

“If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

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WHEN RECORDED MAIL TO:

THIS SPACE FOR RECORDER'S USE ONLY

RESTRICTIVE COVENANT MODIFICATION
(Unlawfully Restrictive Covenant – Government Code Section 12955)

Unlawful Restrictive language review requested by:

- ☐ I(We) _____ have an ownership or are acquiring interest in the property that is covered by the document described below.
- ☐ Title Company, Escrow Company, Real Estate Broker, Real Estate Agent, or other party _____
Individual/Company Name
- ☐ San Diego County Recorder

The following referenced document contains a restrictive covenant based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in Section 12955, of the Government Code, or ancestry that violates state and federal fair housing laws, and that restriction is void. Pursuant to Section 12956.2 of the Government Code, this document is being recorded solely for the purpose of redacting and eliminating that restrictive covenant as shown on page(s) _____ of the document recorded on _____ (date) in book _____ and page _____ or instrument number _____ of the official records of the County of San Diego, State of California.

Attached hereto is a true, correct, and complete copy of the document referenced above, with the unlawful restrictive covenant redacted.

This modification document shall be indexed in the same manner as the original document being modified, pursuant to subdivision (d) of section 12956 of the Government Code.

The effective date of the terms and conditions of the modification document shall be the same as the effective date on the original document.

Signature of submitting party

Printed name of submitting party

_____ County Counsel, or their designee, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, hereby states that it has determined that the original document referenced above contains an unlawful restriction and this modification may be recorded.

Or

_____ County Counsel, or their designee, pursuant to paragraph (1) of subdivision (b) of Section 12956.2 of the Government Code, finds that the original document does not contain an unlawful restriction, or the modification document contains modifications not authorized, and this modification may not be recorded.

County Counsel

By: _____

Date: _____

As of 05/16/2022, San Diego County Clerk Recorder does not provide procedures for the Restrictive Covenant Modification process compliant with Government Code 12956.2 with the available Restrictive Covenant Modification form. For further information on the procedures, contact San Diego County Clerk Recorder at (619) 237-0502.

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND ESTABLISHMENT OF EASEMENTS
FOR
THE RESIDENCES AT CIVITA

THIS RESIDENTIAL DECLARATION CONTAINS A BINDING ARBITRATION PROVISION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT IN ARTICLE 16 HEREOF. YOU MUST READ THE ARBITRATION PROVISION CAREFULLY AND SHOULD CONSULT LEGAL COUNSEL WITH ANY QUESTIONS.

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND ESTABLISHMENT OF EASEMENTS
FOR THE RESIDENCES AT CIVITA**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ESTABLISHMENT OF EASEMENTS FOR THE RESIDENCES AT CIVITA ("Residential Declaration") is made and executed this 8th day of November, 2010, by Quarry Falls, LLC, a California limited liability company ("Declarant") with reference to the facts set forth below.

RECITALS

All initially capitalized terms used but not defined in the Recitals shall have the meanings set forth in Article 1.

A. **Civita**. Declarant is the developer of an urban mixed use community situated in the City of San Diego, County of San Diego, State of California known as "Civita". If developed as planned, Civita will consist of residential, retail, office, hospitality and civic uses, together with a network of parks, open space, trails and public and private amenities. When Civita originally received its Community Entitlements from the City it was known as Quarry Falls and therefore there are references to "Quarry Falls" in the Community Entitlements. The development plan for Civita is described in the Quarry Falls Specific Plan which sets forth an overall vision for Civita, but also allows for the ability to adapt that development plan as Civita evolves over time. To facilitate the overall development and governance of the Civita Community, Declarant recorded the Community Declaration to impose upon the overall Civita Community covenants, conditions, restrictions and easements to benefit all of the owners within Civita and established the Civita Community Association to govern the Civita Community.

B. **Residential Property**. A portion of Civita is planned to consist of primarily residential areas which Declarant intends to develop as a master planned development (as defined in Section 2792 of Title 10 of the California Code of Regulations) and a "common interest development" pursuant to the Davis-Stirling Common Interest Development Act. Initially, only the real property described on Exhibit "A" will be subject to this Residential Declaration. As additional residential areas within the Civita Community are developed, such portions may be annexed to this Residential Declaration and made subject to the jurisdiction of the Residential Association. The areas which may be annexed to this Residential Declaration are described on Exhibit "B" as the Annexable Property. Declarant may also designate, from time to time, other real property which can be annexed by recordation of a Supplemental Declaration.

C. **Residential Association Activation Date**. The Civita Residential Association will be formed to manage and govern the Residential Property and to perform certain maintenance obligations and provide certain services for the benefit of the Residential Property. Although the Residential Declaration will be recorded by Declarant prior to the conveyance of any portion of the Residential Property to an Owner, the Residential Association will not be activated unless and until any real property is conveyed to the Residential Association or any maintenance responsibilities are imposed upon the Residential Association or such other events occur as described in Article 3. The date when the Residential Association is activated is referred to as the Residential Association Activation Date. After the Residential Association Activation Date, a primary responsibility of the Residential Association will be to maintain the Residential Association Maintenance Areas including the Community Recreation Center and other properties and facilities located within the Residential Property and designated for maintenance by the Residential Association in this Residential Declaration or a Supplemental Declaration.

D. **Special Residential Benefit Areas**. The Residential Association may also provide special services and perform maintenance obligations which will benefit some, but not all, of the areas within the Residential Property. The portions of the Residential Property which receive these special services are referred to as Special Residential Benefit Areas and the Owners in the Special Residential Benefit Areas may pay additional assessments for the services provided and/or obligations performed by the Residential

Association to the Special Residential Benefit Areas. Special Residential Benefit Areas will be identified in Supplemental Declarations.

E. Residential Association as Member of the Community Association. Prior to the Residential Association Activation Date, the Neighborhood Association for any Neighborhood will serve as the Member of the Civita Community Association. After the Residential Association Activation Date, the Residential Association will serve as the member of the Civita Community Association representing all of the Owners. Each Owner acknowledges that the Residential Association will have the right and authority to act on behalf of all of the Owners as the Member representing their interests in the Community Association. To the extent that, prior to the Residential Association Activation Date, a Neighborhood Association has been a member of the Civita Association, such Neighborhood Association will, upon the Residential Association Activation Date, be deemed to have relinquished, assigned and transferred its membership rights in the Civita Community Association to the Residential Association.

F. Community Recreation Center. The Community Entitlements provide for the development of a recreational facility within the Residential Property which is referred to herein as the Community Recreation Center. If developed as planned, the Community Recreation Center will be operated and maintained by the Residential Association. If the Community Recreation Center is developed, the Residential Association shall be required to make portions of the Community Recreation Center available for use by the Civita Community Association pursuant to the Community Entitlements or any agreements relating to the Community Recreation Center entered into by Declarant or the Community Association with the Residential Association or any agreements relating to usage recorded against the Community Recreation Center. Declarant makes no promise or representation that the Community Recreation Center will be developed or constructed as originally planned.

G. Purpose of the Residential Association. The responsibilities and powers of the Residential Association will not only be solely focused on or limited to control of the Owners and other people within the Residential Property or management and maintenance of real property. While the Residential Association will have the power to provide for the maintenance, management, and preservation of portions of the Residential Association Property, the Residential Association also has other powers and functions. The Residential Association may focus on various programs and activities intended to build and maintain a sense of community in Civita. Some of these programs may include educational and recreational programs for the benefit of the Residential Property. The Residential Association may also offer technology, communication and other services for the benefit of the Owners.

H. Neighborhoods within the Residential Property. The Residential Property will be divided into Neighborhoods for purposes of voting. Each Neighborhood will have its own Neighborhood Representative who will have the power to vote on behalf of the Owners on certain issues. Another function of the Residential Association will be to administer the process of selecting the Neighborhood Representatives for any Neighborhoods where there is no Neighborhood Association.

I. Future Development of the Residential Property. The standards for operation, use, conduct, governance, maintenance, and architecture contained in the Community Declaration provide the Civita Community with its identity. This Residential Declaration and the other Residential Governing Documents further help to implement those standards. Like the Community Declaration, this Residential Declaration also establishes a dynamic, but flexible, governance structure and upon the Residential Association Activation Date, will provide the Residential Association with the tools and powers it needs to govern, operate and maintain the Residential Property as an integrated and diverse area within the Civita Community. To achieve these goals, further rights, obligations, allocations, easements and other matters affecting the Residential Property or portions thereof will be identified in Supplemental Declarations recorded in the future.

NOW, THEREFORE, Declarant declares that all of the Residential Property is, and shall be, held, conveyed, encumbered, hypothecated, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions, easements, liens and charges, all of which are declared and agreed to be in furtherance of a general plan for the subdivision, improvement, protection, maintenance and

sale of all of the Residential Property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value, synergy and appearance of the Residential Property. All of the limitations, covenants, conditions, restrictions, easements, liens and charges are equitable servitudes and shall run with the Residential Property, shall be binding on and inure to the benefit of Declarant, the Guest Builders and all Owners having or acquiring any right, title or interest in the Residential Property. It is the intention of Declarant in establishing this Residential Declaration that it be liberally construed to effectuate its purpose of creating a uniform plan of operation, maintenance and governance for the benefit of the Residential Property and the overall Civita Community.

Throughout this Residential Declaration, there are summaries (like this summary), which appear in italics, to aid the reader's comprehension and use of this Residential Declaration. In the event of a conflict between any summary and the text of any of the Residential Governing Documents, the text shall control. In the event of any question as to interpretation of the summaries, the text of the Residential Governing Documents shall control.

ARTICLE 1

DEFINITIONS

The defined terms which are set forth in this Article are used throughout this Residential Declaration and many of the Residential Governing Documents. The definitions in this Article will assist in reading and reviewing the balance of this Residential Declaration.

Unless the context otherwise specifies or requires, the terms defined in this Article shall, for all purposes of this Residential Declaration, have the meanings specified below.

1.1 "Additional Charges" means costs, fees, charges and expenditures, including, without limitation, attorneys' fees and costs, late charges, interest and recording and filing fees actually incurred by the Residential Association in collecting and/or enforcing payment of Residential Assessments, and other amounts levied under this Residential Declaration. Additional Charges include, without limitation, the following:

1.1.1 Reasonable attorneys' fees and costs incurred in the event an attorney is employed to collect any Assessment or sum due, whether by suit or otherwise;

1.1.2 A late charge in an amount to be fixed by the Residential Association in accordance with California Civil Code Section 1366 to compensate the Residential Association for additional collection costs incurred in the event any Residential Assessment or other sum is not paid when due or within any "grace" period established by Applicable Laws;

1.1.3 Costs of suit and court costs incurred as are allowed by the court;

1.1.4 Interest at the Applicable Rate; and

1.1.5 Any such other additional costs that the Residential Association may incur in the process of collecting delinquent Residential Assessments.

1.2 "Affiliate" means with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the specified Person. "Control" as used herein is defined as possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

1.3 **"Annexable Property"** means any or all of the real property described on Exhibit "B" and any other real property designated by Declarant in a Supplemental Declaration which may be made subject to this Residential Declaration in accordance with the provisions set forth in Article 13.

1.4 **"Annexation"** means the process by which the Annexable Property may be made subject to this Residential Declaration as set forth in Article 13.

1.5 **"Annual Residential Operating Budget"** means the budget adopted by the Residential Association from time to time.

1.6 **"Applicable Laws"** means the Community Entitlements for the Civita Community and any law, regulation, rule, order and ordinance of any Governmental Agencies which are applicable to the Civita Community, now in effect or as hereafter promulgated.

1.7 **"Applicable Rate"** means the rate of interest chargeable under this Residential Declaration equal to the rate established by the Residential Association from time to time, but not to exceed the maximum rate allowed by Applicable Laws.

1.8 **"Applicant"** shall have the meaning set forth in Section 8.2.

1.9 **"Assessed Areas"** means a portion of a Neighborhood for which Residential Assessments have commenced as provided in Article 5.

1.10 **"Base Budget"** means the elements of the budget for the Residential Association which itemizes the cost components to be shared by all Owners, as provided in this Residential Declaration and the Residential Bylaws.

1.11 **"BMP Maintenance Agreement"** means the agreement entered into or to be entered into by Declarant pursuant to the Community Entitlements establishing requirements for best management practices, and other requirements relating to stormwater.

1.12 **"Brush Management Requirements"** means those requirements for brush management applicable to the Residential Property established from time to time by the City, County or other Governmental Agencies having jurisdiction over the Residential Property.

1.13 **"Building"** means the building or buildings located on or within a Parcel.

1.14 **"Building Portion"** means (a) the separate areas of a Building that have been depicted on a Condominium Plan as a module or other three-dimensional division of the Building within which Condominiums are located or (b) any Parcels created under a Final Map which creates a vertical subdivision for a Building.

1.15 **"City"** means the City of San Diego, California.

1.16 **"City Agreements"** means any agreements entered into or required to be entered into by Declarant or a Declarant Party or any other Person pursuant to the Community Entitlements which impose obligations to be satisfied by the Community Association or, if applicable, Residential Association.

1.17 **"City Design Guidelines"** means the design, development and site plan guidelines established under the Quarry Falls Specific Plan and the conditions of approval for the Civita Community and any other design guidelines established under the Community Entitlements.

1.18 **"Civita Community"** means all of the real property subject to the Community Declaration and, as the context requires, to the areas included under the Quarry Falls Specific Plan.

1.19 "Civita Design Guidelines" means the architectural, design and signage standards and guidelines and procedures promulgated by the Community Board which implement and supplement the City Design Guidelines and Community Standards.

1.20 "Civita Governing Documents" means collectively the Community Declaration, Community Articles, Community Bylaws, the Community Rules, the Civita Design Guidelines, any Supplemental Declarations, and any amendments or supplements to any of the foregoing.

1.21 "Civita Reclaimed Water Facility" means the reclaimed water facility which may be installed in the future within the Civita Community pursuant to the City Entitlements.

1.22 "Civita Residential Design Review Committee" means the Civita Residential Design Review Committee formed in accordance with the provisions of the Civita Governing Documents which has architectural and design review jurisdiction over the Residential Property.

1.23 "Common Expenses" means the costs and expenses incurred by the Residential Association associated with the maintenance, operation, governance and services of the Residential Association including, without limitation, the following:

1.23.1 expenses incurred for the maintenance, management, operation, repair and replacement of the Residential Association Maintenance Areas, Offsite Maintenance Areas and all other areas and facilities which are required to be maintained by the Residential Association;

1.23.2 expenses incurred in performing the duties and obligations of the Residential Association set forth in this Residential Declaration and the other Residential Governing Documents;

1.23.3 expenses incurred in maintaining any Special Residential Benefit Areas, which expenses shall be included in a Special Residential Benefit Area Budget;

1.23.4 expenses of any services provided from time to time;

1.23.5 expenses incurred in complying with any obligations imposed upon the Residential Association under the Community Entitlements and Applicable Laws, including, without limitation, expenses to comply with requirements for recycling or to otherwise comply with conservation requirements imposed by the Community Entitlements, Applicable Laws, the Civita Governing Documents and Residential Governing Documents;

1.23.6 expenses incurred in administering any committees formed by the Residential Association;

1.23.7 expenses incurred to cover due but unpaid Residential Assessments and to enforce the collection of such Residential Assessments;

1.23.8 expenses of management and administration of the Residential Association, including, without limitation, compensation paid by the Residential Association to managers, accountants, attorneys, architects, employees and consultants;

1.23.9 expenses incurred in maintaining the legal status and qualifications of the Residential Association as an entity in good standing and entitled to do business in the State of California;

1.23.10 expenses incurred for performing any obligations imposed upon the Residential Association under the Civita Governing Documents;

1.23.11 expenses incurred for attractions and promotional events, including, without limitation, expenses of any decorations and seasonal displays, fairs, displays, musical and other performances and programs and other events and attractions;

1.23.12 expenses of any inspections required or deemed appropriate by the Residential Association;

1.23.13 expenses of operating and maintaining any Residential Utility Facilities, trash pickup and disposal, landscaping, patrols and other services benefiting the Residential Property to the extent such services are obtained and paid for by the Residential Association, including, without limitation, expenses incurred for purchasing reclaimed water as required under this Residential Declaration and the Community Declaration;

1.23.14 expenses, if any, required for the maintenance of any areas required by any Governmental Agency to be maintained by the Residential Association;

1.23.15 expenses of insurance and bonds maintained by the Residential Association;

1.23.16 reasonable reserves as deemed appropriate by the Residential Association or otherwise required to be maintained under the Residential Governing Documents or Applicable Laws;

1.23.17 taxes and assessments incurred by the Residential Association, if any;

1.23.18 expenses incurred under any cost sharing agreements identified in any Supplemental Declarations as an obligation of the Residential Association;

1.23.19 expenses incurred by the Residential Association for the discharge of any lien or encumbrance levied against all or any portion of the Residential Association Property;

1.23.20 expenses incurred in connection with fulfilling obligations, if any, incurred in connection with any Offsite Maintenance Areas or City Agreements; and

1.23.21 expenses of any other services or items designated by, or in accordance with other expenses incurred by the Residential Association for any reason whatsoever in connection with the operation, maintenance and/or governance of the Residential Governing Documents or in furtherance of the purposes or the discharge of any obligations imposed on the Residential Association by the Residential Governing Documents.

1.24 "Community Assessments" means the assessments levied under the Community Declaration by the Community Association.

1.25 "Community Association Assessments" means the Community Assessments levied by the Community Association under the Community Declaration.

1.26 "Community Association" or "Civita Community Association" means the Civita Community Association, a California non-profit mutual benefit corporation established pursuant to the Civita Governing Documents, or any successor entity charged with the duties, obligations and powers of the Community Association.

1.27 "Community Board" means the Board of Directors established to operate the Community Association.

1.28 "Community Bylaws" means the Bylaws of the Community Association, as the same may from time to time be amended.

1.29 **"Community Declaration"** means the Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Civita, as it may be amended and supplemented from time to time.

1.30 **"Community Entitlements"** means the Quarry Falls Specific Plan adopted by the City on October 21, 2008, the Conditions of Approval for Vesting Tentative Map No. 183196 adopted by Resolution No. R-304294 on October 21, 2008, Site Development Permit No. 183192, Planned Development Permit No. 183193, Quarry Falls Project No. 49068 (MMRP), the Conditional Use Permit and any other entitlements, permits and authorizations relating to the Residential Property and other portions of the Civita Community and any conditions imposed in connection with such entitlements, permits and authorizations issued or imposed by the City or other Governmental Agencies, as such Community Entitlements may be amended or supplemented from time to time.

1.31 **"Community Recreation Center"** means the building and recreational facilities which may be constructed within the Residential Property primarily for the use of the Residential Association, the Residential Owners and their Permitted Users, but which may also be used by the Community Association pursuant to the Community Recreation Center Easement and Use Agreement.

1.32 **"Community Recreation Center Easement and Use Agreement"** means the easement or other similar agreement reserving and/or granting certain easements or rights of use in favor of the Community Association, which may be (but shall not be required to be) recorded in the Official Records for the use of portions of the Community Recreation Center if such Community Recreation Center is developed as contemplated under the Community Entitlements.

1.33 **"Community Signage Program"** means the signage programs and requirements set forth in the Quarry Falls Specific Plan and any signage program or requirements imposed under the Community Entitlements or the signage requirements included in the Civita Design Guidelines.

1.34 **"Community Standards"** means the higher of the following standards: (a) the standards established by the City in the Community Entitlements for the operation and maintenance of the Civita Community, (b) the standards and quality required to maintain, repair and restore the Residential Association Maintenance Areas and any other applicable portions of the Residential Property to the condition that existed as of the date the Buildings, Residences and other Improvements within an applicable Parcel were first completed, (c) the standard required to maintain the Residential Association Maintenance Areas and the applicable portion of the Residential Property to the level contemplated under the Community Entitlements, (d) the standards set forth in the applicable Maintenance Manual or standards established by the Community Association and the standards under the Civita Governing Documents.

1.35 **"Condominium"** means a condominium within the Residential Property established under Section 1351(f) of the California Civil Code.

1.36 **"Condominium Plan"** means a condominium plan filed for record pursuant to California Civil Code Section 1351(f) in the Official Records.

1.37 **"County"** means the County of San Diego.

1.38 **"Declarant"** means Quarry Falls, LLC, a California limited liability company ("Quarry Falls, LLC") and shall include those successors and assigns of Quarry Falls, LLC who acquire or hold title to any part or all of the Residential Property for purposes of development and are expressly named as a successor Declarant to all or a portion of Declarant's rights in an Assignment of Declarant's Rights ("Assignment of Declarant's Rights") executed by the Declarant, or a successor Declarant, and recorded in the Official Records assigning the rights and duties of Declarant to such successor Declarant, with such successor Declarant accepting and assuming the assignment of such rights and duties. Any such assignment may be subject to such conditions or limitations as Declarant may impose in its sole and absolute discretion. A Successor Declarant shall also be deemed to include the beneficiary under any deed of trust securing an

obligation from a then existing Declarant encumbering all or any portion of the Residential Property, which beneficiary has acquired any such property by foreclosure power of sale or deed in lieu of such foreclosure or sale and a Person who acquires Declarant or substantially all of its assets, or who merges with Declarant by sale, merger, reverse merger, consolidation sale of stocks or assets, operation of law or otherwise.

1.39 **"Declarant Party"** means the Declarant and its current and future Affiliates, and the respective current and future directors, officers, employees, members, managers, partners, trustees, trust beneficiaries, agents, and representatives of Declarant and its current and future Affiliates.

1.40 **"Declarant's Neighborhood Representative" or "Declarant's Representative"** means the representative selected by Declarant to cast Declarant's votes and the votes of any Guest Builder whose votes have been assigned to Declarant.

1.41 **"Declarant's Rights Termination Date"** means the earlier of (a) the date Declarant, the Declarant Party or any Guest Builder no longer owns any portion of the Residential Property or Annexable Property, or (b) the date Declarant's Class C voting rights expire as set forth in Article 4.

1.42 **"DRE"** means the California Department of Real Estate.

1.43 **"Election Committee"** means the committee appointed by the Residential Board to nominate candidates to the Residential Board and to perform other functions relating to election procedures as described in Article 3.

1.44 **"Eligible Mortgage Holder"** means any First Mortgagee who has given written notice to the Residential Association specifying its name, address and the Parcel or Condominium encumbered by the First Mortgage and requesting written notice of any or all of the events to which such Eligible Mortgage Holder is entitled to notice specified in this Residential Declaration.

1.45 **"Emergency"** means any situation, condition or event which threatens substantial imminent damage or injury to Person or property.

1.46 **"EMRA's"** means any Encroachment, Maintenance and Removal Agreements entered into by Declarant or a Declarant Party and the City relating to any Residential Association Maintenance Areas identified in a Supplemental Declaration.

1.47 **"Federal Agencies"** refers collectively to one or more of the following agencies and the following letter designation for such agencies shall mean and refer to, respectively, the agency specified within the parentheses following such letter designation and any successors to such agencies: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), and VA (United States Department of Veterans' Affairs).

1.48 **"Final Map"** means a subdivision map filed in the Official Records that divides any portion of the Residential Property into legal parcels or lots, including, without limitation, "airspace", or "vertical parcels".

1.49 **"First Mortgage"** means a Mortgage that is first in priority under the recording statutes of the State of California over all other Mortgages encumbering a Condominium or Parcel.

1.50 **"First Mortgagee"** means the Mortgagee of a First Mortgage.

1.51 **"Fiscal Year"** means the fiscal accounting and reporting period of the Residential Association selected by the Residential Board.

1.52 **"Governmental Agency"** means the City, the County and any other federal, state, local or municipal governmental entity or quasi-governmental entity (or any departmental agency thereof) exercising jurisdiction over a particular subject matter for any portion of the Residential Property.

1.53 **"Guest Builder"** means a Person designated by Declarant as a Guest Builder in a recorded document. Some of the Persons Declarant intends to designate as Guest Builders are Persons who acquire a portion of the Residential Property for the purpose of (i) developing such portion of the Residential Property for resale to the general public. The term "Guest Builder" does not include Declarant.

1.54 **"Hazardous Materials"** means any biologically or chemically active, or toxic or hazardous waste or materials as defined or regulated by Applicable Laws. Without limitation, "Hazardous Materials" shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq.; any applicable state, local or federal laws, and the regulations adapted under these Acts.

1.55 **"Improvements"** means any structure, vegetation or appurtenance thereto, and other improvements constructed or installed above or below ground, including, without limitation, all Buildings, parking areas and structures, roadways, walkways, curbs, gutters, sewer laterals, all types of walls and fences, paint on all exterior surfaces, poles, signs, exterior lighting and light standards, recreational facilities, exterior air conditioning equipment, antennae, hedges, berms, windbreaks, trash enclosures, spas, swimming pools, the exterior facades on all Residences and other Buildings, landscaping, hardscapes, irrigation facilities, trees, shrubs, plazas, planters, stairways, railings, ramps, Utility Facilities, pipes and conduits and any replacements, additions, repairs or alterations thereto of any kind whatsoever. The Residential Design Guidelines may identify additional items that are Improvements which require approval of the Residential Architectural Committee.

1.56 **"Institutional Mortgagee"** means a First Mortgagee that is (a) a bank, savings and loan association, insurance or mortgage company or other entity or institution chartered under federal and/or state law; (b) an insurer or governmental guarantor of a First Mortgage; or (c) any federal or state agency.

1.57 **"Lessee"** means any tenant or lessee occupying a portion of the Residential Property with a written lease agreement.

1.58 **"Lifestyle Director"** means the person who may be engaged or employed by the Community Association to provide certain services, organize certain events and conduct certain activities for the benefit of the Civita Community.

1.59 **"Maintenance" or "Maintain"** whether capitalized or not means maintain, repair and replace unless otherwise specified in this Community Declaration.

1.60 **"Maintenance Manual" or "Maintenance Guide"** means, as the context requires, the Residential Association Maintenance Manual or any other manual or guide imposing standards and requirements for maintenance provided by Declarant or a Guest Builder to a Neighborhood Association or Owners.

1.61 **"Maintenance Obligations"** means the obligations of the Residential Association, each Neighborhood Association and each Owner to perform (a) all reasonable maintenance consistent with the terms of the applicable Maintenance Manual and the Community Standards and (b) any maintenance obligations of the Residential Association or a Neighborhood Association or Owner set forth in this Residential Declaration or any other Residential Governing Documents, any Neighborhood Governing Documents or Civita Governing Documents.

1.62 **"Majority of the Voting Power"** means the vote, consent or approval of both: (a) the Neighborhood Representatives representing at least a Majority of the Members of the Residential Association

who are eligible to vote under the Residential Governing Documents and (b) Declarant until the Declarant's Rights Termination Date.

1.63 **"Member"** means each Person who qualifies for membership under this Residential Declaration, including Declarant, as long as Declarant qualifies for membership under Article 4.

1.64 **"Mortgage"** means a mortgage, deed of trust, assignment of rents, issues and profits or other proper instruments (including, without limitation, those instruments and estates created by sublease or assignment), that is given as security for the repayment of loan(s) or financing(s) that encumbers a Parcel or Condominium in good faith and for value.

1.65 **"Mortgagee"** means the holder of a Mortgage, including, without limitation, a beneficiary under a deed of trust as well as a mortgagee.

1.66 **"Neighborhood" or "Neighborhood Districts"** means a particular portion of the Residential Property which is represented by a Neighborhood Representative and is created in the manner described in the Residential Bylaws. A Neighborhood shall be designated in a Supplemental Declaration.

1.67 **"Neighborhood Assessments"** means assessments levied pursuant to any Neighborhood Declaration on the Residential Separate Interests contained in a particular Neighborhood.

1.68 **"Neighborhood Association"** means an owner's association that may be formed to operate and govern a Neighborhood pursuant to a Neighborhood Declaration. A Neighborhood Association is referred to as a Subassociation under the Community Declaration.

1.69 **"Neighborhood Association Maintenance Manual"** means any manual prepared by Declarant or a Guest Builder or its consultants and provided to a Neighborhood Association, specifying the obligations and schedules for maintenance imposed by a Guest Builder on a Neighborhood Association as supplemented and amended from time to time by Declarant, the Guest Builder or the Neighborhood Association.

1.70 **"Neighborhood Association Property"** means the area within the boundaries of a Neighborhood owned and/or maintained by a Neighborhood Association or collectively by all or some of the Owners of Residential Separate Interests within the Neighborhood in common and restricted to use primarily by such Owners and their Permitted Users.

1.71 **"Neighborhood Board"** means the governing body of a Neighborhood Association as established pursuant to the Neighborhood Declaration and the articles of incorporation and bylaws for the Neighborhood Association.

1.72 **"Neighborhood Declaration"** means any declaration of covenants, conditions and restrictions recorded for a Neighborhood and establish a Neighborhood Association.

1.73 **"Notice and Hearing"** means the procedure which gives an Owner notice of an alleged violation of the Residential Governing Documents and the opportunity for a hearing before the Residential Board.

1.74 **"Notice of Delinquent Assessments"** has the meaning set forth in Section 5.17.4.

1.75 **"Occupant"** means a person that is entitled to occupy from time to time all or a portion of a Parcel, Building, Building Portion or Condominium, whether pursuant to ownership, lease, sublease, license, concession or other similar agreement.

1.76 **"Official Records"** means the Official Records of the County Recorder of the County.

1.77 "Offsite Maintenance Area" means any real property or facilities located outside of the Residential Property which the Residential Association is obligated to maintain designated as an Offsite Maintenance Area in a Supplemental Declaration.

1.78 "Owner" means the record owner from time to time, whether one (1) or more Persons, of fee simple title to any Parcel or Condominium, including Declarant and Guest Builders unless the context otherwise requires. An Owner shall exclude those Persons merely having a security interest in a Condominium, Parcel or Building Portion for the performance of an obligation, unless and until such Person acquires fee title thereto.

