Use Common Area or any Lot or Residence result from the willful or negligent act or neglect of any Owner, or such Owner's family members, guests, tenants, invitees, occupants, pets or other person or entity deriving any interest through such Owner, or from any item the maintenance, repair or replacement of which an Owner is responsible, the cost of all repairs shall be borne solely by the responsible Owner.

(B) The Association shall be responsible for performing the repair of any damage to the Common Area or items over which the Association has control and the Lot Improvements over which the Association has a maintenance responsibility at the responsible Owner's expense. To the extent not repaired by the Association, the responsible Owner shall perform the repair of any damage to his or her own property. The Owner of any other property which sustained damage shall perform the repair of any such damage, and may charge the cost of repairs and any relocation costs to the responsible Owner.

(C) If the responsible Owner disputes or refuses to pay any costs incurred by the Association, the Association, after providing the Owner with Individual Notice of an opportunity for a hearing, may charge the cost of those repairs to such Owner as a Reimbursement Assessment, with the full authority to lien on such amount in the event of non-payment.

(D) If the damage is such as may be covered by insurance carried by the Association, the Board may, in its sole discretion, elect to submit the claim for the cost of repairs to its insurance carrier. Provided the submitted claim is covered by the Association's insurance, the responsible Owner shall pay the cost of any deductible applicable to the covered claim. If the submitted claim is not covered by the Association's insurance, or the Board elects not to submit the claim, the responsible Owner shall be responsible for the total cost of repair.

(E) All repairs performed to correct any damage shall be sufficient to return the damaged property only to the condition prior to the damage, with upgrades as may be required to conform with any applicable building codes in effect at the time the damage is repaired.

Section 9.8. Water Damage. With the exception of those components of the Lot and Exclusive Use Common Area that the Association is responsible for maintaining, repairing and replacing under the Declaration, each Owner shall have the obligation to maintain, repair and/or replace his/her Lot, Exclusive Use Common Area, and items within the interior of the Residence and Exclusive Use Common Area, including, but not limited to cabinets, fixtures, appliances, flooring, and personal property, that may be damaged from water that may leak or flow into the Lot or Exclusive Use Common Area from any source unless such damage is determined by a court, arbitrator or other tribunal to be caused by the gross negligence of the Association, its Board, Officers, or designated agents. This obligation shall include performing remediation to prevent and/or remove mold. Each Owner shall be responsible for any and all damage to the Common Area or other Residences resulting from the Owner's failure to promptly perform such work. The Association reserves the right to enter the Residence and/or Exclusive Use Common Area, in accordance with the provisions of Article 4, Section 4.7, to perform repairs and/or remediation in order to protect the Common Area and other Residences from any resultant damage from water and/or mold.

Section 9.9. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with other Owners and the Association, its agents and maintenance personnel, in the prosecution of its work. Each Owner and the Association is granted a right to enter the Lots, where necessary, to perform their respective maintenance obligations.

Section 9.10. No Liability. The Association shall not be liable to any Owner or his or her family members, guests, tenants, invitees, occupants or others, for damage to or loss of any property, or the cost of repair or replacement of any damaged property or portions of such Owner's Lot unless such damage is caused by the gross negligence of the Association, its Board, Officers, agents or employees.

Section 9.11. Owner Notification to Association. If, at any time, an Owner discovers or otherwise becomes aware of any condition within the Common Area that may constitute a risk to the health, safety or welfare of the Owners, their family members, guests, tenants, invitees,

occupants and any other persons entering the Development, the Owner shall notify Association representatives of the condition as soon as possible.

ARTICLE 10

INSURANCE

Section 10.1. Types of Insurance Coverage. The Association shall obtain and continue in effect the following:

(A) **Insurance of the Common Area.** A policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, for all Common Area, Common Facilities and the personal property of the Association for or against the following:

- (1) Loss or damage by fire or other risks covered by the standard coverage endorsement;
- (2) Loss or damage from theft, vandalism or malicious mischief;
- (3) Loss or damage caused by sprinkler leakage, windstorm, water damage and covering the cost of demolition and debris removal; and
- (4) Such other risks, perils or coverage as the Board may determine.

Such policy or the endorsement shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article 11 of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Area.

Unless at least two-thirds of the First Mortgagees (based upon one vote for each first Mortgage owned) or Owners have given their prior written approval, the Association shall not be entitled to fail to maintain the extended coverage fire and casualty insurance required by this Article on less than a one hundred percent (100%) current replacement cost basis.

(B) **Insurance of the Residences.** A policy of fire and casualty insurance jointly naming as parties insured the Association and all Owners, and containing the standard extended coverage and replacement cost endorsements and for such other or special endorsement as will afford protection and insure, for the full insurable current replacement cost of the Residences (without deduction for depreciation) as determined annually by the insurance carrier. The Association shall not be obligated to insure any structures or improvements on the Lot, including but not limited to, pools, spas, patios, walls, etc., other than the Residence, and shall not be obligated to insure the Exclusive Use Common Area or any structures or improvements thereon.

The Board shall have the right to limit the scope of coverage under the Association's insurance policy to what is commonly referred to as "bare walls" so that such insurance policy excludes all personal property within the Residence and floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, betterments and improvements made by the Owners or replacements of any of the foregoing.

(C) General Liability for Full Extended Coverage. A policy of general liability for full extended coverage, including, but not limited to, vandalism, malicious mischief, public liability with a cross-liability endorsement, such coverage to include protection against water damage, liability for non-owned and hired automobiles and liability for property of others, and such other risks as are customarily covered with respect to similar real estate developments in the Area of the Development and as shall customarily be required by private institutional mortgage investors for projects similar in construction, location and use to the Development. The policy shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association or other Owners. The limits of such insurance shall not be less than \$2,000,000.00 or any amount greater as determined by the Board from time to time.

(D) Fidelity Bond. A fidelity bond covering against dishonest acts on the part of Directors, Officers, employees, volunteers, trustees, managers or any other persons who handle the funds of the Association. Such fidelity bond shall name the Association as obligee and shall be written in an amount equal to at least the combined amount of the reserves of the Association and total assessments for three months. The bond shall contain an endorsement of any person who may serve without compensation. The fidelity bond shall also include computer fraud and funds transfer fraud. Such bond/insurance shall include a provision that calls for ten (10) days written notice to the Association or insurance trustee before the same can be canceled or substantially modified for any reason.

(E) Directors and Officers Insurance. Directors and Officers insurance covering errors and omissions for Officers and Directors, and if desirable, committee members of the Association in an amount of at least \$500,000.00 per occurrence.

(F) Other Insurance. The Board may purchase and maintain in force demolition insurance in adequate amounts to cover demolition in the event of total or partial destruction and a decision not to rebuild. The Board shall also purchase and maintain worker's compensation insurance, to the extent that the same shall be required by law, for all employees of the Development. The Board may also purchase and maintain insurance on personal property owned by the Association, and such other insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Common Area in light of increased construction costs, inflation, practice in the area in which the Development is located or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Association and the Owners. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

All insurance obtained by the Association shall be in the name of the Association and shall be maintained at least for the benefit of the Association, the Owners and the Mortgagees as their interests may appear. Each Owner appoints the Board to act on behalf of the Owners in connection with all insurance matters arising from any insurance policy maintained by the Association, including, without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement.

As to each of the policies provided for in this Article, which will not be voided or impaired by the requirements of this Section, the Owners hereby waive and release all claims against the Association, the Board and their agents and employees, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by such persons, but only to the extent of insurance proceeds received in compensation for such loss.

Section 10.2. Premiums, Proceeds and Settlement. Insurance premiums for any insurance coverage obtained by the Association pursuant to this Article shall be a Common Expense to be included in the monthly Assessments levied by the Association. Insurance proceeds shall be used for the repair or replacement of the property for which the insurance was carried. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim and such signatures shall be binding on the Association and the Owners.

Section 10.3. Owner's Insurance. Each Owner shall obtain and maintain personal liability and property damage insurance with respect to his or her Lot and any other item that the Association is not obligated to maintain or repair. Each Owner shall also obtain fire and casualty insurance for his or her Lot and Exclusive Use Common Area and any improvements thereon, with the exception of the Residence. However, any policies maintained by an Owner shall include a waiver of subrogation clause acceptable by the Board and to any institutional first Mortgagee. No Owner can separately insure his or her Lot or any part of it against loss by fire or other casualty if covered by the Association's blanket insurance carried under this Article. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable pursuant to the provisions of this Section that results from the existence of such other insurance will be chargeable to the Owner who acquired such insurance, and the Owner will be liable to the Association to the extent of any diminution. The Board shall have the right, but not the duty, to require each Owner to provide the Board, within fifteen (15) days of the Board's request, reasonable evidence that the Owner has complied with the requirements of this Section.

Section 10.4. Making Claims to the Association's Insurance. Only the Association, acting through its Board, or designated agent, is authorized to present claims to any of the Association's insurance agents. Owners shall not make claims directly to any of the Association's insurance agents, insurers or policies. In the event the Association incurs any cost or damage by an Owner's violation of this Section, the Association will levy a Reimbursement Assessment against such Owner in the amount equal to all direct and indirect costs and expenses incurred by the Association.

Section 10.5. Insurance Policy Deductibles. The Board shall have the power, in its sole discretion, to determine the amount of any deductible applicable to any insurance policy carried

by the Association. In the event of a loss for which Association coverage is used, the following shall apply:

(A) If the damage or loss is caused by the negligence or misconduct of any Owner, his or her family members, guests, tenants, invitees or occupants, the responsible Owner shall be liable for all costs not covered due to the deductible.

(B) If the damage or loss originates from an item or element for which an Owner is responsible to maintain, the Owner shall be responsible for all costs not covered due to the deductible.

(C) If the damage or loss originates from an item or element for which the Association is responsible to maintain, the Association shall be responsible for all costs not covered due to the deductible.

(D) If the damage or loss originates from an item or element that is within another Owner's Lot, any affected parties shall be responsible for the portion of costs not covered due to the deductible on the basis of the ratio of each party's cost of repair to the total costs of repair.

(E) If the damage or loss is caused by an act of God and is not due to any negligence or misconduct of any Owner, or resident, guest, tenant or invitee of an Owner, any affected parties shall be responsible for the portion of costs not covered due to the deductible on the basis of the ratio of each parties' cost of repair to the total costs of repair.

Section 10.6. Board's Authority to Revise Insurance Coverage. Subject to the provisions of Section 10.1, the Board shall have the power and right to deviate from the insurance requirements contained in this Article in any manner that the Board, in its reasonable business discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Article, the Board shall make all reasonable efforts to notify the Owners of the reduction in coverage and the reasons therefor at least thirty (30) days prior to the effective date of the reduction. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, the Association is unable to obtain any insurance required hereunder because the insurance is no longer available, or, if available, the insurance can be obtained only at a cost that the Board, in its sole discretion, determines is unreasonable under the circumstances, or the Owners fail to approve any Assessment increase needed to fund the insurance premiums.

Section 10.7. Notification of Lapse, Cancellation or Change. Notwithstanding the provisions of Section 10.6, the Association shall, as soon as reasonably practicable, provide Individual Notice to all Owners if any of the Association's insurance policies described in Section 10.1 or the Annual Budget Report have lapsed, been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, as to any of those policies. If the Association receives any notice of non-renewal of a policy described in the Annual Budget Report, the Association shall immediately notify the Owners if replacement coverage will not be in effect by the date the existing coverage will lapse.

ARTICLE 11

DESTRUCTION OF COMMON AREA IMPROVEMENTS

Section 11.1. Insurance Proceeds Sufficient. In the event of damage to or the partial destruction of the improvements in the Common Area, and if the available proceeds of the insurance are sufficient to cover not less than ninety percent (90%) of the cost of repair or reconstruction, the damaged or destroyed improvements shall be promptly repaired and rebuilt unless, within sixty (60) days from the date of such damage or destruction, at a duly constituted meeting of the Association, Owners representing seventy-five percent (75%) of the Voting Power of the Association determine that such repair and reconstruction shall not take place.

Section 11.2. Insurance Proceeds Insufficient. If the available proceeds of such insurance are less than ninety percent (90%) of the cost of repair or reconstruction, such repair or reconstruction may nevertheless take place if Owners representing a majority of the Voting Power of the Association so elect at a duly constituted meeting of the Association. If the Board is unable to obtain sufficient participation at such meeting, the Board shall have the right to petition the Superior Court of Riverside County to allow it to rebuild without a majority approval of the Owners.

Section 11.3. Assessments. If the Owners determine to rebuild, each Owner shall be obligated to contribute such funds as may be necessary to pay his or her proportionate share of the cost of construction, over and above the insurance proceeds, and the proportionate share of each Owner shall be the same as his or her proportionate share of Regular and Special Assessments. In the event of the failure or refusal of any Owner to make his or her proportionate contribution, the Board may levy a Special Assessment against such Owner, and enforce such Assessment as provided in Article 5.

Section 11.4. Failure to Rebuild. If a majority of the Owners do not agree to the repair or rebuilding of the Common Area, then each Owner (and his or her Mortgagee(s) as their respective interests shall then appear) shall be entitled to receive that portion of insurance proceeds equal to the proportion of the decrease in fair market value of his or her Lot as compared to the aggregate decrease in fair market values of all the Lots caused by such damage or destruction. For purposes of this Article, fair market value shall be determined by a qualified real estate appraiser selected by the Board and hired by and at the expense of the Association. Should a dispute arise as to the distribution of insurance proceeds, the dispute shall be decided by arbitration by the American Arbitration Association pursuant to its Commercial Rules of Arbitrations.

Section 11.5. Contract For Rebuilding. If rebuilding of the Common Area is to take place, the Board or its authorized representative shall obtain bids from at least two (2) reputable contractors. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the trustee or the Association shall be disbursed to the contractor according to the terms of the agreement. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such repair and reconstruction at the earliest possible date if the same is authorized.

ARTICLE 12

DESTRUCTION OF LOT IMPROVEMENTS

Section 12.1. Destruction. If all or any portion of a Lot or Residence is damaged by fire or other casualty, the Owner of the Residence shall (1) unless extended by the Board, within sixty (60) days of such casualty, remove all damaged portions of the Residence, structures and Improvements, including foundations, and leave the Lot in a clean and safe condition; and (2) restore the damaged Residence, structures and Improvements so that they are in substantially the same condition in which they existed prior to the damage. Unless extended by the Board, the Owner must commence restoration of the Residence within one hundred twenty (120) days after the damage occurs and must complete the work within one (1) year after the work has commenced.

Section 12.2. Variation. Prior to commencing reconstruction, the Owner of any damaged Residence and Improvements shall submit plans and specifications to and obtain approval of the Architectural Committee and Landscape Committee (if applicable) in accordance with the requirements of Article 7 of this Declaration. However, if the Residence and Improvements will be the same in size, appearance and location as they existed prior to such damage and destruction, the Architectural Committee and Landscape Committee (if applicable) may expedite the approval process.

Section 12.3. Insurance Proceeds. The Board of Directors, in its reasonable discretion, shall determine how to disburse any proceeds that may be available to Owners under the Association's insurance policy.

ARTICLE 13

CONDEMNATION

Section 13.1. Taking of a Lot. In the event of any taking of a Lot, by condemnation, eminent domain or any other proceeding, the Owner (and his or her Mortgagees as their interests may appear) of the Lot shall be entitled to receive the award for such taking and after acceptance, such Owner and his or her Mortgagee shall be divested of all further interests in the Lot if such Owner shall vacate his or her Lot as a result of such taking. In such event, the Owner shall grant his or her interest in the Common Area, if any, to the other Owners owning a fractional interest in the same Common Area, such grant to be in proportion to the fractional interest in the Common Area then owned by each.

Section 13.2. Taking of Common Area If any portion of the Common Area is taken by condemnation, eminent domain or any other proceeding, then the Owners of the Common Area, and their Mortgagees, shall be entitled to receive the award for such taking in proportion to the interest of each in the Common Area; provided, however, that should it be determined to repair or rebuild any portion of the Common Area, such proceeds shall be paid to the Association for that purpose in the same manner and subject to the same terms, conditions and limitations as are set forth above in Article 11 for repairing damaged or destroyed portions of the Common Area. A decision to repair or rebuild shall be made in the same manner and subject to the same conditions

and limitations as provided above in Article 11 for determining whether to rebuild or repair following damage or destruction.

Section 13.3. Disbursement of Any Award. If the compensation for a taking affecting all or a portion of the Common Area is not apportioned among the Owners by court judgment or by agreement between the taking entity and the Board, then as soon as practicable after the receipt by the Association of any compensation for a taking, the Board will disburse the same as follows:

(A) First, to contractors, subcontractors, materialmen and others for the costs of the repair or restoration of damage or destruction to the Common Area caused by a taking, or to the Association in reimbursement for such costs; the balance of the award is referred to as "Award Balance."

(B) Second, the Award Balance to the Association. In the event the entire Common Area is so appropriated, the Award Balance shall be distributed to the Owners so that each Owner receives one equal share of such Award Balance for each Lot owned by such Owner. In the event that only a part of the Common Area is so appropriated, the Award Balance shall be retained by the Association or disbursed to the Owners in whole or in part as determined by the Board.

Section 13.4. Priority of Mortgagee Rights. In the event there shall be any express or implied conflict between any provision of this Article and any provision of a note or Mortgagee held by a Mortgagee, the provisions of the note or Mortgage shall govern and prevail.

ARTICLE 14

PROTECTION OF MORTGAGEES

Section 14.1. Rights of Mortgagees. Notwithstanding any and all provisions hereof to the contrary, in order to induce the FHLMC, the GNMA and/or the FNMA to participate in the financing of the sale of Lots within the Properties, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control):

(A) Each first mortgagee of a mortgage encumbering any Lot, at its written request, is entitled to written notification from the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under this Declaration, the Articles of Incorporation or the Bylaws, which default is not cured within thirty (30) days after the Association learns of such default.

(B) Each Owner, including every first mortgagee of a mortgage encumbering any Lot which contains title to such Lot pursuant to the remedies provided in such mortgage, or by foreclosure of such mortgage, shall be exempt from any "right of first refusal."

(C) Each first mortgagee of a mortgage encumbering any Lot which contains title to such Lot pursuant to the remedies provided in such mortgage or by foreclosure of such mortgage,

shall take title to such Lot free and clear of any claims of unpaid assessments or charges against such Lot which accrued prior to the acquisition of title to such Lot by the mortgagee.

(D) First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of annual audited financial reports and other financial data, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

(E) All first mortgagees who have filed a written request for such notice with the Board shall be given 30 days' written notice prior to (1) any abandonment or termination of the Association, (2) the effective date of any proposed material amendment to this Declaration or the Articles of Incorporation or Bylaws of the Association, and (3) the effective date of any termination of any agreement for professional management of the Properties following a decision of the Owners to assume self-management of the Properties. Such first mortgagees shall be given immediate notice (1) following any damage to the Common Area whenever the cost of reconstruction exceeds \$10,000.00, and (2) when the Board learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Development.

(F) First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area facilities and may pay any overdue premiums on hazard insurance policies, or secure new hazard Insurance coverage on the lapse of a policy, for such property, and first mortgagees making such payment shall be owed Immediate reimbursement therefor from the Association.

(G) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of any professional manager or management company.

In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first mortgages encumbering Lots with dwelling units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their dwelling units, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any mortgage encumbering a Lot.

ARTICLE 15

ENFORCEMENT

Section 15.1. Enforcement. Each Owner, lessee, licensee, guest, resident and occupant of a Lot shall comply with the provisions of this Declaration, the Bylaws, the Rules and Regulations and decisions and resolutions of the Association or its duly authorized representative. Owners are responsible for the actions of their tenants, guests, family members, invitees, residents and

occupants of their Lots. Failure to comply with any such provisions, decisions or resolutions shall be grounds for enforcement action by the Association, or any Owner, which may include but not be limited to the remedies set forth in this Article, in addition to other remedies afforded by law. Nothing in this Declaration shall be construed to obligate the Association, acting through the Board, to enforce the Governing Documents, but rather is a right conferred onto the Association.

(A) Suspension of Rights. The Association may temporarily suspend the voting rights and right to use the Common Facilities by an Owner and his or her family members, guests, tenants, invitees, occupants for any period during which any Assessments or other charges (e.g., fines, late fees, etc.) remain unpaid. Additionally, the Association may suspend the voting rights and right to use the Common Facilities for up to thirty (30) days due to a violation of the Governing Documents by any Owner, or his or her family members, guests, tenants, invitees and occupants. No suspension shall take place unless the procedures set forth in subsection (D) have been taken.

(B) Fines/Monetary Penalties. The Board may impose fines and/or monetary penalties against an Owner for Owner's or his or her family members', guests', tenants' or agents' violation of the Governing Documents, after due process, as set forth in subsection (D). Prior to imposing any such penalties, the Board shall adopt and distribute to each Owner by Individual Notice in the Annual Policy Statement prepared pursuant to *Civil Code* Section 5310, a schedule of the penalties that may be imposed. New or revised schedules of monetary penalties adopted after distribution of the Annual Policy Statement will be provided to the Members by Individual Notice. A monetary penalty for a violation of the Governing Documents shall not exceed the monetary penalty stated in the schedule in effect at the time of the violation.

(C) Reimbursement Assessments. The Board may levy Reimbursement Assessments, for damage to the Common Area or to reimburse the Association for costs incurred to bring an Owner or his or her family members, guests, tenants, invitees and occupants into compliance with the Governing Documents, as set forth in Article 5, Section 5.6.

(D) Due Process. If the Board decides to impose a fine, penalty, Reimbursement Assessment, suspension or any other disciplinary action, such action shall only be valid after notice has been provided to the Owner by personal delivery or Individual Delivery at least ten (10) days prior to the date of the Board meeting where such action will be considered, in accordance with the provisions of the Governing Documents and *Civil Code* Section 5855. The notice shall contain, at a minimum, the following: the date, time, and place of the meeting, the nature of the alleged violation for which the Owner may be disciplined or the nature of the damage to the Common Area and Common Facilities for which a monetary charge may be imposed, and a statement that the Owner has a right to attend and may address the Board at the meeting.

If the Board decides to impose a penalty or suspension, written notice of the penalty or suspension shall be provided to the Owner by personal delivery or Individual Delivery within fifteen (15) days after the date of the hearing in accordance with *Civil Code* Section 5855.

(E) Internal Dispute Resolution Procedures. Where there is a dispute between the Association and an Owner involving their rights, duties, or liabilities under California law or the Governing Documents, the Association shall provide a fair, reasonable and expeditious procedure for resolving the dispute as set forth in *Civil Code* Sections 5900-5920.