1.79 "Parcel" means each of the separate parcels or lots shown and described on a Final Map.

1.80 "Perimeter Walls and Fences" means the walls and fences bordering portions of the Residential Property designated as Perimeter Walls and Fences in any Supplemental Declaration and specified for maintenance by the Residential Association in a Supplemental Declaration.

1.81 "Permitted Users" means all Occupants and any Person whose presence within the Residential Property is approved by or is at the request of the Residential Association, a Neighborhood Association or a particular Owner, or Lessee, including, without limitation, the respective employees, agents, contractors, customers, family, guests, invitees, licensees and concessionaires of such Persons.

1.82 "Person" means a natural person, a corporation, a partnership, a limited liability company, a trust, a trustee, or other legal entity. When the word "person" is not capitalized, the word refers only to natural persons.

1.83 "Phase" means any portion of the Residential Property encumbered by a Supplemental Declaration for which a Public Report has been issued by the DRE and which has been made subject to this Residential Declaration by Annexation, unless with respect to any portion of the Residential Property a Phase is otherwise specified in a Supplemental Declaration.

1.84 "Plans" shall have the meaning set forth in Section 8.2.

1.85 "Private Streets" means those streets, roads, drives and lighting Improvements and other corresponding infrastructure, if any, which are owned or maintained by the Residential Association, designated as Private Streets in a Supplemental Declaration, including any Private Streets within a Special Residential Benefit Area.

1.86 "Public Report" means a final subdivision public report issued by the DRE for any Phase in the Residential Property, including any amendments to such Public Report.

1.87 "Public Use Areas" means any portion of the Residential Association Maintenance Areas required to be made available for public or quasi-public use under the Community Entitlements or the Civilta Governing Documents or as otherwise designated for Public Use in a Supplemental Declaration.

1.88 "Residence" means a residential dwelling unit (including a Condominium) located within the Residential Property.

1.89 "Residential Assessments" means the assessments which are levied to cover the Common Expenses under Article 5 or other Residential Assessments permitted to be levied by the Residential Association under this Residential Declaration and the other Residential Governing Documents, which include the Residential Assessments described below.

1.89.1 "Capital Improvement Assessments" means the Capital Improvement Assessments that are levied by the Residential Association pursuant to Section 5.6.

1.89.2 **"Compliance Assessments"** means the Compliance Assessments that are levied by the Residential Association pursuant to Section 5.10.

1.89.3 **"Regular Assessments"** means the Regular Assessments that are levied by the Residential Association pursuant to Section 5.4.

1.89.4 **"Special Allocation Assessments"** means the Special Allocation Assessments that are levied by the Residential Association pursuant to Section 5.7.

1.89.5 **"Special Assessments"** means the Special Assessments that are levied by the Residential Association pursuant to Section 5.5.

1.89.6 **"Special Residential Benefit Area Assessments"** means the assessments that are levied by the Residential Association upon a Special Residential Benefit Area under a Special Residential Benefit Budget in accordance with Article 5, including, without limitation, any such costs and expenses under a third party operating or management agreement by the Residential Association for such Special Residential Benefit Area.

1.90 **"Residential Association"** means the Civita Residential Association which will be formed and activated upon the Residential Association Activation Date to govern and manage the Residential Property.

1.91 **"Residential Association Activation Date"** means the date of activation of the Residential Association as described in Section 3.2.

1.92 **"Residential Association Articles"** means the Articles of Incorporation of the Residential Association in the form approved by the DRE, which upon the Residential Association Activation Date shall be filed with the Secretary of State, as the same may be amended from time to time.

1.93 **"Residential Association Bylaws"** means the Bylaws of the Residential Association substantially in the form approved by the DRE, which upon the Residential Association Activation Date shall be adopted by the Residential Board, as the same may be amended from time to time.

1.94 **"Residential Association Maintenance Areas"** means (a) any portions of the Residential Property that the Residential Association is obligated to maintain designated as Residential Association Maintenance Areas in a Supplemental Declaration, including, without limitation, the Residential Association Property and (b) any property adjacent to the Residential Property (including any adjacent public property, parkways, medians, public rights-of-way and any Improvements located thereon) which is not owned, in fee title or leased, by the Residential Association but which the Residential Association is obligated to maintain as required under the Community Entitlements or as provided in this Residential Declaration, any Supplemental Declarations, cost sharing agreements or any separate maintenance, easement or other agreements of record or agreements entered into by the Residential Association and Declarant or a Declarant Party.

1.95 **"Residential Association Maintenance Manual"** means the maintenance manual which may be provided by Declarant or its consultants to the Residential Association which includes the obligations and schedules for the maintenance and preservation of the Improvements situated within the Residential Association Maintenance Areas by the Residential Association, as updated and amended from time to time by the Declarant or the Residential Board, pursuant to the terms of this Residential Declaration.

1.96 **"Residential Association Property"** means all real property and the Improvements situated on such real property owned or leased by the Residential Association designated as Residential Association Property in a Supplemental Declaration.

1.97 **"Residential Association Rules"** means the rules and regulations of the Residential Association as updated or amended from time to time.

1.98 **"Residential Board"** means the Board of Directors of the Residential Association.

1.99 **"Residential Declaration"** means this Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for the Residences at Civita covering the Residential Property as the same may be amended from time to time.

1.100 **"Residential Design Guidelines"** means the architectural, design and signage standards, and other guidelines and procedures established by the Residential Association.

1.101 **"Residential Architectural Committee"** means the committee formed by the Residential Association pursuant to Article 8.

1.102 **"Residential Governing Documents"** means this Residential Declaration, the Residential Association Bylaws, Residential Association Articles, Residential Association Rules, the Residential Design Guidelines and any Supplemental Declarations recorded pursuant to this Residential Declaration.

1.103 **"Residential Handbook"** means the handbook adopted by the Residential Board which sets forth the Residential Association Rules and Residential Design Guidelines.

1.104 **"Residential Landscape Areas"** means the landscape areas, including the landscaping, planters, retaining walls, irrigation systems and other landscape improvements located within the Residential Association Maintenance Areas. The Residential Landscape Areas may be designated in a Supplemental Declaration.

1.105 **"Residential Owner"** means the Owner of a Residence.

1.106 **"Residential Property"** means all the real property described on Exhibit "A" attached hereto and all Improvements situated thereon and any real property which shall become subject to this Residential Declaration by Annexation. In the event of the de-annexation of any Residential Property previously subject to this Residential Declaration, the term "Residential Property" shall not be deemed to include any such de-annexed land.

1.107 **"Residential Separate Interest"** means any or all of the following: (a) any Parcel shown on any recorded final subdivision map or any recorded parcel map upon which a Residence is or intended to be constructed to the extent such Parcels are part of the Residential Property and (b) any Condominium in the Residential Property covered by this Residential Declaration. Notwithstanding anything to the contrary contained herein, the term Residential Separate Interest shall not include any Residential Association Property or Neighborhood Association Property.

1.108 **"Restricted Access Areas"** means those portions of the Residential Association Property restricted for access by some or all of the Owners and their Permitted Users by Applicable Laws or as specified in Supplemental Declarations or the Community Entitlements.

1.109 **"Signs"** means all advertising, placards, signs, names, flags, banners, billboards, insignia, numerals, addresses and descriptive words of any type affixed, inscribed, constructed or maintained on any Parcel or Building within the Residential Property which are visible from any other Parcel or Building.

1.110 **"Special Residential Benefit Area Budget"** means those elements of the Annual Residential Operating Budget which itemize the cost components to be assessed against portions of the Residential Property within a Special Residential Benefit Area, as provided in this Residential Declaration and the other Residential Governing Documents.

1.111 **"Special Residential Benefit Area Rules"** means any rules established by the Residential Association applicable to a Special Residential Benefit Area.

1.112 "Special Residential Benefit Area Services" means those services and activities of the Residential Association provided to a Special Residential Benefit Area, including services provided by the Residential Association that are specified in a Supplemental Declaration as Special Residential Benefit Area Services.

1.113 "Special Residential Benefit Areas" means those portions of the Residential Property which directly receive a special benefit (which benefit may be in the form of amenities provided or maintenance or other services offered) and for which additional Residential Assessments will be imposed on the Owners within the applicable Special Residential Benefit Area who receive such special benefits. Special Residential Benefit Areas shall be described in Supplemental Declarations.

1.114 "Specific Plan" means the Quarry Falls Specific Plan, as amended from time to time adopted by the City Council on October 21, 2008.

1.115 "Storm Drain and Water Quality Improvements" means any private storm drain and water quality protection improvements and systems located within the Residential Association Maintenance Areas and the Offsite Maintenance Areas which may be, but shall not be required to be, specified in a Supplemental Declaration.

1.116 "Supplemental Declaration(s)" means those certain declarations of covenants, conditions and restrictions, or similar instruments, which may be recorded pursuant to this Residential Declaration without the consent of any Owner or Neighborhood Association by Declarant or the Residential Association (with the prior consent of Declarant until the Declarant's Rights Termination Date) to do any or all of the following: (a) annex all or a portion of the Annexable Property and impose additional covenants and restrictions on such Annexable Property; (b) make such other complementary additions and/or modifications necessary to reflect the different character of specific real property (including without limitation, imposing provisions relating to partition and other provisions required by Applicable Laws for Condominiums or to otherwise reflect obligations for any detached Condominiums for which a Neighborhood Association is not being created) and designate a portion of the Residential Property as a Phase; (c) prior to Annexation, delete any portion of the Annexable Property from the description of the Annexable Property attached to this Residential Declaration or after Annexation deannex any portion of the Residential Property pursuant to Article 13; (d) designate an Area or portion thereof as Phase; (e) make modifications or adjustments to the description of the Annexable Property to reflect Declarant's development plan or any lot line adjustments, parcel maps and final subdivision maps and/or conditions or requirements imposed by Governmental Agencies, including, without limitation, identifying additional real property to be included within the Annexable Property; (f) identify Residential Association Maintenance Areas or other areas to be maintained by the Residential Association and/or make modifications or supplements to any areas designated for maintenance by the Residential Association or any Owner; (g) upon the Residential Association Activation Date, identify Residential Association Property, Residential Association Maintenance Areas or otherwise provide notice of the activation of the Residential Association; (h) designate any Special Residential Benefit Areas and Special Residential Benefit Maintenance Areas; (i) conform this Residential Declaration or any previously recorded Supplemental Declarations to Applicable Laws or any conditions of approval imposed by any Governmental Agency or the Community Entitlements; (j) conform this Residential Declaration and other Residential Governing Documents to the requirements of any Federal Agencies and, notwithstanding anything to the contrary set forth in this Residential Declaration, impose obligations or covenants if required by Federal Agencies without the consent of any Residential Owner; (k) supplement or modify any of the exhibits to this Residential Declaration or any previously recorded Supplemental Declarations; (l) make corrections to the provisions of this Residential Declaration or any previously recorded Supplemental Declaration(s), and/or; (m) for any of the other purposes for which a Supplemental Declaration may be recorded under this Residential Declaration. Supplemental Declarations may also be recorded by Declarant or the Residential Association (with the prior consent of Declarant until the Declarant's Rights Termination Date) to impose additional covenants and restrictions on the Owners of Residential Separate Interests, with the prior consent of the applicable Owners, upon whose portion of the Residential Property the covenants and restrictions are being imposed unless such restrictions are imposed pursuant to any of the other purposes for which a Supplemental Declaration may be recorded as set forth herein or in the other Residential Governing Documents.

1.117 "Telecommunications Facilities" means systems, equipment, improvements, wiring and services for cable television, communications, telecommunications, antenna, high-speed data, telephone and all related intranet, internet, information transfer, transmission, video and other similar services and any technological evolutions of the foregoing.

1.118 "Utility Facilities" means all utility, communication, heating and ventilation and other similar facilities including, without limitation, intake and exhaust systems, any back flow preventers, any drainage systems, ducting systems for ventilation and utility services, water systems, sanitary sewer systems, natural gas systems, electrical systems, fire life safety systems, chilled water systems and central plants, telecommunication facilities, exhaust fans, lightning rods, vaults and switchgears, heating, ventilation and air conditioning systems, (including, without limitation, all machinery controls and vents relating thereto), emergency generators, central utility services and all other utility systems, conduits, cabling and facilities servicing the Residential Property which are situated in, on, over and under, or located within the Residential Property.

1.119 "Voting Power" means the votes attributable to the Members described in Article 4.

ARTICLE 2

PROPERTY RIGHTS AND EASEMENTS

As a master planned community, there are many different types of areas within the Residential Property. Some of the areas consist of Residential Association Property which are areas owned by the Residential Association. There are also areas known as Residential Association Maintenance Areas, which are areas over which the Residential Association has easements for maintenance. Many of these areas will be identified in Supplemental Declarations. Each Owner's rights of enjoyment within the Residential Property are limited by some of the property rights which are described in this Article. The easements and other rights described below are necessary to allow for the maintenance and governance of the overall Residential Property.

2.1 Ownership of Residential Association Property and Residential Association Maintenance Areas Upon the Residential Association Activation Date, unless otherwise specified in a Supplemental Declaration, fee title to the Residential Association Property and the easement rights in the Residential Association Maintenance Areas for each Phase to which Regular Assessments have commenced shall be conveyed to and accepted by the Residential Association. As to any subsequent Phases, unless otherwise specified in a Supplemental Declaration, fee title to the Residential Association Property and the easement rights in the Residential Association Maintenance Areas for each Phase shall be conveyed to and accepted by the Residential Association on or before the first conveyance of fee title of a Residential Separate Interest in such Phase to an Owner under a Public Report on or before the first conveyance of fee title of a Residential Separate Interest in such Phase to an Owner under a Public Report.

2.2 Commencement of Easements The easements herein granted and reserved shall be effective as to a Phase upon the conveyance of a Residential Separate Interest in the Phase or as otherwise specified in a Supplemental Declaration covering the real property encumbered by such easement. The easements described in this Residential Declaration which are granted to the Residential Association shall commence upon the Residential Association Activation Date. The easements reserved by Declarant shall be effective upon recordation of this Residential Declaration and the easements granted to Guest Builders shall commence upon the conveyance by Declarant of any Parcel to a Guest Builder.

2.3 Limitations All of the easements and licenses described in this Article 2 are subject to the limitations set forth in Section 2.8 and any other limitations and restrictions set forth in the Residential Governing Documents and Civita Governing Documents, and each grant of a license or easement in this Article 2 shall include the implied statement that such license or easement is subject to such limitations and restrictions as if the foregoing statement were specifically set forth in the applicable granting clause.

2.4 Easements in Favor of Owners.

2.4.1 Non-Exclusive Easements for Residential Association Property. Declarant hereby grants to the Owners for their benefit and the benefit of their Permitted Users a non-exclusive easement for ingress, egress and use in and to the Residential Association Property and any other areas designated in a Supplemental Declaration, except the Restricted Access Areas.

2.4.2 Private Streets. Declarant hereby grants to the Owners for their benefit and the benefit of their Permitted Users, a non-exclusive easement for vehicular and pedestrian ingress and egress over and across any Private Streets which may from time to time be included in the Residential Association Property. Declarant or the Residential Association may impose restrictions on access on such Private Streets, including restrictions that allow access only to the Owners and Permitted Users in a Special Residential Benefit Area.

2.5 Easements in Favor of Declarant and the Residential Association.

2.5.1 Residential Association Easements for Performance of Obligations and Enforcement of Rights. Declarant hereby reserves to itself for its benefit and the benefit of its agents, employees and contractors and grants to the Residential Association for its benefit and the benefit of the Residential Association and its agents, employees and contractors, a non-exclusive easement on, over, under, through and across the Residential Association Maintenance Areas for performing its duties and exercising its powers described in this Residential Declaration and for the purpose of taking such actions as may be reasonably required to exercise the rights and remedies of the Declarant or the Residential Association (as applicable) in regard to any violation of this Residential Declaration or any of the other Residential Governing Documents. Such easements include, without limitation, a non-exclusive easement over, upon, across and through all Residential Association Maintenance Areas, and (to the extent applicable) all portions of the Residential Property, for the purpose of performing such maintenance as the Residential Association is authorized or required to perform under the Residential Governing Documents or the Community Entitlements and such access as may be reasonably required in connection with such activities. In the case of any such entry over, upon, across and through any Residential Property that is not owned by the Residential Association, the Residential Association shall endeavor to provide reasonable prior notice to the owner of the affected portions of the Residential Property.

2.5.2 Public Use. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same, and grants to the Residential Association (with the prior consent of the Declarant) the right and authority to (a) grant to the City or other Governmental Agencies one or more easements, licenses or other rights over, upon and across one or more Residential Association Maintenance Areas, or any portions thereof, and (b) grant the public or to other Persons who are not Owners one or more easements, licenses or other rights over, upon and across one or more Residential Association Maintenance Areas for such purposes as Declarant or the Residential Association may deem appropriate, including, without limitation, for the purpose of permitting the City to perform various obligations and responsibilities within the Residential Property, including ingress and egress easements for Emergency purposes.

2.5.3 Other Easements. Declarant anticipates that the Residential Property shall be subject to additional easements as set forth in Supplemental Declarations, as well as in any Final Map, the Community Entitlements or any other agreements recorded against the Residential Property. Nothing in this Residential Declaration shall be deemed to limit the right of Declarant or (with the prior consent of the Declarant) the Residential Association, to grant or reserve any additional easements over any portion of the Residential Property to such grantees and for such purposes as Declarant or the Residential Association (as applicable) may deem appropriate, provided that any such easement shall not be inconsistent with the easement rights granted in this Residential Declaration.

2.6 Easements in Favor of Declarant and Guest Builders.

2.6.1 Declarant's Easements to Exercise Rights. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and the benefit of Guest Builders, a non-exclusive easement for ingress and egress to perform each of their respective duties and exercise their powers granted or reserved under this Residential Declaration to Declarant and Guest Builders, including, without limitation, the easement rights described in this Section 2.6 and the rights and powers described in Article 9.

2.6.2 Development Easements in Favor of Declarant. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the prior consent of Declarant, to the Guest Builders and each of their agents, employees, contractors and prospective purchasers, non-exclusive easements over the Residential Property for access to, and ingress and egress over and across, any portions of the Residential Property as is reasonable and necessary to undertake and complete the work of development, construction, marketing, conveyance and/or repair and replacement of the Improvements and the right to exercise any warranty or rights to repair granted to Declarant or a Guest Builder under this Residential Declaration, any Neighborhood Declaration, and any sales documents entered into by a Guest Builder with an Owner.

2.6.3 Easements to Declarant for Annexable Property. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and the benefit of Guest Builders, an easement over, upon, through and across the Residential Property for the purpose of reasonable ingress to and egress from, over and across the Residential Property, to the Annexable Property until all of such Annexable Property is annexed to the Residential Property.

2.6.4 Maintenance and Repair. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and the benefit of Guest Builders, a non-exclusive easement over, upon, through and across the Residential Property for access to perform necessary maintenance of any Improvements constructed by Declarant or a Guest Builder or their respective agents, employees and contractors.

2.6.5 Installation of Additional Improvements. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the prior consent of Declarant, for the benefit of Guest Builders, the right to install and operate within the Residential Association Maintenance Areas such landscaping, sidewalks, walkways, courtyards, parks, water features, art, drainage areas, lighting, street improvements, signage, comfort stations, monumentation, Utility Facilities, and other facilities and Improvements, as may be deemed appropriate by Declarant and/or required by the Community Entitlements.

2.6.6 Utility Facilities. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the prior consent of Declarant to the Guest Builders, easements on, over, under, through and across the Residential Property for the purpose of constructing, erecting, operating and maintaining facilities and improvements, including, without limitation, easements for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines, and drainage facilities, as may be shown on any recorded subdivision or Final Maps of the Residential Property or as are required by any Governmental Agencies or the Community Entitlements or as may be required in connection with the development of the Residential Property.

2.6.7 Drainage. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and the benefit of Guest Builders, a non-exclusive easement through and across the Storm Drain and Water Quality Improvements for the drainage of water.

2.6.8 Telecommunication Facilities. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the consent of Declarant, the benefit of Guest Builders, a non-exclusive easement for the right to place and operate Telecommunication Facilities on, under or across the Residential Property.

2.6.9 Concessions. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same, the right to grant concessions and licensing rights, install kiosks and/or exercise or conduct similar activities within the Residential Association Property. Any revenue generated by Declarant or any assignee to whom such rights have been granted shall remain solely the revenue of Declarant or its assignee. Declarant shall be entitled to withhold approval to the granting of any concession or licensing rights by the Residential Association if such granting of a concession or licensing rights would conflict with or impair any license or concession rights reserved or granted by Declarant or any assignee of Declarant or which may impair or conflict with any rights intended to be granted by Declarant.

2.6.10 Parking Meters. Declarant reserves to itself, together with the right and power to grant and transfer the same, the right to install within any Private Streets within the Residential Association Maintenance Areas public or private parking meters and/or vehicle charging devices to the extent allowed under Applicable Laws. Any revenue generated by Declarant or any assignee to whom such rights have been granted by Declarant shall remain solely the revenue of Declarant or its assignee.

2.6.11 Easements for Signage. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the prior consent of Declarant, for the benefit of Guest Builders, an easement on, over, under, through and across the Residential Property to install and maintain, identification, promotional, and other signage required or deemed necessary by Declarant, or a Guest Builder, including, without limitation, any signage in connection with the exercise of the easements described above.

2.6.12 Bonds or Other Security. Declarant hereby reserves to itself, together with the right and power to grant and transfer the same for its benefit and with the prior consent of Declarant, for the benefit of Guest Builders, the right to enter upon any portion of the Residential Association Property or Residential Association Maintenance Areas to perform any work required to be performed under any of the Community Entitlements or to cure any failure of the Residential Association or Neighborhood Association to perform any work required as a condition to the release of any bonds or other security posted with a Governmental Agency or any other obligee.

2.7 Easements in Favor of Owners, Parcels and Condominiums

2.7.1 Encroachments. Declarant hereby reserves to itself, for its benefit and grants for the benefit of the Guest Builders, the Neighborhood Associations and each Owner as an appurtenance to the Parcel or Condominium of such Person, a non-exclusive easement over, upon and across all adjacent Parcels, for purposes of accommodating (a) any minor encroachments of Improvements originally constructed on such Parcel whether such encroachment is expressly contemplated by any plans and specifications or is due to construction errors, settlement or shifting of Improvements, or similar causes (provided, however, that no such easement shall be deemed created if the encroachment occurred due to the intentional conduct of the Residential Association, the Guest Builders or the applicable Owner), and (b) any encroachment of an Improvement constructed on such Residential Property substantially in accordance with the Plans approved pursuant to Article 8 of this Residential Declaration and expressly contemplated in such plans and specifications (including without limitation balconies, light fixtures, signage fixtures, awnings, and similar items). The easement for the maintenance of the encroaching improvement shall exist for as long as the encroachments exist. Any easement of encroachment may, but need not, be cured by repair and restoration of the structure.

2.7.2 Drainage. Declarant hereby grants to the Owners and Neighborhood Associations for their benefit and the benefit of their Occupants a non-exclusive easement through and across any Storm Drain and Water Quality Improvements for the drainage of water from such Owner's Residential Separate Interest or Neighborhood Association Property.

2.8 Limitations on Easements and License Rights. The easement rights, and the reservations of the right and authority to grant easements, described in the foregoing provisions of this Article 2 and elsewhere in this Residential Declaration, shall be subject to the limitations set forth below.

2.8.1 Easements of Record. The Residential Property is subject to all covenants, conditions, restrictions, encumbrances, easements, dedications, and rights of way as shown on any Final Maps and any other matters of record, including, without limitation, the Community Entitlements and any agreements recorded by Declarant to memorialize the easements and other rights reserved to Declarant under this Residential Declaration.

2.8.2 Residential Governing Documents. All of the easements and rights set forth in this Article 2 and any other easements set forth in this Residential Declaration are subject to the limitations, restrictions and easements set forth in the Civita Governing Documents and the Residential Governing Documents. Without limiting the foregoing, all of such easements and rights shall be subject to the easements and other rights reserved to the Declarant and granted to Guest Builders and the Owners and their Permitted Users, as specified above.

2.8.3 Limits on Use of Residential Association Property. Subject to the Residential Governing Documents and the rights specifically reserved by Declarant above, the Residential Association shall have the right to (a) limit and restrict the use of any recreational facilities located within the Residential Association Property and portions thereof, during specific times or on specific dates for events or promotional activities and other purposes, and to prohibit all use and access to portions of the Residential Association Property as otherwise deemed necessary by the Residential Association for health, safety, welfare, privacy or security purposes, (b) limit or permit usage thereof by Persons as the Residential Association deems appropriate (c) limit the number of Persons using the Residential Association Property, and/or (d) permit members of the public to use portions of the Residential Association Property. Such right to limit usage shall be subject to and subordinate to the rights in favor of the Community Association under the Community Recreation Center Easement and Use Agreement. In exercising such rights, the Residential Association shall not limit or restrict Declarant from exercising any rights expressly reserved to Declarant in this Residential Declaration or the Civita Governing Documents.

2.8.4 Suspend Right to Use Residential Association Property. The Residential Association shall have the right, after Notice and Hearing, to temporarily suspend the right to use any recreational facilities located within the Residential Association Property by an Owner or Occupant pursuant to the terms of the Residential Governing Documents.

2.8.5 Parking. The Residential Association shall have the right to control parking and/or impose other limitations related to parking. Such rights include, without limitation, recharging facilities for electrical or other alternative energy equipment, designating restricted parking spaces, implementing parking management programs imposed by any Governmental Agencies, limiting uses for disabled or other purposes within any portions of the Residential Association Property or other portions of the Residential Property under its control provided that the prior consent of Declarant shall be required.

2.8.6 Easements and Dedication. The Residential Association shall have the right to dedicate or transfer all or any part of the Residential Association Property or any interest therein to the City (with the prior consent of the City and until the Declarant's Rights Termination Date, the consent of the Declarant), which dedication or transfer shall be subject to the provisions of this Residential Declaration and such other conditions as the Residential Association deems proper.

2.8.7 Grant Concessions. Subject to Section 2.6.9, the Residential Association shall have the right to grant concessions for snack bars and other commercial activities relating to the use and enjoyment of the Residential Association Property by the Owners.

2.8.8 Establish Special Assessment Districts. The Residential Association shall have the right to establish with the prior consent of Declarant, until the Declarant's Rights Termination Date, in cooperation with the City, one or more special assessment districts for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Residential Association, together with the right of the Residential Association to convey, lease or otherwise transfer, subject to the provisions of this Residential Declaration, all or any portion of the Residential Association Property to said district.

2.8.9 Use by Public. The Residential Association shall have the right to allow use of the Residential Association Property by members of the public, pursuant to any requirements imposed by the City.

2.8.10 Levy Charges The Residential Association shall have the right to levy charges for promotional and other events which it sponsors within the Residential Association Maintenance Areas or Special Residential Benefit Areas.

2.8.11 Duration of Easement Rights Except for the rights of Declarant and any Declarant Party and, as applicable, the Guest Builders, the easement rights granted under this Residential Declaration shall be for a term and duration coextensive with the Owner's title or interest in and to the Residential Property. Upon conveyance of such Owner's Parcel or Condominiums, such rights shall pass to the successor Owner(s) of the Parcel or Condominium being conveyed. All of the rights reserved to Declarant and granted to a Guest Builder shall continue so long as Declarant, a Declarant Party or a Guest Builder owns any portion of the Residential Property or the Annexable Property.

2.8.12 Limitation on Access Rights in Connection with Maintenance. Except for the rights of Declarant and any Declarant Party, the Residential Association and the Declarant shall have the right to temporarily close or restrict access to the Residential Association Property or other Residential Association Maintenance Areas as may be reasonably necessary in connection with the exercise of any maintenance obligations under this Residential Declaration or in the event of an Emergency or to exercise any other rights reserved or granted by Declarant or the Residential Association hereunder.

2.8.13 Rights of Permitted Users Notwithstanding any other provisions of this Residential Declaration or the Residential Governing Documents, nothing contained in this Article is intended to grant any third party beneficiary rights or any other rights to a Permitted User. No Permitted User shall have any rights under this Article independent of the rights granted to the Residential Association and the Owners under this Residential Declaration.

2.9 Delegation of Use. Subject to the Residential Governing Documents (including without limitation, the provisions of Section 4.1.3 of this Residential Declaration), an Owner may delegate its right of use of the recreational facilities within the Residential Association Property and the duties with respect thereto, to its Occupants provided no such delegation shall relieve the Owner of its duties and obligations with respect thereto.

2.10 No Right to Revenue. The grant of any easements contained in this Article or the grant of any other rights set forth in this Residential Declaration shall not be deemed to grant to the Residential Association, Neighborhood Associations or any Owners any rights to any revenues, profits or other monies derived directly or indirectly by any Declarant or Declarant Party or any other Person to which such rights have been granted for any commercial or other operations within the Residential Property.

2.11 No Separate Transfer. None of the easements described above shall be conveyed, transferred, assigned, or encumbered separately from the fee interests in the individual Condominiums or Parcels. Easements that benefit or burden any Condominium, Building Portion or Parcel shall be appurtenant to that Condominium, Building Portion and Parcel and shall automatically accompany the transfer or conveyance of such Condominium, Building Portion and Parcel, even though the description in the instrument of transfer may refer only to the interests in the Condominium, Building Portion and Parcel as transferred or conveyed.

2.12 Declarant's Consent. To the extent the consent of Declarant is required under this Article 2, Declarant's right to consent shall continue until the Declarant, a Declarant Party or a Guest Builder no longer owns any portion of the Residential Property or Annexable Property.

ARTICLE 3

RESIDENTIAL ASSOCIATION

Upon the Residential Association Activation Date, the Residential Association will be formed to govern, maintain and manage the Residential Property and to perform the other powers and duties of the Residential Association which are described in this Article. The Residential Association will have the responsibility to ensure the Residential Association Maintenance Areas are maintained in accordance with the requirements of the Residential Governing Documents and Civita Governing Documents. It will also exercise regulatory and supervisory powers over the Residential Property to ensure compliance with the Residential Governing Documents and Civita Governing Documents. Upon the Residential Association Activation Date, the Residential Association shall help to further a sense of community for the Owners of Residential Property within the Civita Community. The Residential Association acts by and through a Board of Directors. Given the size and responsibilities of the Residential Association, the Residential Association will, after the Residential Association Activation Date, have extensive powers in order to assure the efficient operation, maintenance and governance of the Residential Property and to respond to changes as may be required in the future.

3.1 Activation of the Residential Association. Declarant or the Community Association shall each have the right and power to cause the activation of the Residential Association in accordance with the requirements and upon the occurrence of the events described below.

3.1.1 Activation by Declarant or a Declarant Party. Declarant or a Declarant Party may cause the activation of the Residential Association upon the earlier to occur of the following:

- (a) At least thirty (30) days prior to the date for the conveyance of any Residential Association Property to the Residential Association;
- (b) At least thirty (30) days prior to the date Declarant or any Governmental Agency intends to impose or transfer any maintenance obligations for the Residential Association Maintenance Areas on the Residential Association as evidenced by the recordation of a Supplemental Declaration; or
- (c) Such earlier date as may be elected by Declarant.

3.1.2 Activation by the Community Association. The Community Association may cause the activation of the Residential Association if and only if the Community Association has given notice to the Declarant that the Community Association has determined that the Residential Association should be activated to prevent any bonds to which the Community Association has been named as an obligee from expiring. Such notice shall include a copy of the bond and evidence reasonably acceptable to the Declarant that the bond will expire unless the Community Association exercises its rights as obligee under the bond. Declarant shall have thirty (30) days after receipt of such notice to cause the activation of the Residential Association. If the Declarant fails to cause the activation of the Residential Association within such time period, then the Community Association may take the actions specified below to activate the Residential Association.

3.2 Procedure for Activating the Residential Association. The activation of the Residential Association shall occur by the filing of the Residential Association Articles in the Office of the Secretary of State ("Residential Association Activation Date"). The Declarant or, if applicable, the Community Association ("Activating Party") shall initially bear the costs of the filing of the Residential Association Articles (and any other costs reasonably necessary for the activation of the Residential Association), but such costs shall then be reimbursed by the Residential Association to Declarant or, if applicable, the Community Association from the Residential Assessments which are collected under this Residential Declaration. No later than thirty (30) days after activation of the Residential Association, each of the following shall occur:

3.2.1 Convey Residential Association Property. Declarant shall convey to the Residential Association any Residential Association Property which is then required to be owned by the Residential Association and/or impose obligations relating to the Residential Association Maintenance Areas and if the Declarant fails to convey the Residential Association Property, the Community Association may exercise the rights specified in Section 3.3 below.

3.2.2 Record a Supplemental Declaration. The Activating Party shall record a Supplemental Declaration identifying the Residential Association Property or Residential Association Maintenance Areas conveyed to the Residential Association in connection with the Residential Association Activation Date and provide notice of the activation of the Residential Association.

3.2.3 Notice to Community Association. If Declarant is the Activating Party, the Declarant shall deliver notice of the occurrence of the activation of the Residential Association to the Community Association and if the Community Association is the Activating Party, the Community Association shall deliver notice of the occurrence of the activation of the Residential Association to the Declarant.

3.2.4 File Statements. The Activating Party shall file with the applicable Governmental Agencies any notices or statements required to be filed by Applicable Laws.

3.2.5 Appoint Residential Board. The Activating Party shall appoint the initial Residential Board (until the first annual meeting of the Members) and shall cause the Residential Board to adopt the Residential Bylaws and the Residential Design Guidelines.

3.2.6 Obtain Insurance. The Residential Association shall obtain the insurance required to be maintained under Article 10, provided that Declarant or, if applicable, the Community Association may obtain such insurance on behalf of the Residential Association, in which case the Residential Association shall be obligated to reimburse the Declarant or the Community Association, as applicable, for all such costs.

3.2.7 Replacements of Representatives to Board of Directors of the Community Association. The Neighborhood Associations shall cause any representatives who are serving on the board of directors of the Community Association to resign and the Residential Association shall appoint the representative to the board of directors of the Community Association as provided under the Community Declaration and Community Bylaws.

3.2.8 Adopt Budget. The Residential Association shall adopt the Annual Residential Operating Budget based upon the Annual Residential Operating Budget accepted by the DRE, but adjusted for any increases or decreases necessary to reflect the then current Common Expenses and Regular Assessments shall commence as of the date which is thirty (30) days after the Residential Association Activation Date.

3.2.9 Notice to Neighborhood Association and Owners. The Residential Association shall deliver notice to any Neighborhood Associations of such activation and each Neighborhood Association shall provide notice to the Residential Owners or the Residential Association may elect to deliver notice to each of the Owners.

3.3 Activation by the Community Association and Easements to Community Association. If the Community Association activates the Residential Association as a result of the failure of the Declarant to cause the activation as provided in Section 3.1.2, the Community Association is herein granted such easements as may be reasonably necessary to enter onto portions of the Residential Property upon which the facilities covered by the bond are to be constructed and exercise its rights to complete construction of such facilities for which a completion bond has been posted with the DRE or other Governmental Agency. Such access rights shall include any necessary easements for ingress and egress over the Residential Property which are necessary to access the area upon which the facilities for which the bond has been placed are to be located and to exercise its rights hereunder. Declarant shall execute or cause to be executed any

easements, deeds and/or agreements necessary to evidence such easement rights and the Community Association shall have all remedies at law or equity to enforce the compliance by the Declarant with its obligations under this Section.

3.4 Residential Association and Residential Board. Upon the Residential Association Activation Date, the Residential Association is charged with the duties and is given the powers set forth in this Article and its affairs shall be governed by the Residential Governing Documents. Except for those acts which are expressly reserved to the vote of the Members or the Neighborhood Representatives in this Residential Declaration, or the other Residential Governing Documents, any duty, obligation or authority vested or required to be performed and any power or privilege which may be exercised by the Residential Association pursuant to this Residential Declaration shall be performed or exercised by the Residential Board or its authorized agents or representatives and any power, duty, obligation or authority vested in or required to be performed by the Residential Board by this Residential Declaration shall be deemed a power, duty, obligation or authority of the Residential Association. Notwithstanding the foregoing, the Residential Association may not perform any of the activities which are prohibited under Section 3.9 of this Residential Declaration or which would have the effect of abrogating or materially impairing any of the rights reserved hereunder to Declarant and/or the Declarant Parties or a Guest Builder.

3.5 Relinquishment of Membership in the Civita Community Association. Upon the Residential Association Activation Date, any Neighborhood Association that has served as a member of the Civita Community Association shall automatically be deemed to have relinquished its membership in the Civita Community Association to the Residential Association and such Neighborhood Association shall cooperate with the Civita Community Association to take such steps as may be reasonably requested by the Community Association or otherwise deemed necessary to transition its membership rights to the Residential Association and to replace any representatives on the board of directors of the Community Association with representatives of the Residential Association including without limitation causing the resignation from the Community Board, if any, representatives selected by the Neighborhood Association as provided in the Civita Bylaws.

3.6 Powers of Residential Association. Subject to the limitations expressly set forth in the Residential Governing Documents, effective as of the Residential Association Activation Date, the Residential Association shall have the powers of a non-profit mutual benefit corporation organized under the laws of the State of California. The Residential Association shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Residential Association under the Residential 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 Residential Association, including, without limitation, the powers set forth below.

3.6.1 Performance of Duties: Commencement of Residential Association's Duties and Powers. The Residential Association shall have the power to undertake all of the express duties required under Section 3.3 to be performed by the Residential Association. Unless otherwise specified in a Supplemental Declaration, the duties, rights and powers of the Residential Association as described in this Residential Declaration shall commence upon the Residential Association Activation Date.

3.6.2 Other Residential Association Programs. The Residential Association shall have the power to establish and interact with tax-exempt organizations for educational, cultural, environmental, recreational, preservation, and other activities benefitting the Neighborhood Associations and Owners.

3.6.3 Enforcement. The Residential Association, in its own name and on its own behalf, or on behalf of a Neighborhood Association or any Owner who consents, shall have the power to (a) take disciplinary action and/or assess monetary fines against any Neighborhood Association or any Owner for violation of the Residential Governing Documents by such Person or their Permitted Users, (b) commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of the Residential Governing Documents or Civita Governing Documents, (c) after Notice of Hearing, suspend

the rights to use any recreational or other facilities located within the Residential Association Property, and/or (d) enforce by mandatory injunction, or otherwise, all of the requirements of the Residential Governing Documents and/or the Civita Governing Documents.

3.6.4 Residential Assessments. The Residential Association shall have the power to establish, levy and collect Residential Assessments in accordance with Article 5 and to enforce payment of such Assessments in accordance with the provisions of the Residential Governing Documents.

3.6.5 Enforcement of Neighborhood Governing Documents. Without limiting the rights provided under Section 16.1 of this Residential Declaration, the Residential Association shall have the right, but not the obligation, to review periodically the operation of any Neighborhood Association and the performance by such Neighborhood Association of its maintenance and other obligations to assure compliance with the Community Standards and the Residential Governing Documents and the Civita Governing Documents. In no event shall the Residential Association have any right or power to assume any maintenance of any Residences which are otherwise being maintained by a Neighborhood Association provided such limitation does not limit the ability of the Residential Association to exercise any right to cure any failure to maintain the Improvements as provided in Article 7. The Residential Association shall have the power, but not the obligation, to enforce the Neighborhood Governing Documents (a) if the Residential Association determines that a Neighborhood Association is unable or unwilling to do so or (b) if the Residential Association determines, in its reasonable judgment, that it is in the best interests of the Residential Property to do so. The Residential Association also shall have the power to require that specific action be taken by any Neighborhood Association in connection with its obligations and responsibilities hereunder or under other Civita Governing Documents. Without limiting the generality of the foregoing, the Residential Association may require specific maintenance or repairs to be effectuated by the Neighborhood Association.

3.6.6 Right of Entry. The Residential Association and its authorized representatives shall have the power to enter any portion of the Residential Property to the extent reasonably necessary to perform the construction and maintenance obligations of the Residential Association as required under the Residential Governing Documents and to exercise its enforcement rights under this Residential Declaration. Any right of entry shall be exercised in accordance with the same requirements set forth in Section 2.5.1. Such Persons shall not be deemed guilty of trespass by reason of such entry.

3.6.7 Contract for Goods and Services. The Residential Association shall have the power to contract for goods and services for the benefit of the Residential Property that are necessary for the Residential Association to perform its duties and obligations under the Residential Association Governing Documents, and/or as may be required by Governmental Agencies. To the extent any such goods and services are provided solely to a Special Residential Benefit Area, the Residential Association may assess such costs solely to the Special Residential Benefit Area. The Residential Association may also contract for special services to be provided to the Residential Association or any Special Residential Benefit Area by the Lifestyle Director.

3.6.8 Delegation of Powers. The Residential Association shall have the power to delegate its rights, authority and powers, in whole or in part, under the Residential Governing Documents to professional managers, committees, employees, officers, or consultants, as may be deemed necessary by the Residential Board.

3.6.9 Delegation of Rights of Use. Subject to the Residential Governing Documents, the Residential Association shall have the power to exclusively use or to allow the Owners or Occupants the exclusive use of portions of the Residential Association Property for events and functions, on terms and conditions that the Residential Board deems appropriate, including charging such Neighborhood Association or Owners or their Occupants for such use provided that until the Declarant's Rights Termination Date, the prior consent of the Declarant shall be obtained. Such rights shall be subordinate to the rights reserved to Declarant under this Residential Declaration and the rights of the Community Association under the Community Recreation Center Easement and Use Agreement and the Community Declaration.

3.6.10 Special Events, Promotional Events and Marketing. The Residential Association shall have the power to provide for the benefit of the Neighborhood Associations and/or the Owners, special events, promotional events and to create and provide activities, services and programs intended to build and maintain a sense of community among the Owners and the power to levy charges or fees for such events. Further, the Residential Association shall have the power to levy use fees for payment by the sponsor or promoter of such events, to cover the additional costs and services provided by the Residential Association in connection with such events.

3.6.11 Easements and Rights of Way. The Residential Association shall have the power to exercise any of the easement and other rights granted to the Residential Association under Article 2, including, without limitation, the right to grant easements and licenses over the Residential Association Maintenance Areas.

3.6.12 Capital Improvements. The Residential Association shall have the power to approve the construction, installation or acquisition of a particular capital improvement to the Residential Association Maintenance Areas.

3.6.13 Mergers. The Residential Association shall have the power, to the extent permitted by Applicable Laws and provided the prior consent of Declarant has been obtained until the Declarant's Rights Termination Date to participate in mergers and consolidations with other non-profit corporations organized for the same purposes as the Residential Association.

3.6.14 Acquire Real Property. The Residential Association shall have the power to acquire and hold real and personal property as may be necessary or convenient for the management or operation of the Residential Association Maintenance Areas, the administration of the affairs of the Residential Association or for the benefit of the Members and Owners.

3.6.15 Restrict Access. The Residential Association shall have the right and authority to restrict access on or to any portion of the Residential Association Maintenance Areas for purposes of facilitating construction of Improvements by the Residential Association and any Guest Builder, on such terms as the Residential Association may deem reasonably appropriate. Any such restriction shall reasonably minimize any impact on access to and from any neighboring areas.

3.6.16 California Civil Code Sections 896 and 897 Claims. The sole and exclusive authority to initiate claims on behalf of the Residential Association in connection with the alleged noncompliance of Improvements to the Residential Association Property or Residential Association Maintenance Areas with the functionality standards set forth in California Civil Code Sections 896 and 897 shall rest with the Residential Board members designated solely by Members other than Declarant (the "Non-Declarant Directors"). Any Non-Declarant Director may at any time request a meeting for the purpose of discussing, inspecting, investigating and/or initiating any claims under California Civil Code Sections 896 or 897. Notice of the meeting shall be sent in the same manner as notice for special meetings of the Residential Association. Any member of the Residential Board appointed by Declarant or elected by votes cast by Declarant shall be entitled to attend the meeting but shall not be entitled to vote. The meeting shall be open for all Members of the Residential Association unless the Non-Declarant Directors adjourn to an executive session as authorized by the Residential Bylaws. The decision of a majority of the Non-Declarant Directors shall control. If the Non-Declarant Directors elect to initiate a claim, the authority to initiate a claim also shall require the approval of the votes cast by a majority of the Class A Members present in person or by proxy at a duly held meeting. Any Non-Declarant Director may call a special meeting of the Members for this purpose. The claim is subject to the Dispute Resolution Procedures. If requested by the Non-Declarant Directors, the Residential Association shall provide the administrative support for the notice and conduct of its meetings and any meeting of the Members called to approve the initiation of a claim. In addition, the Residential Association shall provide such reasonable financial support as may be necessary in order for the Non-Declarant Directors to inspect, investigate and/ or initiate the claim on behalf of the Residential Association, subject to the applicable requirements and procedures of the Dispute Resolution Procedures set forth in Article 16. The provisions of this Section are effective automatically on the date the first Non-Declarant

Director is elected to the Residential Board and terminates effective automatically on the date there are a majority of Non-Declarant Directors serving on the Residential Board.

3.6.17 Borrow Money. The Residential Association shall have the right in accordance with the Residential Governing Documents, to borrow money for the purpose of improving, replacing, restoring or expanding the Residential Association Property and Residential Association Maintenance Areas or adding new Improvements or for other purposes deemed reasonably necessary by the Residential Board.

3.6.18 Enter Into Maintenance, Cost Sharing and Easement Agreements. The Residential Association shall have the power to enter into maintenance, cost sharing and/or easement agreements with owners of property adjacent to or in the vicinity of the Residential Property (including, without limitation, Governmental Agencies) and the Community Association, or any Neighborhood Associations. Unless otherwise specified in the agreement or a Supplemental Declaration, any agreements entered into by Declarant with any Governmental Agency relating to the Residential Property shall be binding on the Residential Association.

3.6.19 Technology. The Residential Association shall have the power, either on its own or through a technology committee appointed by the Residential Association to explore ways and means to utilize technology and communication innovations, including, without limitation, if the Residential Association so elects, implementing an intranet within portions of the Residential Property, and providing access to the internet via Wi-Fi or other means, voice data communication systems and other technological evolutions and developments. Nothing contained herein shall constitute a representation that such services will be provided.

3.6.20 Lighting. The Residential Association shall have the power to provide for and operate lighting throughout the Residential Association Maintenance Areas, including without limitation, holiday lighting. The costs and expenses incurred by the Residential Association in providing such lighting shall be assessed by the Residential Association to the Owners as deemed appropriate by the Residential Association. Such lighting shall conform to the lighting requirements of the City applicable to the Residential Property.

3.6.21 Special Events. The Residential Association shall have the authority to issue permits to the Neighborhood Associations, Owners or their Permitted Users to allow use of the Community Residential Center for special events. The Residential Association may also issue permits which authorize the sponsor and its guests and invitees the right to park vehicles within the Residential Association Property at reasonable times before, during, and after the special event.

3.6.22 Public Rights of Use. The Residential Association shall have the power to grant to the public with the prior consent of Declarant until the Declarant's Rights Termination Date the rights of use to the Residential Association Property, as may be required by the City or any Governmental Agency or the Community Entitlements or as otherwise may be determined in the prudent business judgment of the Residential Association.

3.6.23 Special Residential Benefit Areas. Subject to the restrictions set forth in Section 4.8 and Section 5.8 of this Residential Declaration, the Residential Association shall have the power to form, and administer Special Residential Benefit Areas in accordance with the terms and provisions of this Residential Declaration and the Residential Bylaws. In connection with the administration of Special Residential Benefit Areas, the Residential Association shall have the power to establish advisory committees for any Special Residential Benefit Area, comprised of Owners whose Residential Separate Interests are within the applicable Special Residential Benefit Area. Such advisory committees may propose special rules and regulations with respect to Special Residential Benefit Areas or Special Benefit Maintenance Areas which may be adopted by the Residential Association. The Residential Association may also adopt special election procedures for the election of members of such advisory committees.

3.6.24 Lifestyle Director. The Residential Association shall have the right to contract with the Lifestyle Director, to the extent acceptable to the Community Association for services to be provided

for the benefit of the Residential Association and in such case, the Common Expenses shall include any costs allocated for such services to the Residential Association.

3.7 Duties of Residential Association. Effective upon the Residential Association Activation Date, the Residential Association shall have the duty and obligation to perform the actions and duties set forth in this Residential Declaration and the other Civita Governing Documents subject to and in accordance with the Civita Governing Documents, the Community Entitlements and Applicable Laws.

3.7.1 Applicable Laws and Community Entitlements. The Residential Association shall comply with all Applicable Laws and the Community Entitlements.

3.7.2 Civita Governing Documents. The Residential Association shall comply with and use reasonable efforts to ensure the Owners comply with the Civita Governing Documents and shall comply with and, as it deems necessary, enforce adherence to the Community Standards under the Civita Governing Documents.

3.7.3 Community Recreation Center Easement and Use Agreement. The Residential Association shall comply with all of the terms and requirements of the Community Recreation Center Easement and Use Agreement and shall not take any action which obstructs or interferes with the exercise of the rights by the Community Association under the Community Recreation Center Easement and Use Agreement. The Residential Association shall have the obligation to execute any such agreements and and/or extend the term of any agreements necessary to allow for such shared use. This provision is expressly for the benefit of the Community Association.

3.7.4 Membership in Civita Association. After the Residential Association Activation Date, the Residential Association shall perform all of the duties of a member in the Civita Association, including participating in meetings and representing the interests of the Owners at the Civita Association. The Residential Association shall annually appoint the President or Vice President of the Residential Association to serve as the Residential Association's representative on the Community Board or if the Residential Association is entitled to appoint two Community Directors, the Residential Association shall appoint the President or Vice President and/or another officer ("**Community Board Representative**"). To the extent the President or Vice President is not available to serve, the Residential Board may elect to have another officer represent the Residential Association by delivering written notice of such election and appointment of the Community Board Representative to the Community Association. The Residential Association shall comply with all requirements and fulfill all duties and obligations imposed on the Residential Association by the Civita Governing Documents.

3.7.5 Collection of Community Association Assessments. The Residential Association shall collect and pay to the Community Association prior to delinquency all Community Association Assessments levied against the Residential Separate Interests pursuant to the Community Declaration unless the Community Association has elected to collect such assessments directly from the individual Owners. If an Owner fails to pay such Owner's share of the Community Association Assessments ("**Defaulting Residential Owner**"), the Residential Association shall pay such amounts on behalf of the Defaulting Residential Owner and then take such actions as may be necessary to collect the delinquent assessments from the Defaulting Residential Owner, including, without limitation, pursuing the remedies set forth in Article 5.

3.7.6 Residential Association Maintenance Areas. The Residential Association shall maintain, operate, and otherwise manage all Improvements and facilities within the Residential Association Maintenance Areas in accordance with the terms and provisions of the Civita Governing Documents and the Residential Entitlements and perform all other maintenance obligations imposed upon the Residential Association under the Civita Governing Documents. The Residential Board shall periodically review the nature and scope of the operations of the Residential Association to assure such operations are in satisfactory compliance with the requirements of the Civita Governing Documents and the Residential Maintenance Manual. The Residential Association shall comply with the requirements of any agreements

entered into between Declarant or with the prior consent of Declarant any Guest Builder and a Governmental Agency pertaining to the Residential Association Property and Residential Association Maintenance Areas or other portions of the Residential Property. The Residential Association shall be obligated to undertake all maintenance responsibilities for the Residential Association Maintenance Areas including when title is conveyed and/or maintenance responsibilities are tendered by Declarant or, with the prior consent of Declarant, a Guest Builder.

3.7.7 Acceptance of Residential Association Property. The Residential Association shall accept title to and maintenance responsibility for each portion of the Residential Association Property or Residential Association Maintenance Areas when title and/or maintenance responsibilities are tendered by Declarant or a Guest Builder, whether in fee simple, by easement or otherwise, and the Residential Association shall execute each deed and any accompanying escrow instructions if requested to do so by Declarant or a Guest Builder, and execute any bond exonerations when presented if the bonded obligations are satisfied. No Owner shall interfere with the exercise by the Residential Association, Declarant or a Guest Builder of its rights or the fulfillment of its obligations hereunder.

3.7.8 Community Standards. The Residential Association shall comply with all obligations imposed under the Civita Governing Documents and shall comply with and, as it deems necessary, enforce adherence to the Community Standards for the Civita Governing Documents.

3.7.9 Reclaimed Water. The Community Entitlements require the construction of a Reclaimed Water Facility or that alternative arrangements acceptable to the City be provided to ensure the availability of reclaimed water as a condition to obtaining a building permit for the 3,311th Residence in the overall Civita Community. If the City enforces such requirement and requires the construction and operation of a Reclaimed Water Facility or other arrangements for reclaimed water are made by the Declarant or a Declarant Party or other Person in connection with satisfaction of such requirements of the City or to comply with the Community Entitlements, then to the extent reclaimed water is being used for landscaping and other areas the Residential Association, any Neighborhood Association and any Owner shall be required to enter into an agreement to purchase such reclaimed water from the operator of the Reclaimed Water Facility or provider of Reclaimed Water ("Reclaimed Water Provider"). The Residential Association, any Neighborhood Association and any Residential Owner shall execute such documents and/or take such actions as may be necessary to ensure reclaimed water is being purchased from the Reclaimed Water Provider. The Declarant, the Declarant Parties, and the Guest Builders are expressly declared to be third party beneficiaries of this obligation since the failure of the Residential Association, any Neighborhood Association and any Residential Owner to comply within these requirements may adversely affect the ability to develop the Civita Community. The Declarant, Declarant Parties and/or a Guest Builder (with the consent of Declarant) may bring any legal remedies at law or equity, including without limitation, an action for specific performance to enforce compliance with the obligations set forth in this Section.

3.7.10 Management. Subject to the provisions of this Section 3.7.10 and Section 3.8, the Residential Association shall have the duty to retain or employ a professional manager or other Persons and contract with independent contractors or managing agents who have professional experience in the management of planned communities to perform any services required for the maintenance, protection, operation and preservation of the Residential Property. The professional manager may be an Affiliate of Declarant or a Declarant Party. Any agreement for professional management of the Residential Property shall be for a term not to exceed one (1) year, unless the consent of Neighborhood Representatives representing a majority of each class of Members is obtained to a longer term; provided, however, that in no event shall such an agreement exceed a term of three (3) years. Any such agreement shall provide that it may be terminated by either party for cause upon not more than thirty (30) days' written notice and may be terminated by either party without cause and without payment of a termination fee upon not more than ninety (90) days' written notice.

3.7.11 Parking and Traffic. If any Private Streets are included within the Residential Association Property, the Residential Association shall manage all parking and vehicular traffic within such Private Streets pursuant to the requirements of the Civita Governing Documents and the Residential Governing Documents, except to the extent such management responsibilities are allocated to a

Neighborhood Association under any Supplemental Declaration. Parking meters, if any, installed by Declarant or a Declarant Party shall be maintained by Declarant or such Declarant Party for so long as Declarant or a Declarant Party has the right to the revenues from such parking meters. Declarant or a Declarant Party may assign the rights to the revenue for the parking meters to the Residential Association and in such case, the Residential Association shall assume the obligations for maintenance and shall control the parking meters. The Residential Association may maintain signage as may be required by the City and may limit the parking in the Residential Association Property to certain Owners and Permitted Users.

3.7.12 Taxes and Assessments The Residential Association shall have the duty to pay all real and personal property taxes levied against the Residential Association, the Residential Association Property, or personal property owned by the Residential Association. Such taxes and assessments may be contested by the Residential Association provided 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.

3.7.13 Insurance The Residential Association shall have the duty to obtain from reputable insurance companies and maintain the insurance described in Article 10.

3.7.14 Residential Assessments The Residential Association shall establish, determine, levy, collect and enforce all Residential Assessments and cause to be prepared all budgets and financial statements as required by the Residential Governing Documents and Applicable Laws.

3.7.15 Residential Association Maintenance Manual The Residential Association shall comply with the provisions of the Residential Association Maintenance Manual. The Residential Board may, from time to time, make appropriate revisions to the Residential Association Maintenance Manual based upon the Residential Board's review thereof, to update such manual to provide for maintenance according to industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained provided that, prior to the Declarant's Rights Termination Date, the prior consent of the Declarant has been obtained.

3.7.16 Architectural Control The Residential Association shall maintain architectural control over the Residential Property and promulgate architectural standards and procedures as set forth in the Residential Design Guidelines, which are not inconsistent with the Residential Design Guidelines and appoint the Residential Architectural Committee in accordance with the provisions of Article 8.

3.7.17 Residential Association Rules The Residential Association shall adopt and be entitled to modify and enforce the Residential Association Rules as it considers to be appropriate relating to the use and operation of the Residential Association Maintenance Areas and other portions of the Residential Property. The Residential Association may also adopt rules applicable to a Special Residential Benefit Area. Notwithstanding any provision of this Residential Declaration to the contrary and to the extent Civil Code Section 1357.100 et seq. is applicable to the Residential Association Rules, any rule which is considered to be an operating rule under Civil Code Section 1357.100 et seq. may not be adopted, changed or amended except by and pursuant to the procedures set forth in California Civil Code Section 1357.100, et seq. The Residential Association Rules may (i) specify a maximum number of guests which an Owner, Occupant or other Person may admit to the facilities within the Residential Association Property at one time, (ii) establish rules for allowing Owners, Occupants or other Persons to use the facilities within the Residential Association Property for groups of guests or private functions, and (iii) establish admission fees, deposit requirements or other fees for the use of any facilities within the Residential Association Property.

3.7.18 Warranties The Residential Association shall comply with the terms of any warranty in favor of the Residential Association for any equipment or facilities within the Residential Association Maintenance Areas.

3.7.19 Special Residential Benefit Area Administration The Residential Association shall administer and perform any obligations associated with any Special Residential Benefit Areas established under any Supplemental Declaration.

3.7.20 Liens and Charges The Residential Association shall pay any amount necessary to discharge any lien or encumbrance upon the Residential Association Property, or any other property or interest of the Residential Association.

3.7.21 Notice Prior to Litigation The Residential Association shall notify all Owners of any litigation filed for or on behalf of the Residential Association. The notice shall include a proposed budget for the litigation and an explanation of the source of the funds for the litigation. Such notice shall provide an explanation of why the litigation is being initiated or defended, and shall include a budget for the litigation (including, without limitation, experts' fees and costs, consultants' fees and costs and the costs of the proceedings.) The notice must state that the Members have a right to review an accounting for the litigation provided in Section 1365.5 of the California Civil Code, which will be available at the Residential Association's office pursuant to the provisions of the Residential Governing Documents. Any such litigation which is filed shall also be subject to the requirements set forth in Section 3.7.22 and Article 16.

3.7.22 Members' Approval of Certain Actions If any claim or other actions are brought by the Residential Association against Declarant, a Declarant Party or a Guest Builder, including, without limitation, claims involving allegations of construction defects relating to the Residential Association Property or the Residential Association Maintenance Areas, the Residential Association shall not initiate a further action or arbitration proceeding under Article 16 or otherwise without first obtaining the consent of Neighborhood Representatives representing a Majority of the Voting Power present at a meeting or responding to a written ballot, but in no event less than the consent of Neighborhood Representatives representing one third (1/3rd) of the Voting Power.