(F) Alternative Dispute Resolution. When required by *Civil Code* Sections 5925 - 5965, prior to the Association or any Owner bringing a civil action for declaratory relief or injunctive relief, or for such claims in conjunction with a claim for damages not in excess of the jurisdictional limits stated in *Code of Civil Procedure* Sections 116.220 and 116.221, related to the enforcement of the Governing Documents, such party shall offer alternative dispute resolution to the other party, as set forth in *Civil Code* Sections 5925 - 5965.

(G) Towing of Vehicles. The Association shall have the power to tow vehicles from the Common Area, including private streets, which are parked in violation of the Association's Governing Documents or California law, pursuant to *Vehicle Code* Section 22658. The Association may also use booting or other legal methods to enforce parking restrictions and Rules and Regulations.

(H) Right of Entry. The Board shall have the right of entry onto a Lot to remedy violations of the Governing Documents, and where necessary to protect, preserve and maintain the Common Area, as set forth in Article 4, Section 4.7.

(I) Legal Action. The Board shall have the power and duty to enforce the Governing Documents by all legal means available, and bring an action in law or in equity, and to utilize any lawful enforcement remedy.

(J) Lien and Foreclosure. The Association shall have the lien and foreclosure rights as set forth in Article 5 to enforce the obligation to pay Assessments and related charges.

(K) Other Remedies. The Association shall have all other remedies provided by law or otherwise to remedy violations, and to enforce the Governing Documents.

Section 15.2. Nuisance. The results of every act or omission that is a breach as set forth in Section 15.1 above is hereby declared to be and constitute a nuisance, and every remedy allowed by law or equity against a nuisance shall be applicable against every such result and may be exercised by any Owner, or the Board.

Section 15.3. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any part of the Development is hereby declared to be a violation of the Governing Documents and subject to any or all of the enforcement procedures set forth in the Governing Documents.

Section 15.4. No Waiver The failure of the Board, or any Owner to enforce any of the provisions contained in the Governing Documents shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability on the Association or the Board.

Section 15.5. Attorneys' Fees. In the event the Association, or any Owner, shall commence legal proceedings regarding any of the covenants, conditions or restrictions contained in the Association's Governing Documents, the prevailing party in the action shall be entitled to actual attorneys' fees and costs reasonably incurred.

Section 15.6. Cumulative Remedies. Each and all legal or equitable remedies provided for in the Governing Documents shall be deemed to be cumulative.

ARTICLE 16

AMENDMENTS

Section 16.1. General. This Declaration may be amended at any time and from time to time by the vote or written consent of a majority of the Voting Power of the Association. So long as required by California law, the vote will be conducted by a secret ballot in accordance with the requirements of California law. The initial deadline may be extended if an insufficient number of ballots, as determined by the Board, has been received. Thereafter, the deadline to return ballots may be extended for such periods of time as the Board may set. An amendment becomes effective after: (a) the approval of the required percentage of Owners has been given; (b) that fact has been certified in the form of a written document executed and acknowledged by an Officer designated by the Association for that purpose or, if no such designation is made, by the President and Secretary of the Association; and (c) the document has been recorded in the County recorder's office.

ARTICLE 17

GENERAL PROVISIONS

Section 17.1. General Delivery/General Notice. Documents or information required to be provided by General Delivery or General Notice from the Association to the Owners shall be provided by one or more of the following methods:

- (A) Any method provided for delivery of an Individual Notice pursuant to Section 17.2;
- (B) Inclusion in a billing statement, newsletter, or other document that is delivered by one of the methods provided in this Section 17.1;
- (C) Posting the printed document in a prominent location that is accessible to all Owners, if the location has been designated for the posting of General Notices by the Association in the Annual Policy Statement, prepared pursuant to Article 10 of the Bylaws and *Civil Code* Section 5310; or
- (D) If the Association broadcasts television programming for the purpose of distributing information on Association business to the Owners, by inclusion in the programming.

Notwithstanding the foregoing, if an Owner requests to receive General Notices by Individual Delivery, all General Notices to that Owner, given under this Section 17.1, shall be delivered pursuant to Section 17.2. The option provided in this Section 17.1 shall be described in the Annual Policy Statement, prepared pursuant to Article 10 of the Bylaws and *Civil Code* Section 5310.

Section 17.2. Individual Delivery/Individual Notice. Documents required to be provided by Individual Delivery or Individual Notice from the Association to the Owners shall be delivered by one of the following methods:

(A) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the recipient at the address last shown on the books of the Association; or

(B) E-mail, facsimile, or other electronic means, if the recipient has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the recipient.

Section 17.3. Delivery of Documents to Association. Any documents that are required by the Governing Documents or California law to be delivered by Owners to the Association shall be delivered to the person designated in the Annual Policy Statement, to receive documents on behalf of the Association. If no person has been designated, the documents shall be delivered to the president or secretary of the Association. A document delivered pursuant to this subsection (A) may be delivered by any of the following methods:

(A) By e-mail, facsimile, or other electronic means, if the Association has assented to that method of delivery;

(B) By personal delivery, if the Association has assented to that method of delivery. If the Association accepts a document by personal delivery it shall provide a written receipt acknowledging delivery of the document; or

(C) By first class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service center.

(D) Any of the following requests shall be delivered in writing to the Association, in the manner set forth in this Section 17.3:

(1) A request to change the Owner's information in the Association's membership list;

(2) A request to add or remove a second address for delivery of Individual Notices to the Owner, pursuant to *Civil Code* Section 4040(b);

(3) A request for Individual Delivery of General Notices to the Owner, or a request to cancel a prior request for Individual Delivery of General Notices;

(4) A request to opt out of the membership list pursuant to *Civil Code* Section 5220, or a request to cancel a prior request to opt out of the membership list;

(5) A request to receive a full copy of a specified Annual Budget Report or Annual Policy Statement pursuant to Section 5320; or

(6) A request to receive all reports in full, pursuant to *Civil Code* Section

5320(b), or a request to cancel a prior request to receive all reports in full.

Section 17.4. Extension of Declaration. Each and all of these Covenants, Conditions and Restrictions shall terminate on December 31, 2069, after which date they shall automatically be extended for successive periods of ten (10) years unless an instrument in writing, signed by at least a majority of the Owners of Lots in the Development, has been recorded within the six (6) months immediately preceding the beginning of any such successive period, agreeing to terminate the Declaration.

Section 17.5. Liberal Interpretation of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Development for the mutual benefit of all Owners.

Section 17.6. Indemnification. Every Director and every Officer past or present of the Association shall be indemnified by the Association against expenses and liabilities, including reasonable attorneys' fees and costs incurred or imposed upon him or her in connection with any proceeding in which such Director or Officer may be a party, or in which such Officer or Director may become involved, by reason of his or her being, or having been, a Director or an Officer of the Association, or any settlement of such proceedings, except in such cases in which the Director or Officer is adjudged guilty of gross negligence or malfeasance in the performance of his or her duties. Indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 17.7. Severability. Invalidity or reformation of any one of these covenants or restrictions by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstance(s) or any other provision(s) which shall remain in full force and effect.

Section 17.8. Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

Section 17.9. Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of all heirs, personal representatives, successors, assigns, grantees, lessees, licensees and renters of Owners.

Section 17.10. Joint and Several Liability. In the case of joint ownership of a Lot, the liability of each Owner in connection with the liabilities and obligations of the Governing Documents, shall be joint and several.

Section 17.11. Conflicts.

(A) To the extent of any conflict between the Governing Documents and the law, the law shall prevail.

(B) To the extent of any conflict between the Articles and the Declaration, the Declaration shall prevail.

(C) To the extent of any conflict between the Bylaws and the Articles or Declaration, the Articles or Declaration shall prevail.

(D) To the extent of any conflict between the Rules and Regulations and the Bylaws, Articles, or Declaration, the Bylaws, Articles, or Declaration shall prevail.

Section 17.12. References to Code Sections. In the event any of the statutes or laws referenced in the Governing Documents are amended, modified, re-numbered or otherwise changed, the references in such document shall be deemed to refer to the statutes or laws as amended, modified, re-numbered or otherwise changed. If a statute or law is repealed deleted, any reference shall be deemed to refer to any successor statute or law.

51\5106\Draft Docs\Third Restated CC&Rs [FINAL]

CERTIFICATE OF AMENDMENT

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of THE SPRINGS COMMUNITY ASSOCIATION, a California Nonprofit Corporation;

2. That the foregoing SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS comprising 58 pages plus exhibits, was duly adopted by a vote of at least fifty-one percent (51%) of the voting power of the Association.

3. That the approval of at least sixty-seven percent (67%) of the holders of first mortgages of Lots within the Development was obtained as required by the original Declaration.

IN WITNESS WHEREOF I hereunto subscribe my name this 29 day of August, 2019.

THE SPRINGS COMMUNITY ASSOCIATION

By: [Signature]
John Turley, Secretary

State of California)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

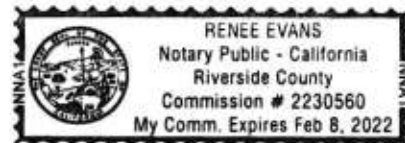
County of Riverside)

On August 29, 2019, before me, Renee Evans, a Notary Public, personally appeared John Turley who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature [Signature] (seal)



CERTIFICATE OF AMENDMENT

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting President of THE SPRINGS COMMUNITY ASSOCIATION, a California Nonprofit Corporation;
2. That the foregoing SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS comprising 58 pages plus exhibits, was duly adopted by a vote of at least fifty-one percent (51%) of the voting power of the Association.
3. That the approval of at least sixty-seven percent (67%) of the holders of first mortgages of Lots within the Development was obtained as required by the original Declaration.

IN WITNESS WHEREOF I hereunto subscribe my name this 29 day of AUGUST, 2019.

THE SPRINGS COMMUNITY ASSOCIATION

By: *Ann Van Balen*
Ann Van Balen, President

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

On August 29, 2019, before me, Renee Evans, a Notary Public, personally appeared Ann Van Balen who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she/ executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person 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 *Renee Evans* (seal)

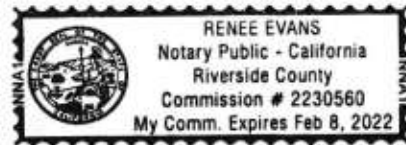


Exhibit "A"

Legal Description

THE SPRINGS COMMUNITY ASSOCIATION

That certain real property known as The Springs Community Association, consisting of 817 residential lots and 105 Common Area lots.

Said property includes those residential lots identified by numbers and common area lots identified by letters contained within Tracts 5689, 6258, 6258-1, 6258-2, 9749, 9750, 11650, 11651, 14783, and 14784, as well as any additional tracts and lots locate within the descriptions identified herein, and as contained within Section 1 in Township 5 South, Range 5 East, San Bernardino Meridian, in the County of Riverside, State of California, according to the Official Plat thereof, and any amendments and declarations of annexations recorded thereto.

Tract 5689 consists of Residential Lots and Common Area Lots per Map recorded on June 5, 1974 in Book 80, Pages 60 through 69 in the Office of the County Recorder of Riverside County, California.

Tract 6258 consists of Residential Lots and Common Area Lots per Map recorded on November 4, 1976 in Book 87, Pages 13-17 in the Office of the County Recorder of Riverside County, California.

Tract 6258-1 consists of Residential Lots and Common Area Lots per Map recorded on July 29, 1975 in Book 82, Pages 89 to 92, in the Office of the County Recorder of Riverside County, California.

Tract 6258-2 consists of Residential Lots and Common Area Lots per Map recorded on November 25, 1975 in Book 83, Pages 99 – 102 in the Office of the County Recorder of Riverside County, California.

Tract 9749 consists of Residential Lots and Common Area Lots per Map recorded on September 7, 1977 in Book 92, Pages 21-25 in the Office of the County Recorder of Riverside County, California.

Tract 9750 consists of Residential Lots and Common Area Lots per Map recorded on May 19, 1978 in Book 97, Pages 51-55 in the Office of the County Recorder of Riverside County, California.

Tract 11650 consists of Residential Lots and Common Area Lots per Map recorded on October 17, 1978 in Book 99, Pages 99-107 in the Office of the County Recorder of Riverside County, California.

Tract 11651 consists of Residential Lots and Common Area Lots per Map recorded on September 6, 1979 in Book 106, Pages 88-95 in the Office of the County Recorder of Riverside County, California.

Tract 14783 per Amended Map recorded on May 18, 1983 in Book 131, Pages 28-31 in the Office of the County Recorder of Riverside County, California.

Tract 14784 per Map recorded on February 27, 1981 in Book 118, Pages 16-19 in the Office of the County Recorder of Riverside County, California.

DESCRIPTION OF THE SPRINGS:

THAT PORTION OF SECTION 1 IN TOWNSHIP 5 SOUTH, RANGE 5 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING at the northwest corner of the east half of government Lot 2 of the northwest quarter of said Section;

THENCE South 89° 58' 40" East, 660.15 feet on the north line of said Section to the northwest corner of the east half of the northeast quarter of the northwest quarter of said Section;

THENCE South 0° 05' 00" West, 1331.96 feet on the west line of said east half to the north line of Government Lot 1 of said northwest quarter;

THENCE North 89° 55' 52" East, 660.31 feet on last said north line to the west line of the northeast quarter of said Section;

THENCE South 0° 04' 39" West, 1326.91 feet on last said west line to the southwest corner of said northeast quarter;

THENCE North 89° 56' 28" East, 2639.86 feet on the south line of said northeast quarter to the east line of said Section;

THENCE South 0° 00' 45" East, 2630.89 feet on said east line to the north line of Country Club Drive, as described in Deed to the County of Riverside recorded January 17, 1956 as Instrument No. 3625 in book 1848 Page 282 of official records;

THENCE South 89° 56' 04" West, 2643.22 feet to the west line of the southeast quarter of said Section;

THENCE North 0° 03' 38" East, 1017.21 feet to the south line of the north 1614.00 feet of said southeast quarter;

THENCE North 80 degrees 56' 28" East, 330.00 feet on last said south line;

THENCE North 0 degrees 03' 38" East, 324.00 feet;

THENCE South 89 degrees 55' 16" West, 990.06 feet to a point on the east line of Lot J of Tract No. 2198 as per map recorded in Book 41 Page 86 of Maps, in the Office of the County Recorder of said County, northerly 1380.19 feet, from the southeast corner of the west half of the east half of the southwest quarter of said Section;

THENCE North 0 degrees 03' 38" East, 10.85 feet, to the northeast corner of said Tract No. 2198;

THENCE North 89 degrees 56' 47" West, 706.14 feet on the north line of said Tract, to the northwest corner thereof;

THENCE South 0 degrees 03' 38" West, 717.52 feet on the west line of said Tract No. 2198 to the westerly prolongation of the south line of Lot 1 of said Tract;

THENCE South 89 degrees 56' 47" East, 706.14 feet on said prolongation and south line of Lot 1 of said Tract, to the east line of the west half of the east half of the southwest quarter of said Section;

THENCE South 0 degrees 03' 38" West, 662.87 feet on last said east line to the south line of said Section;

THENCE North 89 degrees 56' 43" West, 1323.30 feet on said south line to the east line of the Thunderbird North Tract as per map recorded in Book 29 Page 34 of Maps, in the Office of the County Recorder of said County;

THENCE North 0 degrees 06' 19" East, 620.00 feet on last said east line to the northeast corner of last said Tract;

THENCE North 89 degrees 56' 43" West, 640.96 feet on the north line of said Thunderbird North Tract to a line parallel with and easterly 20.00 feet from the west line of said Section;

THENCE North 0 degrees 07' 13" East, 2035.09 feet on said parallel line to the south line of Government Lot 1 of the northwest quarter of said Section;

THENCE North 89 degrees 55' 16" East, 10.00 feet on said south line to a line parallel with, and easterly 30.00 feet from, the west line of said Government Lot 1;

THENCE North 0 degrees 06' 03" East, 1327.37 feet on last said parallel line, to the south line of Government Lot 2 of the northwest quarter of said Section;

THENCE North 89 degrees, 55' 52" East, 1290.50 feet on last said south line to the west line of the east half of said Government Lot 2;

THENCE North 0 degrees 05' 21" East, 1333.00 feet on last said west line to the point of beginning.

EXCEPT that portion in Lots C, K & L of said Tract 2198.

ALSO EXCEPT from that portion within the southwest quarter of said Section the Interest of the County of Riverside in that portion, if any, within Country Club Drive.

ALSO, EXCEPT, Parcels 1 to 6 comprising The Springs Club, as follows:

Parcel 1 (Golf holes No. 10, 11, 12, 15 and 18)

COMMENCING at the southeast corner of said Section 1;

THENCE North 00 degrees 00' 45" West, along the east line of said Section 1, a distance of 1955.85 feet;

THENCE South 89 degrees 59' 15" West, a distance of 221.35 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 81 degrees 21' 09" West, a distance of 119.15 feet to the point of beginning of a non tangent curve concave northwesterly and having a radius of 1180.00 feet;

A radial bearing passes through said point bears South 52 degrees 31' 41" East;
THENCE along said curve in a southwesterly direction through a central angle of 10 degrees 28' 49", and a length of 215.84 feet to the beginning of a compound tangent curve concave northwesterly, and having a radius of 222.00 feet;

THENCE along said curve in a southwesterly direction through a central angle of 34 degrees 00' 00", and a length of 131.74 feet to the beginning of a tangent compound curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 18 degrees 07' 35", and a length of 373.31 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 1420.90 feet;

THENCE along said curve in a westerly direction through a central angle of 10 degrees 51' 00" and a length of 268.00 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 2 degrees 22' 26", and a length of 48.89 feet;

THENCE South 1 degree 36' 09" West, a distance of 30.00 feet to a point of beginning of a non tangent curve concave northerly and having a radius of 1210.00 feet;

A radial bearing passes through said point bears 1 degree 36' 09" West;

THENCE along said curve in a westerly direction through a central angle of 6 degrees 48' 32" and a length of 143.79 feet;

THENCE South 8 degrees 24' 41" West, a distance of 90.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1300.00 feet;

A radial bearing passes through said point bears South 8 degrees 24' 41" West;

THENCE along said curve in a westerly direction through a central angle of 8 degrees 21' 24", and a length of 189.61 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 700.00 feet;

THENCE along said curve in a westerly direction through a central angle of 18 degrees 18' 20", and a length of 223.64 feet;

THENCE North 1 degree 32' 15" West, a distance of 110.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 810.00 feet;

A radial bearing passes through said point bears North 1 degree 32' 15" West;

THENCE along said curve in a westerly direction through a central angle of 13 degrees 25' 48" and a length of 189.86 feet;

THENCE South 75 degrees 01' 57" West, a distance of 253.19 feet to the beginning of a tangent curve concave northerly, and having a radius of 490.00 feet;

THENCE along said curve in a westerly direction through a central angle of 23 degrees 09' 50", and a length of 198.10 feet to the beginning of a reverse curve concave southerly and having a radius of 2910.00 feet;

THENCE along said curve in a westerly direction through a central angle of 7 degrees 05' 54", and a length of 360.52 feet;

THENCE South 01 degrees 05' 53" West, a distance of 10.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 2900.00 feet;

A radial bearing passes through said point bears North 01 degrees 05' 53" East;

THENCE along said curve in a westerly direction through a central angle of 1 degree 22' 59", and a length of 70.00 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 200.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 07' 10", and a length of 70.23 feet;

THENCE North 19 degrees 50' 04" East, a distance of 20.00 feet to the point of beginning of a non tangent curve concave northerly and having a radius of 180.00 feet;

A radial bearing passes through said point bears South 19 degrees 50' 04" West;

THENCE along said curve through a central angle of 17 degrees 02' 08", and a length of 53.52 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 820.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 00' 17", and a length of 286.30 feet to the point of cusp with a non tangent curve concave westerly, and having a radius of 990.00 feet;

A radial bearing passes through said point of cusp bears South 81 degrees 48' 40" East;

THENCE northerly along said curve through a central angle of 10 degrees 16' 25", and a length of 177.52 feet;

THENCE South 87 degrees 54' 55" West, a distance of 90.00 feet to a point on a non tangent curve concave westerly, and having a radius of 900.00 feet;

A radial bearing passes through said point bears North 87 degrees 54' 55" East;

THENCE northerly along said curve through a central angle of 7 degrees 40' 50" and a length of 123.00 feet to the beginning of a tangent reverse curve concave southeasterly, and having a radius of 24.50 feet;

THENCE along said curve in a northeasterly direction through a central angle of 60 degrees 49' 24", and a length of 26.01 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 567.00 feet;

THENCE along said curve in a easterly direction through a central angle of 17 degrees 35' 42", and a length of 174.12 feet;

THENCE South 21 degrees 29' 49" East, a distance of 97.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 470.00 feet;

A radial bearing passes through said point bears North 21 degrees 29' 49" West;

THENCE easterly along said curve through a central angle of 8 degrees 43' 33", and a length of 71.58 feet;

THENCE North 77 degrees, 13' 44" East, a distance of 107.00 feet;

THENCE South 12 degrees 46' 16" East, a distance of 23.00 feet;

THENCE North 77 degrees 13' 44" East, a distance of 55.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 753.00 feet;

THENCE northeasterly along said curve through a central angle of 23 degrees 39' 46", and a length of 310.98 feet;

THENCE South 11 degrees 40' 36" East, a distance of 180.74 feet;

THENCE South 34 degrees 48' 19" West, a distance of 42.52 feet;

THENCE South 55 degrees 11' 41" East, a distance of 130.14 feet;

THENCE North 89 degrees 56' 28" East, a distance of 2231.30 feet;

THENCE South 05 degrees 03' 07" West, a distance of 82.48 feet;

THENCE South 66 degrees 40' 10" East, a distance of 115.31 feet to a point of beginning of a non tangent curve concave easterly, and having a radius of 176.50 feet;

A radial bearing passes through said point bears North 78 degrees 20' 28" West;

THENCE southerly along said curve through a central angle of 9 degrees, 24' 03", and a length of 44.36 feet to the beginning of a tangent curve concave westerly, and having a radius of 140.00 feet;

THENCE southerly along said curve through a central angle of 12 degrees, 9' 14", and a length of 31.57 feet to the TRUE POINT OF BEGINNING.

Containing 28.167 Acres.