3.7.23 Reserves The Residential Association shall establish and maintain a working capital and contingency fund as required under the Residential Governing Documents. If the Residential Association elects to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Residential Association shall comply with the requirements of Civil Code Section 1365.5.

3.7.24 Access to Public Utilities The Residential Association shall establish procedures for access to public utilities located in the Residential Association Maintenance Areas for maintenance by such public utilities subject to the applicable Governmental Agency's approval.

3.7.25 BMP Maintenance Agreement The Residential Association shall comply with the BMP Maintenance Agreement and perform all obligations imposed upon or transferred to the Residential Association under the BMP Maintenance Agreement.

3.7.26 Obligations Under Other Civil Governing Documents The Residential Association shall perform all other duties and obligations that may be expressly imposed on the Residential Association in any of the Civil Governing Documents.

3.7.27 Renewal of Permits To the extent the Residential Association has been assigned any obligation or obligations have been unpaid pursuant to the Community Entitlements or Supplemental Declarations relating to storm water, conservation or other obligations for which a permit must be obtained from a Governmental Agency, the Residential Association shall have the obligation to cause the renewal of such permits to comply with Applicable Laws or other Community Entitlements or City Agreements.

3.8 Limitations on Authority of Residential Board The Residential Association shall not take any of the actions listed below except with (a) the vote or written consent of the Neighborhood Representatives representing a majority of each of the Class A and Class B Members during the time the Class B voting structure set forth in Section 4.3 of this Residential Declaration is in effect, or (b) the vote at a meeting of the Residential Association or by written ballot without a meeting pursuant to California Corporations Code Section 7513 of the Neighborhood Representatives representing at least a majority of the Voting Power of the Residential Association, including at least a majority of the Voting Power other than Declarant.

3.8.1 Limit on Capital Improvements. The Residential Association shall not, without obtaining the consents as set forth above, incur aggregate expenditures for capital improvements to the Residential Association Property in any Fiscal Year in excess of five percent (5%) of the budgeted gross expenses of the Residential Association for that Fiscal Year.

3.8.2 Limit on Sales of Residential Association Property. The Residential Association shall not, without obtaining the consents as set forth above, sell during any Fiscal Year property of the Residential Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Residential Association for that Fiscal Year.

3.8.3 Limit on Compensation. The Residential Association shall not, without obtaining the consents as set forth above, pay compensation to members of the Residential Board for services performed in the conduct of the Residential Association's business. However, the Residential Board may cause a member of the Residential Board to be reimbursed for expenses incurred in carrying on the business of the Residential Association.

3.8.4 Third Person Contracts. The Residential Association shall not, without obtaining the consent as set forth above, enter into a contract with a third person where the third person will furnish goods or services to the Residential Association for a term longer than three (3) years with the following exceptions:

(a) **Management Contracts.** A management contract the terms of which have been approved by FHA or VA.

(b) **Public Utility Contracts.** 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.

(c) **Insurance Policies.** A prepaid casualty and/or liability insurance policy not to exceed three (3) years' duration; provided that the policy permits for short-rate cancellation by the insured.

(d) **Cable Television Contracts.** An agreement for cable television services and equipment or satellite television services or equipment of not to exceed five (5) years' duration, but which may provide for automatic renewals for successive five (5) year periods unless at least one year prior to the end of any such period the Neighborhood Representatives representing a Majority of the Voting Power vote not to renew such agreement.

(e) **Security, Fire and Other Contracts.** Agreements for installation, sale or lease of security, fire or other similar equipment and services of not to exceed five (5) years' duration, but which may provide for automatic renewals for successive five (5) year periods unless at least one year prior to the end of any such period the Neighborhood Representatives representing a Majority of the Voting Power vote not to renew such agreement.

(f) **Telecommunications Contracts.** Agreements for installation, sale or lease of telecommunications, data processing, fiber optics, cable or other similar services or technological evolutions of the foregoing of not to exceed five (5) years' duration, but which may provide for automatic renewals for successive five (5) year periods unless at least one year prior to the end of any such period the Neighborhood Representatives representing a Majority of the Voting Power vote not to renew such agreement.

(g) **Contracts Submitted to the DRE.** A contract submitted to the DRE in connection with the processing and obtaining of a Public Report or for any other purpose.

(h) Community Recreational Contract. The Community Recreation Center Easement and Use Agreement.

(i) Community Entitlements Agreements. Any agreement required to be entered into under the Community Entitlements.

(j) Contracts Required Under Warranties. Any agreement for the maintenance of any portion of the Residential Association Property that the Residential Association is obligated to maintain which is required as a condition to the effectiveness of any warranty in favor of the Residential Association.

3.9 Prohibited or Restricted Activities The Residential Association is prohibited from undertaking or performing any of the following activities, or expending or using the funds or resources of the Residential Association for any Prohibited Activities unless approved by the Declarant, until the Declarant's Rights Termination Date.

3.9.1 Political Activities After the Declarant's Rights Termination Date, the Residential Association shall not engage in any federal, state or local political activities or activities intended to influence a governmental action. These activities include endorsement or support of legislative or administrative actions by a Governmental Agency, candidates for elected or appointed office, initiatives, recall elections or other ballot proposals.

3.9.2 Reserved Rights of Declarant and Guest Builders For so long as Declarant or any Guest Builder is entitled to exercise any right, or avail itself of any exemption, in Article 9 or elsewhere in this Residential Declaration, neither the Residential Association, nor the Residential Board, nor any Owner shall take any action which is inconsistent with, or which would abrogate, any such right or exemption.

3.9.3 Members' Approval of Certain Actions If any claim or other action is brought by the Residential Association against Declarant, including, without limitation, claims brought under California Civil Code Section 895 et seq. involving allegations of construction defects relating to the Residential Association Property and Residential Association Maintenance Areas, the Residential Association shall not initiate a further action or arbitration proceeding under Article 17 or otherwise without first obtaining the prior consent of the Neighborhood Representatives representing a Majority of the Voting Power of the Residential Association.

3.9.4 Community Recreation Center Easement and Use Agreement The Residential Association may not take any actions which interfere with the exercise by the Community Association under the Community Recreation Center Easement and Use Agreement.

3.10 Personal Liability No volunteer officer or volunteer director of the Residential Board, or of any committee of the Residential Association (each a "Management Party"), shall be personally liable to any Owner, or to any other Person, including the Residential Association, for any act or omission of any Management Party if such Person has, on the basis of such information as was actually possessed by him or her, acted in good faith without willful, wanton or gross misconduct when performing an act within the scope of the Person's Residential Association duties (collectively, an "Official Act"). The Residential Association has the power and duty to indemnify, defend, protect and hold harmless each Management Party for all damages, and expenses incurred (including, without limitation, reasonable attorneys' fees and costs), and satisfy any judgment or fine levied as a result of any action or threatened action brought because of an act or omission which such Person reasonably believed was an Official Act. Management Parties are deemed to be agents of the Residential Association when they are performing Official Acts for purposes of obtaining indemnification from the Residential Association pursuant to this Section. The entitlement to indemnification under this Residential Declaration inures to the benefit of the successors-in-interest of any Person entitled to such indemnification. The Residential Association has the power, but not the duty, to indemnify any other person acting as an agent of the Residential Association for damages incurred, pay expenses incurred, and

satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act. The Residential Association also has the power, but not the duty, to contract with any person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Residential Association may impose.

ARTICLE 4

MEMBERSHIP IN THE RESIDENTIAL ASSOCIATION AND VOTING RIGHTS

After the Residential Association Activation Date, each Owner of a Residential Separate Interest will be a Member of the Residential Association. The success of the Residential Association is dependent, in part, upon each Owner's participation in the activities of the Residential Association. Initially, there will be different classes of membership within the Residential Association. The qualifications for membership for all Owners, including the Declarant, are described in this Article. Each Neighborhood will have a Neighborhood Representative who will represent the interests of the Owners. Additional provisions regarding the procedure for elections to and meetings of the Residential Board as set forth in the Residential Association Bylaws.

4.1 Membership.

4.1.1 Qualifications. Members of the Residential Association shall be (i) Declarant (irrespective of whether Declarant is the Owner of a Residential Separate Interest), for so long as Declarant is entitled to either cast a Class C vote as a Class C Member (as described below) or cast votes on behalf of any Guest Builders, and (ii) each Owner (including Declarant and any Guest Builder) of one (1) or more Residential Separate Interests in the Residential Property. Membership in the Residential Association shall be subject to this Residential Declaration and the other Residential Governing Documents. Ownership of a Residential Separate Interests shall be the sole qualification for an Owner's membership in the Residential Association; provided, however, that Declarant shall be a Class C Member irrespective of such ownership. Membership in the Residential Association shall be in addition to membership in any Neighborhood Association in which a Member's Parcel or Condominium is located.

4.1.2 Transfer of Membership. All memberships in the Residential Association held by Owners, other than Declarant, shall be appurtenant to the Residential Separate Interest owned by each Owner and shall not be transferred, pledged or conveyed, in any way, except upon the transfer of title to the Owner's Residential Separate Interest.

4.1.3 Assignment of Right of Use. Any Owner of a Residential Separate Interest may delegate his or her rights of enjoyment, if any, to the Residential Association Property to the members of his or her family, or Occupants of his or her Residence who reside within such Residence, subject to the Residential Governing Documents; provided, however, that, unless otherwise authorized by the Residential Association, such Owner shall not also be entitled to use of the recreational facilities located in the Residential Association Property during the term of such assignment. However, no such delegation by an Owner shall in any way extinguish, limit or otherwise release the Owner of any obligations or duties imposed on the Owner by this Residential Declaration and the other Residential Governing Documents. The Residential Association may regulate the use of any recreational facilities within the Residential Association Property by Persons who do not occupy a Residence within the Residential Property.

4.2 Neighborhood Districts. The Residential Property shall be divided into Neighborhood Districts. The Neighborhood Districts shall be identified in the Supplemental Declarations. Neighborhood Representatives shall be appointed to cast certain votes of the Members in accordance with the provisions of the Residential Bylaws.

4.3 Classes of Voting Membership/Neighborhood Representative Vote Entitlement. The Residential Association shall have three (3) classes of voting membership which are described below.

4.3.1 Class A Membership. Class A Members shall originally be all Owners of Residential Separate Interests. The Declarant and the Guest Builders shall not be a Class A Member, for so long as there exists a Class B membership. Upon expiration of the Class B membership, Declarant and the Guest Builders shall become Class A members. Each Neighborhood Representative will be entitled to cast for each Residential Separate Interest subject to Regular Assessments hereunder and owned by a Class A Member as to which Regular Assessments have commenced, one (1) vote for each Residential Separate Interest located in the Neighborhood represented by the Neighborhood Representative.

4.3.2 Class B Membership. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Residential Separate Interest owned by Declarant and Guest Builders in a Phase for which Regular Assessments have commenced. Declarant shall appoint its own Neighborhood Representative to cast all votes on behalf of Declarant and any Guest Builders who have assigned their rights to Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) When a total of three thousand five hundred eighty-five (3,585) Residential Separate Interests representing seventy-five percent (75%) of the Residential Separate Interests approved for development by the City under the Quarry Falls Specific Plan have been conveyed to Owners under authority of a Public Report;

(b) After the Residential Association Activation Date occurs, on the tenth (10th) anniversary following the most recent conveyance to an Owner of the first Residential Separate Interest in any Phase under the authority of a Public Report (i.e., if after the Residential Association Activation Date, there is a ten (10) year period when no Residential Separate Interests have been conveyed to Owners under a Public Report); or

(c) After the Residential Association Activation Date occurs, on the twenty-fifth anniversary of the first conveyance of a Residential Separate Interest to an Owner in the Residential Property under authority of a Public Report.

4.3.3 Class C Membership. The Class C Member shall be Declarant (whether or not Declarant is an Owner). The Class C membership shall not be considered a part of the voting power of the Community Association and Declarant shall not be entitled to exercise any Class C votes except for the purpose of electing a majority of the members of the Residential Board in accordance with the provisions set forth below. The Class C Member shall be entitled to solely appoint a majority of the members of the Residential Board until the date which is the earlier to occur of:

(a) When three thousand five hundred eighty-five (3,585) Residential Separate Interests approved for development by the City under the Quarry Falls Specific Plan have been conveyed to Owners under authority of a Public Report;

(b) After the Residential Association Activation Date occurs, on the tenth (10th) anniversary following the most recent conveyance to an Owner of the first Residential Separate Interest in any Phase under the authority of a Public Report (i.e., if after the Residential Association Activation Date, there is a ten (10) year period when no Residential Separate Interests have been conveyed to Owners under a Public Report); or

(c) After the Residential Association Activation Date occurs, on the twenty-fifth anniversary of the first conveyance of a Residential Separate Interest to an Owner in the Residential Property under authority of a Public Report.

4.4 Declarant's Right to Select Director. In any election of Residential Directors after the Class C membership has been terminated, so long as Declarant, a Declarant Party or a Guest Builder owns any of the Residential Property or the Annexable Property, the Residential Board shall adopt special procedures to ensure that at least one (1) Residential Director is selected by Declarant. A representative to the Residential

Board selected by Declarant pursuant to the provisions of this Section may be removed prior to the expiration of his or her term of office only with the prior consent of Declarant.

4.5 Continuing Approval of Declarant. Notwithstanding the foregoing, and without limiting Declarant's Rights provided elsewhere in this Residential Declaration or the Residential Bylaws, until the Declarant's Rights Termination Date, the approval of Declarant shall be required before the Residential Association may take any action through the Residential Board or the Members, with respect to the following:

4.5.1 Maintenance. Reduction in the level of, or change in the allocation of responsibility for (a) maintenance of and repairs to all or part of any Residential Association Maintenance Area, and (b) any other Maintenance Obligations of the Residential Association set forth in the Residential Governing Documents;

4.5.2 Conveyance. Conveyance by the Residential Association of all or any portion of the Residential Association Property and/or conveyance of easements on, over, through and across the Residential Association Property;

4.5.3 Annexation. Annexation of any real property other than the Annexable Property described in Exhibit "B" or a Supplemental Declaration;

4.5.4 Residential Assessments. Alteration in the method of fixing and collecting Residential Assessments or any increase in Residential Assessments beyond the amounts permitted under Section 5.9 of this Residential Declaration;

4.5.5 Residential Architectural Committee. Modification of the enforcement and review procedures of the Residential Architectural Committee or any change in the Residential Design Guidelines or any decision to terminate the Residential Architectural Committee;

4.5.6 Design Changes. Any change in the general overall architectural style and design of the Residential Association Property and Improvements located thereon;

4.5.7 Special Residential Benefit Areas. The creation or elimination of a Special Residential Benefit Area;

4.5.8 Residential Rules or Residential Association Maintenance Manual. Any changes to the Residential Rules or Residential Association Maintenance Manual or Community Standards;

4.5.9 Modifications to Residential Association Maintenance Areas. Modifications to Improvements in the Residential Association Maintenance Area which materially change the appearance or lower the standard for maintenance;

4.5.10 Declarant's Easement Rights. Reduction or modification of any easement rights reserved to Declarant under this Residential Declaration;

4.5.11 Enforcement of Residential Declaration. Alteration in the method of enforcing the provisions of this Residential Declaration;

4.5.12 Changes or Reductions in Services. Any material changes to or reductions in the services of the Residential Association as set forth in this Residential Declaration; and

4.5.13 Amendments. Amendments to this Residential Declaration or the other Residential Governing Documents which would diminish or otherwise affect Declarant's right of approval regarding the actions enumerated above or any other rights or approvals granted or reserved to Declarant or a Guest Builder.

4.6 Election Committee. If deemed necessary by the Residential Board, an Election Committee may be appointed annually by the Residential Board to nominate candidates for the Residential Board, regulate nominations, evaluate voting requirements, regulate voting procedures and campaigns and adopt rules to insure an orderly and fair election of directors in accordance with the terms of the Residential Bylaws. The Residential Board may, from time to time, vest the Election Committee with certain rule-making powers for the limited purpose of effectuating the fair and orderly election of directors.

4.7 Commencement of Voting Rights. An Owner's right to vote, including Declarant, shall not vest until Residential Assessments have been levied upon such Owner's Residential Separate Interest as provided in this Residential Declaration, except for Declarant's voting rights under Sections 4.3.2 and 4.3.3 above. All voting rights shall be subject to the restrictions and limitations provided for in the Residential Governing Documents.

4.8 Special Residential Benefit Area Approvals. Notwithstanding any other provisions of the Residential Governing Documents, any action expressly for the benefit of or imposing an obligation only upon a Special Residential Benefit Area or the Owners of Residential Separate Interests within the Special Residential Benefit Area which requires a vote of the Members, shall require only the approval of the prescribed percentage of Voting Power within the Special Residential Benefit Area, except as otherwise provided in Section 5.8 of this Residential Declaration.

4.9 Dissolution of the Residential Association. If the Residential Association as a corporate entity is dissolved, a non-profit unincorporated association shall, without further action or notice, be formed to succeed to all of the rights and duties of the Residential Association. The affairs of such unincorporated association shall be governed by the Residential Bylaws and this Residential Declaration as if they were created for the purpose of governing the affairs of an unincorporated association.

4.10 Mergers or Consolidations. Upon a merger or consolidation of the Residential Association with another association, the Residential Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, right and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Residential Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Residential Declaration within the Residential Property, together with the covenants and restrictions established upon any other property as one plan.

4.11 Joint Owner Votes. If there is more than one Owner of a Residential Separate Interest, the voting rights for such Residential Separate Interest may not be cast on a fractional basis. If the joint Owners are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit the vote on the matter in question. Upon the close of escrow on a Residential Separate Interest by more than one Owner, the Owners of such Residential Separate Interest must notify the Residential Association in writing of the one Owner who will exercise the voting rights for such Residential Separate Interest ("Voting Owner"). In the event such Owners do not notify the Residential Association in writing in accordance with this Section, the Owner shall not be entitled to exercise their vote in writing, unless and until they deliver written notice to the Residential Association designating the Voting Owner and until such designation is made, the Residential Association can cast the vote, if it so elects, for such Residential Separate Interest. If the Owners desire to designate a different Voting Owner, such request to change the Voting Owner must be made in writing to the Residential Association. If any Owner other than the Owner designated in the records of the Residential Association as the Voting Owner exercises the voting rights of a particular Residential Separate Interest, such vote shall not be counted and shall be deemed void.

ARTICLE 5

RESIDENTIAL ASSESSMENTS AND LIENS

To fund the activities of the Residential Association, the Residential Association will be collecting various types of assessments. These assessments fund the services which are being provided by the Residential Association. In addition to the overall assessments which are levied against all Owners, some Owners whose Residential Separate Interests are situated in Special Residential Benefit Areas will pay an additional payment for the services provided to the Special Residential Benefit Areas by the Residential Association. Unless the Community Association elects to collect the Community Assessments directly from the Owners, a portion of the Residential Assessments which are collected by the Residential Association include amounts payable to the Community Association for the Community Assessments. The Community Association also has certain remedies under the Civita Governing Documents if an Owner fails to pay those assessments when due.

5.1 Creation of Obligation for Residential Assessments. After the Residential Association Activation Date, the Residential Association shall establish, levy and collect the Residential Assessments to pay for the Common Expenses. All of the obligations and rights set forth in this Article 5 shall commence upon the Residential Association Activation Date. The Residential Assessments shall be levied to and against each Residential Separate Interest. Each Owner, including Declarant and the Guest Builders, are each deemed to covenant to pay to the Residential Association and personally assumes the obligation to pay all Residential Assessments levied pursuant to the provisions of this Residential Declaration and all Community Assessments levied and collected by the Residential Association pursuant to the Civita Governing Documents. All Residential Assessments levied herein, together with any Additional Charges, shall (except as otherwise provided in Section 5.17 below) be a charge on the land and shall be a continuing lien upon the Residential Separate Interests against which each such Residential Assessment is levied. Each Owner is deemed to covenant to allow the Residential Association to enforce by non-judicial foreclosure under a power of sale or by any other means authorized under the Residential Governing Documents or Applicable Laws, any Residential Assessment liens and rights established hereunder.

5.1.1 Personal Obligation. Residential Assessments shall be both a personal obligation of the Owners against whom the Residential Assessment is levied and, on the recordation of a Notice of Delinquent Assessment, a lien against the Residential Separate Interests. Unlike the lien for non-delinquent Residential Assessments, the personal obligation for delinquent Residential Assessments shall not pass to successive Owners unless expressly assumed by such successive Owners. No such assumption of personal liability by a successor Owner shall relieve any Owner against whose Residential Separate Interest the lien was levied from personal liability for delinquent Residential Assessments. If more than one Person was the Owner, the personal obligation to pay such Residential Assessments shall be both joint and several.

5.1.2 No Waiver of Right to Use Facilities. An Owner shall not be exempt from liability for contribution towards the Residential Assessments by waiver of the use of any of the Residential Association Property, or other portions of the Residential Property, or by the destruction or abandonment of such Owner's Residential Separate Interest.

5.2 Community Association Assessments. The Residential Association shall collect all Community Assessments levied against the Residential Separate Interests under the Community Declaration, concurrently with the collection of the Residential Assessments levied hereunder, and in the event a Residential Owner fails to pay its Community Assessments, together with the Residential Assessments, the Residential Association shall have all of the rights and remedies provided for in this Article 5, including, without limitation, the lien rights and foreclosure rights set forth herein and the Community Association shall have all of the rights and remedies set forth in the Civita Governing Documents to also exercise its remedies against a delinquent Owner. Notwithstanding the foregoing, the Community Association may elect to collect the Community Assessments directly from the Owners and in such case the Owners shall pay such Community Assessments directly to the Community Association as provided in the Community Declaration and the Residential Association shall not have the obligation to collect such Community Assessments during

any such period the Community Association elects to collect the Community Assessments directly from the Owners.

5.3 Purpose of Residential Assessments. The Residential Assessments levied by the Residential Association shall be used to perform the obligations and duties of the Residential Association, to undertake the powers of the Residential Association under this Residential Declaration and pay Common Expenses, including, without limitation, maintenance and operation of the Residential Association Maintenance Areas and any other obligations for which the Residential Association is obligated to perform under this Residential Declaration.

5.4 Regular Assessments. Regular Assessments shall be established when the Residential Association approves the Annual Residential Operating Budget for that Fiscal Year, which Annual Residential Operating Budget shall be prepared in accordance with the provisions of this Residential Declaration and the Residential Governing Documents and Applicable Laws. Upon activation of the Residential Association, the Residential Association shall adopt the budget approved by the DRE as modified to reflect any then current Common Expenses. Regular Assessments shall be calculated as provided in Section 5.12 below and shall be payable in monthly installments. Increases to Regular Assessments shall be subject to the limitations set forth in Section 5.9. Declarant's or a Guest Builder's obligation for such Regular Assessments may be reduced in accordance with the terms of any maintenance or subsidy agreement executed by Declarant or a Guest Builder and the Residential Association.

5.4.1 Reserves The Annual Residential Operating Budget shall include amounts which are allocated for reserves in such amounts as the Residential Association reasonably considers appropriate to meet the costs of maintaining the portions of the Residential Association Maintenance Areas for which the Residential Association has Maintenance Obligations and to satisfy any requirements of Applicable Laws ("Reserves").

5.5 Special Assessments. If the Residential Association determines at any time that the estimated total amount of funds necessary to fund the Common Expenses of the Residential Association for a given Fiscal Year is or will become inadequate to meet Common Expenses for any reason, the Residential Association may levy a Special Assessment in order to raise funds for such operating or other costs, insufficient operating or reserve funds, or such other purposes as the Residential Association in its discretion considers appropriate. Special Assessments shall be subject to the limitations set forth in Section 5.9 below. Special Assessments shall be allocated in the same manner as Regular Assessments.

5.6 Capital Improvement Assessments. In addition to any other Residential Assessments provided for hereunder, the Residential Association may levy a Capital Improvement Assessment for the purpose of defraying, in whole or in part, the cost of any construction or replacement of a capital improvement. Capital Improvement Assessments shall be due and payable in such installments and during such period or periods as the Residential Association shall designate.

5.7 Special Allocation Assessments. The Residential Association may establish a Special Allocation Assessment (in lieu of establishing a Special Residential Benefit Area) for maintenance, repair, replacement, services, utilities and any other purposes which will benefit less than all of the Owners. A Supplemental Declaration may be recorded to designate any portions of the Residential Property which are subject to a Special Allocation Assessment. Unless otherwise specified in a Supplemental Declaration, any Special Allocation Assessment charged to some but not all of the Owners for a particular item or service shall be levied uniformly to the Owners receiving the benefit of the particular maintenance or service provided by the Residential Association.

5.8 Special Residential Benefit Areas and Special Residential Benefit Areas Assessments. The Declarant, and with the consent of Declarant, a Guest Builder, prior to the conveyance of a Residential

Separate Interest to an Owner, may establish a Special Residential Benefit Area or expand an existing Special Residential Benefit Area by designating the Residential Separate Interest to be included within such Special Residential Benefit Area in a Supplemental Declaration. If any Special Residential Benefit Area is formed or expanded after any portions of such real property to be included within such Special Residential Benefit Area have been conveyed to an Owner, then the approval of a Neighborhood Representative representing a Majority of the Voting Power for the Residential Separate Interests within the proposed Special Residential Benefit Area shall be obtained and, if Declarant or a Declarant Party or a Guest Builder owns any portion of the Residential Property or Annexable Property, the prior consent of the Declarant shall also be required. Upon its approval, the Special Residential Benefit Area shall be described in a Supplemental Declaration recorded by the Declarant or the Residential Association, as applicable, as provided in this Residential Declaration. From and after the formation of such a Special Residential Benefit Area, it shall be administered by the Residential Association as provided in the Residential Governing Documents. Nothing contained herein shall give the Residential Association any rights to approve Special Residential Benefit Areas established by the Declarant upon the recordation of this Residential Declaration or the recordation of a Supplemental Declaration.

5.9 Limitation on Increases in Regular Assessments, Special Assessments and Capital Improvement Assessments. The Residential Association may not impose Regular Assessments for any Fiscal Year which are more than twenty percent (20%) greater than the Regular Assessments levied for the preceding Fiscal Year or Special Assessments or Capital Improvement Assessments for any Fiscal Year which in the aggregate exceed five percent (5%) of the gross expenses of the Residential Association set forth in its Annual Residential Operating Budget for that Fiscal Year unless the Residential Association has complied with California Civil Code Section 1365(a), the Residential Association has obtained the consent of the Members constituting a quorum and casting a majority of the votes at an election of the Residential Association conducted in accordance with the provisions of the California Civil Code Section 1363.3 and the rules adopted by the Residential Board pursuant thereto and California Corporations Code Section 7510 et seq. and 7613. For purposes of this Section, a quorum shall mean a Majority of the Voting Power of the Residential Association. Notwithstanding the foregoing, if any such Regular Assessments or Special Assessments or Capital Improvement Assessments include a Special Residential Benefit Area Assessment Component as described in Section 5.12 below, and the amount of such increases of Regular Assessments or levy of Special Assessments or Capital Improvement Assessments would not otherwise require the approval of all Owners subject only to the Base Budget Component, only the approval of Owners within the applicable Special Residential Benefit Area shall be required for increases to the Regular Assessments or Special Assessments or Capital Improvement Assessments applicable to the Special Benefit Residential Area Assessments except to the extent as may otherwise be required under Section 1366 of the California Civil Code. The foregoing restrictions on increases do not apply to increases necessary for Emergency Situations as described below.

5.9.1 Emergency Situations. For purposes of this Section 5.9, an "Emergency Situation" means:

- (a) an extraordinary expense required by an order of a court;
- (b) an extraordinary expense necessary to repair or maintain the Residential Association Maintenance Areas or any portion of the Residential Property for which the Residential Association is responsible where a threat to personal safety or imminent risk of substantial property damage exists; and/or
- (c) an extraordinary expense necessary to repair or maintain the Residential Association Maintenance Areas or any portion of the Residential Property which the Residential Association is responsible to maintain that could not have been reasonably foreseen by the Residential Association in preparing and distributing the Annual Residential Operating Budget required under this Residential Declaration, the Residential Bylaws and California Civil Code Section 1365.

Notwithstanding anything to the contrary set forth in this Section 5.9, the limitations on Residential Assessments shall comply with the laws of the State of California at the time the applicable Regular Assessments, Special Assessment, or Capital Improvement Assessment is levied by the Residential Association.

5.9.2 Budget Increases Under DRE Budget. Declarant has submitted to the DRE a budget for Civita which provides for a single or multiple-tiered range in the amount of the Regular Assessments over the course of the development of the Residential Property which may be modified from time to time and accepted by the DRE ("DRE Budget"). Subject to California law, if the amount of the Regular Assessments is greater than the amounts permitted to be increased by this Residential Declaration without a vote of the Voting Power pursuant to the requirements set forth above, then the Residential Board, on behalf of the Residential Association and without the requirement of prior notice to the Members or Owners or a vote of the Members or Owners, shall be entitled to increase the Regular Assessment at that time to an amount which has been reviewed and accepted by the DRE pursuant to the DRE Budget.

5.10 Compliance Assessments. The Residential Association may levy a Compliance Assessment against a Neighborhood Association or any Owner to reimburse the Residential Association for costs incurred by the Residential Association (i) in repairing damage to any portion of the Residential Property, and (ii) in bringing a Neighborhood Association or any Owner, and its Residence, as the case may be, into compliance with the provisions of the Residential Governing Documents. Such Compliance Assessment shall be levied in an amount required to reimburse the Residential Association for the actual costs incurred and for the amounts incurred to enforce the rights of the Residential Association under this Residential Declaration. A Compliance Assessment may not be levied until Notice and Hearing have been provided as may be required by the Residential Governing Documents or Applicable Laws. Compliance Assessments shall be due and payable when levied by written notice to the Neighborhood Association or any Owner, as applicable, against whom the Compliance Assessment is levied, and shall be delinquent if not paid within thirty (30) days after the date levied. If the Compliance Assessment is levied and paid before all or any portion of the costs have been incurred by the Residential Association and the amount paid exceeds the costs incurred, the Residential Association shall promptly refund the excess to the Neighborhood Association or any Owner, as applicable, or credit the amount against any future Residential Assessments. If the costs exceed the amounts levied by the Residential Association as a Compliance Assessment, the Neighborhood Association or any Owner, as applicable, shall reimburse the Residential Association within thirty (30) days after the date of the Residential Association's notice of the amount of the excess costs. If payment is not made when due, the payment shall be considered a delinquent Residential Assessment and the Residential Association may enforce its rights for delinquent Residential Assessments as provided in this Article.