Parcel 2 (Golf holes No. 13 and 14)

COMMENCING at the southeast corner of said Section 1;

THENCE South 80 degrees 56' 04" West, along the south line of said Section 1, a distance of 779.20 feet;

THENCE North 00 degrees 03' 56" West, a distance of 201.50 feet;

THENCE North 52 degrees 15' 43" East, a distance of 175.00 feet to a point on a non tangent curve concave southerly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 52 degrees 15' 42" East;

THENCE along said curve in a westerly direction through a central angle of 128 degrees 35' 54", and a length of 382.78 feet to a point of cusp; with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 76 degrees 12' 19" East;

THENCE westerly along said curve through a central angle of 130 degrees 29' 11", and a length of 426.03 feet;

THENCE North 63 degrees 16' 52" West, a distance of 57.83 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 395.00 feet;

A radial bearing passes through said point bears South 54 degrees 16' 47" East;

THENCE northerly along said curve through a central angle of 40 degrees 35' 47", and a length of 279.87 feet to the beginning of a tangent compound curve concave westerly, and having a radius of 920.00 feet;

THENCE northerly along said curve through a central angle of 16 degrees 07' 47", and a length of 258.99 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 380.00 feet;

THENCE northerly along said curve through a central angle of 52 degrees 11' 11", and a length of 213.47 feet;

THENCE North 11 degrees 10' 50" East, a distance of 235.00 feet;

THENCE North 9 degrees 01' 35" East, a distance of 260.11 feet;

THENCE East, a distance of 90.00 feet;

THENCE North 61 degrees 21' 12" East, a distance of 170.15 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1341.00 feet;

A radial bearing passes through said point bears South 10 degrees 04' 43" West;

THENCE easterly along said curve through a central angle of 6 degrees 13' 50", and a length of 145.82 feet;

THENCE South 17 degrees 05' 43" East, a distance of 176.64 feet;

THENCE South a distance of 700.00 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE southeasterly along said curve through a central angle of 97 degrees 07' 29", and a length of 296.65 feet to a point of cusp of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 49 degrees 38' 40" West;

THENCE southerly along said curve through a central angle of 78 degrees 05' 37" and a length of 238.52 feet;

THENCE South 52 degrees 15' 43" West, a distance of 32.04 feet to the TRUE POINT OF BEGINNING.

Containing 14.37 Acres.

Parcel 3 (Golf holes No. 16 & 17)

COMMENCING at the southeast corner of said Section 1;

THENCE South 89 degrees 56' 04" West, along the south line of said Section 1, a distance of 2323.76 feet;

THENCE North 00 degrees, 03' 56" West, a distance of 356.50 feet;

THENCE North 89 degrees 58' 02" East, a distance of 175.00 feet to the point of beginning of a non tangent curve concave southwesterly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 89 degrees 58' 02" East;

THENCE along said curve in a northwesterly direction through a central angle of 79 degrees 20' 40", and a length of 242.35 feet;

THENCE North 10 degrees 37' 13" East, a distance of 50.81 feet to the point of beginning of a non tangent curve concave westerly and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 10 degrees 37' 13" West;

THENCE northerly along said curve through a central angle of 152 degrees 00' 00", and a length of 464.29 feet;

THENCE North 2 degrees 52' 52" West, a distance of 214.32 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 170.00 feet;

A radial bearing passes through said point bears South 2 degrees 52' 50" East;

THENCE northerly along said curve through a central angle of 176 degrees 32' 18", and a length of 523.80 feet;

THENCE North 00 degrees 34' 52" East, a distance of 66.37 feet;

THENCE North 75 degrees 01' 57" East, a distance of 355.00 feet;

THENCE North 2 degrees 09' 59" East, a distance of 115.90 feet to a point of beginning of a non tangent curve southerly, and having a radius of 659.00 feet;

A radial bearing passes through said point bears North 2 degrees 09' 59" East;

THENCE easterly along said curve through a central angle of 8 degrees 39' 12", and a length of 99.53 feet;

THENCE South 13 degrees 37' 18" East, a distance of 135.00 feet;

THENCE South 55 degrees 00' 14" East, a distance of 162.88 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 739.00 feet;

A radial bearing passes through said point bears North 88 degrees 38' 44" East;

THENCE southerly along said curve through a central angle of 13 degrees 32' 06", and a length of 161.67 feet;

THENCE South 11 degrees 10' 50" West, a distance of 235.00 feet to the beginning of a tangent curve concave easterly, and having a radius of 661.00 feet;

THENCE southerly along said curve through a central angle of 25 degrees 04' 50", and a length of 335.52 feet to a point with a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 17 degrees 43' 45" West;

THENCE southerly along said curve through a central angle of 103 degrees 00' 55", and a length of 315.05 feet;

THENCE South 59 degrees 07' 20" West, a distance of 103.89 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 59 degrees 07' 20" East;

THENCE westerly along said curve through a central angle of 149 degrees 09' 18", and a length of 455.57 feet;

THENCE South 89 degrees 58' 02" West, a distance of 51.32 feet to the TRUE POINT OF BEGINNING.

Containing 12.66 Acres.

Parcel 4 (Golf Holes No. 1, 2 and 3 – Clubhouse and Tennis Sites)

COMMENCING at the northwest corner of the southwest quarter of said Section 1;

THENCE South 00 degrees 07' 13" West, along the west line of said southwest quarter, a distance of 283.53 feet;

THENCE South 89 degrees 52' 47" East, a distance of 191.50 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 00 degrees 07' 13" East, a distance of 283.52 feet;

THENCE North 00 degrees 06' 03" East, a distance of 66.36 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 409.00 feet;

A radial bearing passes through said point bears North 20 degrees 53' 41" West;

THENCE easterly along said curve through a central angle of 63 degrees 26' 05", and a length of 452.82 feet;

THENCE tangent South 47° 27' 36" East, a distance of 180.00 feet to the point of beginning of a tangent curve concave northerly, and having a radius of 761.00 feet;

A radial bearing passes through said point bears South 42 degrees 32' 24" West;

THENCE easterly along said curve through a central angle of 45 degrees 57' 44", and a length of 610.47 feet;

THENCE North 3 degrees 25' 20" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 641.00 feet;

A radial bearing passes through said point bears South 3 degrees 25' 20" East;

THENCE easterly along said curve through a central angle of 22 degrees 16' 25", and a length of 249.18 feet;

THENCE North 64 degrees 18' 15" East, a distance of 198.50 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 24.50 feet;

THENCE southeasterly along said curve through a central angle of 90 degrees 00' 00", and a length of 38.48 feet;

THENCE South 25 degrees 41' 45" East, a distance of 109.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 859.00 feet;

THENCE southerly along said curve through a central angle of 36 degrees 47' 39", and a length of 551.63 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 2841.00 feet;

THENCE southerly along said curve through a central angle of 1 degree 45' 32", and a length of 87.21 feet to the beginning of a tangent compound curve concave easterly and having a radius of 879.65 feet;

THENCE southerly along said curve through a central angle of 7 degrees 43' 36", and a length of 118.62 feet to the beginning of a tangent reverse curve concave westerly, and having a radius of 717.00 feet;

THENCE southerly along said curve through a central angle of 16 degrees 15' 00", and a length of 203.35 feet to the beginning of a tangent compound curve concave northwesterly, and having a radius of 165.00 feet;

THENCE southwesterly along said curve through a central angle of 72 degrees 11' 27", and a length of 207.89 feet;

THENCE North 89 degrees 58' 17" West, a distance of 247.55 feet;

THENCE North 00 degrees 03' 13" East, a distance of 120.00 feet;

THENCE North 59 degrees 39' 19" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 03' 15" East;

THENCE southwesterly along said curve through a central angle of 181 degrees 58' 02", and a length of 555.78 feet;

THENCE South 00 degrees 03' 38" West, a distance of 152.44 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 35' 37" West;

THENCE southerly along said curve, through a central angle of 75 degrees 05' 01", and a length of 229.33 feet to the point of cusp with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 14' 34" East;

THENCE westerly along said curve through a central angle of 146 degrees 35' 23", and a length of 447.73 feet;

THENCE North 89 degrees 56' 43" West, a distance of 189.67 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 40 degrees 27' 36" East;

THENCE northerly along said curve through a central angle of 139 degrees 25' 11", and a length of 425.83 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 180 degrees 00' 00", and a length of 549.78 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 195 degrees 04' 07", and a length of 595.80 feet;

THENCE North 14 degrees 56' 54" West, a distance of 53.89 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 14 degrees 56' 54" West;

THENCE northerly along said curve through a central angle of 164 degrees 5' 33", and a length of 503.75 feet;

THENCE North 89 degrees 52' 47" West, a distance of 55.00 feet to the POINT OF BEGINNING.

Containing 42.33 Acres.

Parcel 5 (Golf holes 4, 5 and 6)

COMMENCING at the southwest corner of the northwest quarter of said Section 1;

THENCE North 00 degrees 06' 03" East, along the west line of said northwest quarter, a distance of 562.47 feet;

THENCE South 89 degrees 53' 57" East, a distance of 496.50 feet;

THENCE North 86 degrees 17' 12" East, a distance of 175.00 feet to the TRUE POINT OF BEGINNING;

THENCE North 3 degrees 42' 48" West, a distance of 375.83 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 175.00 feet;

THENCE northwesterly along said curve through a central angle of 73 degrees 36' 27", and a length of 224.82 feet;

THENCE North 12 degrees 40' 45" East, a distance of 64.19 feet;

THENCE North 89 degrees 55' 52" East, a distance of 640.39 feet;

THENCE South 17 degrees 55' 20" East, a distance of 82.94 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 17 degrees 55' 20" West;

THENCE southerly along said curve through a central angle of 186 degrees 25' 04", and length of 569.38 feet;

THENCE South 24 degrees 20' 24" East, a distance of 15.36 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 20' 24" West;

THENCE southerly along said curve through a central angle of 163 degrees 59' 47", and a length of 500.90 feet;

THENCE South 18 degrees 38' 15" East, a distance of 319.52 feet;

THENCE South 25 degrees 41' 45" East, a distance of 200.00 feet;

THENCE South 64 degrees 18' 15" East, a distance of 103.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 600.00 feet;

THENCE westerly along said curve through a central angle of 18 degrees 11' 06", and a length of 190.43 feet;

THENCE North 7 degrees 30' 39" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 480.00 feet;

A radial bearing passes through said point bears South 7 degrees 30' 30" East;

THENCE along said curve through a central angle of 50 degrees 03' 03", and a length of 419.30 feet;

THENCE North 47 degrees 27' 36" West, a distance of 180.00 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 690.00 feet;

THENCE westerly along said curve through a central angle of 22 degrees 45' 28", and a length of 274.06 feet;

THENCE North 17 degrees 50' 02" West, a length of 85.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 17 degrees 50' 02" East;

THENCE northerly along said curve through a central angle of 75 degrees 52' 46", and a length of 231.76 feet to the TRUE POINT OF BEGINNING.

Containing 17.42 Acres.

Parcel 6 (Golf holes No. 7, 8 and 9)

COMMENCING at the southeast corner of the northwest one-quarter of Section 1;

THENCE North 00 degrees 04' 39" East along the east line of said northwest quarter of Section 1, a distance of 171.10 feet;

THENCE North 89 degrees 55' 21 West, a distance of 306.50 feet;

THENCE South 8 degrees 18' 29" West, a distance of 216.81 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 45 degrees 30' 41" West, a distance of 127.99 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 45 degrees 35' 20", and a length of 139.24 feet;

THENCE North 00 degrees 04' 39" East, a distance of 385.00 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 90 degrees 00' 00", and a length of 274.89 feet;

THENCE North 00 degrees 04' 39" East, a distance of 35.00 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 04' 39" West;

THENCE northerly along said curve through a central angle of 161 degrees 38' 04", and a length of 493.68 feet;

THENCE NORTH, a distance of 60.80 feet;

THENCE South 89 degrees 55' 52" West, a distance of 293.17 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 163.00 feet;

THENCE northwesterly, along said curve through a central angle of 90 degrees 09' 08", and a length of 256.47 feet;

THENCE North 00 degrees 05' 00" East, a distance of 87.73 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 40.00 feet;

THENCE northwesterly along said curve through a central angle of 74 degrees 16' 58" for a distance of 51.86 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 530.00 feet;

THENCE westerly along said curve through a central angle of 30 degrees 19' 13", and a distance of 280.47 feet to the beginning of a tangent compound curve concave southeasterly, and having a radius of 40.00 feet;

THENCE southerly along said curve through a central angle of 15 degrees 2' 28", and a length of 52.63 feet;

THENCE South 00 degrees 05' 21" West, a distance of 118.37 feet to the beginning of a tangent curve concave westerly, and having a radius of 720.00;

THENCE southerly along said curve through a central angle of 9 degrees 21' 00", and a length of 117.49 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 280.00 feet;

THENCE southerly along said curve through a central angle 45 degrees 01' 04", and a length of 220.00 feet to the beginning of a reverse tangent curve concave westerly and having a radius of 820.00 feet;

THENCE southerly along said curve through a central angle of 29 degrees 28' 10", and a length of 421.75 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 1080.00 feet;

THENCE southerly along said curve through a central angle of 19 degrees 35' 12", and a length of 369.20 feet;

THENCE South 25 degrees 41' 45" East, a distance of 229.50 feet;

THENCE South 64 degrees 18' 15" West, a distance of 120.00 feet;

THENCE South 25 degrees 41' 45" East, a distance of 154.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 900.00 feet;

THENCE southerly along said curve through a central angle of 10 degrees 11' 40", and a length of 160.13 feet to the beginning of a reverse tangent curve concave southerly, and having a radius of 600.00 feet;

THENCE easterly along said curve through a central angle of 19 degrees 29' 09", and a length of 204.05 feet;

THENCE North 16 degrees 50' 37" West, a distance of 95.25 feet;

THENCE North 77 degrees 13' 44" East, a distance of 141.00 feet;

THENCE North 48 degrees 17' 53" East, a distance of 109.88 feet to the TRUE POINT OF BEGINNING.

Containing 18.77 Acres.

Exhibit "B"

Legal Description

CLUB FACILITIES

PARCELS 1 TO 6 COMPROMISING THE SPRINGS CLUB, as follows:

Parcel 1 (Golf holes No. 10, 11, 12, 15 and 18)

COMMENCING at the southeast corner of said Section 1;

THENCE North 00 degrees 00' 45" West, along the east line of said Section 1, a distance of 1955.85 feet;

THENCE South 89 degrees 59' 15" West, a distance of 221.35 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 81 degrees 21' 09" West, a distance of 119.15 feet to the point of beginning of a non tangent curve concave northwesterly and having a radius of 1180.00 feet;

A radial bearing passes through said point bears South 52 degrees 31' 41" East;

THENCE along said curve in a southwesterly direction through a central angle of 10 degrees 28' 49", and a length of 215.84 feet to the beginning of a compound tangent curve concave northwesterly, and having a radius of 222.00 feet;

THENCE along said curve in a southwesterly direction through a central angle of 34 degrees 00' 00", and a length of 131.74 feet to the beginning of a tangent compound curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 18 degrees 07' 35", and a length of 373.31 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 1420.90 feet;

THENCE along said curve in a westerly direction through a central angle of 10 degrees 51' 00" and a length of 268.00 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 1180.00 feet;

THENCE along said curve in a westerly direction through a central angle of 2 degrees 22' 26", and a length of 48.89 feet;

THENCE South 1 degree 36' 09" West, a distance of 30.00 feet to a point of beginning of a non tangent curve concave northerly and having a radius of 1210.00 feet;

A radial bearing passes through said point bears 1 degree 36' 09" West;

THENCE along said curve in a westerly direction through a central angle of 6 degrees 48' 32" and a length of 143.79 feet;

THENCE South 8 degrees 24' 41" West, a distance of 90.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1300.00 feet;

A radial bearing passes through said point bears South 8 degrees 24' 41" West;

THENCE along said curve in a westerly direction through a central angle of 8 degrees 21' 24", and a length of 189.61 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 700.00 feet;

THENCE along said curve in a westerly direction through a central angle of 18 degrees 18' 20", and a length of 223.64 feet;

THENCE North 1 degree 32' 15" West, a distance of 110.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 810.00 feet;

A radial bearing passes through said point bears North 1 degree 32' 15" West;

THENCE along said curve in a westerly direction through a central angle of 13 degrees 25' 48" and a length of 189.86 feet;

THENCE South 75 degrees 01' 57" West, a distance of 253.19 feet to the beginning of a tangent curve concave northerly, and having a radius of 490.00 feet;

THENCE along said curve in a westerly direction through a central angle of 23 degrees 09' 50", and a length of 198.10 feet to the beginning of a reverse curve concave southerly and having a radius of 2910.00 feet;

THENCE along said curve in a westerly direction through a central angle of 7 degrees 05' 54", and a length of 360.52 feet;

THENCE South 01 degrees 05' 53" West, a distance of 10.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 2900.00 feet;

A radial bearing passes through said point bears North 01 degrees 05' 53" East;

THENCE along said curve in a westerly direction through a central angle of 1 degree 22' 59", and a length of 70.00 feet to the beginning of a tangent reverse curve concave northerly, and having a radius of 200.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 07' 10", and a length of 70.23 feet;

THENCE North 19 degrees 50' 04" East, a distance of 20.00 feet to the point of beginning of a non tangent curve concave northerly and having a radius of 180.00 feet;

A radial bearing passes through said point bears South 19 degrees 50' 04" West;

THENCE along said curve through a central angle of 17 degrees 02' 08", and a length of 53.52 feet to the beginning of a tangent reverse curve concave southerly, and having a radius of 820.00 feet;

THENCE along said curve in a westerly direction through a central angle of 20 degrees 00' 17", and a length of 286.30 feet to the point of cusp with a non tangent curve concave westerly, and having a radius of 990.00 feet;

A radial bearing passes through said point of cusp bears South 81 degrees 48' 40" East;

THENCE northerly along said curve through a central angle of 10 degrees 16' 25", and a length of 177.52 feet;

THENCE South 87 degrees 54' 55" West, a distance of 90.00 feet to a point on a non tangent curve concave westerly, and having a radius of 900.00 feet;

A radial bearing passes through said point bears North 87 degrees 54' 55" East;

THENCE northerly along said curve through a central angle of 7 degrees 40' 50" and a length of 123.00 feet to the beginning of a tangent reverse curve concave southeasterly, and having a radius of 24.50 feet;

THENCE along said curve in a northeasterly direction through a central angle of 60 degrees 49' 24", and a length of 26.01 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 567.00 feet;

THENCE along said curve in a easterly direction through a central angle of 17 degrees 35' 42", and a length of 174.12 feet;

THENCE South 21 degrees 29' 49" East, a distance of 97.00 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 470.00 feet;

A radial bearing passes through said point bears North 21 degrees 29' 49" West;

THENCE easterly along said curve through a central angle of 8 degrees 43' 33", and a length of 71.58 feet;

THENCE North 77 degrees, 13' 44" East, a distance of 107.00 feet;

THENCE South 12 degrees 46' 16" East, a distance of 23.00 feet;

THENCE North 77 degrees 13' 44" East, a distance of 55.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 753.00 feet;

THENCE northeasterly along said curve through a central angle of 23 degrees 39' 46", and a length of 310.98 feet;

THENCE South 11 degrees 40' 36" East, a distance of 180.74 feet;

THENCE South 34 degrees 48' 19" West, a distance of 42.52 feet;

THENCE South 55 degrees 11' 41" East, a distance of 130.14 feet;

THENCE North 89 degrees 56' 28" East, a distance of 2231.30 feet;

THENCE South 05 degrees 03' 07" West, a distance of 82.48 feet;

THENCE South 66 degrees 40' 10" East, a distance of 115.31 feet to a point of beginning of a non tangent curve concave easterly, and having a radius of 176.50 feet;

A radial bearing passes through said point bears North 78 degrees 20' 28" West;

THENCE southerly along said curve through a central angle of 9 degrees, 24' 03", and a length of 44.36 feet to the beginning of a tangent curve concave westerly, and having a radius of 140.00 feet;

THENCE southerly along said curve through a central angle of 12 degrees, 9' 14", and a length of 31.57 feet to the TRUE POINT OF BEGINNING.

Containing 28.167 Acres.

Parcel 2 (Golf holes No. 13 and 14)

COMMENCING at the southeast corner of said Section 1;

THENCE South 80 degrees 56' 04" West, along the south line of said Section 1, a distance of 779.20 feet;

THENCE North 00 degrees 03' 56" West, a distance of 201.50 feet;

THENCE North 52 degrees 15' 43" East, a distance of 175.00 feet to a point on a non tangent curve concave southerly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 52 degrees 15' 42" East;

THENCE along said curve in a westerly direction through a central angle of 128 degrees 35' 54", and a length of 382.78 feet to a point of cusp; with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 76 degrees 12' 19" East;

THENCE westerly along said curve through a central angle of 130 degrees 29' 11", and a length of 426.03 feet;

THENCE North 63 degrees 16' 52" West, a distance of 57.83 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 395.00 feet;

A radial bearing passes through said point bears South 54 degrees 16' 47" East;

THENCE northerly along said curve through a central angle of 40 degrees 35' 47", and a length of 279.87 feet to the beginning of a tangent compound curve concave westerly, and having a radius of 920.00 feet;

THENCE northerly along said curve through a central angle of 16 degrees 07' 47", and a length of 258.99 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 380.00 feet;

THENCE northerly along said curve through a central angle of 52 degrees 11' 11", and a length of 213.47 feet;

THENCE North 11 degrees 10' 50" East, a distance of 235.00 feet;

THENCE North 9 degrees 01' 35" East, a distance of 260.11 feet;

THENCE East, a distance of 90.00 feet;

THENCE North 61 degrees 21' 12" East, a distance of 170.15 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 1341.00 feet;

A radial bearing passes through said point bears South 10 degrees 04' 43" West;

THENCE easterly along said curve through a central angle of 6 degrees 13' 50", and a length of 145.82 feet;

THENCE South 17 degrees 05' 43" East, a distance of 176.64 feet;

THENCE South a distance of 700.00 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE southeasterly along said curve through a central angle of 97 degrees 07' 29", and a length of 296.65 feet to a point of cusp of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 49 degrees 38' 40" West;

THENCE southerly along said curve through a central angle of 78 degrees 05' 37" and a length of 238.52 feet;

THENCE South 52 degrees 15' 43" West, a distance of 32.04 feet to the TRUE POINT OF BEGINNING.

Containing 14.37 Acres.

Parcel 3 (Golf holes No. 16 & 17)

COMMENCING at the southeast corner of said Section 1;

THENCE South 89 degrees 56' 04" West, along the south line of said Section 1, a distance of 2323.76 feet;

THENCE North 00 degrees, 03' 56" West, a distance of 356.50 feet;

THENCE North 89 degrees 58' 02" East, a distance of 175.00 feet to the point of beginning of a non tangent curve concave southwesterly, having a radius of 175.00 feet, and the TRUE POINT OF BEGINNING of this description;

A radial bearing passes through said point bears North 89 degrees 58' 02" East;

THENCE along said curve in a northwesterly direction through a central angle of 79 degrees 20' 40", and a length of 242.35 feet;

THENCE North 10 degrees 37' 13" East, a distance of 50.81 feet to the point of beginning of a non tangent curve concave westerly and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 10 degrees 37' 13" West;

THENCE northerly along said curve through a central angle of 152 degrees 00' 00", and a length of 464.29 feet;

THENCE North 2 degrees 52' 52" West, a distance of 214.32 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 170.00 feet;

A radial bearing passes through said point bears South 2 degrees 52' 50" East;

THENCE northerly along said curve through a central angle of 176 degrees 32' 18", and a length of 523.80 feet;

THENCE North 00 degrees 34' 52" East, a distance of 66.37 feet;

THENCE North 75 degrees 01' 57" East, a distance of 355.00 feet;

THENCE North 2 degrees 09' 59" East, a distance of 115.90 feet to a point of beginning of a non tangent curve southerly, and having a radius of 659.00 feet;

A radial bearing passes through said point bears North 2 degrees 09' 59" East;

THENCE easterly along said curve through a central angle of 8 degrees 39' 12", and a length of 99.53 feet;

THENCE South 13 degrees 37' 18" East, a distance of 135.00 feet;

THENCE South 55 degrees 00' 14" East, a distance of 162.88 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 739.00 feet;

A radial bearing passes through said point bears North 88 degrees 38' 44" East;

THENCE southerly along said curve through a central angle of 13 degrees 32' 06", and a length of 161.67 feet;

THENCE South 11 degrees 10' 50" West, a distance of 235.00 feet to the beginning of a tangent curve concave easterly, and having a radius of 661.00 feet;

THENCE southerly along said curve through a central angle of 25 degrees 04' 50", and a length of 335.52 feet to a point with a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes though said point bears North 17 degrees 43' 45" West;

THENCE southerly along said curve through a central angle of 103 degrees 00' 55", and a length of 315.05 feet;

THENCE South 59 degrees 07' 20" West, a distance of 103.89 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 59 degrees 07' 20" East;

THENCE westerly along said curve through a central angle of 149 degrees 09' 18", and a length of 455.57 feet;

THENCE South 89 degrees 58' 02" West, a distance of 51.32 feet to the TRUE POINT OF BEGINNING.

Containing 12.66 Acres.

Parcel 4 (Golf Holes No. 1, 2 and 3 – Clubhouse and Tennis Sites)

COMMENCING at the northwest corner of the southwest quarter of said Section 1;

THENCE South 00 degrees 07' 13" West, along the west line of said southwest quarter, a distance of 283.53 feet;

THENCE South 89 degrees 52' 47" East, a distance of 191.50 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 00 degrees 07' 13" East, a distance of 283.52 feet;

THENCE North 00 degrees 06' 03" East, a distance of 66.36 feet to the point of beginning of a non tangent curve concave southerly, and having a radius of 409.00 feet;

A radial bearing passes through said point bears North 20 degrees 53' 41" West;

THENCE easterly along said curve through a central angle of 63 degrees 26' 05", and a length of 452.82 feet;

THENCE tangent South 47' 27' 36" East, a distance of 180.00 feet to the point of beginning of a tangent curve concave northerly, and having a radius of 761.00 feet;

A radial bearing passes through said point bears South 42 degrees 32' 24" West;

THENCE easterly along said curve through a central angle of 45 degrees 57' 44", and a length of 610.47 feet;

THENCE North 3 degrees 25' 20" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 641.00 feet;

A radial bearing passes through said point bears South 3 degrees 25' 20" East;

THENCE easterly along said curve through a central angle of 22 degrees 16' 25", and a length of 249.18 feet;

THENCE North 64 degrees 18' 15" East, a distance of 198.50 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 24.50 feet;

THENCE southeasterly along said curve through a central angle of 90 degrees 00' 00", and a length of 38.48 feet;

THENCE South 25 degrees 41' 45" East, a distance of 109.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 859.00 feet;

THENCE southerly along said curve through a central angle of 36 degrees 47' 39", and a length of 551.63 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 2841.00 feet;

THENCE southerly along said curve through a central angle of 1 degree 45' 32", and a length of 87.21 feet to the beginning of a tangent compound curve concave easterly and having a radius of 879.65 feet;

THENCE southerly along said curve through a central angle of 7 degrees 43' 36", and a length of 118.62 feet to the beginning of a tangent reverse curve concave westerly, and having a radius of 717.00 feet;

THENCE southerly along said curve through a central angle of 16 degrees 15' 00", and a length of 203.35 feet to the beginning of a tangent compound curve concave northwesterly, and having a radius of 165.00 feet;

THENCE southwesterly along said curve through a central angle of 72 degrees 11' 27", and a length of 207.89 feet;

THENCE North 89 degrees 58' 17" West, a distance of 247.55 feet;

THENCE North 00 degrees 03' 13" East, a distance of 120.00 feet;

THENCE North 59 degrees 39' 19" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 03' 15" East;

THENCE southwesterly along said curve through a central angle of 181 degrees 58' 02", and a length of 555.78 feet;

THENCE South 00 degrees 03' 38" West, a distance of 152.44 feet to the point of beginning of a non tangent curve concave southeasterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 35' 37" West;

THENCE southerly along said curve, through a central angle of 75 degrees 05' 01", and a length of 229.33 feet to the point of cusp with a non tangent curve concave southerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 46 degrees 14' 34" East;

THENCE westerly along said curve through a central angle of 146 degrees 35' 23", and a length of 447.73 feet;

THENCE North 89 degrees 56' 43" West, a distance of 189.67 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 40 degrees 27' 36" East;

THENCE northerly along said curve through a central angle of 139 degrees 25' 11", and a length of 425.83 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 180 degrees 00' 00", and a length of 549.78 feet;

THENCE North 00 degrees 07' 13" East, a distance of 55.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 07' 13" West;

THENCE northerly along said curve through a central angle of 195 degrees 04' 07", and a length of 595.80 feet;

THENCE North 14 degrees 56' 54" West, a distance of 53.89 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 14 degrees 56' 54" West;

THENCE northerly along said curve through a central angle of 164 degrees 5' 33", and a length of 503.75 feet;

THENCE North 89 degrees 52' 47" West, a distance of 55.00 feet to the POINT OF BEGINNING.

Containing 42.33 Acres.

Parcel 5 (Golf holes 4, 5 and 6)

COMMENCING at the southwest corner of the northwest quarter of said Section 1;

THENCE North 00 degrees 06' 03" East, along the west line of said northwest quarter, a distance of 562.47 feet;

THENCE South 89 degrees 53' 57" East, a distance of 496.50 feet;

THENCE North 86 degrees 17' 12" East, a distance of 175.00 feet to the TRUE POINT OF BEGINNING;

THENCE North 3 degrees 42' 48" West, a distance of 375.83 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 175.00 feet;

THENCE northwesterly along said curve through a central angle of 73 degrees 36' 27", and a length of 224.82 feet;

THENCE North 12 degrees 40' 45" East, a distance of 64.19 feet;

THENCE North 89 degrees 55' 52" East, a distance of 640.39 feet;

THENCE South 17 degrees 55' 20" East, a distance of 82.94 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 17 degrees 55' 20" West;

THENCE southerly along said curve through a central angle of 186 degrees 25' 04", and length of 569.38 feet;

THENCE South 24 degrees 20' 24" East, a distance of 15.36 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears North 24 degrees 20' 24" West;

THENCE southerly along said curve through a central angle of 163 degrees 59' 47", and a length of 500.90 feet;

THENCE South 18 degrees 38' 15" East, a distance of 319.52 feet;

THENCE South 25 degrees 41' 45" East, a distance of 200.00 feet;

THENCE South 64 degrees 18' 15" East, a distance of 103.00 feet to the beginning of a tangent curve concave northerly, and having a radius of 600.00 feet;

THENCE westerly along said curve through a central angle of 18 degrees 11' 06", and a length of 190.43 feet;

THENCE North 7 degrees 30' 39" West, a distance of 120.00 feet to the point of beginning of a non tangent curve concave northerly, and having a radius of 480.00 feet;

A radial bearing passes through said point bears South 7 degrees 30' 30" East;

THENCE along said curve through a central angle of 50 degrees 03' 03", and a length of 419.30 feet;

THENCE North 47 degrees 27' 36" West, a distance of 180.00 feet to the beginning of a tangent curve concave southwesterly, and having a radius of 690.00 feet;

THENCE westerly along said curve through a central angle of 22 degrees 45' 28", and a length of 274.06 feet;

THENCE North 17 degrees 50' 02" West, a length of 85.00 feet to the point of beginning of a non tangent curve concave westerly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 17 degrees 50' 02" East;

THENCE northerly along said curve through a central angle of 75 degrees 52' 46", and a length of 231.76 feet to the TRUE POINT OF BEGINNING.

Containing 17.42 Acres.

Parcel 6 (Golf holes No. 7, 8 and 9)

COMMENCING at the southeast corner of the northwest one-quarter of Section 1;

THENCE North 00 degrees 04' 39" East along the east line of said northwest quarter of Section 1, a distance of 171.10 feet;

THENCE North 89 degrees 55' 21 West, a distance of 306.50 feet;

THENCE South 8 degrees 18' 29" West, a distance of 216.81 feet to the TRUE POINT OF BEGINNING of this description;

THENCE North 45 degrees 30' 41" West, a distance of 127.99 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 45 degrees 35' 20", and a length of 139.24 feet;

THENCE North 00 degrees 04' 39" East, a distance of 385.00 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 175.00 feet;

THENCE northerly along said curve through a central angle of 90 degrees 00' 00", and a length of 274.89 feet;

THENCE North 00 degrees 04' 39" East, a distance of 35.00 feet to the point of beginning of a non tangent curve concave easterly, and having a radius of 175.00 feet;

A radial bearing passes through said point bears South 00 degrees 04' 39" West;

THENCE northerly along said curve through a central angle of 161 degrees 38' 04", and a length of 493.68 feet;

THENCE NORTH, a distance of 60.80 feet;

THENCE South 89 degrees 55' 52" West, a distance of 293.17 feet to the beginning of a tangent curve concave northeasterly, and having a radius of 163.00 feet;

THENCE northwesterly, along said curve through a central angle of 90 degrees 09' 08", and a length of 256.47 feet;

THENCE North 00 degrees 05' 00" East, a distance of 87.73 feet to the beginning of a tangent curve concave southeasterly, and having a radius of 40.00 feet;

THENCE northwesterly along said curve through a central angle of 74 degrees 16' 58" for a distance of 51.86 feet to the beginning of a tangent compound curve concave southerly, and having a radius of 530.00 feet;

THENCE westerly along said curve through a central angle of 30 degrees 19' 13", and a distance of 280.47 feet to the beginning of a tangent compound curve concave southeasterly, and having a radius of 40.00 feet;

THENCE southerly along said curve through a central angle of 15 degrees 2' 28", and a length of 52.63 feet;

THENCE South 00 degrees 05' 21" West, a distance of 118.37 feet to the beginning of a tangent curve concave westerly, and having a radius of 720.00;

THENCE southerly along said curve through a central angle of 9 degrees 21' 00", and a length of 117.49 feet to the beginning of a tangent reverse curve concave easterly, and having a radius of 280.00 feet;

THENCE southerly along said curve through a central angle 45 degrees 01' 04", and a length of 220.00 feet to the beginning of a reverse tangent curve concave westerly and having a radius of 820.00 feet;

THENCE southerly along said curve through a central angle of 29 degrees 28' 10", and a length of 421.75 feet to the beginning of a reverse tangent curve concave easterly, and having a radius of 1080.00 feet;

THENCE southerly along said curve through a central angle of 19 degrees 35' 12", and a length of 369.20 feet;

THENCE South 25 degrees 41' 45" East, a distance of 229.50 feet;

THENCE South 64 degrees 18' 15" West, a distance of 120.00 feet;

THENCE South 25 degrees 41' 45" East, a distance of 154.50 feet to the beginning of a tangent curve concave westerly, and having a radius of 900.00 feet;

THENCE southerly along said curve through a central angle of 10 degrees 11' 40", and a length of 160.13 feet to the beginning of a reverse tangent curve concave southerly, and having a radius of 600.00 feet;

THENCE easterly along said curve through a central angle of 19 degrees 29' 09", and a length of 204.05 feet;

THENCE North 16 degrees 50' 37" West, a distance of 95.25 feet;

THENCE North 77 degrees 13' 44" East, a distance of 141.00 feet;

THENCE North 48 degrees 17' 53" East, a distance of 109.88 feet to the TRUE POINT OF BEGINNING.

Containing 18.77 Acres.

Assessor's Parcel Number	Common Name or Location	Address
688030003	Golf Course	LOT 208 MB 099/099 TRACT 11650
688030006	Golf Course	17.95 ACRES M/L IN POR LOT 207 MB 099/099 TRACT 11650
688090017	V lot by Columbia & Duke	LOT 77 MB 099/099 TRACT 11650
688090018	V lot by Columbia & Duke	LOT 78 MB 099/099 TRACT 11650
688090019	V lot by Columbia & Duke	LOT 79 MB 099/099 TRACT 11650
688090020	V lot by Columbia & Duke	LOT 80 MB 099/099 TRACT 11650
688110027	V lot across parking lot	LOT 164 MB 099/099 TRACT 11650
688120002	Club house	2.84 ACRES M/L IN POR LOT 108 MB 080/060 TRACT 5689
688120003	Parking Lot	LOT 129 MB 106/088 & INT IN COMM TRACT 11651

Assessor's Parcel Number	Common Name or Location	Address
688120004	Club House	1.12 ACRES GRS IN LOT 130 MB 106/088 TRACT 11651
688120005	Driving Range	34.59 ACRES GRS IN LOT 133 MB 106/088 TRACT 11651
688130002	Golf Course	26.99 ACRES M/L IN POR LOT 109 MB 080/060 TRACT 5689
688120002	Golf Course	2.84 ACRES M/L IN POR LOT 108 MB 080/060 TRACT 5689
688190015	Oasis	.3 ACRES IN LOT 25 MB 083/099 TRACT 6258-2
688190016	Croquet Course	LOT 1 MB 106/088 TR 11651 & INT IN COMM
688190017	Croquet Course	LOT 2 MB 106/088 TR 11651 & INT IN COMM
688190025	End Driving Range	LOT 122 MB 106/088 TR 11651 & INT IN COMM
688190032	Tennis	5.41 ACRES M/L IN POR PAR 1 PM 106/042 PM TRACT 16570
688200027	Golf Course Maintenance	LOT 132 MB 106/088 TR 11651 & INT IN COMM
688260048	Golf Course	3.77 ACRES M/L IN POR LOT 88 MB 097/0517 TRACT 9750
688270057	Golf Course	3.24 ACRES M/L IN POR LOT 88 MB 097/0517 TRACT 9750
688280023	Golf Course	4.61 ACRES M/L IN LOT 48 MB 083/013 TRACT 6258
688280024	Golf Course	4.58 ACRES M/L IN LOT 47 MB 083/013 TRACT 6258
688290025	Golf Course	1.89 ACRES M/L IN LOT 48 MR 083/013 TRACT 6258
688290026	Golf Course	2.61 ACRES M/L IN LOT 47 MB 083/013 TRACT 6258
688300037	Golf Course	5.55 ACRES M/L IN LOT 101 MB 092/021 TRACT 9749
688310061	Golf Course	3.33 ACRES M/L IN LOT 101 MB 092/021 TRACT 9749

EXHIBIT "C"
MAINTENANCE MATRIX

The following is a listing of the items within the Development that Owners and the Association are responsible for maintaining, repairing and replacing and may not apply to situations where damage is caused by the negligence or willful misconduct of any party. Unless otherwise specifically indicated below, the assignment of responsibility includes maintenance, repair, replacement and painting (if painting is applicable).

This Matrix is provided for the general determination of responsibility for the maintenance, repair and replacement of various components of the Development. This allocation of responsibilities may not apply in casualty/ loss situations. In addition, once an Owner modifies a component that is an Association responsibility, the Owner becomes responsible for the maintenance, repair and replacement of that component.

Further, in certain situations, the Association's insurance coverage may provide for the repair/replacement of components that are designated as the Owners' maintenance responsibility under the Declaration, including this Matrix. These circumstances shall not be deemed to be, or construed as, modifying the routine maintenance, repair and replacement duties set forth herein.

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Alarm systems (Developer or Association-installed) (including motion detectors, smoke detectors, security and fire alarm panels, smoke detectors and all components of those systems)	A			
Alarm systems (Owner-installed)		O		
Appliances, both built-in and free standing including but not limited to: garbage disposals, water heaters, exhaust fans, dryer vents, dishwasher, stove, wine cabinets		O		
Awnings over windows and doors		O		
Building surfaces – Residence (Stucco) – Painting Caulking, Staining, Repair	A			

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Building surfaces – Residence (Wooden trim and fascia) – Painting, Repair, Replacement	A			
Building surfaces - Residence (Siding) – Painting	A			
Building surfaces – Residence - (Siding) – Repair and Replacement		O		
Courtyard and patio slabs/concrete		O		
Doors and door frames (exterior) – Painting	A			All painting completed by the Association will be performed only during the painting schedules as determined by the Association.
Doors and door frames (exterior) - Repair and Replacement		O		
Doors (interior, including interior door that provides access between the garage and Residence) – Painting, Repair and Replacement		O		
Door locks, hardware, weather stripping/flashing/ waterproofing – Repair and Replacement		O		
Drainage and irrigation systems (except for drainage structures, culverts and canals improved by the Association)		O		
Electrical lines, wiring and fixtures, including conduit over roofs, electrical panels, circuit breakers and metal breaker/panel boxes on outside of Residence, electrical switches, sockets, wall plates, light fixtures, wiring, and bulbs – interior and exterior of Residences (anything on face of the building). All other electrical installations and components, including lines and wiring serving the Residence, even if located outside the boundaries of the Residence, i.e. from the meter to within the Residence.		O		
Faucets – (including hose bibs, handles, washers)		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Foundations/slabs and footing – Residence		O		
Garage – Maintenance, Repair and Replacement (with the exception of Painting of Exterior of Garage Door)	A	O		
Garage doors (for vehicle access) - Painting of Exterior				
Garage doors – Repair and Replacement		O		
Garage door frame, weather stripping, springs, locks and handles, interior surface painting and the power openers and tracks – Maintenance, Repair and Replacement		O		
House numbers, if Developer or Association-installed plaques - Maintenance and Repair	A			
House numbers that have been changed or altered by Owner		O		
HVAC systems including all air conditioner and heating equipment, including all air conditioner, furnace, ducts and all components (compressor, pipes, hoses, condensation lines, etc.)		O		
Landscaping (including irrigation) in enclosed and unenclosed patios and courtyards		O		
Lighting fixtures (Exterior)		O		
Mister systems		O		
Mold or mildew or other organic or wood destroying pest, or damage caused thereby		O		
Party Walls		O		“Party Walls” are shared walls and fences erected on the property line between Lots.
Patios, driveways, walkways		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Pools and spas		O		Owners are advised to consult their insurance agents to assure they are insured for damage, liability, etc. related to those pools and spas. The Association's insurance policy does not provide coverage for individual pools and spas on Lots.
Roofs, including foam/polyurethane roofs, roof decking, flashing, shingles/tiles, underlayment, water proofing, but excluding all structural components (structural components are defined to include, but are not limited to, trusses and beams) Roofs (structural components, including trusses and beams)	A	O		If any alterations have been made to the original roof (such as the installation of solar arrays), including changing the dimensions (such as a room addition), the owner will be charged an amount equal to the costs for those areas when the Association performs roof maintenance, repairs or replacement. Any alteration of a roof, whether on the Residence or garage (including penetration or other alteration made to facilitate repairs to structural components), must be performed by an Association approved contractor to avoid voiding the Association's roof warranty.
Roof Gutters and downspouts		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Screen doors, security doors, sliding glass doors, and sliding patio doors (exterior)		O		
Sewer lines and plumbing/interior fixtures and lines servicing Residence, within the Lot, including those under slabs, sub-flooring, footings or foundation of Residence, including garage slabs, and those in walls and waterlines below ground, which also includes, but is not limited to, hot water heaters, hot water recirculating systems and pumps, toilets and toilet components including the commode or bidet and wax ring, drains for bathtubs, showers and sinks, shower pans, refrigerator water lines, tubs, sinks, faucets, washers, dishwasher lines and hoses, washing machine lines and hoses and all lines and hoses within the interior, crawl spaces of the Residence including under sink garbage disposals and water softeners, and exterior fixtures in courtyards or patios Pressure regulators – Adjustment, repair and replacement Sink/toilet backups and sewer blockage within the boundary walls of the Residence and from the Residence to the clean-out trap		O		
Skylights		O		
Solar panels or solar tubes, including flashing and waterproofing, frame and glass		O		
Termites – Abatement and any damage or destruction caused by those termites to the Residence including, but not limited to, the building exteriors and roofs, including garage roofs		O		
Trash closets and utility closets (enclosing electrical meter), including the doors to same, located next to garages		O		
Trellises		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
LOT/ RESIDENCE AND EXCLUSIVE USE COMMON AREA				
Interior of Residence, including but not limited to: entryway/foyer, all interior walls, including the drywall and any wall coverings such as wallpaper, doors, mirrors, paneling, any interior floor surfaces and coverings such as carpet, vinyl, tile and linoleum (including those floor coverings on courtyard or patio), ceiling surfaces, interior caulking, interior painting, rodent abatement, spraying for household pests (such as ants, fleas, spiders, roaches and crickets)		O		
Windows, including, but not limited to, assemblies, flashing, waterproofing, tracks, hardware, frames, screens and glass, including any fixed panels		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
UTILITIES				
Cable systems (TV and otherwise), unless responsibility of cable company per contract with Owner		O	U	
Electrical service and all related components up to and including the electric meter			U	
Gas service including all related components up to and including the gas meter			U	
Gas service including all related components from the meter to and within the Residence, including but not limited to gas lines above ground and those within crawl spaces within the Residence		O		

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
UTILITIES				
Sewer line lateral located from the connection with the sewer main up to and including the "T" joint representing the first sewer pipe solely going to a Residence	A			
Sewer line distribution from the "T" joint representing the first pipe going to a Residence and all sewer pipes and distribution system from that point to and within the Residence, including any pipes under the slab or subfloor		O		
Telephone and telephone wires unless responsibility of utility company per contract with Owner		O		
Water service including all related components up to and including the water meter.			U	
Water pipes and plumbing lines from the water meter to the shut off valve riser or hosebib	A			

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
COMMON AREA BUILDINGS, FACILITIES AND LANDSCAPING, INCLUDING THE FITNESS CENTER				
Asphalt streets and Common Area sidewalks, driveways and trails	A			
Association owned buildings - Complete maintenance, repair, and replacement (including but not limited to the Fitness Center, Association office building,	A			

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
COMMON AREA BUILDINGS, FACILITIES AND LANDSCAPING, INCLUDING THE FITNESS CENTER				
maintenance buildings and gatehouses), recreational facilities, community pools and spas				
Common Area and Common Area Improvements and Common Facilities, including equipment within the Common Facilities, irrigation and drainage systems within the Common Areas including drains, ditches, catch basins, hose bibs in the Common Area, signs, mailboxes, asphalt parking spaces, streets, exterior rodent abatement, exterior spraying for landscaping pests and all landscaping within Common Area and pool furniture, pool and spa heaters, filters and covers	A			
Community gate entry system, including the five entrance gates and three pedestrian gates and all components thereof	A			
Electrical lines, wiring and fixtures for Common Facilities, including circuit breakers, electrical panels, switches, light bulbs (if fixtures controlled by HOA systems), sockets and wall plates and landscaping lighting	A			
Exterior lighting in Common Area	A			
Faucets/exterior plumbing fixtures serving Common Areas and Common Area Facilities, including handles and washers	A			
Fences, walls and gates surrounding Lots and Exclusive Use Common Areas - (Structural) – Maintenance, Repair and Replacement Fences, walls and gates surrounding Lots and Exclusive Use Common Areas - (Exterior Surfaces) – Replacement	A	O O		Fences are defined as wrought iron whereas walls are defined as masonry, slump stone or brick.