5.11 Maintenance or Subsidy Agreements. Notwithstanding any other provisions of this Residential Declaration or the Residential Bylaws regarding the term of contracts with Declarant or Guest Builders for providing services to the Residential Association, Declarant (and any Guest Builder with the prior written consent of Declarant) may enter into one or more written maintenance or subsidy agreements with the Residential Association under which Declarant (or such Guest Builder, as the case may be) shall pay all or any portion of the Common Expenses and/or perform all or any portion of the Residential Association's maintenance responsibilities in exchange for a temporary suspension or reduction of all or a portion of the Regular Assessments. Each such maintenance or subsidy agreement may require Owners to reimburse Declarant or any of such Guest Builders, through the Residential Association, for a portion of the costs expended by Declarant in satisfaction of Common Expenses.

5.12 Residential Assessment Components.

5.12.1 Base Budget Component. Subject to the provisions of Section 5.4 hereof, Regular Assessments exclusive of the Common Expenses included in a Special Residential Benefit Area Budget ("Base Budget Component") shall be allocated to the Owners upon a uniform basis against all of the Residential Separate Interests subject to such assessment.

5.12.2 Special Residential Benefit Area Assessment Component. The portion of the Residential Assessments budgeted exclusively to any particular Special Residential Benefit Area in the Special Residential Benefit Area Budget ("**Special Benefit Residential Assessment Component**") shall be assessed solely to the Owners within the applicable Special Residential Benefit Area, at a uniform rate among all the Owners within the Special Residential Benefit Area subject to such Residential Assessment, unless otherwise specified in a Supplemental Declaration.

5.12.3 Special Allocation Assessments Special Allocation Assessments shall be assessed solely to the Owners subject to the Special Allocation Assessment at a uniform rate unless otherwise specified in a Supplemental Declaration.

5.12.4 Other Residential Assessments Special Assessments and Capital Improvement Assessments shall be allocated in the same manner as Regular Assessments. Compliance Assessments shall be levied directly to the individual Neighborhood Association or Owner thereof in a manner consistent with the provisions of this Residential Declaration and the other Residential Governing Documents.

5.13 Commencement of Regular Assessments . For any Residential Separate Interests subject to this Residential Declaration prior to the Residential Association Activation Date for which Community Assessments have commenced under the Community Declaration, the Regular Assessments shall commence upon the first day of the month after the Residential Association Activation Date. After the Residential Association Activation Date, Regular Assessments shall commence as to all Residential Separate Interests located within a Phase of the Residential Property on the first day of the first month following the conveyance of the first Residential Separate Interest located within a Phase of said Residential Property to an Owner, other than Declarant or a Guest Builder under authority of a Public Report. As to any portion of the Annexable Property which is thereafter annexed into the Residential Property, Regular Assessments shall commence as to all of the Residential Separate Interest within such Phase upon the first day of the first month following the conveyance of the first Residential Separate Interest in such Phase to an Owner under a Public Report.

5.13.1 Reduction in Assessments To the extent the Residential Association Property or Residential Association Maintenance Areas are not complete at the time the Residential Association maintenance obligations commence for such area, then the Residential Assessments levied to the Residential Separate Interest in a Phase may be reduced by the Residential Association to comply with the provisions set forth California Civil Code Section 1366.1 or in accordance with any agreements entered into by Declarant with the Residential Association to reduce such Residential Assessments.

5.14 Budgeting Each Fiscal Year the Community Association shall prepare, approve and make available to each Member an Annual Operating Budget, which shall be sufficient to provide for maintenance of the Community Association Maintenance Areas and provide the services and perform the obligations of the Community Association and cover all of the other Common Expenses of the Community Association as provided under the Residential Governing Documents.

5.15 Notice and Residential Assessment Installment Due Dates The due dates for the payment of Regular Assessments shall be the first day of each month unless some other due date is established by the Residential Association. The Residential Association shall provide notice of any increase to the Regular Assessments not less than thirty (30) days prior to the increase becoming due. The Residential Association may require Special Assessments or Capital Improvement Assessments to be payable in one payment or in installments. The Residential Association shall provide at least thirty (30) days' prior notice of any Special Assessment or Capital Improvement Assessments, which notice shall specify the date for the payment of such Special Assessments or Capital Improvement Assessments. In connection with the levy of any Compliance Assessment, the Residential Association shall specify the date for the payment of the Assessment or Compliance Assessments becoming due. Each installment of Regular Assessments, Special Allocation Assessments and Special Residential Benefit Area Assessments shall, unless otherwise elected by the Community Association, be collected with Regular Assessments. Assessments and Capital Improvement Assessments shall become delinquent if not paid within fifteen (15) days after its due date.

There shall accrue with each delinquent installment a late fee in an amount to be established by the Community Association, but not to exceed the maximum amount permitted by Applicable Laws, and the unpaid amount shall bear interest at the Default Interest Rate until paid in full.

5.16 Residential Assessment Rolls The Residential Association may (but shall not be obligated to) maintain and revise annually, an assessment roll reflecting the name and address of each Owner, and other data necessary to levy the Residential Assessments. Upon a request by the Residential Association, any Neighborhood Association shall supply the Residential Association with its membership rolls on an annual basis or more frequently if so requested by the Residential Association.

5.17 Collection of Residential Assessments: Liens.

5.17.1 Right to Enforce. The right to collect and enforce Residential Assessments is vested in the Residential Board acting for and on behalf of the Residential Association. The Residential Board can enforce the obligations of the Owners to pay Residential Assessments provided for in this Residential Declaration or the other Residential Governing Documents by commencement and maintenance of a suit at law or in equity, or the Residential Association may foreclose by judicial proceedings or through the exercise of the power of sale pursuant to Section 5.17.5 enforce the lien rights created. Suit to recover a money judgment for unpaid Residential Assessments together with all other Additional Charges shall be maintainable without foreclosing or waiving the lien rights. Notwithstanding anything else to the contrary herein a monetary fine imposed by the Residential Association as a disciplinary measure for failure of a Member to comply with the Residential Documents, or as a means of reimbursing the Residential Association for costs incurred by the Residential Association in the repair of damage to the Residential Association Maintenance Areas or other facilities or property for which the Owner was allegedly responsible, or in bringing the Owner and its Residential Separate Interest or a Neighborhood Association into compliance with the Residential Governing Documents, may not be characterized or treated as an assessment which may become a lien against the Member's Residential Separate Interest enforceable by a sale of the interest hereunder. The limitation in the preceding sentence, however, does not apply to any Additional Charges.

5.17.2 Notice of Residential Assessments and Foreclosure. The Residential Association shall distribute a written notice regarding delinquent Residential Assessments and foreclosure proceedings as set forth in California Civil Code Section 1365.1 during the sixty (60) day period immediately preceding the beginning of the Residential Association's Fiscal Year.

5.17.3 Delinquent Residential Assessments In collecting delinquent Residential Assessments, the Residential Association shall comply with the requirements of California law, including, without limitation, California Civil Code Sections 1367.1 and 1367.4. As of the date of this Residential Declaration, such laws require that, among other things, before the Residential Association records a lien against the Residential Owner's Residential Separate Interest, the Residential Association shall: (i) notify the delinquent Residential Owner of certain matters; and (ii) offer and, if requested by the Residential Owner, participate in, dispute resolution procedures pursuant to the Residential Association's meet and confer program required by California Civil Code Sections 1363.810 through 1363.850. The Residential Association shall comply with all requirements of California Civil Code Section 1367.1 and any other Applicable Laws.

5.17.4 Creation of Lien. If there is a delinquency in the payment of any Residential Assessment (other than a Compliance Assessment) on a Residential Separate Interest, any amounts that are delinquent, together with any Additional Charges, shall be a lien against such Residential Separate Interest upon the recordation in the Official Records of a notice of delinquent Assessment ("Notice of Delinquent Assessment") as provided in, and subject to the requirements of, California Civil Code Section 1367.

5.17.5 Notice of Default: Foreclosure. If the Residential Association is entitled to file a lien as provided above, the Residential Association can record a Notice of Delinquent Assessment and, subject to the requirements and limitations of California Civil Code Section 1367.4, may cause the Residential Separate Interest with respect to which a Notice of Delinquent Assessment has been recorded to be sold either in the same manner as a sale is conducted under California Civil Code Sections 2924, 2924b and

2924c, or through judicial foreclosure, and as provided in California Civil Code Section 1367.1. However, as a condition precedent to the holding of any such sale under Section 2924c, appropriate publication shall be made. In connection with any such sale, the Residential Association is authorized to appoint a trustee for purposes of conducting the sale. If a delinquency is cured before sale of the Residential Separate Interest, or before completing a judicial foreclosure, or if it is determined that a lien previously recorded against a Residential Separate Interest was recorded in error, the Residential Association shall apply payments and follow the procedures set forth in California Civil Code Section 1367.1 or 1367.5, as applicable. On becoming delinquent in the payment of any Residential Assessments, each delinquent Residential Owner shall be deemed to have absolutely assigned all rent, issues and profits of the Residential Owner's Residential Separate Interest to the Residential Association and shall further be deemed to have consented to the appointment of a receiver (which appointment may, at the election of the Residential Association, be enforced by the Residential Association through specific performance). The Residential Association, acting on behalf of the Residential Owners, shall have the power to bid upon the Residential Separate Interest at foreclosure sale and to acquire, hold, lease, mortgage and convey the Residential Separate Interest and vote as a Residential Owner of the Residential Separate Interest.

5.17.6 Application of Payments. Any payments of sums due under this Article shall first be applied to Residential Assessments owed, and only after Residential Assessments owed have been paid in full shall the payments be applied to the Additional Charges. If any Residential Owner requests a receipt after payment of a delinquent Residential Assessment, the Residential Association shall provide a receipt which sets forth the date of payment and the individual who received such payment.

5.18 Additional Charges. In addition to any other amounts due or any other relief or remedy obtained against an Owner who is delinquent in the payment of any Residential Assessments, each Owner agrees to pay Additional Charges incurred or levied by the Residential Board, including such additional costs, fees, charges and expenditures as the Residential Association may incur or levy in connection with the delinquent Residential Assessments.

5.19 Waiver of Exemptions. Each Residential Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption laws of California in effect at the time any Residential Assessment, or installment, becomes delinquent or any lien is imposed.

5.20 Subordination of Lien to First Mortgages. The lien of Residential Assessments herein shall be subordinate to the lien of any First Mortgage, as provided in Article 15 below.

5.21 No Offsets. All Residential Assessments shall be payable in the amounts specified by the particular Assessment and no offsets against such amounts shall be permitted for any reasons, including, without limitation, a claim that the Residential Association is not properly exercising its duties of maintenance, operation or enforcement.

5.22 Personal Liability of Owners. No Owner may exempt himself or herself from personal liability for Residential Assessments, nor any part thereof, levied by the Residential Association, nor release the Residential Separate Interest owned by such Owner from the liens and charges hereof by waiver of the use and enjoyment of the Residential Association Property and facilities thereof, or by abandonment of such Residential Owner's Residential Separate Interest.

5.23 Transfer of Residential Separate Interest. After transfer or sale of a Residential Separate Interest, the selling Owner shall not be liable for any Residential Assessment levied on such Owner or the Owner's Residential Separate Interest after the date of such transfer of ownership and written notice of such transfer is delivered to the Residential Association. The selling Owner shall still be responsible for all Residential Assessments and charges levied on its Residential Separate Interest prior to any such transfer.

5.24 Failure to Fix Residential Assessments. The omission by the Residential Board to fix the Residential Assessments hereunder before the expiration of any Fiscal Year, for that or the next Fiscal Year, shall not be deemed either a waiver or modification in any respect of the provisions of this Residential Declaration or a release of the Owner from the obligation to pay the Assessments or any installment thereof for that or any subsequent Fiscal Year, but the Assessment fixed for the preceding Fiscal Year shall continue until a new Residential Assessment is fixed.

5.25 Neighborhood Assessments. The Residential Association is empowered to, but shall not have the duty to, collect, enforce and otherwise administer the Neighborhood Assessments of any and all Neighborhood Associations established within the Residential Property such that Residential Assessments and Neighborhood Assessments may be collected contemporaneously. In the event that any Neighborhood Association fails to levy or collect Neighborhood Assessments or fails to duly operate and maintain the Neighborhood Association to the standards established for the Residential Property, the Residential Board may retain the funds collected pursuant to this provision and directly disburse such funds to assure that it is being properly operated and maintained. The Residential Board may not charge for any such collection other than any actual additional costs for such collection that are charged to the Residential Association. Such preemption regarding Neighborhood Assessments and maintenance shall require a vote of a majority of the Residential Board. Any Neighborhood Assessments collected by the Residential Association shall be used solely for the purposes stated in the Neighborhood Declarations for the Neighborhood from which the Neighborhood Assessments were collected. A Neighborhood Association may not levy or collect any Neighborhood Assessments during the period in which the Residential Association has preempted its rights to so levy or collect Neighborhood Assessments. The preemption shall expire at the end of the fiscal year of the Neighborhood Association in which the preemption occurred unless otherwise extended by a vote of a majority of the Residential Board. The Residential Association may include in any such preempted Neighborhood's Assessments a reasonable amount for reimbursement of direct costs of administration and collection of such preempted Neighborhood Assessment.

5.26 Exempt Residential Property. Residential Association Property and all Residential Property dedicated to and accepted by a local public authority shall be exempt from assessments by the Residential Association. The Residential Association may (but shall have no obligation to) exclude from Residential Assessments any portion of the Residential Assessments which is for the purpose of defraying expenses and reserves directly attributable to the existence of any Improvements on the Residential Association Property or other portions of the Residential Property which are not complete at the time Residential Assessments commence, which exemption shall be in effect only until the earlier to occur of the following: (a) a notice of completion for the subject Residential Association Property has been recorded, or (b) the applicable portion of the Residential Property has been placed into use.

5.27 Initial Capital Contribution. To ensure adequate funds to meet the initial expenses of the Residential Association, each Owner shall pay to the Residential Association an amount equal to One Hundred Dollars (\$100.00 ("Capital Contribution"). For any Owner who acquires a Residential Separate Interest from Declarant or a Guest Builder, under a Public Report after the Residential Association Activation Date, such amounts shall be deposited by such Owner into the purchase and sale escrow and paid to the Residential Association. For any Owner whose Residential Separate Interest has been made subject to this Residential Declaration prior to the Residential Association Activation Date and who has commenced paying Community Assessments, the Owner shall pay such amounts to the Residential Association within thirty (30) days after the Residential Association Activation Date. Notwithstanding the foregoing, if required for VA condominium project approval upon the Residential Association Activation Date, the Capital Contribution shall be an amount equal to two months Regular Assessments for the Residential Separate Interest or such other amounts required for such condominium project approval. The amounts set forth herein are not to be considered in lieu of annual Regular Assessments or any other Residential Assessments levied by the Residential Association.

ARTICLE 6

USE RESTRICTIONS FOR THE RESIDENTIAL PROPERTY

Living in a planned community has the benefit of providing a sense of community and governance for the benefit of all the Owners within the Residential Property. The Community Declaration imposes written restrictions on each of the Owners. To ensure the continued value and enjoyment of the Residential Property, there are also use restrictions which govern each Owner within the Residential Property which are set forth in this Residential Declaration. While the use restrictions may limit the rights to perform certain activities, the use restrictions also help to protect the Residential Property and the overall Civita Community and thereby provide a benefit to the Owners and their Occupants.

6.1 General Effect of Use Restrictions Prior to the Residential Association Activation Date.

Each Residential Separate Interest shall be held, used and enjoyed subject to the following limitations and restrictions, and subject to the exemptions of the Declarant and Guest Builders set forth herein. The provisions of this Residential Declaration are in addition to the requirements of Governmental Agencies and each Owner must comply with the requirements of Governmental Agencies. Prior to the Residential Association Activation Date, the restrictions in this Article 6 may be enforced by the Civita Community Association or any Neighborhood Association and such restrictions shall be binding on all Owners and the Neighborhood Associations notwithstanding that the Residential Association Activation Date may not have occurred.

6.2 Civita Use Restrictions. Each Owner and Neighborhood Association shall comply with all of the restrictions set forth in Article 6 of the Civita Declaration and all other restrictions set forth in the Civita Governing Documents.

6.3 Residential Use. No Residential Separate Interests shall be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other non-residential purposes; except Parcels or Condominiums may be used for model home sites, construction offices, a design center, and display and sales office purposes during the construction and sales period by Declarant and the Guest Builders and any apartment owners with leasing offices for the leasing of any apartments. The provisions of this Section shall not preclude professional or administrative occupations or other home-based small businesses without external evidence thereof, for so long as such occupations (a) are operated solely within the Residential Separate Interest, (b) are limited to arts and crafts, the rendition of professional services or other similar activities, (c) are operated by the Owner of the Residential Separate Interest whose principal residence is the Residential Separate Interest, (d) are conducted in conformance with all Applicable Laws, (e) are merely incidental to the use of the Residential Separate Interest as a residence, (f) do not require the patrons or clientele to regularly visit or conduct business on the Residential Separate Interest, and (g) do not result in (i) the violation of any of the other provisions of this Residential Declaration, (ii) any unreasonable increase in the flow of traffic within the Residential Property (to the extent any customer or employee traffic is permitted under applicable laws and ordinances), or (iii) any odor, noise, or vibration outside of the Residential Separate Interest, or (iv) create parking problems within the Residential Property. In addition, home childcare facilities shall be permitted only to the extent that they are operated in accordance with Applicable Laws, including, without limitation, zoning requirements and licensing regulations.

6.4 Commercial Use. Except as otherwise provided in this Residential Declaration or a Supplemental Declaration, no Residential Separate Interest shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose.

6.5 Antenna Restrictions. No Owner shall install any antenna, satellite dish, or other over-the-air receiving device ("Antenna") (a) on any real property which such Owner is not entitled to exclusively use

or control, as provided in Title 47 U.S.C. §§ 1, et seq., 47 CFR § 1.4000 and any other Applicable Laws promulgated with respect thereto (collectively "Antenna Laws"), (b) in a particular location if, in the Residential Association's opinion, the installation, location or maintenance of such Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Residential Association, or (c) that is of a size larger than is permitted under the Antenna Laws. If an Owner is entitled to install an Antenna under the foregoing requirements, such Owner shall provide the Residential Board with written notice that such Owner intends to install the Antenna and provide evidence of compliance with the foregoing requirements. If an Owner desires to install an Antenna, other than as described in (a) through (c) above, such Owner may do so only upon the prior approval of the Residential Association pursuant to Article 8. The Residential Board shall not impose or enforce any restrictions upon Antennae that are inconsistent with the Antenna Laws.

6.6 No Time-Share Projects. No Residential Separate Interest shall be divided into a time-share estate or time-share use as defined in California Business and Professions Code Section 11003.5 without the prior written approval of the Declarant until the Declarant's Rights Termination Date and the Residential Association.

6.7 Rental of Residence. An Owner shall be entitled to rent the Owner's Residence subject to the restrictions contained in this Residential Declaration, including, without limitation, Section 6.3. Any rental or leasing agreement shall be in writing, shall provide that the lease or rental is subject to the Civita Governing Documents and the Residential Governing Documents and shall provide that any failure to comply with any provisions of the Civita Governing Documents and the Residential Governing Documents shall be a default under the terms of the rental or lease agreement. No Owner may lease such Owner's Residence for hotel, motel or transient purposes. Any lease which is either for a period of fewer 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. Any Owner who shall lease his or her Residence shall be responsible for assuring compliance by such Owner's lessee.

6.8 Signs. No sign, advertising device or other display of any kind shall be displayed in the Residential Property, except for the following:

6.8.1 entry monuments, community identification signs, and traffic or parking control signs maintained by the Residential Association;

6.8.2 for each Residential Separate Interest, one (1) nameplate or similar Owner name or address identification which complies with the Residential Design Guidelines and the Civita Design Guidelines;

6.8.3 for each Residential Separate Interest, one (1) sign advertising the Residential Separate Interest for sale or lease that complies with the following requirements, subject to California Civil Code Sections 712 and 713:

(a) the sign is a reasonable size; and

(b) the sign is in compliance with the Residential Design Guidelines, the Civita Signage Program and Civita Design Guidelines or is otherwise authorized by the Residential Board;

6.8.4 noncommercial signs permitted by California Civil Code Section 1353.6; and

6.8.5 such other signs or displays authorized by the Residential Board.

In addition to the foregoing, all signs must comply with all Applicable Laws. Notwithstanding the foregoing, Declarant and the Guest Builders shall have the right to display signs as set forth in Article 9 and this Declaration.

6.9 Temporary Structures No trailer, mobile home, tent, shack or other outbuildings shall be kept upon any Residential Separate Interest, the Residential Association Property or Neighborhood Association Property or in any street within the Residential Property, except in connection with work or construction diligently pursued or except for (a) any tents or temporary structures associated with any events sponsored by or authorized by the Community Association or the Residential Association and (b) storage sheds which conform to the Residential Governing Documents and Civita Governing Documents.

6.10 Animals No livestock, constrictor or poisonous reptiles, or poultry shall be kept, maintained, or bred in any Residential Separate Interest or elsewhere within the Residential Property. An Owner may maintain up to four (4) dogs and/or cats (but not to exceed a total of four (4)) within the Owner's Residential Separate Interest, provided such animals are not kept, bred or raised for commercial purposes. Domestic birds shall be permitted so long as such animals are kept in the interior of a Residence and are not so excessively noisy as to disturb the quiet enjoyment by each Owner of his or her Residential Separate Interest and are not kept in unreasonable numbers as determined by the Residential Board. Nothing contained herein shall restrict the keeping of fish in an aquarium or fish in an exterior pond or pool (such as koi) so long as permitted under the applicable Neighborhood Declaration and the approvals for the installation of such pond have been obtained under Article 8. Notwithstanding the foregoing, the Residential Association Rules may further limit or restrict the keeping of such pets. The Residential Board shall specifically have the power to prohibit the keeping or maintenance of any animal, which, in the opinion of the Residential Board, after Notice and Hearing, is deemed by the Residential Board to constitute a nuisance (which includes without limitation any nuisances associated with barking, smells or as a result of the dangerous nature of the animal) to any other Owner in the sole and exclusive opinion of the Residential Board. Each person bringing or keeping a pet within the Residential Property shall be absolutely liable to other Owners and their Invitees for any damage to persons or property caused by any pet brought upon or kept upon the Residential Property by such person or by his or her Invitees. Each Owner shall clean up after such animals that have deposited droppings or otherwise used any portion of the Residential Property or public or private street abutting or visible from the Residential Property. Animals belonging to Owners or Permitted Users of any Owner must be kept within an enclosure or on a leash held by a person capable of controlling the animal when outside the Residence. Animals shall not be left unattended on any balconies, patios or yards.

6.11 No Hazardous Activities No activities shall be conducted on any portion of the Residential Property and no Improvements shall be constructed within the Residential Property that are unsafe or hazardous to any person or property. This Section shall not apply to reasonable and customary construction activities by Declarant or a Guest Builder.

6.12 Unsightly Articles: Outside Drying and Laundering. No unsightly articles shall be permitted to remain within the Residential Property so as to be visible from any other portion of the Residential Property. No clotheslines shall be installed on any Residential Separate Interest in such a manner as to be visible from any portions of the Residential Property. No clothing or household fabrics shall be hung, dried or aired outside any Residence and no lumber, grass, shrub or tree clipping or plant waste, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate within any Residential Separate Interest, except within an enclosed structure or container or otherwise appropriately screened from public view. Composting and capturing rainwater will be allowed so long as contained and enclosed in containers in conformance with the Residential Design Guidelines, the other Residential Governing Documents and the Civita Governing Documents.

6.13 Landscaping. Each Owner shall, not later than six (6) months after the Residence is conveyed by Declarant or Guest Builder(s) to any Owner, prepare and submit in accordance with the provisions of Article 8, a landscaping plan for the rear yard, if any, and all other areas of such Owner's Residential Separate Interest not landscaped by Declarant or a Guest Builder(s). If such plan is disapproved, a revised plan(s) shall be submitted fifteen (15) days after such disapproval, until a plan has been approved in accordance with the provisions of Article 8. Each Owner shall install the Improvements and landscaping shown on such Owner's approved landscape plan within nine (9) months after the Residence is conveyed by Declarant or Guest Builder(s) to such Owner. As provided below, an Owner shall not install any landscaping

which interferes with the established drainage pattern over the Residential Property. The Residential Association may grant variances from the time periods set forth herein.

6.14 Poisonous Pest Control. The Residential Association, any Neighborhood Association and each Owner shall not use poisonous rodent control measures to control rodents unless all other reasonable means have been pursued to control such rodents, and such other means have not eliminated any rodent issues.

6.15 Parking And Vehicular Restrictions

6.15.1 Authorized Vehicles. The following vehicles are "Authorized Vehicles": standard passenger vehicles including automobiles, passenger vans designed to accommodate eight (8) or fewer people, motorcycles, boats and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Vehicles containing a reasonable number of commercial logos which otherwise fall into the categories identified above shall be included within the definition of Authorized Vehicles subject to any restrictions set forth in the Residential Handbook. Recreational vehicles may be parked on a temporary basis for loading and unloading as specified in the Residential Handbook. Authorized Vehicles may be parked in the Residential Property as permitted under this Residential Declaration and by the Residential Board. No Owner may park a vehicle in a manner which the Residential Association determines either restricts the passage of pedestrians or vehicles over driveways, streets or sidewalks in the Residential Property or extends beyond the limits of the space where the vehicle is parked. The Residential Association has the power to identify additional vehicles as Authorized Vehicles in the Residential Association Rules and to adapt these restrictions to other types of vehicles.

6.15.2 Prohibited Vehicles. The following vehicles are "Prohibited Vehicles": (a) commercial-type vehicles (e.g., stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks, limousines, and pick-up trucks of more than one (1) ton), (b) buses or vans designed to accommodate more than ten (10) people, (c) vehicles having more than two (2) axles, (d) trailers, (e) inoperable vehicles or parts of vehicles, (f) aircraft, (g) any vehicle or vehicular equipment deemed a nuisance by the Residential Board, (h) dilapidated, dismantled or wrecked vehicles, (i) any vehicle which is under repair, and (j) any other vehicle not classified as an Authorized Vehicle. Prohibited Vehicles may not be parked, stored, repaired or kept on any public or private street in, adjacent to or visible from the Residential Property or any other Residential Association Property parking areas except for brief periods for loading, unloading, making deliveries or emergency repairs. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle, unless the vehicle is expressly classified as an Authorized Vehicle in writing by the Residential Board. The restrictions set forth shall not apply to any vehicle owned or operated by the Residential Association or the Community Association.

6.15.3 General Restrictions. Subject to the restrictions on Prohibited Vehicles, all vehicles owned or operated by or under the control of an Owner or an Occupant of an Owner's Residential Separate Interest and kept in the Residential Property must be parked in the garage of that Owner to the extent of the space available; provided that each Owner shall ensure that any such garage accommodates at least the number of Authorized Vehicles for which it was originally constructed. All other Authorized Vehicles may be parked only in designated areas. Unless otherwise specified in a Supplemental Declaration, parking in any alley is prohibited. Additionally, no automobile, recreational vehicle or equipment, commercial vehicle or any other motorized vehicle may be washed, dismantled, rebuilt, repaired, or serviced within the Residential Property, including within an Owner's driveway or garage, except for Emergency repairs necessary to enable the vehicle to be moved to a proper repair facility or repairs from which are made from time to time to a vehicle subject to any restrictions imposed by the Residential Board or the Residential Handbook.

6.15.4 Parking Regulations. The Residential Association may establish additional regulations regarding any parking areas not assigned to individual Owners, including designating "parking," "guest parking," and "no parking" areas. The Residential Association may take all actions necessary to enforce all parking and vehicle use regulations for the Residential Property including removing violating

vehicles from the Residential Property pursuant to California Vehicle Code Section 22658.2 or other Applicable Laws. If the Residential Association fails to enforce any of the parking or vehicle use regulations, the City or County may enforce such regulations. No Neighborhood Association shall establish parking rules and regulations in conflict with those contained herein or the other Residential Governing Documents.

6.15.5 Garage Use. Owners must park their cars in the garage within the spaces the garage was designed for and the garages shall be used for parking vehicles only and shall not be converted for living, recreational activities, business or storage that would prevent the ability of an Owner or Lessee to park the number of vehicles in the garage that the garage was designed for. For example, if a garage was designed for two (2) parking spaces and an Owner has three (3) cars, two (2) of the vehicles must be parked within the garage. Doors to garages shall be kept closed except during the removal or entry of vehicles or persons therefrom or thereto.

6.16 Window Coverings. Temporary window coverings ("Temporary Window Coverings") in a design and color that does not conflict with the surrounding Improvements (but excluding aluminum foil, newspapers, or any other contrasting material) shall be permitted for a maximum period of one hundred twenty (120) days from the date that a Residence is conveyed to an Owner by Declarant or a Guest Builder or such longer period as may be authorized by the Residential Association. Except as specifically provided above, no Temporary Window Coverings shall be used to cover any door or window of any Residence. All window coverings (including Temporary Window Coverings) shall be of a neutral color harmonious with and not in conflict with the color scheme of the exterior wall surface of the Residence.