THE SPRINGS COMMUNITY ASSOCIATION MAINTENANCE MATRIX ***** DESCRIPTION OF AREA	A= Association O= Owner U= Utilities			NOTES
	A	O	U	
COMMON AREA BUILDINGS, FACILITIES AND LANDSCAPING, INCLUDING THE FITNESS CENTER				
Fences, walls and gates surrounding Lots and Exclusive Use Common Areas (Exterior Surfaces Facing Common Area) - Maintenance, Repair, Painting/Staining Fences, walls and gates surrounding Lots and Exclusive Use Common Areas (Exterior Surfaces Facing Lot)- Maintenance, Repair, Painting/Staining Outside perimeter masonry walls surrounding the development.	A	O		
Fountains, lakes and other water features located in Common Area	A			
Irrigation system for Common Area only	A			
Mailboxes	A			

The Springs Community Association

Emergency Assessment



Emergency Assessment Section 4525(a)(4)

Emergency Assessment may be found in Demand Statement

These documents are being provided to you at the request of (the owner) in compliance with Civil Code section 4525. If you have any questions about the information contained in these documents, please contact the owner or your own legal counsel. The Association and its agents make no representations about the purpose or effect of these documents and the information they contain.

The Springs Community Association

Financial Audit/Review



 **THE SPRINGS**
Community Association



January 26, 2021

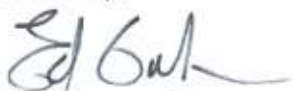
Dear Homeowners:

Enclosed is a copy of the REVIEWED FINANCIAL STATEMENTS for the year ended September 30th, 2020.

It is the professional opinion of our Auditor's, Hutchinson and Bloodgood, LLP, that the financial statements present fairly, in all material respects, the financial position of The Springs Community Association as of September 30, 2020., and the results of its operations and its cash flow for year ended September 30, 2020.

If you have any questions or require additional information, please call the Club Administration office at 760-324-8292.

Sincerely,



Ed Gubman, Treasurer

Board of Directors

The Springs Community Association

Your lifestyle. Your Springs.

One Duke Drive • Rancho Mirage, CA 92270 • 760-324-8292 • www.TheSpringsRM.com

The Springs Community Association

Financial Report

Year Ended September 30, 2020

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HUTCHINSON and
BLOODGOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Glendale, CA 91203
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www.hblip.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
The Springs Community Association
Rancho Mirage, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Springs Community Association, which comprise the balance sheet as of September 30, 2020, and the related statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Springs Community Association as of September 30, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on future major repairs and replacements on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hutchinson and Bloodgood LLP

January 27, 2021
Glendale, California

THE SPRINGS COMMUNITY ASSOCIATION

Balance Sheet
September 30, 2020

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,458,214	\$ 2,100,550	\$ 3,558,764
Investments	--	3,202,660	3,202,660
Assessments receivable, net of allowance for doubtful accounts of \$75,700	75,489	--	75,489
Special assessments receivable, current	--	1,049,209	1,049,209
Fund receivable (payable)	(258,841)	258,841	--
Inventories	208,646	--	208,646
Deposits	2,425	--	2,425
Prepaid expenses and other assets	300,779	--	300,779
Total current assets	1,786,712	6,611,260	8,397,972
Special assessments receivable, net of current	--	1,067,300	1,067,300
Property and equipment, net of accumulated depreciation of \$892,168	5,712,698	--	5,712,698
Total assets	\$ 7,499,410	\$ 7,678,560	\$ 15,177,970
LIABILITIES			
Accounts payable	\$ 651,367	\$ -	\$ 651,367
Accrued expenses	395,128	--	395,128
Accrued construction costs	--	397,534	397,534
Deferred revenue - operations	123,650	--	123,650
Deferred revenue - dues and assessments	1,126,453	--	1,126,453
Current portion of note payable	--	486,406	486,406
Contract liability-reserves	--	5,940,769	5,940,769
Current portion of capital lease obligation	43,000	--	43,000
Total current liabilities	2,339,598	6,824,709	9,164,307
Note payable, net of current portion	--	853,851	853,851
Capital lease obligation, net of current portion	80,490	--	80,490
Total liabilities	2,420,088	7,678,560	10,098,648
Commitments and contingencies (Note 13)			
FUND BALANCES			
Operating fund	5,079,322	--	5,079,322
Replacement fund	--	--	--
Total fund balances	5,079,322	--	5,079,322
Total liabilities and fund balances	\$ 7,499,410	\$ 7,678,560	\$ 15,177,970

The accompanying notes are an integral part of these financial statements.

THE SPRINGS COMMUNITY ASSOCIATIONStatement of Revenues and Expenses
Year Ended September 30, 2020

	Operating Fund	Replacement Fund	Total
REVENUES			
Member assessments	\$ 5,946,870	\$ 2,020,311	\$ 7,967,181
Social dues and initiation fees	1,745,018	669,290	2,414,308
Golf dues and initiation fees	1,900,827	189,781	2,090,608
Special assessment - clubhouse	--	4,085,135	4,085,135
Special assessment - street	--	1,600,950	1,600,950
Food and beverage	970,793	--	970,793
Golf and locker room	655,080	--	655,080
Fitness and activity center	538,899	--	538,899
Tennis	111,977	--	111,977
Cable TV income	461,247	--	461,247
Building lease income	51,207	--	51,207
Other income	99,178	--	99,178
Total revenues before ASU 606	12,481,096	8,565,467	21,046,563
Adjustment for application of ASU 606 - Revenue Recognition	--	(3,215,368)	(3,215,368)
Total revenues	12,481,096	5,350,099	17,831,195
EXPENSES			
Food and beverage	1,537,145	--	1,537,145
Golf activities	700,446	--	700,446
Fitness and activity center	422,545	--	422,545
Tennis	93,758	--	93,758
Pool and spa	358,062	--	358,062
Golf course maintenance	1,505,637	--	1,505,637
Clubhouse	509,937	--	509,937
Facilities	3,317,877	--	3,317,877
Security	1,122,150	--	1,122,150
Membership	155,418	--	155,418
General and administration	1,082,624	--	1,082,624
Clubhouse administration	200,529	--	200,529
HOA Administration	791,667	--	791,667
Income taxes	10,882	--	10,882
Interest expense	24,112	--	24,112
Insurance and property taxes	877,608	--	877,608
(Gain) loss on disposal of assets	(15,330)	--	(15,330)
Replacement fund expenditures	--	3,788,092	3,788,092
Total expenses	12,695,067	3,788,092	16,483,159
Excess (deficiency) of revenues over expenses before depreciation	(213,971)	1,562,007	1,348,036
Depreciation	505,836	--	505,836
Excess (deficiency) of revenues over expenses	\$ (719,807)	\$ 1,562,007	\$ 842,200

The accompanying notes are an integral part of these financial statements.

THE SPRINGS COMMUNITY ASSOCIATION

Statement of Fund Balances

Year Ended September 30, 2020

FUND BALANCES	Operating Fund	Replacement Fund	Total
Beginning of the year, before adoption of ASU 606	\$ 53,468	\$ 2,959,795	\$ 3,013,263
Adoption of ASU 606 on Revenue Recognition	--	(2,959,795)	(2,959,795)
Beginning of year, after adoption of ASU 606	53,468	--	53,468
Interfund transfer of fixed assets	1,912,138	(1,912,138)	--
Financed replacement fund reserves - streets	--	350,131	350,131
Other adjustments	(126,346)	--	(126,346)
Contribution received	3,959,869	--	3,959,869
Excess (deficiency) of revenues over expenses	(719,807)	1,562,007	842,200
End of year	<u>\$ 5,079,322</u>	<u>\$ --</u>	<u>\$ 5,079,322</u>

The accompanying notes are an integral part of these financial statements.

THE SPRINGS COMMUNITY ASSOCIATION

Statements of Cash Flows

Year Ended September 30, 2020

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ (719,807)	\$ 1,562,007	842,200
Adjustments to reconcile excess (deficiency) of revenues over expenses			
to net cash flow provided (used) by operating activities:			
Depreciation	505,836	--	505,836
(Increase) decrease in:			
Assessments receivable	128,709	(2,116,509)	(1,987,800)
Other receivables	32,438	--	32,438
Inventories	39,212	--	39,212
Prepaid expenses	225,882	--	225,882
Fund receivables (payable)	257,122	(257,122)	-
Increase (decrease) in:			
Accounts payable	90,878	--	90,878
Accrued expenses	(597,204)	--	(597,204)
Fire insurance proceeds payable	(616,880)	--	(616,880)
Contract liability	--	3,331,105	3,331,105
Deferred revenue	(965,309)	--	(965,309)
Net cash provided (used) by operating activities	(1,619,123)	2,519,481	900,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in investments	--	(2,602,660)	(2,602,660)
Cash acquired from The Springs Club, Inc.	637,840	--	637,840
Purchase of property and equipment	--	(1,514,604)	(1,514,604)
Net cash provided (used) by investing activities	637,840	(4,117,264)	(3,479,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt borrowing	--	1,500,000	1,500,000
Principal payments on long-term debt	--	(159,743)	(159,743)
Principal payments on capital lease obligation	(51,520)	--	(51,520)
Net cash provided (used) by financing activities	(51,520)	1,340,257	1,288,737
Net decrease in cash and cash equivalents	(1,032,803)	(257,526)	(1,290,329)
CASH AND CASH EQUIVALENTS, beginning of year	2,491,017	2,358,076	4,849,093
CASH AND CASH EQUIVALENTS, end of year	\$ 1,458,214	\$ 2,100,550	\$ 3,558,764
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Income taxes			\$ 10,882
Interest			\$ 24,112
NONCASH INVESTING AND FINANCING TRANSACTIONS			
Additions to property and equipment-accounts payable construction			\$ 397,534

The accompanying notes are an integral part of these financial statements.

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Springs Community Association is a California corporation incorporated on September 7, 1974. The purpose of the Springs Community Association is to provide for the maintenance, preservation, and control of the common property of the Springs Community Association. The Springs Community Association consists of 817 residential units located in Rancho Mirage, California.

The members of the Springs Community Association approved the purchase of the assets of The Springs Club (the Club), a related party, for \$1 and assumed responsibility for operating and maintaining these assets effective November 1, 2019. Upon execution of the asset purchase transaction, the Club ceased to exist as an operating entity. Members of the Springs Community Association, including resident golf members, took ownership and control of the combined Springs Community Association and Springs Club (the Association), and assumed the liabilities and obligations of the Club.

Accounting Method: The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. The Association is considered a common interest realty association (CIRA) as required by accounting principles generally accepted in the United States of America (GAAP). Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association. It is also used to account for the property fund, which consists of the net book value of property and equipment.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Cash Equivalents: The Association considers all highly-liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

Investments: Investments are reflected at market value and consist of money market funds. The underlying fund investments are in U.S. Government and United States Treasury securities including bill, bonds, notes and repurchase agreements.

Receivables: Accounts receivable are recorded at the amount the Association expects to collect on outstanding balances. The Association provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of receivables. The estimated losses are based on management's evaluation of accounts receivable at the end of the year and prior history. The Association may directly write-off amounts deemed uncollectible based on specific review.

Inventories: Inventories, consisting primarily of food, beverage, and golf pro shop, are stated at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment: Property and equipment acquired by the Association are recorded at historical cost of the initial acquiror and depreciated over estimated useful lives using the straight-line method of depreciation. Common areas, including the related real property, acquired from the developer and related improvements to such property are not capitalized in the Association's financial statements. Expenditures for major repairs and replacements are accounted for as replacement fund expenditures for purposes of financial reporting.

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments: Members of the Association are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from members. Pursuant to the Association's policy, the Association retains legal counsel and places liens on properties of members whose assessments are delinquent.

Income Taxes: CIRA's may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a homeowners' association for the year ended September 30, 2020. Under the election, the Association is taxed on non-membership income, such as interest earnings.

The Association's policy is to record income tax related interest and penalties in operating expenses. For the year ended September 30, 2020, no interest or penalty expense was incurred or recorded, and no accrued interest or penalties are recorded. Management has considered tax positions and believes that the positions taken by the Association on Federal and state tax returns are more likely than not to be sustained upon examination. The Association's Federal and state tax returns are subject to examination by the Internal Revenue Service (IRS) and state authorities generally for three (3) and four (4) years after being filed, respectively.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through January 27, 2021, which is the date the financial statements were available to be issued and has determined that no events or transactions require recognition or disclosure in these financial statements.

NOTE 2. MEMBER ASSESSMENTS

Assessments receivable represent amounts billed and uncollected at the balance sheet date. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

The Association's policy is to charge a late fee on assessments that are fifteen (15) days delinquent. The Association's governing documents provide for various collection remedies for delinquent assessments. The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Association's control.

During the year ended September 30, 2020, monthly assessments to members were \$1,103 and are reflected as revenue to the Operating Fund. Of those amounts, \$217 in 2020 was designated to the replacement fund. The annual budget and assessments of owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 3. SPECIAL ASSESSMENTS

Special assessments are considered levied when they become an obligation of the property owners; generally, that is the date that the board or the members adopt the resolution for the assessments. Thus, when special assessments extend over more than one period, revenue from special assessments is recognized in the financial statements in a different period (earlier) than the period in which property owners are billed (if they are permitted to pay their special assessments over time) or than the period in which debt is repaid (if the special assessments are levied to repay debt).

Clubhouse: There was a special assessment levied on November 1, 2019 of \$5,000 per lot for improvements to the clubhouse, dining facilities, and, if funds remain, sports facilities (Vision 2020). Owners were given the option of paying the assessment in one payment on November 1, 2019 or two payments on November 1, 2019 and October 30, 2020, with interest of 4% on the second installment. The second installment was billed as of September 20, 2020.

Street: In April 2020, the Board of Directors approved a special assessment to complete the street project. The special assessment is \$650 per year, for three years, and will be billed in six installments of \$325 each. The first installment, totaling \$266,825 was billed September 2020, payable in October 2020, and the second installment will be billed in April 2021 and is payable in May 2021.

Special assessments receivable consists of the following at September 30, 2020:

Clubhouse – Vision 2020	\$ 515,549
Street project	<u>1,600,960</u>
	2,116,509
Less current portion special assessment receivable	<u>1,049,209</u>
Special assessment receivable, net of current portion	<u>\$ 1,067,300</u>

NOTE 4. COMMON PROPERTY

The common area property of the Association includes all of the common area components on approximately 135 acres of land. The common area property was transferred at no cost to the Association and is therefore not reflected as an asset of the Association. The Association is responsible for preserving and maintaining its common area property. Expenditures for major repairs and replacements are charged to the reserves provided for that purpose. There are restrictions on disposition of the common area property.

NOTE 5. INVENTORIES

Inventories consist of the following at September 30, 2020:

Food	\$ 25,237
Beverage	80,332
Pro shop	<u>103,077</u>
	<u>\$ 208,646</u>

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the clubhouse, golf course and related operating equipment at September 30, 2020:

Land	\$ 482,347
Land improvements	1,579,820
Furniture and equipment	1,910,280
Buildings	720,281
Construction in progress -clubhouse	<u>1,912,138</u>
	6,604,866
Less accumulated depreciation	<u>(892,168)</u>
Total property and equipment	<u>\$ 5,712,698</u>

NOTE 7. NOTE PAYABLE

The following is a summary of long-term debt as of September 30, 2020:

Note payable to a financial institution, secured by the cash flow of the Association, cash and depository accounts and a UCC filing. The note is payable in monthly principal and interest installments of \$44,497 and matures May 14, 2023. The obligation accrues interest at a fixed rate of 4.25% per annum.

	\$ 1,340,257
Less current portion of long-term debt	<u>486,406</u>
	<u>\$ 853,851</u>

Principal payments and maturities are as follows:

Years Ending September 30,	Amount
2021	\$ 486,406
2022	507,486
2023	<u>346,365</u>
Total	<u>\$ 1,340,257</u>

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 8. CAPITAL LEASE OBLIGATION

The capital lease obligation consists of the following at September 30, 2020:

Capital obligation secured by the assets, payable in monthly installments of approximately \$3,889 including interest at an annual effective rate of approximately 4.55% and matures in 2023.	\$ 123,490
Less current portion	<u>43,000</u>
Long-term portion of capital lease obligation	<u>\$ 80,490</u>

NOTE 9. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The Board of Directors engaged an outside consultant to conduct studies, finalized in October and November 2020, to estimate the remaining useful lives and the replacement costs of the components of (1) common area property, (2) golf course and equipment, and (3) the clubhouse (social). The studies were based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0 percent and 0.50 percent interest earnings on amounts funded for future major repairs and replacements. The table included on page 15 in the unaudited supplementary information on future major repairs and replacements is based on the studies.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the respective study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of \$2,451,155 has been included in the 2020/2021 budget.

The funding requirement, by study, is as follows:

Common area	\$ 2,018,055
Social and clubhouse	163,940
Golf	<u>269,160</u>
	<u>\$ 2,451,155</u>

Because actual expenditures may vary from the estimated future expenditures and the variations may be material, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 10. FUND TRANSFERS

Fund transfers for the year ended September 30, 2020 consist primarily of \$1,912,138 of property and equipment additions, related to the clubhouse renovation, purchased by the replacement fund, and capitalized in the operating fund.

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 11. PROFIT SHARING PLAN

The Association maintains a qualified 401(k) plan. The Association's funding policy is to match 100% of the employee's pre-tax contribution up to 5% of the employee's salary. The Association's contributions to this plan for the year ended September 30, 2020 were \$88,752.

NOTE 12. BUILDING LEASE

The Association had an operating lease with a third party real estate firm (the Tenant), for office space within its building that began September 1, 2019 and expired May 31, 2020. Rent paid to the Association was based on 10% of gross revenues, as defined in the lease or a minimum monthly rent of \$2,500, whichever is greater. Rental income was \$51,207 for the year ended September 30, 2020. In October 2020, the Association entered into a lease agreement with a new third party real estate firm (the New Tenant), for office space within its building. The lease term expires in November 30, 2023 and the New Tenant has the right to extend the lease for two (2) additional three (3) year terms. Annual rent is the greater of the percentage rent, as defined in the new lease agreement, or the annual minimum rent during the three year lease term (\$30,000 per year during the first year, \$36,000 in the second year and \$42,000 in the third year.)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation: The Association, from time to time, is party to litigation that arises in the ordinary course of business. As of September 30, 2020 the Association was not a defendant in any litigation that would have a material adverse impact on the financial statements.

Line of Credit: The Association maintains a \$500,000 revolving line of credit. The line of credit bears interest at a variable rate (4.75% per annum at September 30, 2020). No amounts were outstanding under the line of credit as of September 30, 2020.

COVID-19: The outbreak of the coronavirus (COVID-19) resulted in the temporary closure of certain Association activities and services to members in March 2020. This action was taken to comply with guidance issued from the county of Riverside and governor of California. The Association has since opened for limited golf and other recreational activities and limited food and beverage service. At this time, neither the duration nor scope of the disruption can be predicted, and the potential negative financial impact to the Association's financial results or financial condition cannot be reasonably estimated.

NOTE 14. CONTRACT LIABILITY AND IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate-Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Association expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of October 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of October 1, 2019. Adoption of the new guidance resulted in changes to the accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

THE SPRINGS COMMUNITY ASSOCIATION

Notes to Financial Statements
September 30, 2020

NOTE 15. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of October 1, 2019:

Fund balance at October 1, 2019	\$ 2,959,795
Adjustment – cumulative effect of adoption of ASU 606	<u>(2,959,795)</u>
Fund balance, as restated, at October 1, 2019	<u>\$ --</u>

The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

As of September 30, 2020, the contract liability consists of the following:

Common area property - excluding street	\$ 3,316,390
Vision 2020	2,172,862
Clubhouse and social	537,492
Golf activities	206,000
Interest – replacement fund	<u>46,826</u>
	6,279,570
Less common area - streets, expenditures in excess of reserves	<u>338,801</u>
	<u>\$ 5,940,769</u>

The Association elected to complete a major street project during the year ended September 30, 2020. As a result, expenditures were in excess of reserve funds available and the Association financed the project with bank borrowings and a special assessment of the property owners.

NOTE 16. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES

The following is a summary of assets acquired and liabilities assumed from The Springs Club, Inc., a related party. The acquisition, effective November 1, 2019, is reflected as a contribution to the Operating Fund and a non-cash transaction in the Statement of Cash Flows.

Cash acquired	\$ 637,840
Current assets	605,920
Property and equipment	4,254,970
Current liabilities	838,138
Deferred income, including dues	577,059
Capital lease obligation	175,010
Golf replacement fund reserves	<u>75,000</u>
Contribution to Operating Fund	<u>\$ 3,833,523</u>

SUPPLEMENTARY INFORMATION

THE SPRINGS COMMUNITY ASSOCIATION

Future Major Repairs and Replacements

September 30, 2020

The Board of Directors engaged an outside professional to conduct studies, in November 2020, to estimate the remaining useful lives and the replacement costs of the components of common property, clubhouse and golf activities. The studies are based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0% and interest earnings of .50%, on amounts funded for future major repairs and replacements. The funding requirement includes an amount for estimated social and golf initiation fees. The table is based on the reserve studies and presents significant information about the components of the common property, clubhouse and golf activities.

	Estimated Remaining Useful Lives	Estimated Current Replacement Cost	Total Funding Requirement
Roofs, Flat	0 - 39	\$ 11,203,351	\$ 490,273
Roofs, Asphalt	0 - 39	4,536,510	313,430
Streets	0 - 27	2,790,510	147,758
Roofs, Tile	0 - 29	859,590	80,093
Pools & Spas	0 - 10	1,254,780	187,251
Lakes/Common Area Improvements	0 - 28	4,460,840	334,645
Irrigation Replacement	3 - 3	4,000,000	248,239
Gate Access Equipment	0 - 25	783,531	43,026
Gate Access Equipment Upgrades	0 - 3	93,107	16,436
HOA Office Furniture & Computers	1 - 28	123,534	5,204
Mailboxes	0 - 10	26,250	6,430
Vehicles/Cart Maintenance	0 - 4	421,630	58,352
Common Area/Buildings	0 - 18	504,000	65,850
Fitness & Activity Center	1 - 23	489,713	21,068
Total common area property		<u>31,547,346</u>	<u>2,018,055</u>
Clubhouse, Administration	0 - 12	197,380	25,825
Clubhouse, Bar Lounge	9 - 29	368,966	4,998
Clubhouse, Corridor	9 - 29	53,836	904
Clubhouse, Entry Foyer	9 - 29	46,851	772
Clubhouse, Event Room/Prefunction	9 - 29	247,024	3,793
Clubhouse, Exterior	0 - 44	844,361	47,237
Clubhouse, Interior	9 - 44	349,500	2,422
Clubhouse, Kitchen	0 - 17	511,900	77,989
Total social and clubhouse		<u>2,619,818</u>	<u>163,940</u>
Pro Shop	1 - 20	272,500	15,221
Driving Range	0 - 11	209,000	31,564
Golf Course, Bunkers/Carts	3 - 3	150,000	8,700
Cart Paths/Greens	0 - 3	220,000	28,201
Golf Course, Equipment	0 - 12	1,543,566	99,093
Golf Course, Maintenance Facility	0 - 11	237,632	85,428
Golf Course, Restrooms	2 - 27	23,250	953
Total golf		<u>2,655,948</u>	<u>269,160</u>
Grand total		<u>\$ 36,823,112</u>	<u>\$ 2,451,155</u>
Replacement Fund Cash and Investments - September 30, 2020			<u>5,303,210</u>

The Springs Community Association

Gate Transponder Policy





**THE SPRINGS
COMMUNITY ASSOCIATION**

**GATE TRANSPONDER POLICY
(Formerly Gate Transmitter Policy)
POLICY NUMBER 33.B**

The purpose of this policy is to establish the manner in which vehicle transponders will be issued.

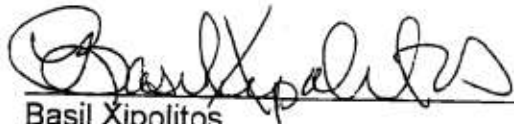
1. As of November 30, 2009, the gate clicker readers will be removed and the gate clickers and vehicle decals will become obsolete, therefore, effective immediately, no gate clickers or vehicle decals will be issued.
2. Each Residence is entitled to: Three (3) vehicle transponders at no charge upon the initial installation of the transponder program. The Springs Patrol Staff will install all Transponders on the vehicles. Transponders are vehicle specific and shall not be removed and placed in a different vehicle.
3. Homeowners will NOT be reimbursed for lost or stolen transponder(s). However, they may obtain a replacement transponder at a cost of \$25.00 (each). The total number of Transponders issued to a Residence shall not to exceed the maximum of three (3). The lost or stolen transponder(s) will be immediately deleted from the system.
4. When a homeowner sells their residence, the owner shall promptly forward to the Association office, all transponders registered to the residence. If all transponders registered to the residence are not returned there will be a replacement fee of \$100 (each) required. Escrow shall not close until ALL gate transponders have been returned to the Association office or the required replacement funds collected through escrow.



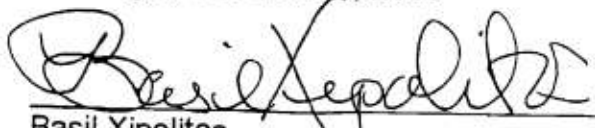
THE SPRINGS
COMMUNITY ASSOCIATION

5. Non-Resident Club member may obtain a gate transponder for a \$25.00 (each) up to a maximum limit of three (3) transponders.
6. Non-Resident Club members will NOT be reimbursed for lost or stolen transponder(s). However, they may obtain a replacement transponder at a cost of \$25.00 (each). The total number of Transponders issued to a Non-Resident member shall not to exceed the maximum of three (3). The lost or stolen transponder(s) will be immediately deleted from the system.
7. The Transponders remain the property of The Springs Community Association and are non-transferable.

Approved by the Board of Directors
Meeting of January 15, 2003


Basil Xipolitos
President, Board of Directors

Amended by the Board of Directors
Meeting of October 21, 2009


Basil Xipolitos
President, Board of Directors

The Springs Community Association

Insurance Declaration Pages





THESPRI-01

DALBERS

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/12/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Smith McGehee 222 S. Central Suite 700 Clayton, MO 63105	CONTACT NAME: Donna Albers PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: dalbers@smis.com														
INSURED The Springs Community Association dba The Springs 174 Yale Dr. Rancho Mirage, CA 92270	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A: Philadelphia Indemnity Insurance Company</td> <td>18058</td> </tr> <tr> <td>INSURER B: AIG Assurance Company</td> <td>40258</td> </tr> <tr> <td>INSURER C: Continental Casualty Company</td> <td>20443</td> </tr> <tr> <td>INSURER D: Houston Casualty Company</td> <td>42374</td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Philadelphia Indemnity Insurance Company	18058	INSURER B: AIG Assurance Company	40258	INSURER C: Continental Casualty Company	20443	INSURER D: Houston Casualty Company	42374	INSURER E:		INSURER F:	
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INSURER F:															

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATION MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC ☐ OTHER:			PHPK2129065	5/3/2020	5/3/2021	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☒ HIRED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ NON-OWNED AUTOS ONLY			PHPK2129065	5/3/2020	5/3/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$ 0			EBU 016439549	5/3/2020	5/3/2021	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) ☐ Y ☒ N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				
C	Crime			652221201	5/3/2020	5/3/2021	Fidelity 4,000,000
D	Cyber Liability			H20NGP20094300	5/3/2020	5/3/2021	Cyber 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

817 Units, All units in the project including PUD's are covered
 Crime Deductible: \$25,000

D&O:
 Carrier RSUI Indemnity Company
 Policy #NPP686916
 Policy Term: 05/03/20 to 05/03/21
 SEE ATTACHED ACORD 101

CERTIFICATE HOLDER**CANCELLATION**

The Springs Community Association 174 Yale Drive Rancho Mirage, CA 92270	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	---

AGENCY CUSTOMER ID: THESPRI-01

DALBERS

LOC #: 1



ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY Smith McGehee		NAMED INSURED The Springs Community Association dba The Springs 174 Yale Dr. Rancho Mirage, CA 92270	
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1		
EFFECTIVE DATE: SEE PAGE 1			

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

Limit: \$2,000,000 Deductible: \$0

EPL:

Carrier RSUI Indemnity Company

Policy # NPP686916

Policy Term: 05/03/20 to 05/03/21

Limit: \$2,000,000 Deductible: \$100,000

E&O:

Carrier: Lloyd's of London

Policy #MEO444076420

Policy Term: 05/03/20 to 05/03/21

Limits: \$3,000,000, Deductible: \$1,000

The Springs Community Association

Minutes of Regular Board Meetings





The Springs Community Association
Board of Directors Meeting
July 21, 2021
MINUTES

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Kevin Dahlin, President, John Folsom, Vice President, John Turley, Treasurer, Ann Van Balen, Director, Mary Hones, Director, Curtis Green, Director, Cory Abke Calara, Director, Phillip Wiedman, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, Brent Matteson, Controller and Danielle Irving, Administrative Assistant

Absent: Gary Pollock, Secretary

The Board of Directors convened to Executive Session on June 16, 2021 to conduct business on the following items: Approve the Executive Session Minutes of April 29, 2021, May 19, 2021 & May 27, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Kevin Dahlin, President, called the regular meeting to order at 8:34 AM.

OPEN FORUM: Members attended the open forum session via Zoom - **Exhibit A**

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - June 16, 2021
- Finance Committee - June 14, 2021
- Architectural & Landscape Committee - June 9, 2021
- Golf Committee - June 7, 2021
- Membership Committee - June 7, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes as presented. Motion carried.

PRESIDENT'S REPORT: Kevin Dahlin reported on the following items:

- Kevin thanked all members for attending the meeting and reminded them that after Open Session closes, members are only allowed to listen and to please keep their microphones muted.
- We are experiencing record heat which is impacting the grass and plants.
- The real estate market is robust, even with low inventory.
- The communal table at the Clubhouse will remain with no changes, as it is successful.

Sales Report: The sales report was reviewed. There are 5 active listings and 6 homes in escrow for the month. The average year-to-date sales price has been \$849,000, with a high of \$1,295,000 and a low of \$465,000. The sold year-to-date average is 49 days on the market with the average price per square foot of \$231.

GENERAL MANAGER REPORT: Rich Yehling reported on the following:

- Clubhouse - There have been some birthday celebrations and celebrations of life in the new terrace room. The Duke Happy Hour is doing well and the new bartender is flourishing with members. Chef Stephane is revivifying the menu. Staffing levels will be observed and altered through the summer as needed.

Board of Directors Meeting – July 21, 2021

- The Oasis - Covers are down to 40 a day and pastry sales have been limited to weekends only.
- Golf Course - The greens are doing well during the grass transition with the extreme heat. The new pumps should be installed soon at the pump station. The water levels at the lakes will return to proper levels once the pump installations have been completed. New bunker sand will be received soon and stored at the Clubhouse parking lot. The holes will be completed one hole at a time by staff. Project should be completed in September.
- The community has been treated for red imported fire ants by Coachella Valley Mosquito and Vector Control District.
- Landscaping - The landscape appears to be improving and looks good. However, nutsedge continues to be a problem. The community palm trees have been trimmed. The biggest issue with landscaping is a lack of resources. Contracted labor will continue to be used and will be reevaluated in 30 days. The extreme heat is tough on plants and irrigation does not appear to be the issue.
- Fitness Center - There is much activity and members are encouraged to wipe down equipment before and after use for safety purposes. All equipment has been moved indoors due to heat. There are 15 group classes and they are doing well. Personal training is slowing down and will pick up with new members. We are looking to hire new some new staff.
- Community Projects - Some projects which are still in the conceptual stage. We are waiting on quotes for the wine room and should be ready by late September. Lighting for the east patio is being evaluated and having work done so there is acceptable lighting for the area. Quotes for the courts should be received soon. Concepts plans for The Oasis should are also forthcoming. Improving a few rooms inside the ladies locker room is being considered. A new Membership & Marketing Director, Valerie Roca, from Florida, will be starting in August.

MANAGER REPORTS: Julie Fisher reported on the following:

- Roof Asset Management (RAM) has almost completed their contracted roof work; they have a few more flat roof replacements to finish. RAM will begin the annual roof maintenance in August and Members will be notified.
- An architectural appeal was received from homeowners at 14 McGill. Ann will discuss the matter during the Architectural portion of the meeting.
- Fallon submitted an Incident Statistics report for review.
- Proposals submitted by the operations manager from Cooper Coatings and Leak Point to resurface pools, spas and decks were reviewed.
 - Cooper Coatings - Resurface pool decks at 9.5 Whittier, 9.5 Wake Forest, 81.5 Princeton and 128.5 Columbia for a total expense of \$32,450.00.
 - Leak Point - Resurface pools and spas at 26.5 Colgate, 6.5 Reed, 9.5 Wake Forest and 23.5 Cornell and resurface spas at 30.5 Stanford, 24.5 Columbia, 38.5 Columbia, 51.5 Columbia, 128.5 Columbia, 156.5 Yale, 3.5 Stanford and 14.5 Mt. Holyoke for a total expenditure of \$111,750.00.
- ✓ A motion was made and seconded to table the proposals from Cooper Coatings and Leak Point and have the Finance Committee review at their next meeting. Motion carried.

FINANCE COMMITTEE REPORT: John Turley, John Folsom & Rich Yehling reported on the following items:

- June 2021 Financial Statements were reviewed and discussion ensued.
- Cash Forecast was reviewed and discussion ensued on reserves and the reserve studies.
- Reserve Analysis/Forecast was reviewed. The reserve balance was \$2,121,533 for month ending June 30, 2021.

Board of Directors Meeting – July 21, 2021

- AR Delinquency Status Report was reviewed. There are two accounts on the delinquency status report; one account is in foreclosure, we have taken possession of one account, one account is on a two (2) year payment plan and three accounts have been added to the watchlist.
- Vision 2020 Project Cost was reviewed. Rich advised we are still below the \$5.4 million cap established by the Board.
- Income Statement Overhead Variance Analysis was reviewed. Operating expenses were favorable to the budget. Unfavorable variances were employee recruitment, cable television taxes, gate access, contract labor for landscaping/dining and membership expenses.
- Proposals
 - RivCo Mechanical Services Inc. - A proposal at an expense of \$25,992.00 per year or 12 payments of \$2,166.00 per month for refrigeration maintenance was reviewed. Discussion ensued on what was covered in the maintenance contract.
 - ✓ A motion was made and seconded to approve the proposed maintenance contract for RivCo Mechanical Services Inc. at a total expense of \$25,992.00, to be paid in payments of \$2,166.00 per month effective 07/01/2021 for refrigeration maintenance for one year, then go out to bid 90 days prior to the expiration date. Motion carried.
 - Club Car - A proposal for a new golf cart fleet was discussed. Two options; a full buyout at \$192,000 or lease with option to buy at \$3200 monthly with total of \$175,000 lease payments was reviewed. Discussion ensued on the current golf cart conditions, if cart rental fees should be raised, and usage of the golf carts.
 - ✓ A motion was made and seconded to send the proposal to the Golf Committee for review at their next month's meeting and provide their recommendations to the Board. Motion carried.
- Draft 2021-2022 Budget - Rich advised the Board he would like to have a preliminary meeting with the Finance Committee to review the upcoming draft budget and discuss initiation fees with regards to reserve balances.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: Ann Van Balen & Mary Hones reported on the following:

- The Landscape subcommittee met and approved 3 landscape alteration applications.
- The committee is working on revising the existing landscape guidelines and updating the preapproved plant palette.
- There was a lot of discussion about the current landscaping condition with regards to complaints and irrigation.
- Rich updated the Board and attending members that the problem is two-fold, staffing resources continue to be a problem and ineffective leadership, J.T. Pogue has been removed from the HOA landscape department and will return to the golf course landscape. A search for a new HOA landscape department head is underway. Retention for the landscaping staff is only 8-9 employees since the landscaping was brought inhouse.
- Ann reported that at their last meeting, the Architectural subcommittee met and approved 11 architectural projects and ratified 17 Community Manager Approved Projects.
- Ann submitted a report which was included in the Board packet for review.
- Community Manager Approved Projects Report was included in the Board packet for review, and staff is approving things like air conditioner replacements, solar panel installations and garage/golf cart door replacements. Staff is much better equipped to review and expedite approval of these types of applications.
- Community Bench Project - This project was originally presented to the former Architectural & Landscape Committee by a homeowner. The committee approved a total of 27 benches which will be installed at 21 locations throughout the community. The Board approved the community bench project and the committee's selection of locations. Each bench was individually purchased by Springs's homeowners and includes a personalized plaque. A total of 6 benches have been installed at this time. There have been complaints regarding the appearance and locations of the installed benches and one bench had to be relocated.

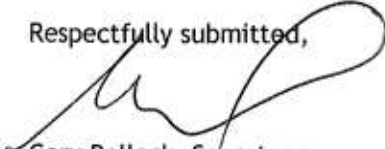
Board of Directors Meeting – July 21, 2021

- Private Pool Installations - With a shortage of pool supplies, drought and the increase in requests to install new pools/spas, discussion ensued on allowing homeowners to install private pools when we have 46 community pools? The Board agreed that homeowners should be allowed to install a private pool/spa inside their property lines. The Board recommended that the committee review the amount of community pools with regard to the increase of requests for private pool/spa installations and develop a strategic plan to reduce the amount of community pools.
- 14 McGill - Architectural Committee Decision Appeal - Ann informed the Board that the original application that was submitted did not include any plans or specifications for the proposed wall and trellis, which was tabled, with a request for additional information. The homeowners then submitted revised plans for the proposed wall at a height of six feet around the rear of the home within their property lines. Block walls are only to be a maximum of 5 feet 3 inches with a brick cap and rear fencing is to be a maximum of 36 inches in height. Ann further described the area stating there are no other homes in the area with a wall which extends to the property line and spans the width of the property. There is a terraced wall at 12 McGill that extends to the rear property line. The new homeowners requesting the wall have purchased and flipped three homes since May of 2020. There are two neighboring homeowners who object to the wall being built. Discussion ensued regarding the rules on walls and fences in the community.
 - ✓ A motion was made and seconded to deny the appeal for the wall as presented. Homeowner may resubmit new plans with something more compatible for the area, which does not impact the green space. John Turley abstained. Motion carried. Kevin requested that Ann generate a letter to the homeowners for him to review.
- **GOLF COMMITTEE:** Curtis Green reported the Golf & Membership Committees did not meet in August.
- The greens are holding up with transitioning over to the summer grass and the extreme heat.
- Trees have been resprayed around the base of them to reduce the weed eating around them.
- Fans are scheduled to be placed on the course for July and August.
- Coachella Valley Vector Control has treated the community for fire ants; however, this is not a 100% effective so please be careful.
- The pump equipment at lake # 7 has arrived and the lake will be refilled after the installation.
- The clubhouse water feature has been cleaned and refilled as regular maintenance.
- Vinka flowers were planted around the Clubhouse.
- The white bunker sand will be installed in 4-inch depth in the green side bunker bottom and should be completed by September by in-house staff. We are experiencing an employee shortage at this time.
- Golf rounds are currently at 20,953 for the year. Staff is finalizing the details for next year's schedule. The committee will be discussing the pricing of dues over the next few months and submit a proposal to the Board for review. There has been some discussion which has taken place regarding raising the initiation fee. The Board recommended that the committee place it on their upcoming agenda and submit their findings.
- **SOCIAL COMMITTEE:** Phil advised the social committee requested members and received a large number of submissions. They will be reviewing the list of volunteers who responded over the next few weeks and plan to make a decision and recommend those prospective committee members to the Board at the next meeting.
- **SCHEDULED BOARD MEETINGS:** Kevin advised there are several benchmark clubs in our area that have cancelled meetings for the month of July and/or August due to the seasonal down time and inquired if the Board wanted to cancel the August Board meeting. The Board agreed to hold the August Board of Directors meeting.

Board of Directors Meeting – July 21, 2021

The next regular Board of Directors meeting will be held on Wednesday, August 18, 2021 at 8:30 AM at the Association office via Zoom. The regular Board of Directors meeting was adjourned at 10:54 AM.

Respectfully submitted,



Gary Pollock, Secretary
Board of Directors

Prepared by: Danielle Irving
Administrative Assistant

Board of Directors Meeting – July 21, 2021

Exhibit A - Homeowner Questions (Page 1 of 1)

	<i>Street</i>	<i>Bldg #</i>	<i>Homeowner Name</i>	<i>Comment / Observe</i>
1	Cornell	58	Lockhart	Question for Mr. Sachs who was unable to attend today regarding any further plans for The Oasis
2	Cornell	58	Lockhart	Requested update on the Community Benches
3	Colgate	67	Mortensen	Comment on the current state of common area landscape
4	McGill	14	Ceeke	Inquired if any Board members had any questions pertaining to his appeal for an architectural project
5	Stanford	17	Zelnys & Hammond	Comment on landscaping, irrigation hitting home and the proper chain of command on reporting a landscape/irrigation problem
6	Fordham	4	Yeary	Comment on the current state of the rear common area landscaping



The Springs Community Association
Board of Directors Meeting
June 16, 2021
MINUTES

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Kevin Dahlin, President, John Folsom, Vice President, John Turley, Treasurer, Gary Pollock, Secretary, Ann Van Balen, Director, Mary Hones, Director, Curtis Green, Director, Cory Abke Calara, Director, Phillip Wiedman, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, and Danielle Irving, Administrative Assistant

The Board of Directors convened to Executive Session on May 19, 2021 to conduct business on the following items: Approve the Executive Session Minutes of April 21, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Kevin Dahlin, President, called the regular meeting to order at 8:33 AM.

OPEN FORUM: Members attended the open forum session via Zoom - **Exhibit A**

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - May 19, 2021
- Finance Committee - May 17, 2021
- Architectural & Landscape Committee - May 12, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes as presented. Motion carried.

PRESIDENT'S REPORT: Kevin Dahlin reported on the following items:

- Kevin thanked all members for attending the Open Session and to please keep their microphones muted unless they are asking a question.
- One item to be added to the agenda, under the President's Report section, the reinstatement of committees listed in the Bylaws.
- Community Update - It was reported that California is reopening and no longer under COVID restrictions. It is Pride month. Budgeting is under way for the upcoming fiscal year, treatment for RIFA (red imported fire ants) will commence on June 23, private palm tree trimming will begin June 21, and the Landscape Department is addressing the nutsedge grass issue.
- Real Estate Report/Presentation from Zwemmer Realty Group - Rob Zwemmer reported on real estate in the valley, Rancho Mirage and the Springs and what to expect in the next 6-12 months, the continued rise of home prices, inventory shortage, expectations of when the market will balance out, interest rates for both primary homes and secondary homes and how secondary home interest rates will rise. A copy of Rob's presentation will be provided to the General Manager so it can be distributed to members who request a copy.
- Vision, Mission, and Values statement revision is currently under Board review. Reviews & updates will be conducted regularly.
- Board of Directors Policy Manual was prepared by the Springs' attorney and submitted for Board review. John Folsom agreed to head the document editing and requested all Board members send comments and suggestions to him for consideration.

Board of Directors Meeting – June 16, 2021

- The Social and Sports Committees listed in the Bylaws were disbanded. Discussion ensued on reinstating the committees, what should be included in the charters, how many committee members, and what the roles and responsibilities of those committees should be.
 - ✓ A motion was made and seconded to reinstate the Social and Sports Committees specified in the Springs Bylaws. Motion carried.
- The sales report was reviewed by Rob Zwemmer during his presentation. There are 4 active listings and 7 homes in escrow. There may be some pocket listings and homes are listed on the market approximately 20 days before selling quickly due to inventory shortage. The normal average time a home remains listed on the market is 3.9 months.