6.17 Fences, Etc. No fences, awnings, ornamental screens or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Residential Property, except those that are installed in accordance with the original construction by Declarant or a Guest Builder or as are authorized and approved in accordance with Article 8.

6.18 Responsibility for Damage to Residential Association Property. No Owner or Neighborhood Association shall cause any damage to the Residential Association Property. Should any Owner or Neighborhood Association or their respective Permitted Users cause any damage to sidewalks, curbs or other City property or rights-of-way, or to any Residential Association Property, the Residential Association or the Declarant shall have the right to (a) either repair such damage on behalf of the Owner and charge the cost thereof to the Owner or Neighborhood Association as a Compliance Assessment or (b) require the Owner or Neighborhood Association to promptly and fully repair such damage at the Owner's expense or Neighborhood Association's expense. In the event such damage is repaired by the Residential Association or Declarant, the Owner or Neighborhood Association shall immediately reimburse such party for the full costs of repair. Each Owner and Neighborhood Association shall be liable to the Residential Association and the other Owners, including Declarant, for any damage to any of the Residential Association Property that may be sustained by reason of the negligence of that Owner or Neighborhood Association, and that Owner's or Neighborhood Association's Permitted Users.

6.19 Owners May Not Change Residential Association Property. No Owner or Neighborhood Association shall have any right whatsoever to make any change or Improvement to the Residential Association Property.

6.20 Pollution Control. The Residential Association, each Neighborhood Association and the Owners shall comply with the water quality management plan and any best management practices as they apply to the Residential Property.

6.20.1 Compliance With Requirements Regarding Storm Water Pollution. Each Owner acknowledges that water that enters a storm drain flows directly to natural sources of water, including waterways, creeks, drains, rivers, and lakes. Each Owner further acknowledges that storm water runoff can carry eroded soils and other non-storm water substances and materials into natural sources of water, which

can have an adverse impact on the environment. Unlike the water in the sewer system, which flows to wastewater treatment plants, water that enters a storm drain flows directly, without any treatment, to waterways, creeks, streams, rivers, lakes and/or oceans. Accordingly, the National Pollutant Discharge Elimination System ("NPDES"), the Federal Clean Water Act, the Porter-Cologne Water Quality Control Act, the Water Quality Management Plan and the policies and ordinances of the City prohibit, with minor exceptions, discharging anything other than natural storm water into storm drain systems, which include gutters and streets which drain into storm drains, and naturally occurring water flows, channels, stream beds, and canyons. The Residential Association, the Neighborhood Associations and the Owners shall not dispose of any substance into the storm drain system that will cause a violation of Applicable Laws. Solid waste, garbage, rocks, sand, lawn clippings, yard waste, detergents, pet waste, toxic chemicals, fertilizers, or hydrocarbon compounds (including, without limitation, gasoline, motor oil, antifreeze, solvents, paints, paint thinners, and wood preservatives) and any other such materials or pollutants shall not be discharged into any street, public or private, gutters, or into storm drains or storm water conveyance systems. The Residential Association, the Neighborhood Associations and each Owner further acknowledge that the disposal of such pollutants and materials into a storm drain system may result in significant penalties and fines and that the Residential Association, the Neighborhood Associations and each Owner may be responsible for any activities by their respective contractors (e.g., painters, landscapers) who dispose of such pollutants from the Residential Association, the Neighborhood Associations and each Owner's Residential Separate Interest or property into a storm drain system. Use and disposal of all toxic chemicals, hydrocarbon compounds, pesticides, fungicides, herbicides, insecticides, fertilizers, and other such chemicals shall meet all federal, state, and City requirements and requirements of any other Governmental Agencies having jurisdiction over the Residential Property. The Owners, each Neighborhood Association and the Residential Association shall also store such materials in a way that prevents their contact with storm water. All Owners, Neighborhood Associations and the Residential Association are required to comply with the foregoing restrictions. Owners are encouraged to consult with the City and other Governmental Agencies concerning the proper storage, use, and disposal of any Hazardous Materials. Dumping any such materials into sewers, gutters or storm drains is against the law.

6.20.2 Storm Water Pollution Prevention and Best Management Practices To comply with the requirements of the City in connection with the storm water pollution prevention best management practices, each Owner, the Neighborhood Associations and the Residential Association it shall, at all times, maintain all Improvements located in the Residential Association Property, Residential Separate Interests, and/or Neighborhood Association Property, as applicable, in a clean, safe and attractive condition, free and clear of any and all debris. All landscaping shall be maintained by an Owner, Neighborhood Association, and the Residential Association in a manner that will prevent soil erosion and minimize sediment transport. The Residential Association, Neighborhood Associations and Owners shall not blow, sweep, hose or otherwise cause any debris or erosion to enter the streets, storm drains or other drainage conveyances. To the extent that the Declarant or any Guest Builder has installed any erosion protection devices (e.g., sandbags), an Owner shall not remove such devices unless and until all landscaping has been installed on a Residential Separate Interest, and has been sufficiently grown so as to prevent soil erosion and transport of any sediment. Except when disposing of trash, all trash receptacles shall be covered and closed at all times. The Residential Association, the Neighborhood Association, and the Owners shall comply with all applicable best management practices and perform all maintenance that may be imposed by the water quality management plan(s) that may affect the Residential Property. The costs of the Residential Association's portion of such maintenance, if any, shall be treated as Common Expenses. If any construction or landscaping activities take place on an Owner's Residential Separate Interest or Residential Association Maintenance Areas, the Owner shall ensure that all such activities are in compliance with rules and requirements of the Residential Association and Applicable Laws.

6.21 View Impairment. There is no representation that any view exists from any Residential Separate Interest. Each Owner, by accepting a deed to a Residential Separate Interest, acknowledges that grading of, construction on or installation of improvements, including landscaping, on other Residential Property and on surrounding real property may impair whatever view may exist from the Owner's Residential Separate Interest and each Owner consents to such impairment and waives any claim for view impairment.

Each Owner and the Residential Association, by accepting a deed to a Residential Separate Interest or any Residential Association Property and Residential Association Maintenance Areas, acknowledges that any construction or installation by Declarant or a Guest Builder or by other Owners following Residential Architectural Committee approval as provided in Article 8 hereof may impair the view of such Owner, and each Owner and the Residential Association on behalf of the Members hereby consent to such impairment.

6.22 Trash. No portion of the Residential Property shall be used or maintained as a dumping ground for trash. All trash shall be disposed of in accordance with the requirements of the Residential Handbook.

6.23 Fires. There shall be no exterior fires on the Residential Association Property or Neighborhood Association Property, except barbecue fires or fire pits contained within receptacles provided by the Residential Association or Neighborhood Association or as otherwise permitted by the Residential Board.

6.24 No Subdivision of Parcels. No Residential Separate Interest shall be further subdivided nor shall less than all of any such Residential Separate Interest be conveyed by an Owner thereof. The Owners, other than Declarant and Guest Builders of two (2) or more contiguous Parcels may apply to the Residential Architectural Committee for permission to use such Parcels as the site for a single Residence provided such Owner shall continue to pay Residential Assessments on both Parcels.

6.25 Compliance With Applicable Laws. The Residential Association, each Neighborhood Association and each Owner shall comply with all Applicable Laws.

6.26 Inapplicability to Declarant and Guest Builder. The restrictions set forth in this Article shall not apply to Declarant so long as Declarant or a Declarant Party owns any portion of the Residential Property or the Annexable Property and, if the prior consent of Declarant has been obtained, any Guest Builder.

ARTICLE 7

MAINTENANCE AND SERVICES

This Article sets forth the maintenance responsibilities of the Residential Association and the standards for that maintenance to ensure the overall quality and aesthetic appearance of the Residential Property. This Article also sets forth the maintenance obligations of the Neighborhood Associations and the Owners. It is important that every Neighborhood Association and Owner understands the maintenance responsibilities set forth in this Article. Maintaining the Residential Property to the Community Standard established under the Civita Governing Documents and the standards established under this Residential Declaration will help to preserve and protect the value and aesthetic appearance of the Residential Property and the overall Civita Community.

7.1 Maintenance. Unless the context otherwise requires, as used in this Article 7, "maintenance", "maintain" or "maintaining" means the operation, inspection, maintenance, repair, restoration and replacement of the areas and facilities designated for maintenance by the Residential Association, and any Neighborhood Association and/or an Owner. To the extent repair, restoration and replacement is required as a result of damage or destruction under Article 11, then the repair and replacement shall be governed by the provisions of Article 11.

7.2 Responsibilities of the Residential Association.

7.2.1 Areas to be Maintained. The Residential Association shall maintain and provide for the maintenance of the Residential Association Maintenance Areas and any other areas specified for maintenance by the Residential Association in a Supplemental Declaration. The Residential Association Maintenance Areas shall be maintained in a first class, neat, clean, attractive and orderly condition of maintenance and repair and in accordance with all of the obligations set forth in the Residential Association Maintenance Manual and in accordance with the Community Standards. Such obligations shall include, without limitation, the obligations to perform the following maintenance obligations:

(a) Perform all maintenance designated as the responsibility of the Residential Association under the Residential Governing Documents;

(b) Reconstruct, repair, replace or refinish any Improvement or portion thereof within or comprising the Residential Association Maintenance Areas;

(c) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of the Residential Association Maintenance Areas;

(d) Maintain all landscaped areas within the Residential Association Maintenance Areas (including fertilizing and irrigating as necessary) in a healthy and thriving condition, free from weeds, trash and debris and replace injured and diseased trees and other vegetation within the Residential Association Maintenance Area, and plant trees, shrubs and ground cover as the Residential Association deems necessary to comply with the Maintenance Obligations;

(e) Perform all dust, erosion and sediment control within the Residential Association Maintenance Areas, including maintenance of bioswales as necessary and as may be directed by the City and using materials as may be approved by the City, including implementation and performance of all water pollution prevention measures as required by and all storm water pollution prevention plans and water quality management plans applicable to the Residential Association Maintenance Areas;

(f) Maintain any drainage retention, detention or other basins and/or drainage facilities located within the Residential Association Maintenance Areas and all other Private Storm Drain Improvements designated for maintenance by the Residential Association in a Supplemental Declaration in good working order and in a safe condition, and in accordance with all Applicable Laws;

(g) Paint and otherwise maintain all surfaces, fences, walls and equipment within the Residential Association Maintenance Areas as necessary;

(h) Sweep any Private Streets and sidewalks within the Residential Association Maintenance Areas on a regular basis;

(i) Place and maintain upon or within the Residential Association Maintenance Areas, such signs as the Residential Board may deem appropriate or as may be required by the City for the proper identification, use and regulation of the Residential Association Maintenance Areas;

(j) Maintain any Perimeter Walls and Fences designated for Maintenance by the Residential Association in a Supplemental Declaration; and

(k) Perform all such other and further acts which the Residential Board deems necessary to preserve and protect the Residential Association Maintenance Areas and the beauty thereof, in accordance with the general purposes specified in this Residential Declaration and the Residential Governing Documents and the Civita Governing Documents.

7.2.2 Offsite Maintenance Areas. The Residential Association shall maintain the Offsite Maintenance Areas, if any, in conformance with any requirements imposed under any agreements entered into by the Declarant, the Residential Association or any other applicable Person relating to the maintenance of the Offsite Maintenance Areas to the extent specified in a Supplemental Declaration.

7.2.3 Brush Management. The Residential Association shall comply with any brush management requirements for the Residential Association Maintenance Areas imposed by any Governmental Agencies, the City Entitlements or Applicable Laws.

7.2.4 EMRA's. The Residential Association shall perform any obligations imposed under any EMRAs relating to the Residential Association Maintenance Areas.

7.3 Best Management Practices. The Residential Association shall comply with all best management practices established by any Governmental Agencies, the National Pollutant Discharge Elimination System requirements adopted pursuant to the Federal Clean Water Act, the BMP Maintenance Agreement and any requirements as they apply to the Residential Property. The costs of such maintenance, if any, shall be treated as Common Expenses.

7.4 Commencement of Maintenance Responsibilities. Upon the Residential Association Activation Date, the Residential Association shall be obligated to maintain any areas designated in a Supplemental Declaration as Residential Association Maintenance Areas in Phases for which Residential Assessments have commenced, unless otherwise stated in such Supplemental Declaration. After the Residential Association Activation Date, unless otherwise stated in an agreement between the Residential Association and Declarant, or as otherwise specified in a Supplemental Declaration, the Residential Association will be obligated to maintain the Residential Association Maintenance Areas upon the commencement of Residential Assessments in the Phase in which the Residential Association Maintenance Areas are located. Notwithstanding the foregoing, the contractors or subcontractors of Declarant or Guest Builders may be contractually obligated to maintain the landscaping or other Improvements on the Residential Association Maintenance Areas pursuant to warranties or other existing contractual obligations of Declarant or Guest Builders, in which case Declarant or Guest Builders shall have the right to perform such maintenance. The Residential Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors of Declarant or Guest Builders shall not serve to postpone the commencement of Common Expenses pursuant to this Residential Declaration, nor entitle the Residential Association, any Neighborhood, or any Owner claim any offset or reduction in the amount of such Regular Assessments.

7.5 Commencement of Maintenance Responsibilities. Unless otherwise stated in an agreement with the Residential Association and Declarant, or as otherwise specified in a Supplemental Declaration after the Residential Association Activation Date, the Residential Association will be obligated to maintain the Residential Association Maintenance Areas upon the transfer or tender of responsibility of fee title to or an easement over the applicable Residential Association Maintenance Area to the Residential Association. Notwithstanding the foregoing, the contractors or subcontractors of Declarant or Guest Builders may be contractually obligated to maintain the landscaping or other Improvements on the Residential Association Maintenance Areas pursuant to warranties or other existing contractual obligations of Declarant or Guest Builders, in which case Declarant or Guest Builders shall have the right to perform such maintenance. The Residential Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors of Declarant or Guest Builders shall not serve to postpone the commencement of Common Expenses pursuant to this Residential Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such Regular Assessments.

7.6 Maintenance by Neighborhood Associations. Each Neighborhood Association shall maintain those areas designated for maintenance in the Neighborhood Declaration, including without limitation, any real property owned by the Neighborhood Association. All such maintenance shall be

performed in first class appearance and condition at all times in conformance with (a) the Community Standards, (b) any Neighborhood Association Maintenance Manual which may have been provided by Declarant or a Guest Builder, (c) the requirements set forth in the Civita Governing Documents and the Residential Governing Documents, (d) the Community Entitlements and (e) all Applicable Laws. The obligations set forth herein shall commence upon the first conveyance of a Residential Separate Interest to an Owner under a Public Report subject to the jurisdiction of the applicable Neighborhood Association and the Community Association shall have the right to enforce all such obligations until the Residential Association Activation Date at which time either the Residential Association or the Community Association may enforce such rights and obligations.

7.6.1 Maintenance of Landscaping. Each Neighborhood Association shall maintain any landscaping located within the Neighborhood Association Property or any other areas required to be maintained by the Neighborhood Association in a first class condition of maintenance.

7.6.2 Oversight by Residential Association of Maintenance Obligations of the Neighborhood Associations. The Residential Association shall be entitled to ensure that the appropriate level of maintenance of all Neighborhood Association Property and Improvements located within a Neighborhood are maintained by the Neighborhood Associations. The Residential Association, shall have the sole right to (a) allocate maintenance responsibilities over portions of the Residential Association Maintenance Areas to any Neighborhood Association if the Residential Board makes a determination based on the Residential Board's prudent business judgment as to what is in the best interests of the Residential Property, considering cost, uniformity or harmony of appearance, location and other factors deemed relevant by the Residential Board, and/or (b) establish a Special Residential Benefit Area for providing maintenance services to such Owners as provided in this Residential Declaration. Such allocation of maintenance responsibilities may, but shall not be required to be, designated in a Supplemental Declaration.

7.7 Maintenance by Owners.

7.7.1 Maintenance of Improvements. Each Owner shall maintain any Building or Improvements visible on the exterior from any portion of the Civita Community owned by such Owner (and which is not the responsibility of the Neighborhood Association to maintain) required to be maintained by such Owner under a Neighborhood Declaration or any Supplemental Declaration in first class appearance and condition at all times in conformance with (a) the Community Standards, (b) any maintenance manual which may have been provided by Declarant or a Guest Builder, (c) the requirements set forth in the Civita Governing Documents and the Residential Governing Documents, (d) the Community Entitlements and (e) all Applicable Laws. No Owner shall interfere with or impede Declarant, a Guest Builder or the Community Association or Residential Association in connection with the maintenance of the Residential Association Maintenance Areas.

7.7.2 Maintenance of Landscaping. Unless otherwise maintained by a Neighborhood Association, the Owners shall maintain all landscaping within the Owner's Residential Separate Interest including without limitation, all rear yard, front yard and side yard landscaped areas in a clean, thriving condition and in accordance with the Community Standards.

7.7.3 Damage by Owners. Owners shall be liable for damage they cause in the Residential Association Maintenance Areas as provided in this Residential Declaration. Prior to the Residential Association Activation Date, the Community Association shall have the right to exercise all of the rights and remedies granted to the Residential Association under this Residential Declaration prior to the Residential Association Activation Date.

7.8 Non Compliance With Maintenance Obligations by a Neighborhood Association or Owner. If a Neighborhood Association or any Owner ("Non-Maintaining Owner") fails to perform its Maintenance Obligations as required under this Residential Declaration, the Residential Association, in addition to any other rights under this Residential Declaration, shall have the right to cure such failure and the provisions set forth below shall apply.

7.8.1 Maintenance Deficiencies. Upon a finding by the Residential Association of a deficiency by a Non-Maintaining Owner in its Maintenance Obligations, the Residential Association may provide to the Non-Maintaining Owner a written notice (the "Notice of Deficiency"), which shall briefly specify the conditions which the Residential Association finds to be deficient, and request that such deficiency be cured within a specified reasonable period of time. If the Residential Association determines that such deficiency continues to exist at the end of the period of time specified in the Notice of Deficiency, the Residential Association may, at its option, either: (a) enter on and accomplish the maintenance of such portion of the Residential Property that continues to be deficient; (b) contract with another party to accomplish such maintenance; or (c) seek any other remedy available at law or in equity including, without limitation, specific performance or an injunction to enforce the Non-Maintaining Owner's Maintenance Obligations provided herein. Any of the foregoing remedies may be employed at the option of the Residential Association, and the failure to employ any of such remedies upon any occurrence giving rise to such remedies shall not be a waiver of the right to employ such remedies in connection with any other occurrence.

7.8.2 Emergency Maintenance. If the Residential Association determines that such deficiency constitutes an Emergency which requires action prior to the expiration of any cure period, the Residential Association may take the actions provided for in this Section without a Notice of Deficiency being given in advance of taking such action, provided that as soon as reasonably practicable after taking the Emergency action the Residential Association gives a Notice of Deficiency (without providing a cure period) to the Non-Maintaining Owner.

7.8.3 Reimbursement of Residential Association. If the Residential Association elects to perform a Non-Maintaining Owner's Maintenance Obligations, whether by use of its own employees and equipment or by contract with a third party, the entire cost of accomplishing such maintenance shall be an obligation of the applicable Non-Maintaining Owner and shall be reimbursed by the Non-Maintaining Owner to the Residential Association with interest at the Applicable Rate within fifteen (15) days after receipt of a statement therefor. If such amounts are not reimbursed when due, the Residential Association may levy a Compliance Assessment.

7.8.4 Rights of Community Association. Prior to the Residential Association Activation Date, the Community Association shall have the right to exercise all of the rights and remedies granted to the Residential Association to cure such deficiencies in maintenance by a Neighborhood Association.

7.9 Duty to Protect Against Mechanics' Liens. In performing its obligations for maintenance as provided in this Residential Declaration, each Neighborhood Association and any Owner (for the purposes of this Section 7.9, the "Contracting Party", as applicable) shall each promptly pay all costs, expenses, liabilities and liens arising out of or in any way connected with contracts for any service, labor or materials provided or supplied to the Residential Property or the construction of any Improvements authorized or undertaken by the Contracting Party. A Contracting Party shall not cause or permit any mechanic's lien to be filed against the Residential Property for labor or materials alleged to have been furnished or delivered to the Residential Property or any Property by the Contracting Party. If any Contracting Party causes a lien to be filed, such Contracting Party shall: (i) immediately either cause the lien to be discharged within ten (10) days after notice to such responsible party by the Contracting Party, or post a bond or other reasonably acceptable security which protects the title of the affected Contracting Party to their Property; (ii) indemnify, protect, defend and hold harmless the other Contracting Party, as applicable, from any loss, damage, liability, expense or claims whatsoever by reason of any lien which may be filed against the Residential Property or the other Contracting Party, such Contracting Party's Property for such work or services performed or materials supplied by any architect, engineer or contractor with whom the Contracting Party has contracted or any other person acting directly or indirectly by, through or under such architect, engineer or contractor supplying services, labor, materials or equipment; and (iii) pay all expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and costs of defending against the foregoing claims by the Neighborhood Association or another Owner and any costs of enforcing this indemnity prior to the defense thereof by the Contracting Party.

7.10 Inspection of the Residential Association Property and Residential Association Maintenance Areas. The Residential Association shall regularly inspect, maintain and repair the Residential Association Maintenance Areas, including, without limitation, the landscaping, drainage and irrigation systems and shall comply with the requirements of the Residential Association Maintenance Manual. The Residential Association shall employ the services of such Persons as are deemed necessary by the Residential Association to assist the Residential Association in performing its duties hereunder and follow any recommendations contained in the Residential Association Maintenance Manual. The Residential Board may, from time to time, make appropriate revisions to the Residential Association Maintenance Manual, if any, based upon the Residential Board's review of the Residential Association Maintenance Manual, to update such Residential Association Maintenance Manual to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained. If requested by the Declarant, any such inspection reports shall be provided to the Declarant promptly following completion. If requested by Declarant, Declarant shall be invited to attend any such inspections. The written reports shall identify any items of maintenance or repair which either require current action by the Residential Association or will need further review and analysis. The Residential Association shall promptly cause all matters identified as requiring attention to be maintained or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors and shall keep a record of all such matters in the Residential Association's minutes.

ARTICLE 8

ARCHITECTURAL STANDARDS

To maintain the architectural integrity and to protect and preserve the value of the Civita Community, the Residential Association is charged with the responsibility of architectural review over the Residential Property. The architectural review and approval process will help to protect the interests of the Owners in the Residential Property. In addition to the overall architectural review by the Civita Residential Design Review Committee, the Residential Architectural Committee will help to implement the design standards established under the Civita Design Guidelines and the Residential Design Guidelines.

8.1 Non-Applicability to Declarant or Guest Builders. The provisions of this Article shall not apply to any Improvements installed in the Civita Community by the Declarant or approved by Declarant for a Guest Builder, and the Residential Association shall not have any rights of review or approval with respect thereto.

8.2 Improvements Requiring Approval. The approvals required to be obtained in this Article 8 are in addition to the approvals required to be obtained under the Community Declaration. Prior to the Residential Association Activation Date, the Community Association may exercise review and approval over all of the Improvements requiring approval under this Article 8. After the Residential Association Activation Date, any review by the Civita Residential Use Design Review Committee shall be limited to the scope provided under the Civita Governing Documents. No construction, installation or alteration of any Improvements in the Residential Property by a Neighborhood Association or Owner may be commenced until the Plans therefor have been submitted to and approved in writing by the Residential Architectural Committee; however, any Improvement may be repainted without Residential Architectural Committee approval so long as the Improvement is repainted a color which is the same or substantially similar to its original color. To obtain approval for any Improvements, complete plans and specifications, showing the nature, kind, shape, scope, materials and any other information required by the Residential Association, the Residential Design Guidelines and the Civita Design Guidelines ("Plans") shall be submitted to the Residential Architectural Review Committee by the Owner seeking to complete such Improvements and shall be approved in writing by the Residential Association as provided below. As a condition to submittal of any Plans by an Owner, the Plans shall have been approved by the applicable Neighborhood Association. (Herein, the party submitting Plans is referred to as the "Applicant.")

8.3 Residential Architectural Committees The Residential Architectural Committee shall consist of not less than three (3) members and not more than seven (7) members, each of whom shall serve a term of three (3) years, and a majority of which shall be appointed by Declarant until the earlier to occur of (a) the date that four thousand three hundred (4,300) Residential Separate Interests, representing ninety percent (90%) of the Residential Separate Interests approved for development by the City under the Quarry Falls Specific Plan have been conveyed under a Public Report to Owners or (b) after the Residential Association Activation Date, on the tenth (10th) anniversary following the most recent conveyance to Class A Members of the first Residential Separate Interest in any Phase under a Public Report. At the first meeting at which members of the Residential Architectural Committee are appointed or replaced by the Residential Association, half of the members (rounding up if the Residential Architectural Committee consists of an odd number) of the Residential Architectural Committee shall be elected for two (2) years and the remaining members shall be elected for three (3) years. Thereafter, members of the Residential Architectural Committee shall be elected for three (3) year terms. In the sole discretion of the Residential Association, the responsibilities of the Residential Architectural Committee for a Neighborhood may be delegated to a Neighborhood Association.

8.3.1 Duties of the Residential Architectural Committee. The Residential Architectural Committee shall consider and act upon any request submitted to it under the Residential Governing Documents. It shall also be the duty of the Residential Architectural Committee to ensure compliance with the architectural standards for the Civita Community, to administer and implement the Residential Design Guidelines, the Civita Design Guidelines and the City Design Guidelines and to perform other duties delegated to it by the Residential Association, to ensure that any Improvements constructed within the Residential Property conform to the Plans approved by the Residential Architectural Committee and to carry out all other duties imposed upon it by the Civita Governing Documents. The Residential Architectural Committee, in its own name and on behalf of the Residential Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized or unapproved construction of Improvements within the Residential Property. Unless any such procedures regarding submission of Plans are complied with, such Plans shall be deemed not submitted. Each Constructing Owner shall be required to obtain the approval of the Residential Architectural Committee of its Plans prior to its submittal to the City. Unless otherwise provided for herein, the vote or written consent of a majority of the members of the Residential Architectural Committee shall constitute an act by the Residential Architectural Committee unless the unanimous decision of its members is otherwise required by the Residential Governing Documents.

8.3.2 Relationship to Neighborhood Association Review. The Residential Architectural Committee may require that all Plans be approved by any Neighborhood Association prior to submittal to the Residential Architectural Committee. Requirements imposed by the Residential Architectural Committee supersede all conflicting requirements which may be imposed by a Neighborhood Association. The Residential Architectural Committee's determination of the existence of a conflict or discrepancy between the requirements imposed by the Residential Architectural Committee and those imposed by a Neighborhood Association are binding and conclusive upon the Neighborhood Association and any affected Applicant.

8.3.3 Qualifications. The Residential Architectural Committee members do not have to be representatives of any of the Owners, and if not representatives of Owners may be selected from architects, building designers or other construction and design professionals licensed in the State of California. Upon death or resignation or expiration of the term of any member of the Residential Architectural Committee after the Declarant's Rights Termination Date, the Residential Board shall appoint a successor.

8.3.4 Compensation. Members of the Residential Architectural Committee may not be paid compensation for their services on the Residential Architectural Committee unless there is a prudent business reason to do so. If the Residential Architectural Committee retains a professional architect, engineer or designer or any other third party for the purpose of providing professional services, the Applicant (defined in Section 8.2 below) shall be required to pay the costs of such services, pursuant to Section 8.5.2 below.

8.3.5 Hearings. If the Residential Architectural Committee, in its sole discretion, elects to conduct a hearing on an application (including with respect to issues which may arise during construction),

reasonable notice of the time, place and proposed agenda for the Residential Architectural Committee hearing shall be distributed prior to the date of a hearing to any Applicant whose application is scheduled to be heard. The Applicant shall be entitled to appear at the hearing, shall be entitled to be heard on the matter, and may be accompanied by the Applicant's architect, engineer and/or contractor.

8.3.6 Preliminary Approval Procedures The Residential Architectural Committee may adopt procedures for preliminary approval to enable Applicants who are proposing to make improvements an opportunity to obtain guidance and comments from the Residential Architectural Committee prior to the expenditure of substantial sums on completed Plans. Preliminary approval shall be granted if the Residential Association, in its sole discretion, determines that it would approve final Plans. If adopted, the procedures for preliminary approval shall be set forth in the Residential Design Guidelines.

8.4 Interpretation and Appeal. All questions of interpretation or construction of any of the terms or conditions herein shall be resolved by the Residential Architectural Committee, or if on appeal, by the Residential Board, and the decision of the Residential Board shall be final, binding and conclusive on all of the parties affected. If Plans submitted to the Residential Architectural Committee are disapproved, the Residential Owner making such submission may appeal in writing to the Residential Board. The written request must be received by the Residential Board not more than thirty (30) days following the final decision of the Residential Architectural Committee. The Residential Board shall submit such request to the Residential Architectural Committee for review, whose written recommendations will be submitted to the Residential Board. Within forty-five (45) days following receipt of the written request for appeal, the Residential Board shall render its written decision. If the Residential Board fails to render a written decision within such forty-five (45) day period and the Applicant delivers a notice to the Residential Association stating specifically that the Residential Association has failed to render a written decision within such thirty (30) day period ("Reminder Notice") and the Residential Association fails to render its decision within fifteen (15) days after receipt of the Reminder Notice, then the Residential Association shall be deemed to have rendered a decision against the Applicant.

8.5 Residential Design Guidelines. Upon the Residential Association Activation Date, the Residential Association shall adopt the Residential Design Guidelines in accordance with California Civil Code Section 1357.120 et seq. to be administered through the Residential Architectural Committee. The Residential Design Guidelines shall not detract from or conflict with the standards required by this Residential Declaration. The Residential Design Guidelines shall establish guidelines and procedures to be followed by each Owner. The failure of the Residential Board to include any particular standards or guidelines in the Residential Design Guidelines shall not limit the right of the Residential Architectural Committee to enforce standards to protect the overall theme and development of the Residential Property.

8.5.1 Application Requirements. The Residential Design Guidelines shall set forth the necessary documents to be included in the Plans submitted by the Applicant. Unless otherwise waived in writing by the Residential Design Committee, or as otherwise required in the Residential Design Guidelines, the application shall include Plans prepared by an architect and/or structural engineer licensed in the State of California and/or other design professional or consultant deemed appropriate by the Residential Architectural Committee, given the nature of the proposed Improvements which adequately describe the proposed Improvements. The Residential Design Guidelines shall set forth the specific requirements for the Plans.

8.5.2 Application Fee. The Residential Design Guidelines may require that the application be accompanied by a reasonable application fee to pay for any out-of-pocket costs incurred by the Residential Architectural Committee in reviewing any Plans. This fee may include the cost of retaining outside consultants for purposes of assisting the Residential Architectural Committee in reviewing the Plans. If, during the review process, the Residential Architectural Committee determines that additional fees will be necessary to cover additional out-of-pocket costs, the Residential Architectural Committee may require the Applicant to advance any additional fees before the review can be completed.

8.5.3 Guidelines and Variances. The Residential Design Guidelines may include guidelines for any proposed work that are not inconsistent with any use restriction contained in this

Residential Declaration or Applicable Laws. The Residential Board, from time to time and upon request from the Applicant after review and approval by the Residential Architectural Committee, may grant variances from any guidelines established by the Residential Association, so long as such variances are not inconsistent with the City Design Guidelines or Applicable Laws.

8.5.4 Other Limitations. The Residential Design Guidelines may include such other limitations and restrictions as the Residential Board in its reasonable discretion shall adopt including, without limitation, restrictions and guidelines for the following: construction requirements, requirements for completion of the work, inspection obligations and time periods for review of the Plans.

8.6 Approval of Solar Energy Systems Any Owner proposing to install or use a solar energy system, as defined in Civil Code Section 801.5, shall be subject to the same review and approval process as any Owner proposing to construct any improvements or other actions requiring the approval of the Residential Architectural Committee pursuant to this Residential Declaration. However, only reasonable restrictions on the installation and use of a solar energy system shall be permitted. Reasonable restrictions on a solar energy system are those restrictions which do not significantly increase the cost of the system or its sufficiency or specified performance, or which allow for an alternative system of comparable costs, efficiency, and energy conservation benefits.

8.7 Performance of Construction. The Applicant shall, for any work for which such approvals must be obtained, perform its construction (a) in accordance with Plans approved under this Article, (b) with due diligence and in a good and workmanlike manner in accordance with good construction practices, (c) in accordance with practices observed in similar communities, (d) in compliance with all Applicable Laws, the Civita Governing Documents, the Residential Governing Documents and any express conditions to the approval of such construction work imposed by the Residential Architectural Committee or the Residential Architectural Committee's consultants. The Neighborhood Association shall also be responsible to ensure compliance by the Applicant with all requirements of this Article 8 and the Civita Governing Documents and the Residential Governing Documents. Each Applicant shall require any contractors and subcontractors performing such construction activities within the Residential Property to carry appropriate liability insurance, which names the Community Association and the applicable Owners and if as an additional insured and shall provide a certificate of such coverage to the Residential Association prior to the commencement of such construction. In so performing such construction, the Applicant shall refrain from allowing any accumulation of refuse on the balance of the Residential Property and shall not unreasonably interfere with any other construction being performed by other Applicants with respect to their construction. Any construction performed shall not unreasonably or materially impair ingress to the Residential Property and shall not unreasonably disrupt operations of the Owners and the Civita Community.

8.8 Signage. The Residential Architectural Committee shall not have the right to disapprove any signage which is consistent with the Community Signage Program.

8.9 Conflict With Applicable Laws. In the event there is any conflict between the requirements or actions of the Residential Architectural Committee and any Applicable Laws, the Applicable Laws, to the extent that it is more restrictive, shall control and the Residential Architectural Committee shall modify its requirements or actions to conform to the Applicable Laws; provided, however, that if the Applicable Laws is less restrictive, the provisions of this Residential Declaration and the Residential Governing Documents shall nonetheless apply. The application by an Applicant for review and approval by the Residential Architectural Committee of any Plans or other submittals by such Constructing Owner shall in no way be deemed to be satisfaction of compliance with any Applicable Laws, and each Constructing Owner shall obtain all approvals and permits required by the City or other Governmental Agency prior to commencing construction on its Improvements.

8.10 Waiver. The approval by the Residential Architectural Committee of any Plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Residential

Design Review under this Residential Declaration, shall not constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

8.11 Estoppel Certificate. Within thirty (30) days after a written request is delivered to the Residential Association by the Applicant, and upon payment of any fees as may be imposed by the Residential Board, the Residential Board shall deliver an estoppel certificate, executed by the Residential Board certifying that as of the date thereof, either: (a) all Improvements completed by the Constructing Owner comply with this Residential Declaration and Residential Governing Documents, or (b) such Improvements do not so comply, in which event the certificate shall also identify the non complying Improvements and set forth with particularity the basis of such non compliance. Any purchaser or other Person requesting the certificate shall be entitled to rely on such certificate with respect to the matters therein set forth, such matters being conclusive as between the Residential Association and Applicant.

8.12 Liability. The Residential Board, the Residential Architectural Committee, and any member of either or consultant retained by any of the foregoing, shall not be liable to the Residential Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any Plans, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved Plans; (c) the inspection of any work; (d) damage to any property within the Civita Community; or (e) the execution and delivery of an estoppel certificate pursuant to Section 8.11, whether or not the facts therein are correct; provided, however, that the Residential Board member or the Residential Architectural Committee member has acted in good faith on the basis of such information as may be possessed by him or her.

8.13 Notice of Non-Compliance or Non-Completion. Notwithstanding any other provision of this Residential Declaration, after the expiration of one (1) year from the date of completion of the Improvements for which approval is required to be obtained under this Article 8, as evidenced by a recorded notice of completion or a certificate by the architect or design professional or other Person preparing the Plans, such Improvements shall be deemed to be in compliance with all provisions of this Residential Declaration and the Residential Governing Documents, unless actual notice of such noncompliance or non-completion, executed by the Residential Board or the Residential Architectural Committee, shall have been delivered to the Owner or Neighborhood Association, or unless legal proceedings shall have been instituted to enforce compliance or completion, within such one (1) year period. Any purchaser or holder of a Mortgage on any portion of the Residential Property shall be entitled to rely upon such deemed compliance. Notwithstanding the foregoing, the provisions of this Section shall not apply to any Owner who has not obtained the approvals required under this Article 8.

ARTICLE 9

DEVELOPMENT AND OTHER RIGHTS

Given the size and diversity of the Residential Property, development will extend over a long period of time. Declarant requires certain rights to enable Declarant, the Declarant Parties and the Guest Builders to complete development, marketing and construction for the benefit of all of the Residential Property and the overall Civita Community. This Article describes some of those rights which are in addition to other rights reserved to Declarant, the Declarant Parties and Guest Builders under this Residential Declaration and the other Residential Governing Documents.

9.1 Declarant Rights and Rights of Guest Builders. Declarant, Declarant Parties and Guest Builders are undertaking the work of developing, constructing and marketing the Civita Community. The completion of the development work and the marketing, sale, rental and other disposition of the Parcels, and Condominiums is essential to the establishment and operation of the Residential Property and the Annexable Property as a master planned community. In order that the work may be completed and the Civita Community be established and operated as an integrated mixed-use community in accordance with Declarant's time frames, nothing in this Residential Declaration shall be interpreted to deny Declarant and the

Declarant Parties or, to the extent provided below, Guest Builders the rights set forth in this Article or any other rights set forth in this Residential Declaration or the other Residential Governing Documents.

9.2 Access. Declarant, and to the extent approved in writing by the Declarant, Guest Builders and each of their agents, employees and contractors shall have the right to obtain reasonable access over and across the Residential Property as is reasonably necessary or advisable in connection with the completion of the construction, marketing, operation, sale and leasing of the Residential Property.

9.3 Construction. Declarant, and to the extent approved in writing by the Declarant, Guest Builders and their agents, employees and contractors shall have the right to erect, construct and maintain on the Residential Association Maintenance Areas or within any Building owned by it such structures, improvements, equipment and materials as may be necessary to accommodate the construction of the Buildings and Improvements within the Civita Community and to maintain construction equipment and personnel in and on the Residential Property. Such rights may include the right to fence off areas to pedestrian and vehicular traffic and the right to store equipment, place construction trailers and create staging areas.

9.4 Marketing and Other Rights. Subject to the limitations of this Residential Declaration and Applicable Laws, Declarant, any Declarant Party and, with the consent of Declarant, Guest Builders shall have the right to:

9.4.1 maintain structures (including model homes), signs, billboards, sales offices, storage areas and related facilities on any portion of the Residential Property as are necessary or reasonable, in the opinion of Declarant, or with the prior approval of Declarant or Guest Builder for the sale, leasing or disposition of any Parcel, Building or Condominium;

9.4.2 use such portions of the Residential Separate Interests as may be necessary or advisable to complete the sale or leasing of the Residential Separate Interests;

9.4.3 maintain construction, leasing and/or sales offices within the Residential Property and parking areas for employees, agents and prospective buyers and tenants;

9.4.4 place sign, flags, banners, balloons and other promotional advertising materials on the Buildings, Residences and other portions of the Residential Property during the marketing and leasing of Residential Separate Interests or any grand opening;

9.4.5 provide ongoing maintenance, operation, service, construction, punch out, and repairs to any portion of the Residences and other Improvements within any portion of the Residential Property;

9.4.6 increase or decrease the number of Residential Separate Interests or change the appearance of portions or all of the Residential Property, or change the development plan if Declarant or the applicable Guest Builder (with the prior consent of Declarant), complies with Applicable Laws;

9.4.7 enter within or upon the Residential Property in exercising the inspection and cure rights granted to Declarant or a Guest Builder under any other warranty rights;

9.4.8 make reasonable use of the Residential Association Maintenance Area and facilities for the sale of any Parcel, Building or Condominium; and

9.4.9 conduct their business of disposing of any Parcel, Building or Condominium by sale, lease or otherwise.

Any easement rights reserved by Declarant or Guest Builders for marketing shall continue until Declarant, the Declarant Parties and the Guest Builders have conveyed all of the Residential Separate Interests within the Residential Property and Annexable Property to Residential Owners under a Public Report and any easement rights reserved by Declarant in favor of Declarant, a Declarant Party or a Guest Builder for any construction, inspection or cure purposes shall be for a term and duration co-extensive with Declarant's, a Declarant Party's or Guest Builder's interest in any portion of the Residential Property or Annexable Property.

9.5 Title Rights. This Residential Declaration shall not be construed to constitute a limitation on Declarant's title rights to the Annexable Property prior to its Annexation, nor shall it impose any obligation on Declarant or any other Person to improve, develop or annex any portion of the Annexable Property. The rights of Declarant under this Residential Declaration may be assigned to any successor(s) by an express assignment in a recorded instrument, including, without limitation, a deed. This Residential Declaration shall not be construed to limit the right of Declarant at any time prior to such an assignment to establish additional licenses, reservations and rights-of-way to itself, to utility companies or to others as may be reasonably necessary to the proper development and disposal of property owned by Declarant.

9.6 Declarant Representative. Until the Declarant's Rights Termination Date, the Residential Association shall provide Declarant with written notice of all meetings of the Residential Board and Declarant shall be entitled, without obligation, to have a representative present at all such Board meetings ("Declarant's Representative"). The Declarant's Representative shall be in addition to any member which the Declarant may have on the Residential Board and, if Declarant elects to have an additional representative, the Declarant's Representative may be present in an advisory capacity only and shall not be a Residential Board member or have any right to vote on matters coming before the Residential Board.

9.7 Special Benefit Area. Until the Declarant's Rights Termination Date, neither the Residential Association nor any Owner or Guest Builder, without the prior written consent of Declarant, shall (a) form an association (as defined in Section 1351(a) of the California Civil Code) to manage any portion of the Residential Property or (b) create a Special Residential Benefit Area.

9.8 Declarant and Guest Builder Exemption. None of the covenants, restrictions and limitations set forth in this Article or elsewhere in this Residential Declaration shall be applied to the development, construction, marketing or sales or leasing activities of Declarant and with the consent of Declarant, a Guest Builder or construed in such a manner as to prevent or limit development, construction, marketing, leasing or sales activities by any Declarant or Guest Builder. This Section shall not be amended or removed without Declarant's prior written consent until Declarant, the Declarant Parties and the Guest Builders have conveyed all Residential Separate Interest in the Residential Property or any portion of the Annexable Property.

9.9 Architectural Rights. Declarant, Guest Builders, and any Person to whom Declarant may assign all or a portion of its exemptions under this Residential Declaration need not seek or obtain Residential Architectural Committee approval of any Improvements constructed anywhere on the Residential Property by Declarant, Guest Builders, or such Person. Declarant may exclude portions of the Residential Property from jurisdiction of the Residential Architectural Committee in the applicable Supplemental Declaration. Declarant may, at its option, establish an independent design review committee for any area or party exempted from the jurisdiction of the Residential Architectural Committee.

9.10 Use Restriction Exemption. Declarant, Guest Builders, and any Person to whom Declarant has assigned all or a portion of its rights as Declarant under this Residential Declaration is exempt from the restrictions established in Article 6.

9.11 Supplemental Declarations. Declarant may, until the Declarant's Rights Termination Date, record Supplemental Declarations without the consent of any Owner or Neighborhood Association for any of

the purposes for which a Supplemental Declaration may be recorded. The Community Association may also record Supplemental Declarations for any of the purposes for which a Supplemental Declaration may be recorded but shall obtain the prior consent of Declarant prior to recording such Supplemental Declarations under the Declarant's Rights Termination Date.

ARTICLE 10

INSURANCE

This Article describes the obligations of the Residential Association and the Owners regarding insurance.

10.1 Insurance to be Maintained by the Residential Association. Upon the Residential Association Activation Date, the Residential Association shall obtain and maintain the insurance coverages described below.

10.1.1 Property Insurance. The Residential Association shall obtain and maintain property insurance for the risks covered by and providing coverage at least as broad as a current ISO "special form" (a/k/a "all risk") policy or its equivalent ("Property Insurance") providing reasonable coverage for the costs of repair, rebuilding and replacing all Improvements owned and/or operated by the Residential Association, including Residential Association Maintenance Areas and all personal property and fixtures owned by the Residential Association. All such insurance shall satisfy the requirements set forth below.

(a) Such Property Insurance shall insure against, but not limited to, losses or damage by fire, windstorm, hail, explosion, damage from aircraft and vehicles, and smoke damage.

(b) The amount of coverage for such Property Insurance shall be in the full amount of the full replacement value (without deduction for depreciation) of the Improvements.

(c) Such Property Insurance shall include coverage or endorsements for increased construction costs due to changes in building codes, regulations and similar laws and for demolition costs.

(d) Such Property Insurance may contain reasonable deductibles approved by the Residential Board.

(e) Whenever any Improvements or alterations that are owned or operated by the Residential Association are in the course of construction, the Property Insurance required under this subsection for such Improvements or alterations shall be carried by the Residential Association in builder's risk form written on a completed value basis, insuring against loss to the full extent of the replacement cost of that which is being covered.

The Residential Association may, but shall not be required to, carry (i) earthquake insurance; (ii) pollution liability insurance; (iii) flood insurance; or (iv) terrorism insurance.

10.1.2 Liability Coverage – Residential Association. The Residential Association shall obtain liability insurance providing coverage at least as broad as a current ISO commercial general liability insurance form and maintain a policy or policies of primary commercial general liability insurance or its equivalent covering claims for bodily injury, death and property damage occurring on, in or about the Residential Association Maintenance Areas, with a "Per Occurrence Limit" (covering bodily injury, death, personal injury, contractual liability and property damage liability) of not less than \$5,000,000 for total Claims for any one occurrence, \$5,000,000 products and completed operations aggregate, and not less than \$10,000,000 for total Claims in the aggregate during one policy year. Such commercial general liability insurance shall name Declarant (until Declarant no longer owns any portion of the Residential Property or the Annexable Property), the Residential Board, and the Owners (as a group and not individually), and First

Mortgagees (as a group and not individually) as additional insureds. Such insurance shall include, if reasonably available as determined by the Residential Board, (a) coverage against water damage liability; (b) coverage for medical payments; (c) a broad form named insured endorsement; and (d) a cross-liability or severability of interest endorsement insuring against liability to each other insured. No such liability insurance shall be deemed to limit any Person's indemnity obligations or any other obligation of any Person under this Residential Declaration. Such insurance shall be written on an occurrence basis and not a claims made basis, except to the extent that claims policies of this type are generally acceptable under reasonable risk management practices for similar developments in the San Diego County area, and shall include a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of liability of this Section may be provided by a combination of primary and/or excess insurance.

10.1.3 Workers' Compensation Insurance. The Residential Association shall obtain Workers' Compensation Insurance in an amount sufficient to satisfy Applicable Law. The Residential Association shall also maintain Employee's Liability insurance of at least \$1,000,000 per occurrence. The Residential Association shall obtain a certificate of insurance regarding current valid workers' compensation insurance from any independent contractor who performs any service for the Residential Association, if practicable.

10.1.4 Fidelity Bonds or Insurance. The Residential Association shall obtain liability insurance providing coverage at least as broad as a current ISO commercial general liability insurance form and/or maintain fidelity bonds, employee dishonesty insurance, or commercial crime insurance including employee dishonesty insurance. Such insurance shall define non-compensated directors, officers, committee members, and volunteers as employees for purposes of coverage. Such insurance shall cover all Residential Board members, Residential Association officers and employees, other Residential Association committee members (including, without limitation, all members of the Residential Architectural Committees), and any Residential Association manager of the Residential Association, that have access to any Residential Association funds. If the Residential Association hires a management company, the theft of Residential Association assets by any representative of the management company shall be covered for the benefit of the Residential Association.

10.1.5 Directors and Officers Liability Insurance. The Residential Association shall obtain liability insurance providing coverage at least as broad as a current ISO commercial general liability insurance form and maintain officers and directors liability insurance for officers, directors, committee members, and volunteers of the Residential Association. There shall be no exclusion(s) pertaining to acts of the Declarant's representatives who may be serving as directors and/or officers of the Residential Association.

10.1.6 Assessments for Insurance. The cost of insurance coverage required to be maintained by the Residential Association shall constitute a Common Expense and be included as part of the Regular Assessments. Notwithstanding the foregoing, the Residential Board may allocate the cost of insurance as a Special Benefit Assessment if the insurance coverage provides a particular benefit to the Owners in a Special Residential Benefit Area, as reasonably determined from time to time by the Residential Board or as specified in the Special Residential Benefit Area Budget.

10.1.7 Other Insurance. The Residential Association shall maintain other types of insurance as the Residential Board determines to be necessary to protect the interests of the Owners or as may be required by a Governmental Agency.

10.1.8 Insurance to Satisfy California Civil Code. Section 1365.7 of the California Civil Code provides for a partial limitation on the liability of volunteer officers and directors of the Residential Association, provided that certain requirements, as set forth in such California Code Section 1365.7 are satisfied. The requirements include that general liability insurance and officers' and directors' liability insurance be carried by the Residential Association in specified amounts. The Residential Association shall maintain general liability insurance and officers' and directors' liability insurance in amounts which satisfy the requirements of the California Civil Code Section 1365.7 to limit the liability of volunteer officers and directors of the Residential Association.

10.2 Requirements for Insurance to be Maintained by the Residential Association.

10.2.1 Insurance Trustee. Each Neighborhood Association and each Owner will be deemed to have appointed the Residential Association or any insurance trustee designated by the Residential Association to act on behalf of the Owners in connection with all insurance matters arising from any insurance policy maintained by the Residential Association, including without limitation, representing the Owners in any proceeding, negotiation, settlement or agreement.

10.2.2 No Liability for Failure to Obtain Insurance. The Residential Association, the Residential Board, and any manager of the Residential Association, shall have no liability to any Neighborhood Association and any Owner or Mortgagee if, using good faith efforts, it is unable to obtain the insurance required hereunder because the insurance is no longer available at commercially reasonable rates or terms.

10.2.3 Adjustment of Claims. The Residential Association shall have the right and authority to adjust or modify from time to time the amount and scope of any or all insurance policies maintained by the Residential Association to reflect the amount and types of coverage that it determines appropriate in its discretion. The Residential Board is appointed attorney-in-fact (except for the Secretary, U.S. Department of Veterans Affairs), by each Owner, to negotiate and agree on the value and extent of any property damage under any policy carried by the Residential Association. The Residential Board is granted full right and authority to compromise and settle any property damage claim under any policy of property insurance carried by the Residential Association or enforce any such claim by legal action or otherwise and to execute releases in favor of any insurer with respect to any such claim.

10.2.4 No Separate Insurance. A Neighborhood Association and any Owner shall not separately insure the Improvements on or within a Property against loss by fire or other casualty covered by any insurance carried by the Residential Association in a manner that will result in any diminution in insurance proceeds otherwise payable under the Residential Association's policies. The Residential Association may allow any Neighborhood or Owners to review a copy of the Residential Association's policy to enable Owners to insure their Property without duplicating insurance carried by the Residential Association and inadvertently triggering any co-insurance clause in the Residential Association's policy. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under the Residential Association's policies that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance.

10.2.5 Waiver of Subrogation; Damage by Owners or Neighborhood Associations. The Residential Association waives and releases all claims against each Neighborhood Association and the Owners for any damage to the real and personal property that the Residential Association is obligated under this Residential Declaration to insure (including, without limitation, any loss of use, loss of income or similar loss or damage), except that the Residential Association may claim against a Neighborhood Association or an Owner for property damage caused by that Neighborhood Association or Owner to the extent that either (i) the peril causing such damage is not covered by the property insurance required by this Residential Declaration to be maintained by the Residential Association or actually maintained by the Residential Association (whichever is greater), provided that such Neighborhood Association or Owner's liability for such uninsured damage is limited to the amount of liability insurance required to be maintained by such Neighborhood Association or Owner pursuant to this Residential Declaration; (ii) the peril causing such damage is covered by the Residential Association's property insurance but the damage is within the amount of the deductible or self-insured retention, provided that such Neighborhood Association Owner's liability for such damage is limited to the amount of liability insurance required to be maintained by such Owner pursuant to this Residential Declaration; or (iii) such damage is caused by the gross negligence or willful misconduct of that Owner or Neighborhood Association. Any property insurance policy obtained by the Residential Association must contain a waiver of subrogation rights by the insurer consistent with this Section; provided, however, that a failure or inability of the Residential Association to obtain such a waiver from an insurer shall not defeat or impair the waivers between the Residential Association and the Owners and Neighborhood Associations as set forth herein. If an Owner or Neighborhood Association is liable for damage under this Section, the Residential Association may, after Notice and Hearing, levy a Compliance Assessment equal to

the cost of repairing the damage or any insurance deductible paid under the Residential Association's insurance policy, as applicable, and the increase, if any, in insurance premiums directly attributable to such damage. The waivers of claims and subrogation set forth in this Subsection apply only in favor of the Owners and Neighborhood Associations do not limit, waive, release or discharge any claims that the Residential Association (or its insurers) may have against any third party, including, without limitation, any contractor, service provider, agent, or invitee; provided, that such waivers shall also apply in favor of an Owner's or Occupant under a written lease agreement if and to the extent that the Owner has similarly agreed in such lease agreement to a waiver of claims and subrogation against such Occupant.

10.2.6 Compliance with Federal Agencies' Requirements. Notwithstanding any other provisions contained herein, the Residential Association shall continuously maintain in effect such insurance and a fidelity bond meeting the minimum insurance and fidelity bond requirements for condominium projects established by the Federal Agencies, or any successor to those entities, so long as the respective Federal Agency is a Mortgagee, guarantor of a Mortgage or an Owner of a Condominium, except to the extent such coverage is not available or has been waived in writing by the applicable Federal Agency. If the FNMA or FHLMC requirements conflict, the more stringent requirements shall be met.

10.3 Insurance to be Maintained by Neighborhood Associations. Each Neighborhood Association shall maintain the property insurance and liability insurance required to be maintained under the Community Declaration.

10.4 General Provisions Applicable to Insurance Coverages. The provisions in this Section 10.4 shall apply to all insurance required to be maintained under this Article 10.

10.4.1 Insurance Policy Requirements. All insurance policies carried pursuant to this Article shall be issued, placed and maintained with companies rated at least A-VIII by S&P and/or AM Best's Insurance Service or an equivalent rating provided that if, in the exercise of the reasonable business judgment of the Residential Board, consistent with sound insurance practices, the Residential Association determines that insurance provided by insurers with ratings consistent with the foregoing is not available at commercially reasonable rates, the insurance policies may be issued by insurance companies with ratings below the minimum ratings. In the event any insurer's rating falls below this minimum rating mid-policy year, reasonable provisions shall be taken to replace said insurer as soon as practicable.

10.4.2 Cancellation. The policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Residential Association and, in the case of the Residential Association's policies, the Members of the Residential Association, or in the event of a cancellation for non-payment of a premium without at least ten (10) days' prior written notice to all insureds. If the insurance required by this Residential Declaration shall be effected by blanket or master policies as permitted under this Article, any certificates of insurance provided under this Section shall include schedules attached thereto (with respect to property or building insurance) showing the amount of insurance afforded by such policies applicable to the Property which is being insured.

10.4.3 Deductibles. The Residential Board shall adopt a policy regarding payment of deductibles on any insurance coverage. Unless the Residential Board determines otherwise, the Residential Association shall pay deductibles required under any insurance claim from Residential Association funds, unless insufficient funds are available to the Residential Association from the Residential Association's accounts or from funds borrowed by the Residential Association in accordance with this Residential Declaration, in which event the Residential Association shall levy a Special Assessment, in accordance with the provisions of this Residential Declaration, with respect to the amount of any such deductible which exceeds funds available to the Residential Association from Residential Association funds or from borrowing.

10.4.4 Reimbursement. Any prepaid premiums paid by Declarant on behalf of the Residential Association shall be included in the Common Expenses and the Owners hereby authorize the Declarant to obtain reimbursement from the funds of the Residential Association.

10.4.5 Periodic Insurance Review. The Residential Board periodically (and not less than once every three years) shall review the Residential Association's insurance policies and make such adjustments to the policies' terms and conditions as the Residential Board considers to be in the best interests of the Owners. If applicable, the review shall include an appraisal by a qualified appraiser of the current replacement costs of all Residential Property under the Residential Association's property insurance policy unless the Residential Board is satisfied that the current dollar limit of the property insurance policy, coupled with the amount of actual reserves on hand, is equal to or greater than the current replacement costs.

10.4.6 Summary to the Members. The Residential Association shall annually distribute a summary of the Residential Association's insurance policies to the Members and the Residential Association shall distribute such information to its members.

10.4.7 Copies of Policies. Copies of the property insurance policies and certificates of insurance and detailed summaries of the liability policies of the Residential Association shall be retained by the Residential Association and be available for inspection by the Owners at reasonable times. All such insurance policies shall provide that they shall not be cancelable or substantially modified by the insurer without first giving at least thirty (30) days' prior notice in writing to the Owners and Eligible Mortgage Holders. In addition to the foregoing, the Residential Association shall provide to the Owners such information regarding the insurance of the Residential Association as may be required by Applicable Laws or under the Residential Bylaws.

10.5 Review of Insurance After the Residential Association Activation Date. The Residential Association shall periodically review the adequacy of all insurance. The review shall include a replacement cost appraisal of all insurable Improvements to the Residential Association Property and Residential Association Maintenance Area without respect to depreciation. The Residential Association shall adjust and modify the policies to provide coverage and protection that is customarily carried by and reasonably available to prudent owners of similar property in the area in which the Residential Property is situated.

ARTICLE 11

DESTRUCTION OF IMPROVEMENTS

This Article addresses what happens in the event of any damage or destruction to portions of the Residential Property. It is the intent of this Article that if there are sufficient insurance proceeds or if the Members elect to impose a Special Assessment to pay the costs of any shortfalls in the insurance proceeds or elect to adopt an alternative plan of reconstruction so that the rebuilding can occur, that the Residential Association have the responsibility and obligation to repair and restore the damaged Improvements.

11.1 Repair and Reconstruction of Damaged Project Improvements. Except as otherwise stated in this Article 11, if any of the Improvements in the Residential Association Maintenance Area are damaged or destroyed by fire or other casualty, the Residential Association shall effect or cause the Repair (as defined below) in accordance with the requirements set forth in Section 11.2. As used in this Article 11, the term "Repair" or "Repaired" refers to any repair, restoration, reconstruction or replacement of the Project Improvements and any other portions of the Insured Property, consistent with the Community Standard.

11.1.1 Insurance Proceeds Adequate. If the cost of repairing or rebuilding the Residential Association Maintenance Areas does not exceed the amount of insurance proceeds initially offered or paid by the insurance carrier by more than ten percent (10%) of the cost of reconstruction then the following shall apply:

(a) All insurance proceeds shall be paid to a commercial bank or trust company designated by the Residential Board to be held for the benefit of the Residential Association and the Owners and their First Mortgagees, as their interests shall appear.

(b) The Residential Board shall levy a Special Assessment against the Owners in the same manner as provided in Article 5 equal to the difference between the cost of repairing or rebuilding and the amount of available insurance proceeds, which sums shall be payable into the fund held by the Insurance Trustee.