GENERAL MANAGER REPORT: Rich Yehling reported on the following:

- Dining activity is seeing a decline as the weather heats up. The Duke continues to do well and staff is being reduced to coincide with the activity decline. Memorial Day event had approximately 175 covers. There will be a Father's Day event on June 25th and another event planned for July 4th. The menu has 6-8 items rotating every two weeks. The event calendar should be completed for distribution this month.
- The Oasis activity has also seen a decline in revenue. Staff will be reduced to 4 people and Armando has returned to work. The majority of business is conducted on the weekend and the menu has been reduced. Rich would like some discussion about future plans for The Oasis with the Board.
- Fitness Center - With the reopening of California due to prior COVID restrictions, staff will continue to wear masks for health safety of staff and members. FOB access continues to be 7 days a week from 5:00 am to 10:00 pm. All equipment has been moved indoors. The showers and saunas have been opened up for use. Pilates continues to do really well along with personal training.
- Tennis & Pickleball (Courts) - The rise in the temperature has really reduced the activity at the courts. The need for maintenance has been acknowledged. A mockup on shading and seating for tournaments has been completed and will be discussed during executive session.
- Golf Course - The transition from rye grass to Bermuda grass is underway and should be completed by mid-July. There will be more spotting as the rye grass dies out and those spots will be fertilized going forward. The aerification of the greens is done and doing well. The summer maintenance schedule includes Tuesday's closure to complete those projects. Fans are scheduled from 10 am to 3 pm from June to September and from 7 am to 5 pm in July & August. Fans are used for maintenance of the greens so they can survive the summer heat.
- The Clubhouse reflection pond water has been drained so the palm trees can be trimmed. Flowers are planted. The planter beds fall annual flowers were removed and summer annual flowers will be planted at the gate entrances. Growth inhibitors have been dispensed to all plants to help slow the growth throughout the community.

MANAGER REPORTS: Julie Fisher reported on the following items:

- Our community tree trimming vendor agreed to trim the Members private palms following the completion of the community palm trimming. Staff is receiving sign-up forms and documenting/tracking that information.
- Custom Ironworks has proceeded with the fencing fabrication for the remaining pools to be retrofitted. The owner was unwilling to renegotiate his price as he feels he is giving a great deal to The Springs. Compared to the other bids received, management is in agreement with this statement.

Board of Directors Meeting – June 16, 2021

- Many letters have been sent out to members for trash and utility doors in need of repair. The tracking sheet was submitted for Board review. The Association will work with any homeowners who are not currently on property and unable to attend to the issue.
- Roof Asset Management is nearing completion of the 2021 roofing project. The annual roof maintenance project is scheduled to start in August. An email blast will be sent out before this project commences.
- The Chief of Community Services, Don Fallon, continues to submit his monthly statistics report and it has been included for Board review.
- Operations Manager Report was reviewed by the Board.

Kevin advised the pool fence retrofitting project is to bring The Springs up to code with regards to safety, and not remain in violation of city ordinances. The insurance broker indicated the Springs may receive a reduction in premiums once the project has been completed.

FINANCE COMMITTEE REPORT: John Turley and Rich Yehling reported on the following items:

- The past weekend was the LA Open for the Pickleball Tournament and 9 Springs members attended. There were 500 plus players in the tournament and 4 medals were awarded to Springs players. This confirmed that people who are observing the tournaments are players, and should be considered as the Springs has a tournament scheduled in the fall.
- May 2021 Financial Statements were reviewed and discussion ensued.
- Reserve Analysis was reviewed. The reserve balance was \$2,144,446.30 for month ending May 31, 2021.
- AR Delinquency Status Report was reviewed. Three accounts are delinquent, one is in foreclosure, one has a two-year payment plan and one account is expected to be paid current.
- Vision 2020 Project Cost was reviewed. Rich reviewed the renovations project spreadsheet and provided an update on the capital projects.
- Income Statement Overhead Variance Analysis was reviewed. Rich provided input on various line-item budget shortfalls such as the cable TV, utilities and telephone/cell expenses that will be corrected in the upcoming 2021/2022 budget. Pest control was overbudget due to a timing issue, but year-to-date is fine.
- Proposal from West Coast Sand & Gravel for bunker sand at an expense of \$68,440.00 was reviewed. Discussion ensued on whether the project and/or payment could be delayed. The expenditure is to be taken out of the Bunker & Carts reserve funds.
 - ✓ A motion was made and seconded to approve the proposal/invoice from West Coast Sand & Gravel at an expense of \$68,440.00 for bunker sand. The project to be completed in the summer and payment deferred to October 1st if vendor agrees to payment terms. Motion carried.
- Proposal from Cloudburst Engineering, Inc. for replacement of two pumps at the pump station was reviewed. Discussion ensued about the need to replace the remaining two pumps (out of five). The expenditure is to be taken out of the HOA Lakes & Pumps reserve funds.
 - ✓ A motion was made and seconded to approve the proposal from Cloudburst engineering, Inc. at an expense of \$50,651.25. Motion carried.
- Current reserve balance, other communities reserves and how to replenish the reserves going forward was discussed.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: Ann Van Balen and Phil Wiedman reported on the following items:

- A committee report was placed in the Board packet for review.
- At their last meeting, the committee met and approved 7 architectural projects and 2 landscape alterations.
- The Community Manager approved project list report was submitted for review with 15 projects that were ratified at the June committee meeting.

Board of Directors Meeting – June 16, 2021

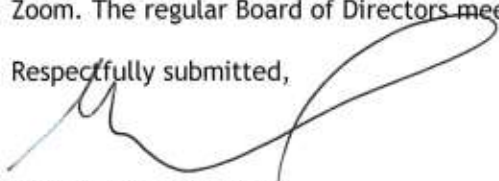
- Ann presented a committee recommendation to discontinue the use of the Water Efficient Incentive Program established by the Board in 2011. It was agreed that the responsibility for maintenance and water supply would defer to the homeowner and no longer the HOA.
✓ A motion was made and seconded to discontinue the current Water Efficient Incentive Program. Motion carried.
- Ann advised the Architectural & Landscape committees were combined in 2020, but now are cumbersome and most projects do not overlap. The committee recommended to separate the committees. The Board agreed the Architectural & Landscape Committee would remain a single committee with two subcommittees, one for landscape and one for architectural and they would meet separately. Two Board chairs would communicate any projects that overlap and meetings would be held close together, preferable on the same day.

GOLF COMMITTEE: Curtis Green reported on the following items:

- There are 249 golf members, a new high in membership over the past seven years. There are 3 members on the resignation list. There are 29 new members from the golf membership trial which expired May 31, 2021.
- A new ambassador program will be headed up by Ken Friednash, Co-Chair for the Golf Committee. This program is still being refined, will launch in the fall and will place prospective members with a current member.
- There was a decline in the number of rounds of golf played last month due to hot weather. A total of 1,502 rounds were played in May.
- The bunkers are raked daily and full rake is done on Thursdays. Course cut changes are performed on Wednesday and Saturday. Some tee box markers were removed for cutting purposes because of staff reduction during the summer.
- The area around tree trunks was sprayed so staff does not have to weed around them. This reduces the manpower cost to maintain the area. The Bermuda grass is beginning to grow; however, the rye grass is still lingering.
- Fans have been placed out on the course and are running from 10-3 from the months of June through September. For the months of July and August the fans will run 12 hours a day.
- Confirmation for two new Golf Committee Members; Dan Ginsey and Ed Gubman. As Ed Gubman only resigned from the Board and not from the committee, he will remain a committee member. Discussion ensued regarding the amount of committee members currently serving. It was agreed that Curtis would not need Board approval to manage his committee.
✓ A motion was made and seconded to approve Dan Ginsey to the Golf Committee. Motion carried.
- The Golf Committee and Membership subcommittee will not have a meeting in July. The co-chairs will continue to communicate with the committee members during this time.

Kevin thanked all members who attended and announced they may hold the July Board of Directors meeting at the Club, but will continue to use Zoom Meeting for those members who are off property. The next regular Board of Directors meeting will be held on Wednesday, July 21, 2021 at 8:30 AM at the Association office via Zoom. The regular Board of Directors meeting was adjourned at 10:55 AM.

Respectfully submitted,


Gary Pollock, Secretary
Board of Directors

Prepared by: Danielle Irving
Administrative Assistant

Board of Directors Meeting – June 16, 2021

Exhibit A – Homeowner Questions (Page 1 of 1)

	<i>Street</i>	<i>Bldg #</i>	<i>Homeowner Name</i>	<i>Comment / Observe</i>
1	Oxford	1	Reich	Comment - The pricing for the 4 th of July event seems a bit pricey for hot dogs & hamburgers.
2	Stanford	17	Zelnys	Question/comment - On nutsedge grasses as it has spread all over near my home.
3	Fordham	2	Sachs	Question/comment - Information on the reserves and the timeframe on receiving that information.
4	Princeton	1	McKay	Question - Clarification and amount for the upcoming irrigation project for the golf course and common areas.
5	Lehigh	13	Peters	Comments - Landscaping being neglected, private palm tree trimming timeframe and lake lily pond needs maintenance.
6	Columbia	62	Geoffrey	Comment - The Board has been doing a great job and concerned about the contribution to the line item contributing to the budget from new home sales.
7	Colgate	67	Mortensen	Comment - Landscaping is terrible, have to submit work orders for the trimming to be completed and the landscape light fixture that shines on home address needs to be replaced.



The Springs Community Association
Board of Directors Meeting
May 19, 2021
MINUTES

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Kevin Dahlin, President, John Folsom, Vice President, John Turley, Treasurer, Gary Pollock, Secretary, Ann Van Balen, Director, Ed Gubman, Director, Curtis Green, Director, Cory Abke Calara, Director, Phillip Wiedman, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, Brent Matteson, Controller and Danielle Irving, Administrative Assistant

The Board of Directors convened to Executive Session on April 21, 2021 to conduct business on the following items: Approve the Executive Session Minutes of March 17, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Kevin Dahlin, President, called the regular meeting to order at 8:31 AM.

OPEN FORUM: Members attended the open forum session via Zoom - Exhibit A

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - April 21, 2021
- Finance Committee - April 19, 2021
- Architectural & Landscape Committee - May 12, 2021
- Golf Committee - May 3, 2021
- Membership Committee - May 3, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes as presented, with correction to the Board minutes under Sales Report regarding the high and low amounts for home sales. Motion carried.

PRESIDENT'S REPORT: Kevin Dahlin reported on the following items:

- Kevin thanked all members for attending the meeting and reminded them that after Open Session closes, members are only allowed to listen and to keep their microphones muted.
- Two items are to be added to the agenda this month. First, Ed Gubman would like to address the Board after the Golf Committee discussions. Second, starting this month and moving forward, we will add the General Manager Report and remove Club Operations as Rich will report on this topic.
- Community Update - On May 15, the Springs Scene newsletter was published with the financials. Discussion ensued on the information published and timeline of the financial information. It was stated that the Board has to approve the financials before that information can be published to members. The HR Department just finalized and published a new safety manual for employees. The Board is compiling data on the 2-5-year strategic plan for the community. A survey will be distributed in the next 30-60 days, and all members are implored to complete the survey, as member input is valuable in developing the plan. The Board is continuing to look at the mission statement and is also developing a policy manual with assistance from legal.
- Kevin advised that open session order was discussed last meeting. As no further comments have been received, open session will remain at the beginning of the meeting.

Board of Directors Meeting – May 19, 2021

- CVGP Tournament and number of participants, dates of the tournament, was a backup plan in case of a rainout, liability coverage, contract in hand, expenses or income generated for the tournament, staffing, volunteer components and if Michael Balin would be working the event was discussed.
 - ✓ A motion was made and seconded to ratify the tournament arrangements, contingent upon an insurance certificate being provided, number of participants & tournament dates provided to the Board for review. Motion carried. Ann Van Balen opposed the motion.

Sales Report: The sales report was reviewed. There are 3 active listings and 8 homes in escrow. The average sales price has been \$699,000, with a high of \$1,295,000 and low of \$465,000.

GENERAL MANAGER REPORT: Rich Yehling reported on the following:

- Staffing continues to be a problem for the club, golf course maintenance and landscaping as people are continuing to stay on unemployment.
- Dining is seeing a good turnout with dinner being terminated at the beginning of May. The Duke opened on May 12th with a select menu. There were 175 covers for the Mother's Day event and it generated about \$7000 in revenue. The Duke has about 120 covers a night with Saturday hitting a new high of 168 covers. There are already 90 reservations for this coming Saturday. Reservations are averaging 75-80 covers a night and walk-ins are being accepted. The Oasis is starting to see a decline in patronage as members exit the community due to the summer heat. The Oasis activity was generating approximately \$10,000 a week and has dropped down to \$7000 now. Staff will start to be reduced after Memorial Day weekend. There will be more focus on the weekends, and less throughout week, as well as the menu will be reduced as the Oasis has a much smaller kitchen.
- Sports & Fitness - Michael Balin, Tennis Pro will be furloughed for the summer and Noel Javier will continue with oversight from Ryan Douglass, Fitness & Spa Manager. Michael will return in the fall, sometime in September. We plan to address the netting issue on the courts and some further items will be addressed in the executive session. The Fitness Center is doing well, and the FOB access system will be returning during the hours of 5am - 10pm, seven days a week. The Group classes will be reduced to 6 a week in June. The outdoor activities have been taken down and moved back indoors due to the increase in temperature.
- Golf Course & Landscape - Aeration has been completed on the course and fans will be distributed to help keep the course cooler during July and August. The annuals have been removed and there will be some discussion during the executive session regarding the planter beds so they are not empty all summer. Vincas are being planted at all the entrances. J.T. has 29-30 full-time employees and no temporary employees. HR will keep the listing posted on Indeed permanently as turnover is a problem. All the irrigation has been moved to a central computer, which means all 30 irrigation satellites had to be manually programmed. Golf promotional program will terminate on May 31st. There were 42 participants in this program and 29 of those participants converted to membership. The total fiscal period amount gathered is approximately \$400,000. Longtime employee, Cecilio Rivera, "Chili" has retired, he worked for the Springs for 44 years.
- Insurance Renewal - All coverages stayed with their incumbent carriers except spa liability coverage, which moved to a new carrier. The increase expense in insurance was less than 5%. The claim from the fire at 9 & 10 Furman is still showing and will impact premiums for at least another couple of years.
- Budget - The budget process will begin in June and currently the data is being gathered. The new budget software package used last year will be used again.

Board of Directors Meeting – May 19, 2021

- Summer Operations - Staffing will be reviewed and cutbacks will be made as necessary, primarily with food & beverage. The June event calendar is being integrated and hopefully published in June.
- Creative Golf Marketing has been very helpful and provided much insight on how to market and sell memberships. They provided a new proposal to continue to work with us; something to consider in the future.
- The 28 community benches ordered should be shipped this week. We will work with the Architectural & Landscape Committee on installation locations.
- Dining reservations and walk-ins, possible BBQ event for Memorial Day was discussed.
- Golf incentive program and social initiation fees were discussed.
- Landscaping staff was discussed.

MANAGER REPORTS: Julie Fisher reported on the following items:

- Email blasts on landscaping and trimming will be sent out. The 2021 roofing projects is nearing completion.
- Inspections on utility doors and trash bin doors throughout the entire community have been completed with the help of J. Perry & Guillermo Tapia. An email blast will be sent out and those doors that need repairs will receive a letter. We will have a spreadsheet to document those doors in need of repair.
- The 46 community pool fences retrofit project had only two vendors submitted bids; Custom Iron Works and American Wrought Iron. A bid comparison spreadsheet was included for review. Discussion ensued on the bids provided by Custom Iron Works and American Wrought Iron.
 - ✓ A motion was made and seconded to tentatively approve the \$215,000 expenditure to complete the fence retrofit from Custom Iron Works, with staff trying to renegotiate the price and a weekly schedule for completions of the remaining pools must be provided. Motion carried.
- Operations Manager Report was reviewed. There was some discussion on the pickleball and tennis courts regarding lighting and possible short-term enhancements.

FINANCE COMMITTEE REPORT: John Turley, John Folsom & Rich Yehling reported on the following items:

- John Turley stated that it is very common to have financial numbers posted on a quarterly basis. Current financial information cannot be published to Members without Board approval. The committee is gathering data to develop a 2-5-year plan for the community.
- April 2021 Financial Statements were reviewed. Discussion ensued.
- Reserve Analysis was reviewed. There is \$2.4 million in the reserve balance. Approximately \$1 million was paid out in expenses for the month of April with \$270,000 is still owed for the contractor retainer fee.
- AR Delinquency Status Report was reviewed. Two accounts are delinquent, one is in foreclosure, one has a two-year payment plan and 3 accounts were added to the watch program.
- Vision 2020 Project Cost was reviewed. Rich advised Members the newsletter published all of this information in detail.
- Income Statement Overhead Variance Analysis was reviewed.
- Invoice from Amtech Elevator Services for repairs to the clubhouse elevator at an expense was reviewed.
 - ✓ A motion was made and seconded to approve the invoice from Amtech Elevator Services at an expense of \$25,934.00. Motion carried.
- Information outlined on the real estate report, the reserves balance amount and how to replenish it was discussed.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: Ann Van Balen and Phil Wiedman reported on the following items:

- Ann reviewed the past agenda and advised the committee want to implement an expedited process for approval on some types of architectural projects. The Approval Categories List was included for review.
 - ✓ A motion was made and seconded to approve the Approval Categories List as presented, to expedite the approval process on certain architectural projects. The Operations Manager will review those projects and the Community Manager will approve those recommended by the Operations Manager. Motion carried. The approved projects list will be provided to the committee at their next meeting.
- At their last meeting, the committee met and approved 3 architectural projects and 3 landscape alterations. The committee ratified 13 Community Manager approved projects.
- Civil Code 4600 - We are hearing from new homeowners that they have been told by realtors or others that they can expand their patios for outdoor living space. A memo was sent out to at least one homeowner, where the last paragraph states, "*The architectural committee does not give away common area for an expansion of outdoor living, to do so would require a vote from membership.*"
- Committee Charter & Guidelines - Both documents are being updated and revised due to combining of both the landscape and architectural committees and to provide a more detailed and informative set of guidelines for the community.

GOLF COMMITTEE: Curtis Green reported on the following items:

- There are 248 golf members with eight new members in the past 30 days. 6 members removed themselves from the resignation list and only 5 members remain on the resignation list. There were a total of 2600 rounds of golf played during the month of April and 16% of that was guest play.
- A new ambassador program is being implemented and headed by Ken Friednash. This program will pair a prospective member with a current member of the Springs.
- There are three new non-resident social members for approval consideration; Lance & Scott Karp, Matt & Maria Bridge and Greg & Melanie Trout.
 - ✓ A motion was made and seconded to approve the three new non-resident members. Motion carried.
- Bird abatement was discussed. The Springs will not be shooting any birds on property; however, the situation is a concern. J.T. has been provided with a new dog to train and alternatives are being reviewed to help properly deal with the water fowl problem.
- Two types of bunker sand that will be placed at the practice bunkers for members to view it and make comments on their preference. An Augusta white which is a 75/25 mixture and a Tan colored sand which is 50/50 mixture. The bunker sand will cost \$68,000.
- Ladies Golf Association (LGA) has submitted a proposed rule change on regulation. The current rule in effect is the following:

Rule 9.9.7 - Championship Tournaments - Play in the Men's Championship Tournaments will be open only to male golf members in good standing. Play in the Ladies Championship Tournaments will be open only to female golf members in good standing of the Ladies Golf Association. Championship Tournament play is not available to renters or others to whom golf rights have been delegated.

The proposed change would modify the verbiage to "Championship Tournament play is available to all GA golf members who designate the Springs as their primary desert club. It was decided the committee should make these changes to their internal documents and not the Springs Rules and Regulations.

- Gary requested to note that November 19, 20 & 21 is the CVGP tournament before the calendar is finalized. An email is to be sent out to Curtis and Scott with this information.

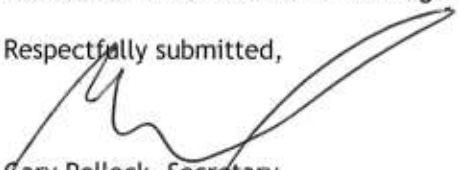
Board of Directors Meeting – May 19, 2021

BOARD & MEMBERSHIP ADDRESS: Ed Gubman advised he is tendering his resignation effective at the end of the executive session today. He stated the community is in a much better state than when he became involved over five years ago. Ed thanked the members of the current and previous members of the Board with special thanks given to those who worked on Vision 2020. Special thanks were given to Ann Van Balen, Roger Beaman and Bob Middlemas for working hard to get Vision 2020 passed.

Kevin accepted Ed's resignation and thanked him for his mentorship and being a tremendous teammate. An emergency executive session will be scheduled to fill the Board vacancy and remainder of Ed's term.

The next regular Board of Directors meeting will be held on Wednesday, June 16, 2021 at 8:30 AM at the Association office via Zoom. The regular Board of Directors meeting was adjourned at 10:47 AM.

Respectfully submitted,



Gary Pollock, Secretary
Board of Directors

Prepared by: Danielle Irving
Administrative Assistant

Exhibit A – Homeowner Questions (Page 1 of 1)

	<i>Street</i>	<i>Bldg #</i>	<i>Homeowner Name</i>	<i>Comment / Observe</i>
1	Fordham	2	Sachs	Commented on meals at The Duke. Correction to the April Board minutes, sales report figures from the high & low amounts need to be switched. Concern regarding input being gathered from members about the Oasis. Comment about the financials not being current and the description/limited amount of information on the reserves.
2	Cornell	58	Lockhart	Question about availability of private palm tree trimming program for homeowners.
3	Stephens	4	Spallino	Question on completion date for street work
4	Brandeis	4	Krabill	Question about employee parking on Yale near the HOA Parking lot.
5	Lehigh	13	Peters	Comment regarding community palm tree trimming and the completion of it to coincide with the private palm trimming deadline.



**The Springs Community Association
Board of Directors Meeting
April 21, 2021
MINUTES**

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Kevin Dahlin, President, John Folsom, Vice President, John Turley, Treasurer, Gary Pollock, Secretary, Ann Van Balen, Director, Ed Gubman, Director, Curtis Green, Director, Cory Abke Calara, Director, Phillip Wiedman, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, Brent Matteson, Controller and Danielle Irving, Administrative Assistant

The Board of Directors convened to Executive Session on March 17, 2021 to conduct business on the following items: Approve the Executive Session Minutes of February 17, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Kevin Dahlin, President, called the regular meeting to order at 8:33 AM.

OPEN FORUM: Members attended the open forum session via Zoom - **Exhibit A**

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - March 17, 2021
- Finance Committee - March 15, 2021
- Architectural & Landscape Committee - March 15, 2021 & April 14, 2021
- Golf Committee - April 5, 2021
- Membership Committee - April 5, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes as presented. Motion carried.

PRESIDENT'S REPORT: Kevin Dahlin reported on the following items:

- Kevin thanked all members for attending the meeting and reminded them that after Open Session closes, members are only allowed to listen and to please keep their microphones muted.
- The closing party at the Club had a circa of 600+ people rotating in and out of the event and was a success.
- The Board is continuing review information provided in the Q4 survey results to map out strategy and guidance for future plan development.
- Golf carts and abiding posted signage in the community, there was a recent collision where no one was hurt. All golf carts must adhere to the rules of the road and must be treated as a real vehicle.
- Directors Rights to Information - Discussion ensued on what information a Board Director is authorized to have. A Board policy and procedure manual is being drawn up by the Springs attorney.

Board of Directors Meeting – April 21, 2021

- Asphalt MDs Contract - This discussion will be deferred to the executive session per Phil Wiedman's request.
- Reinstate Courts Committee/Advisory Group - Discussion ensued on possibly reinstating the courts committee in an advisory capacity. Further discussion included considering adding all sports and fitness related items and possibly change it to an advisory Activity Committee. It was decided to table this until further information was provided like a draft charter, definition and comparison to just courts or a comprehensive sports advisory committee.
- Tournament for CVGP - Discussion ensued about reinstating the cancelled tournament in November for pickleball/tennis, which had been cancelled twice due to COVID restrictions. It was decided to table the discussion until further information could be provided regarding head count, possible dates which do not conflict with golf events, insurance clarification, and the effects of the event on the community.
- Dog Park - Phil informed the Board and members that this was still in the preliminary stages as information is being gathered about locations, insurance, noise, parking and liabilities. Periodic updates will be provided when sufficient information has been gathered.

Sales Report: The sales report was reviewed. There are 2 active listings and 12 homes in escrow. The average sales price has been \$839,000, with a low of \$465,000 and a high of \$1,150,000.

MANAGEMENT REPORT: Julie Fisher reported on the following items:

- Home Business License for 141 Yale Drive was reviewed. Discussion ensued.
 - ✓ A motion was made and seconded to approve the home business license for 141 Yale Drive. Motion carried.
- Operations Manager Report was reviewed by the Board.
 - Custom Iron Works Proposal - Community Pool Fence Retrofit - The Board requested the operations manager obtain bids for the remaining 21 pool locations.

FINANCE COMMITTEE REPORT: John Turley, John Folsom & Rich Yehling reported on the following items:

- March 2021 Financial Statements were reviewed.
- Reserve Analysis was reviewed, there will be some payments made for roofing and contractor for the club renovation.
- AR Delinquency Status Report was reviewed. Two accounts are delinquent, one is in foreclosure, one has a two-year payment plan and four accounts were added to the watch program.
- Vision 2020 Project Cost was reviewed. It was stated that the line of credit will not be needed to complete the renovation project due to timing and deferments of the patio trellis and the wine/event room.
- Income Statement Project Cost was reviewed.
- Proposal from SCT Reserve Consultants, Inc. for a Level III 2022 Reserve Study was reviewed. Discussion ensued regarding the level of Reserve Study required by Davis Stirling.
 - ✓ A motion was made and seconded to approve the proposal from SCT Reserve Consultants, Inc. for a level 3 study at an expense of \$800.
- The Finance Committee is looking at a 2-5-year plan on how the community should move forward and would like all committees to compile ideas to consider before the next board meeting.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: Ann Van Balen & Phil Wiedman reported on the following items:

- At their last meeting, the committee met and approved 25 architectural projects and 13 landscape alterations.
- It was announced that the committee is working to perfect and streamline the application process for receiving approval on all architectural and landscape applications.

CLUB OPERATIONS REPORT: Rich Yehling reported on the following items:

- Dining - With COVID restrictions still in place, seating is continuing to be sold out nightly with an average cover count of 100 a night with some nights seeing 120-130 covers. Reservations are capped to deliver a timelier service. The menu has been rotating every three weeks, with the last rotation for the season starting on April 14th. There will be a Mother's Day Brunch on May 9th. Beginning on May 12th business will move over to The Duke with summer hours of Wednesday - Sunday from 2:30pm to 9:30pm. There will be a reduced menu with a variety of items to include sharable items, bite sized starters and some larger entrees. A new bartender by the name of Raquel Marmor was hired, she has a background in beverages. Focus is returning to The Oasis; sales are declining as members depart the community for the summer. Rudy Flores has been hired to work at The Oasis, he has brought some new thinking and experience there. A report will be provided for what outlet The Oasis will take. Happy hour has been closed down at The Oasis and will be looked at for The Duke in May.
- The pickleball tournament that was held on March 27th & 28th had a good turnout. A certified rating instructor for pickleball. During the tournament it was noticed that some awnings and bleacher/bench type seating should be added for spectators.
- Fitness - As we have entered the Orange tier for COVID restrictions, capacity for indoors is now allowed to be 25% capacity. There was a great increase in both personal training and in the Pilates Reformer this month. The group exercise enrollment was one of the highest revenue months had for 2021. The morning and afternoon spin classes are continuing to open doors and windows, and the rest of the classes are moving indoors due to the heat. Windows/sliders will remain open per COVID restraints currently in place. In May the outdoor activities will be closing down due to the heat.

GOLF COMMITTEE: Curtis Green reported on the following items:

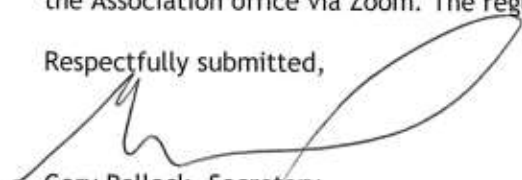
- There are 247 golf members with seven new members in the past 30 days.
- The Golf program which began on December 29, 2020 has had 38 participants. Of those 38 participants 15 residents and 23 nonresidents have become members. As of today, there have been 20 new members from this program. This program will end on May 31, 2021 and of the 9 preview members that did not convert to membership, three may have interest to join in the fall.
- There is an Ambassador program and Ken Friednash is heading up the program. This program will pair prospective members with members.
- Golf participation is up, there were 3,688 rounds of golf in March and 16% was guest play. The Pro Shop is doing a great job with COVID restrictions, rakes were just put out for use in the bunkers and water cups have been placed at our comfort stations. There were several men's and ladies' events that were successful and participation was up.
- The Club's reflection pond is complete and JT has completed the landscaping. 160 lights were installed around the clubhouse.
- The nanobubbles machine which was being demonstrated at hole #8, is not having much success. JT does not recommend the continued use of this machine. More employees were hired in the landscape department, and JT believes that 35 employees is an acceptable number for the community.

Board of Directors Meeting – April 21, 2021

- Repainting of the bridges on hole #17 so they look like all other bridges will be completed in the summer. The lake area/moat that surrounds hole #16 is muddy/unclear water in which results in players unable to locate their ball. JT has added ammonia sulfate and it is a bit clearer, he will continue to work on this lake. Greens will be aerated in May, beginning after Mother's Day. New sand will be added to the bunkers, it will be completed inhouse at an expense around \$30,000 and will be completed during the summer. All members and non-members must adhere to the rules and regulations, a dress code will be enforced and there is no dog walking allowed at all on the golf course itself. If you see something inappropriate, please report it to the Pro Shop so that the issue can be addressed.
- Discussion ensued about non-golf programs to expose more people to the community and become members. Phil to forward some articles/information to Curtis for review.

The next regular Board of Directors meeting will be held on Wednesday, May 19, 2021 at 8:30 AM at the Association office via Zoom. The regular Board of Directors meeting was adjourned at 10:34 AM.

Respectfully submitted,



Gary Pollock, Secretary
Board of Directors

Prepared by: Danielle Irving
Administrative Assistant

Board of Directors Meeting – April 21, 2021

Exhibit A – Homeowner Questions (Page 1 of 1)

	<i>Street</i>	<i>Bldg #</i>	<i>Homeowner Name</i>	<i>Comment / Observe</i>
1	Cornell	58	Lockhart	Question on Courts Committee if reinstated
2	Fordham	2	Sachs	Question on plantings at 16 th green
3	Fordham	2	Sachs	Question on financials and distribution to the community on a regular basis. Would like more detail in the minutes for a reference point for any issues raised by a member. Question regarding lake liners and water feature at the clubhouse. The budgeted amount was \$200,000 for the 16 th & 17 th holes and \$300,000 for the clubhouse water feature. Question & comments about the newsletter publishing including the financials on a quarterly basis.
4	Stanford	7	Hentschke	Question would like a bench project update
5	Dartmouth	15	Shifferd	Comment on trimming & landscape schedule
6	Oxford	1	Reich	Question on the types of flags allowed to be flown inside the community and civil code 4710, see below.

Civil Code 4710:

(a) The governing documents may not prohibit posting or displaying of noncommercial signs, posters, flags, or banners on or in a member's separate interest, except as required for the protection of public health or safety or if the posting or display would violate a local, state, or federal law.

(b) For purposes of this section, a noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, balcony, or outside wall of the separate interest, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

(c) An association may prohibit noncommercial signs and posters that are more than nine square feet in size and noncommercial flags or banners that are more than 15 square feet in size.



The Springs Community Association
Board of Directors Meeting
March 17, 2021
MINUTES

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Kevin Dahlin, President, John Folsom, Vice President, John Turley, Treasurer, Gary Pollock, Secretary, Ann Van Balen, Director, Ed Gubman, Director, Curtis Green, Director, Cory Abke Calara, Director, Phillip Wiedman, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, Danielle Irving, Administrative Assistant

The Board of Directors convened to Executive Session on February 17, 2021 to conduct business on the following items: Approve the Executive Session Minutes of January 20 & 27, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Kevin Dahlin, President, called the regular meeting to order at 8:31 AM.

OPEN FORUM: Members attended the open forum session via Zoom - Exhibit A

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - February 17, 2021
- Organizational Meeting - March 1, 2021
- Finance Committee - February 16, 2021
- Architectural & Landscape Committee - March 10, 2021
- Golf Committee - February 1, 2021 & March 8, 2021
- Membership Committee - February 1, 2021 & March 8, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes with a correction to both the Finance & Board Minutes. Motion carried.

PRESIDENT'S REPORT: Kevin Dahlin reported on the following items:

- Kevin thanked all members for attending the meeting and reminded them that when Open Session closes, they are only allowed to listen and to please mute their microphones. Introduction of the new Board members and titles were given.
- COVID Restrictions have been reduced to the red tier from the purple tier, meaning the Club will be open for limited seat indoor dining beginning that evening. Dining will continue from Wednesday through Sunday, reservations are required.
- The Clubhouse renovations is moving into the final phase, members are encouraged to go see the changes. The last two large portions of the renovation project are the South Patio and the Wine/Event Room, due to changes in the plans. There is no additional cost to members, and should take approximately another 30 days to complete for the south patio and no more than 6 weeks for the wine/event room.
- Planning for an opening/closing event to be held on April 17th, pending current COVID restrictions and following CDC guidelines.

Board of Directors Meeting – March 17, 2021

- 63 Colgate - Correspondence - Discussion ensued on the request from a homeowner regarding common area use for a private event and possible blocking off of community street near residence/event. Board did inform those attending the meeting that for any use of common area must be requested at least 30 days in advance and do require Board approval.
 - ✓ A motion was made and seconded to allow the use of the date palm grove, located between 64-70 Colgate Drive with stipulation a list is to be provided to the Board for the file and homeowner to provide cleanup after the event. Motion carried.

MANAGEMENT REPORT: Julie reported on the following items:

- Community Manager Report was reviewed by the Board.
- Asphalt MD's Street Paving Schedule - Gary from Asphalt MD's, submitted the schedule for the remaining street work to be completed, the Board approved schedule to be distributed to the members. Gary will also prepare the schedule for the summer resealing project, that may occur in late May or June to avoid the high heat temperature.
- Home Business License - 17 Stanford - Online business.
 - ✓ A motion was made and seconded to approve the home business license. Motion carried.
- Operations Manager Report was reviewed by the Board.

FINANCE COMMITTEE REPORT: John Turley & Rich Yehling reported on the following items:

- Confirm Committee Members - John introduced the new committee members for Board recognition and acceptance. The Finance Committee will meet the third Monday of the month at 9:00am.
 - ✓ A motion was made and seconded to confirm the new Finance Committee members. Motion carried.
- February 2021 Financial Statements were reviewed.
- Reserve Analysis was reviewed.
- AR Delinquency Status Report was reviewed. Two accounts are delinquent, one is in foreclosure, one has a two-year payment plan and five accounts was added to the watch program.
- Vision 2020 Project Cost was reviewed. Discussion ensued on several line items.
- Income Statement Overhead Variance Analysis was reviewed.
- Proposal from Cloudburst Engineering for circulation pump vault on #6 at an expense of \$14,000.00 out of the golf division.
 - ✓ A motion was made and seconded to approve the proposal from Cloudburst for circulation pump vault on #6 at an expense of \$14,000.00. Motion carried.

Real Estate Summary Report: The sales report was reviewed. Kevin reported there are 5 active listings and 15 homes in escrow. The average sales price has been \$725,000, with a high of \$1,107,000 and a low of \$465,000.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: Ann Van Balen & Phil Wiedman reported on the following items:

- Confirm Committee Members - Phil introduced the new committee members. Phil will co-chair the Architectural & Landscape Committee with Ann Van Balen for Board recognition and acceptance. The Architectural & Landscape Committee will now meet the second Wednesday of the month at 9:00am.
 - ✓ A motion was made and seconded to approve the new Architectural & Landscape Committee members. Motion carried.
- At their last meeting, the committee met and approved 26 architectural projects.
- Ann informed the Board and attending members that the committee will be looking at streamlining some application/approval processes for projects like air conditioner replacements, garage doors, and home color changes.

Board of Directors Meeting – March 17, 2021

CLUB OPERATIONS REPORT: Rich Yehling, General Manager reported on the following items:

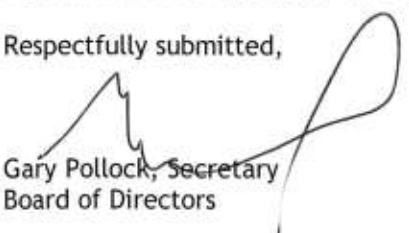
- Dining - The east patio was opened for dining on February 12, 2021 by reservation. On average there are 75 covers a night. Take out delivery is 10-20 orders per night. Dining is in total about 100 orders a night. Indoor dining at the Club will accommodate 130-140 people with the COVID Red Tier capacity limit. Seasonal employees will be contacted as the season is over to determine if any will leave unemployment for a short duration.
- The Oasis is having a decline in orders as some members have departed for the season. The menu will be reduced due to space and kitchen staff. Pastry sales are doing well at 30-40 per day.
- The pickleball championship will be held on March 27th & 28th and is strictly internal.
- The current roster for pickleball is 141 members and Tennis has 84 members.
- The Tennis Center is being consider for floor replacement as it is long overdue.
- The Fitness Center is doing well occupancy is 10% indoors per Red Tier COVID restrictions in place. The group exercise sales and personal training will go up with the restrictions lowering. Staffing will be reviewed for the upcoming summer season.
- The Duke is being considered to open for five nights a week or possibly all week, depending on the demand.

GOLF COMMITTEE: Curtis Green reported on the following items:

- There are 240 golf members with twelve new members in the past 30 days.
- Hand sanitizer has been installed on the golf pin flags per COVID restrictions.
- CVWD is installing water meters around the clubhouse over the next 8 days.
- The nanobubble technology is doing a great job cleaning up the lake.
- Tour of the clubhouse/course may now be set up by appointment only with Lauren Miller, Lifestyle/Membership Manager.
- Curtis asked members to keep carts on golf cart paths, with mention of hole #7 to keep grass flourishing.
- Dog walking on the course is prohibited for safety reasons.
- A survey will be sent out in the next 45 days for information on demographics and interests. Members are encouraged to return the surveys to help elevate The Springs.

The next regular Board of Directors meeting will be held on Wednesday, April 21, 2021 at 8:30 AM at the Association office via Zoom. The regular Board of Directors meeting was adjourned at 9:39 AM.

Respectfully submitted,



Gary Pollock, Secretary
Board of Directors

Prepared by: Danielle Irving
Administrative Assistant

Board of Directors Meeting – March 17, 2021

Exhibit A – Homeowner Questions (Page 1 of 1)

	<i>Street</i>	<i>Bldg #</i>	<i>Homeowner Name</i>	<i>Comment / Observe</i>
1	Cornell	38	Lockhart	Observation regarding utility closet doors



The Springs Community Association
Board of Directors Meeting
February 17, 2021
MINUTES

The regular meeting of the Board of Directors was held at the Springs Association Office in the conference room located at 174 Yale Drive, Rancho Mirage, California (via Zoom)

In Attendance: Dan Ginsey, President, John Turley, Vice President, Ed Gubman, Treasurer, Bill Priest, Secretary, Ann Van Balen, Director, Mary Hones, Director, Kevin Dahlin, Director, Gary Pollock, Director, Curtis Green, Director, Julie Fisher, Community Manager, Rich Yehling, General Manager, Danielle Irving, Administrative Assistant

The Board of Directors convened to Executive Session on January 20, 2021 to conduct business on the following items: Approve the Executive Session Minutes of December 16, 2020 & January 6, 2021, review contracts with third parties, discuss legal matters and personnel.

CALL TO ORDER: Dan Ginsey, President, called the regular meeting to order at 8:36 AM.

OPEN FORUM: Members attended the open forum session via Zoom - **Exhibit A**

BOARD/COMMITTEE MEETING MINUTES:

- Board of Directors - January 20, 2021
- Finance Committee - January 19, 2021
- Architectural & Landscape Committee - February 9, 2021
 - ✓ A motion was made and seconded to approve the Board of Directors and Committee minutes as presented. Motion carried.

PRESIDENT'S REPORT: Dan Ginsey reported on the following items:

- Dan thanked all members for attending the meeting and reminded that after Open Session concludes, they are only allowed to listen and must mute their microphones.
- Dan & Ed provided an update on the renovation project and estimated completion dates.
- Asphalt MD's to complete the final seal coat on the streets in early summer.
- The Board Organizational Meeting will be held on Monday, March 1, 2021 @ 9:00 am.

Sales Report: The sales report was reviewed. There are 8 active listings and 12 homes in escrow. The average sales price has been \$659,269, with a high of \$1,107,000 and a low of \$465,000.

MANAGEMENT REPORT: Julie Fisher reported on the following items:

- Committee Application packets will be distributed to members via mail & email. Members can apply for the Finance and Architectural & Landscape Committees. Per the Golf Committee Charter, the Golf Committee selects their own members.
- As the Canadian mail is slow due to Covid, a proxy was provided by the Ballot Box and posted on the website. Once a vote ballot has been received by the Ballot Box, Members are not permitted to change their vote.
- Meet the Candidates sessions on February 3rd & 10th were recorded and uploaded to the community website.

Board of Directors Meeting – February 17, 2021

- Operations Manager's Report was reviewed by the Board.
 - A correction to the Alarm Department will be made changing "alarm maintenance" to "alarm inspection" as the Alarm Department does not perform maintenance.
 - Ed thanked and complimented the painting department for their work at the clubhouse.

FINANCE COMMITTEE REPORT: Kevin Dahlin & Rich Yehling reported on the following items:

- January 2021 Financial Statements were reviewed.
- Delinquency Status Report was reviewed. Two accounts are delinquent, one is in foreclosure, one has a two-year payment plan and four accounts were added to the watch program.
- Reserve Analysis Report was reviewed.
- FY2020 Major Renovation Project report was reviewed.
- Proposals for Approval:
 - Proposals from Stotz Equipment (John Deere) & Turf Star (Toro) for Maintenance & Landscape Departments, were reviewed regarding 4-person carts and a 60" mower. Discussion ensued regarding the proposals, buying or leasing options and that the expense should be taken from the HOA reserves.
 - Stotz Equipment for two gator carts for the Maintenance Department - \$19,932.37
 - Stotz Equipment for one gator cart and a 60" mower for the Landscape Department - \$29,604.29
 - Turf Star for two four-seat carts for the Maintenance Department- \$21,000
 - Turf Star for a four-seat cart and a 60" mower for the Landscape Department - \$31,411.29
 - ✓ A motion was made and seconded to approve the proposal from Stotz Equipment for two gator carts for the Maintenance Department at an expense of \$19,932.37. Motion carried.
 - ✓ A motion was made and seconded to approve the proposal from Stotz Equipment for one gator cart & 60" mower for the Landscape Department at an expense of \$31,411.29. Motion carried.
- Proposals from Camera Access Technologies & Skytech Communications for installation of surveillance cameras at the maintenance yards and Clubhouse, recording units and 2 long range bullet cameras. Discussion ensued on the proposals. Rich informed the committee he will be postponing or decide not to go with the exit gate transponder readers, and that he would like to use the Board approved funds of \$38,465.38 to help cover the expense if a proposal is approved for Camera Access Technologies or Skytech Communications.
 - Camera Access Technologies Proposal for cameras with infrared, control equipment and monitor for Maintenance Areas - \$14,177.00. Cameras with 2 recording units and two long range bullet cameras for North and East Ends at the Club Areas - \$29,315.00. Total amount for Camera Access Technologies proposal - \$43,492.00.
 - Skytech Communications Proposal for cameras with surveillance recorder and monitoring at the Maintenance Areas - \$23,780.00. Cameras with 2 recording units and 2 long range bullet cameras for North and East Ends at Club Areas - \$31,610.00. Total amount Skytech Communications proposal - \$55,390.00.
 - ✓ A motion was made and seconded to approve the proposal from Camera Access Technologies at an expense of \$43,492.00. Motion carried.
- Proposal for Clubhouse Landscape Renovation at an expense of \$149,999.40. Discussion ensued about the cost and contracting an outside vendor to complete the work. Additional costs for labor, lighting and CVWD work was discussed.
 - ✓ A motion was made and seconded to approval the proposal by Landscapes Unlimited LLC for the clubhouse landscape project to the Board at an expense not to exceed \$175,000. Motion carried.

ARCHITECTURAL & LANDSCAPE COMMITTEE REPORT: John Turley reported on the following items:

- At their last meeting, the committee met and approved 16 architectural projects and 2 landscape alterations.
- Landscape report was reviewed.