(c) When the amount held by the Insurance Trustee is sufficient to pay the costs of repair and reconstruction, the Residential Board shall thereupon contract for the repair or reconstruction of the Improvements, paying the cost of such work from the amount held by the Insurance Trustee, said repair or reconstruction to be for the purpose of returning the Improvements substantially to their appearance and condition immediately prior to the casualty.

(d) The Residential Association may rebuild such damaged or destroyed common facilities in a different manner, or in a different location within the Residential Association Maintenance Area, provided that such Residential Board action shall require consent of at least a Majority of the Residential Board. If the Residential Board cannot reach such a majority decision, any such change shall require the vote or written assent of Neighborhood Representatives representing a Majority of the Voting Power. In any event, if such changed plans require additional capital so as to constitute a Capital Improvement Assessment, the written assent of Neighborhood Representatives representing a majority of the Voting Power must be obtained if so required by Section 3.8.1 of this Residential Declaration. Notwithstanding the foregoing, if the damage or destruction affects only portions of a Special Residential Benefit Area, the vote or written consent on behalf of the Owners within the applicable Special Residential Benefit Area shall be required.

11.1.2 Insurance Proceeds Inadequate. If the cost of such repairing or rebuilding exceeds the amount of available insurance by more than ten percent (10%) of the cost of reconstruction, then all insurance proceeds shall be deposited as provided in Section 11.1.1(a) and the Residential Board shall levy a Special Assessment and such damage and destruction shall constitute an Emergency Situation under Section 5.9.1 and therefore the limitations set forth in Section 5.9 shall not apply. Any deductibles required to be paid by the Residential Association as the result of a casualty event shall also be deemed to be an Emergency Situation for purposes of Section 5.9.1 and the limitations set forth in Section 5.9 shall not apply. Any decision regarding whether to levy a Special Assessment shall be made as soon as reasonably practical after the Residential Association determines that Insurance Proceeds are not adequate to complete the Repair but not later than sixty (60) days after the Residential Association determines that the Insurance Proceeds are not adequate to complete the Repair. Notwithstanding the foregoing, if the damage or destruction affects only portions of a Special Benefit Residential Area, the vote or written consent of only Members within such Special Benefit Area shall be required. If the Members determine not to levy such Special Assessment, then the Residential Board shall use the insurance proceeds available to make such restoration or repair as soon as reasonably possible or to clear the site of the damaged premises and complete such repairs as the Residential Board deems appropriate and the costs thereof shall be paid for with the insurance proceeds. Any deficiency may be raised by a Special Assessment in an amount determined by the Residential Board. In the event any excess insurance proceeds remain, the Residential Board, in its sole discretion, may retain such sums in the general funds of the Residential Association or distribute pro-rata all or a portion thereof to the Members, subject to the prior rights of Mortgagees whose interest may be protected by insurance policies carried by the Residential Association. The rights of the Owners and the Owner's Mortgagee, if any, as to such pro-rata distribution shall be governed by the provisions of any Mortgage encumbering such Residential Property.

11.1.3 Restoration of Buildings. In the event of partial or total damage or destruction of any Building within the Residential Property (other than Residential Association Maintenance Areas), the responsible Neighborhood Association or Owner shall either:

(a) diligently commence to rebuild the same, if the insurance proceeds and other funds available to the Neighborhood or Owner are sufficient to pay the costs of such rebuilding; or

(b) if there are not sufficient funds to rebuild, clear and level the Parcel, remove all wreckage, foundations, slabs, debris and remains of the building or buildings therefrom and leave the same in a level, clean and landscaped condition.

Unless otherwise approved by the applicable Civita Residential Design Review Committee and the Residential Architectural Review Committee, upon reconstruction, the Improvements shall be rebuilt substantially in accordance with the original plans and specifications therefor; provided, however, that unless otherwise approved by the Civita Residential Design Review Committee and the Residential Architectural Committee, the exterior appearance thereof shall substantially resemble the appearance in form and color prior to such damage and destruction. The Neighborhood Association shall provide procedures and standards for repair or reconstruction of damaged or destroyed property within its Neighborhood.

ARTICLE 12

EMINENT DOMAIN

The City or other Governmental Agencies can exercise rights of eminent domain that allow the City or other Governmental Agencies to "take" all or a portion of the Residential Association Property. This Section describes what happens if a taking of all or a portion of the Residential Association Property occurs.

12.1 Condemnation. The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Residential Association Property or if any action is brought to condemn all or any portion of the Residential Association Property or a sale of all or a part thereof is in lieu of condemnation, the Members hereby appoint the Residential Board and such persons as the Residential Board may delegate to represent all of the Owners in connection with the taking. The Residential Board shall act, in its sole discretion, with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Residential Association, and used, held or distributed as reasonably deemed appropriate by the Residential Board subject to the provisions hereof.

12.2 Total Taking. If the taking is of the entire Residential Association Property, the amount payable shall be paid to the Residential Board as trustee for distribution to the Owners, subject to the rights of Mortgagees holding Mortgages covering the properties and all unpaid Community Assessments of each Owner, together with any interest charges attributable thereto. Said proceeds shall be distributed to the Owners and their respective Mortgagees according to the relative values of the respective properties in the Residential Property determined by an independent appraisal made by a qualified MAI real estate appraiser selected by the Residential Board. The rights of an Owner and the Mortgagee as to such pro-rata distribution shall be governed by the provisions of the Mortgage encumbering such Property.

12.3 Minor Taking. If the award is for the acquisition of only part of the Residential Association Property and is less than ten percent (10%) of the value of all Residential Association Maintenance Areas, the entire amount thereof shall be payable to the Residential Board and such amount, together with any interest earned thereon, shall be held by the Residential Association for the construction of capital Improvements on other portions of the Residential Association Maintenance Areas.

12.4 Major Taking. If the award is for the acquisition of only part of the Residential Association Property, but is in excess of ten percent (10%) of the value of all Residential Association Property, the Residential Board, in its sole discretion, may retain all or any part thereof in the general funds of the Residential Association for the purpose of constructing alternative facilities for those so taken, or may distribute all or any part thereof to the Owners, as their interests appear, subject however, to any unpaid Residential Assessments and the rights of Mortgagees, in the manner set forth above.

ARTICLE 13

ANNEXATION OF REAL PROPERTY

13.1 Annexation. Declarant may annex any of the Annexable Property by any of the methods set forth in this Article. To the extent there are minor boundary changes or lot line adjustments to the Annexable Property, any additional portions of land added as a result of such boundary or lot line adjustments shall be included within the Annexable Property. Additionally, any property identified in a Supplemental Declaration recorded by Declarant identifying such real property as Annexable Property may be included in the Annexable Property. Declarant intends to sequentially develop the Annexable Property on a phased basis. However, Declarant may elect not to develop all or any part of the Annexable Property, to annex the Annexable Property to this Residential Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. Although Declarant shall have the ability to annex the Annexable Property as provided in this Article, Declarant shall not be obligated to annex all or any portion of the Annexable Property, and the Annexable Property shall not become subject to this Residential Declaration unless and until a Supplemental Declaration covering it has been recorded. Until the Declarant's Rights Termination Date, no Person other than Declarant may annex any of the Annexable Property without the prior consent of Declarant.

13.2 Procedure for Annexation.

13.2.1 Annexation Without Approval. All or any part of the Annexable Property may be annexed by Declarant and become subject to this Residential Declaration and subject to the jurisdiction of the Residential Declaration without the approval, assent or vote of the Residential Declaration or its Members.

13.2.2 Annexation Pursuant to Approval. If any Person other than Declarant desires to add property other than the property described on Exhibit "B" to the plan of this Residential Declaration and to subject such property to the jurisdiction of the Residential Association and this Residential Declaration, then such property may be annexed, if the vote or written assent of Declarant and Neighborhood Representatives representing sixty-seven percent (67%) of the Voting Power is obtained and the owners of the property to be annexed have consented to such annexation.

13.3 Covenants Running With the Land. Declarant may transfer all or any portion of the Annexable Property to a Guest Builder under a grant deed wherein Declarant reserves the right to annex such property and subject it to this Residential Declaration. The restriction on the Annexable Property wherein it may be made subject to this Residential Declaration upon the recordation of a Supplemental Declaration is hereby declared to be an equitable servitude upon the Annexable Property in favor of the Residential Property subject to this Residential Declaration and any other real property owned by Declarant in the vicinity of the Residential Property and shall run with the land and be binding on and inure to the benefit of all Persons having or acquiring any right, title or interest in such real property.

13.4 Requirements of VA or FHA. Before any of the Annexable Property that is being developed as a phased FHA and/or VA project is annexed, plans for the development of the Annexable Property shall be submitted by the Guest Builder to FHA and/or the VA as deemed applicable by the Guest Builder, and FHA and/or VA, as applicable, must determine that such plans are in accordance with the previously approved general plan.

13.5 Annexations Under Supplemental Declarations. Supplemental Declarations shall be recorded for each Annexation as provided under this Residential Declaration.

13.6 De-Annexation. Declarant may delete all or any portion of the Residential Property from the coverage of this Residential Declaration or any Supplemental Declaration, provided (a) Declarant and/or a

Guest Builder are the sole Owner(s) of all of the real property to be deleted, or if Declarant or a Guest Builder are not the sole Owners, the consent of the Owners of the portion of the Residential Property to be de-annexed have consented thereto and (b) with respect to such Residential Property, Residential Assessments have not commenced. Such deletion shall be effective upon the recordation of a Supplemental Declaration or equivalent document, signed by Declarant and consented to by the affected Owner(s). Prior to annexation, Declarant may also, upon recordation of a Supplemental Declaration, delete any portion of the Annexable Property by so designating such portion of land to be excluded from the Annexable Property in a Supplemental Declaration.

ARTICLE 14

RIGHTS OF LENDERS

Certain Mortgagees need to protect their interests in the Civita Community. This Article gives certain Mortgagees rights to protect their security interests.

14.1 Conflict Notwithstanding any contrary provision contained elsewhere in the Documents, the provisions of this Article shall control with respect to the rights and obligations of Mortgagees as specified herein.

14.2 Subordination of Lien to First Mortgages; Liability for Unpaid Assessments If any Parcel or Condominium is encumbered by a First Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Residential Declaration by power of sale or judicial foreclosure for Residential Assessments, or installments of Residential Assessments, shall not affect or impair the lien of the First Mortgage. The lien of Residential Assessments shall be subordinate to the lien of any First Mortgage now or hereafter placed upon any Parcel or Condominium subject to Residential Assessments. Any First Mortgagee or other purchaser who obtains title to a Parcel or a Condominium pursuant to the remedies provided in the First Mortgage (including foreclosure of the First Mortgage or acceptance of deed in lieu thereof) shall take the property free of any claims for unpaid Residential Assessments or charges against the Parcel or Condominium which became due and payable prior to the date such First Mortgagee or other purchaser acquired title unless the Owner of the Parcel or Condominium causes the exercise of such remedies (including foreclosure or deed in lieu thereof) to avoid payment of existing and unpaid Residential Assessments. No such sale or transfer shall relieve the Parcel or Condominium from any Residential Assessments thereafter becoming due or from the lien of any subsequent Residential Assessments. A First Mortgagee or other purchaser who obtains title to a Parcel or a Condominium pursuant to the remedies provided in the First Mortgage shall be obligated to pay any Residential Assessments that become due and payable on or after the date it acquires title to the Parcel or Condominium and as long as it remains in title, including any Special Assessments levied by the Residential Association to raise operating, reserve or other funds needed because of uncollected delinquent Residential Assessments.

14.3 Notice to Eligible Holders An Eligible Holder is entitled to timely written notice of the following events:

14.3.1 Any condemnation loss or casualty loss that affects a material portion of the Residential Association Property;

14.3.2 Any delinquency in the payment of Residential Assessments owed by an Owner that is subject to a First Mortgage held by the Eligible Holder if the delinquency is not cured within sixty (60) days after its due date;

14.3.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Residential Association;

14.3.4 Any proposal to take any action specified in this Article or in Article 11 and 15;

14.3.5 Any default by an Owner that is subject to a First Mortgage held by the Eligible Holder in the performance of his or her obligations under this Residential Declaration or the Residential Bylaws which is not cured within sixty (60) days; or

14.3.6 Any proposed action that requires the consent of a specified percentage of the Eligible Holders.

For so long as is required by FNMA's legal requirements for project acceptance, all references to "Eligible Holder" in this Section 14.3 shall be deemed to include all First Mortgagees and all guarantors of First Mortgages.

14.4 **Inspection of Books and Records.** Upon request, any First Mortgagee shall be entitled to inspect the books, records and financial statements of the Residential Association and the Residential Governing Documents during normal business hours or under other reasonable circumstances.

14.5 **Financial Statements.** The Residential Association, at its expense, shall prepare an audited financial statement for the immediately preceding Fiscal Year and furnish the most recent audited financial statements to the First Mortgagee within a reasonable time after receipt of written request from any First Mortgagee.

14.6 **Actions Requiring Eligible Holder Approval.** Unless at least sixty-seven percent (67%) of the Eligible Holders (based on one vote for each First Mortgage owned) and at least sixty-seven percent (67%) of the Owners other than Declarant have given their prior written approval, the Residential Association shall not be entitled to:

14.6.1 Change the fundamental purpose for which the applicable areas of the Residential Property were created or terminate or abandon the status of the Residential Property as a common interest development;

14.6.2 Dissolve the Residential Association except pursuant to a consolidation or merger;

14.6.3 By act or omission abandon, partition, subdivide, encumber, sell or transfer any Residential Association Property. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Civita Community by the Residential Association and the Owners shall not be deemed a transfer within the meaning of this Section);

14.6.4 Except as specifically authorized under the Civita Governing Documents, change the share of Residential Assessments charged to, or the voting rights attributable to, any Member;

14.6.5 Except as specifically authorized under the Civita Governing Documents, change the provisions applicable to reconstruction in the event of damage, or permit the use of insurance proceeds payable to or for the account of any Owner by reason of loss or damage to any portion of the Civita Community to be used for other than the repair, replacement or reconstruction thereof;

14.6.6 Change any provision which, by its terms, is specifically for the benefit of Mortgagees or specifically confers rights on Mortgagees; or

14.6.7 Amend this Article 14.

14.7 **Votes Required to Terminate the Project.** Any election to terminate the legal status of the Residential Property as a common interest development project as a result of substantial destruction or a substantial taking in condemnation of the property within the Residential Property or for other reasons shall

require the approval of Eligible Holders that represent at least fifty-one percent (51%) of the votes of Residential Separate Interests that are subject to Mortgages held by Eligible Holders. For so long as is required by FNMA's legal requirements for project acceptance, all references to "Eligible Holder" in this Section 14.7 shall be deemed to include all First Mortgagees.

14.8 Mortgagee Protection. A breach of any of the conditions contained in this Residential Declaration shall not defeat nor render invalid the lien of any First Mortgage in good faith and for value as to any Residential Separate Interests; provided, however, that the conditions contained in this Residential Declaration shall be binding upon and effective against any Owner from and after such Owner acquisition of a Residential Separate Interest by foreclosure, trustee's sale or otherwise.

14.9 Rights of Cure; Voting Rights on Default. In case of default by any Owner in the payment of Residential Assessments, a First Mortgagee may pay any Residential Assessments or take any action reasonably necessary to cure any other default by such Owner with the same effect as such cure by the Owner itself. A First Mortgagee encumbering a Parcel with no Neighborhood Association shall be entitled to exercise such voting rights upon delivery to the Residential Association of a notice certifying that such a default has occurred and that such Mortgagee is entitled to exercise such rights pursuant to its agreement with the Owner of such Residential Separate Interests.

14.10 Appearance at Meetings. Any First Mortgagee may appear (but cannot vote except as may be provided for herein) at meetings of the Members and the Residential Board to draw attention to violations of this Residential Declaration that have not been corrected or Residential the subject of remedial proceedings or Residential Assessments.

14.11 Right to Furnish Information. Any First Mortgagee can furnish information to the Residential Board concerning the status of any First Mortgage.

14.12 Right of First Refusal Not Applicable to Mortgagee. No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Residential Separate Interest shall be granted to the Residential Association without the written consent of any Mortgagee of the Residential Separate Interest. Any right of first refusal or option to purchase a Residential Separate Interest that may be granted to the Residential Association (or other Person) shall not apply to any conveyance or transfer of title to such Residential Separate Interest, whether voluntary or involuntary, to a Mortgagee that acquires title to or ownership of the Residential Separate Interest pursuant to the remedies provided in its Mortgage or by reason of foreclosure of the Mortgage or deed or assignment in lieu of foreclosure.

14.13 Written Notification to Mortgagees or Guarantors of First Mortgages. If a Mortgagee or guarantor of a First Mortgage has not given the Residential Association written notice of its name, address and Parcel or Condominium encumbered by its Mortgage, any written notice or proposal required or permitted by this Residential Declaration to be given to such Mortgagee or guarantor shall be deemed properly given if deposited in the United States mail, postage prepaid, and addressed to the Mortgagee or guarantor at its address appearing of record in the First Mortgage (or assignment thereof, if applicable)."

ARTICLE 15

AMENDMENT AND TERM OF RESIDENTIAL DECLARATION

This Residential Declaration and the easements, covenants, conditions and restrictions established under the Residential Declaration will continue in effect for 99 years and thereafter will continue unless a certain percentage of the Owners elect to terminate the Residential Declaration. This Article also describes the procedures and requirements for amendments to this Residential Declaration. Each Owner acknowledges that corrections and supplements to this Residential Declaration may be necessary and that it

is important to give Declarant the right to record such Supplemental Declarations without the consent of any Owner except as otherwise provided in this Residential Declaration.

15.1 Term. The covenants, conditions and restrictions of this Residential Declaration shall run with and bind the Residential Property and shall inure to the benefit of and be enforceable by the Residential Association or any Member, their respective legal representatives, heirs, successors and assigns, for a term of ninety-nine (99) years from the date this Residential Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by ninety percent (90%) of the then Owners and ninety percent (90%) of their Mortgagees (in the same manner as provided in Section 15.2 hereof) has been recorded, at least one (1) year prior to the end of any such period in the manner required for a conveyance of real property, in which it is agreed that this Residential Declaration shall terminate at the end of the then-applicable term.

15.2 Amendments.

15.2.1 Amendments Prior to Commencement of Residential Assessments. Prior to the conveyance of the first Residential Separate Interest to an Owner under a Public Report, other than Declarant or Guest Builders, Declarant, without the consent of any Owner, may amend this Residential Declaration. To the extent requested by Declarant, any Guest Builder which owns any portion of the Residential Property then subject to this Residential Declaration shall execute any such amendment or restatement of this Residential Declaration.

15.2.2 Amendments Subsequent to Commencement of Residential Assessments. After the conveyance of the first Residential Separate Interest to an Owner under a Public Report, other than Declarant or Guest Builders, this Residential Declaration may be amended by the vote or written consent of the Neighborhood Representatives representing at least sixty-six and two thirds percent (67%) of the Voting Power of each class of Members of the Residential Association. After conversion of the Class B membership to Class A membership, this Residential Declaration may be amended at any time and from time to time by the vote or written consent of (a) the Neighborhood Representatives representing at least sixty-seven and two thirds percent (67%) of the total Voting Power of the Members of the Residential Association, and (b) the Neighborhood Representatives representing at least sixty-six and two thirds percent (67%) of the Voting Power of the Members of the Residential Association other than Declarant.

15.2.3 Lender Consent. Amendments of a material and adverse nature to Mortgagees must be approved by Eligible Holders that represent at least at least fifty-one percent (51%) of the votes of Residential Separate Interests that are subject to Mortgages held by Eligible Holders. Any Eligible Holder who receives written request to consent to additions or amendments requiring consent under this provision who does not deliver to the requesting party a negative response within sixty (60) days after receipt of a notice delivered by certified or registered mail, return receipt requested, shall be deemed to have consented to such request. For so long as is required by FNMA's legal requirements for project acceptance, all references to "Eligible Holder" in this Section 15.2.3 shall be deemed to include all First Mortgagees.

15.2.4 Consent of Declarant. Until Declarant, a Declarant Party or a Guest Builder no longer owns any portion of the Covered Property or Annexable Property, this Residential Declaration shall not be amended to amend, diminish or eliminate any rights specifically granted or reserved to Declarant, a Declarant Party or a Guest Builder without the consent of the Declarant, Declarant Party or Guest Builder.

15.2.5 Community Association Consent. Notwithstanding anything to the contrary set forth in this Residential Declaration any provision of this Residential Declaration which grants rights, powers, easements or any other benefits to the Community Association may not be modified, amended or terminated without the express written approval of the Community Association and the recordation of an instrument in the Official Records with such consent.

15.2.6 Amendment to Eliminate Easements. This Residential Declaration cannot be amended to modify or eliminate the easements or any other rights reserved to Declarant or Guest Builders herein without prior written approval of Declarant until Declarant, a Declarant or Guest Builder no longer owns any portion of the Residential Property or an Annexable Property and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require Declarant's or the Guest Builder's prior written approval.

15.3 Further Approvals Regarding Amendments. Notwithstanding anything to the contrary contained in this Residential Declaration, **Section 3.6.16** (California Civil Code Section 896 and 897 Claims), **Section 3.7.21** (Notice Prior to Litigation), **Section 3.9.3** (Members' Approval of Certain Actions) and **Article 16** (Enforcement) of this Residential Declaration shall not be amended without the vote or approval by written ballot of at least (a) the Neighborhood Representatives representing ninety percent (90%) of the Voting Power of the Members of the Residential Association other than Declarant, and (b) at least ninety percent (90%) of their First Mortgagees.

15.4 Conflict With Provisions of this Residential Declaration. To the extent any provisions of this Article conflict with the provisions of **Article 14** or any other provision of this Residential Declaration requiring approval for an amendment, the provisions of **Article 14** or the other provisions requiring approval for an amendment shall control.

ARTICLE 16

ENFORCEMENT

This Article describes the enforcement rights for violations of this Declaration and certain procedures which must be followed in the event of a Dispute. The Dispute procedures are intended to establish an effective procedure to enable Claims to be resolved promptly for the benefit of the Residential Association and Owners.

16.1 Enforcement and Nonwaiver. The Declarant, the Guest Builder and the Residential Association and any Neighborhood Association, acting through the Residential Board, shall have the right to enforce, by proceedings at law or in equity, all covenants, conditions and restrictions, now or hereafter imposed by the provisions of the Residential Governing Documents and any Neighborhood Association Governing Documents, including the right to prevent the violation of such Residential Governing Documents or Neighborhood Association Governing Documents and the right to recover damages or other dues for such violation. Failure of the Declarant, the Guest Builders or the Residential Association to enforce any covenants or restrictions contained in the Residential Governing Documents or Neighborhood Association Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

16.2 Definitions. For purposes of this Section 16.2, the following terms shall have the meanings set forth below.

16.2.1 "Claims" means any and all claims, controversies, breaches or disputes (whether based on contract, tort, statute, or equity) but expressly excluding Excluded Disputes by or between (a) a Claimant or Claimant Parties, on the one hand, and (b) Declarant, Guest Builder or any Declarant Party or Guest Builder Party, on the other hand, arising under this Residential Declaration or Residential Governing Documents, or otherwise relating to the Residential Property, including, without limitation, any disputes relating to:

- (a) the development and sale of any portion of the Residential Property;
- (b) any Sale or Conveyance Agreements;
- (c) non-disclosure or negligent or intentional misrepresentation or fraud;

- (d) breach of any alleged duty of good faith and fair dealing;
- (e) allegations of failure to comply with the Functionality Standards; and/or
- (f) any other allegations of latent or patent design or construction defects in any work of Improvement constructed on or otherwise performed in connection with development of the Residential Property.

16.2.2 **"Claimant"** means the Residential Association, any Neighborhood Association or any Owners.

16.2.3 **"Claimant Parties"** refers collectively to all of the Claimants.

16.2.4 **"Declarant Involved Claims"** has the meaning set forth in Section 16.3.1.

16.2.5 **"Declarant Parties"** means any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of Declarant.

16.2.6 **"Excluded Disputes"** means (a) any actions or claims solely between Declarant or a Declarant Party on the one hand, and a Guest Builder or a Guest Builder Party on the other hand, including actions and claims under any purchase and sale agreements between Declarant, or a Declarant Party, on the one hand, and a Guest Builder or a Guest Builder Party on the other hand (including without limitation, any agreements executed pursuant to any purchase and sale agreement, (e.g., use agreements, development agreements and similar agreements and documents), (b) actions taken by the Residential Association against Declarant or a Guest Builder or Declarant Party or Guest Builder Party to collect delinquent Assessments, (c) any action involving any completion bonds for any Residential Association Property, and (d) any and all disputes which are subject to the dispute resolution procedures contained in any Warranty.

16.2.7 **"FAA"** means the Federal Arbitration Act, 9 United States Code Section 1 et seq. (as hereafter amended).

16.2.8 **"Guest Builder Party"** means any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of a Guest Builder.

16.2.9 **"Involved Parties"** means the parties involved in a Claim, which may include (a) the Owner, as the Owner of a Residential Separate Interest and Member of the Residential Association, a Neighborhood Association and/or the Residential Association on the one hand and (b) the Declarant, a Declarant Party, a Guest Builder or a Guest Builder Party on the other hand.

16.2.10 **"JAMS"** means the Judicial Arbitration and Mediation Services.

16.2.11 **"JAMS Rules"** means the rules established by JAMS.

16.2.12 **"Non-Association Involved Claims"** has the meaning set forth in Section 16.3.1.

16.2.13 **"Non-Declarant Involved Claims"** has the meaning set forth in Section 16.3.1.

16.2.14 **"Right to Repair Act"** means Title 7, Part 2 of Division 2 of the California Civil Code (Section 895 et seq.).

16.2.15 **"Right to Repair Procedures"** means the procedures set forth in Chapter 4 of the Right to Repair Act.

16.2.16 "Sale or Conveyance Agreement" means any conveyance, contractual agreement or other transaction between the Declarant, the Declarant Parties, a Guest Builder, or Guest Builder Parties and any of the Claimant Parties relating to the sale of Residential Separate Interests or conveyance of Residential Association Property or Neighborhood Association Property, but excluding a conveyance or other agreement between a Guest Builder or Guest Builder Party, on the one hand, and Declarant and/or a Declarant Party, on the other hand.

16.2.17 "Warranty" means any express warranty provided by a Guest Builder to an Owner or Neighborhood Association, if any.

16.3 Procedures for Resolution of Claims Each Claimant acknowledges that (a) Declarant is not in the business of selling residences to the public nor in the business of building, developing or constructing residences for public purchase and (b) Declarant is not a builder of for sale residential housing and Declarant has sold or will sell land within the Residential Property to Guest Builders and that Guest Builders (and not Declarant) will build, develop, construct and sell the for sale residential housing within the Residential Property. Each Claimant acknowledges that the "Right to Repair Act" may not apply to Declarant.

16.3.1 Categories of Claims The purpose of this Section is to set forth procedures for the resolution of Claims which may arise between a Claimant, on the one hand and Declarant, any Declarant Parties, a Guest Builder and/or any Guest Builder Parties on the other hand. As described below, there are three categories of Claims which shall be resolved in accordance with the procedures set forth below.

(a) **"Non Declarant Involved Claims"** are Claims between a Claimant or Claimant Parties and a Guest Builder and/or a Guest Builder Party in which neither Declarant nor any Declarant Party is involved which shall be resolved in accordance with any non-adversarial procedures or other proceedings established in the Sale or Conveyance Agreements or Supplemental Declarations recorded as part of the Neighborhood Association Governing Documents or otherwise applicable to any such Claimant or Claimant Parties.

(b) **"Non Association Involved Claims"** are Claims between (a) any Owner, on the one hand, but not the Residential Association, or any Neighborhood Association and (b) a Guest Builder or Guest Builder Party and Declarant or a Declarant Party, on the other hand which shall be resolved in accordance with any nonadversarial or other Claim resolution procedures established in the Sale or Conveyance Agreements and any Supplemental Declarations recorded as part of the Neighborhood Association Governing Documents applicable to the Owners, if any.

(c) **"Declarant Involved Claims"** are Claims between (a) a Claimant or Claimant Parties on the one hand and (b) Declarant or a Declarant Party (which may or may not involve a Guest Builder or Guest Builder Party on the other hand), which shall be resolved in accordance with the procedures set forth in Section 16.4 below.

16.4 Resolution of Declarant Involved Claims

16.4.1 Resolution of Claims Subject to a Warranty. If the Guest Builder is involved in the Claims, and the Guest Builder has provided a Warranty, and the Claimant or Claimant Party has made a claim on the Warranty, the Dispute shall be resolved in accordance with the procedures set forth in the Warranty. If an Involved Party has made a claim under the Warranty which has not been resolved under the Warranty and the claim is a Declarant Involved Dispute, the Involved Party must thereafter makes a Claim in compliance with the Right to Repair Procedures.

16.4.2 Small Claims Actions. Except as otherwise provided in this Residential Declaration, if a Declarant Involved Dispute has a total Claim less than the amounts established by law as the jurisdictional limit for a small claims action, the Involved Party may elect to have such Claim resolved in a small claims court in accordance with The Small Claims Act (California Code of Civil Procedure Section 116.110 et seq.).

16.4.3 Involved Parties' Acknowledgment of Right to Repair Procedures. To the extent the Right to Repair Act is held to be applicable, Declarant hereby provides notice of the existence of the Right to Repair Procedures, and further notifies each Owner and the Residential Association and each Neighborhood Association that such Right to Repair Procedures impact the legal rights of each Claimant. To the extent a Declarant Involved Claim which is covered by the Right to Repair Act is not covered by or resolved under a Warranty (to the extent applicable), each Claimant covenants and agrees to comply with the Right to Repair Procedures set forth in the Right to Repair Act prior to the initiation of any arbitration or other proceeding. Notwithstanding the foregoing, each Owner understands and agrees that pursuant to California Civil Code Section 915, Declarant's rights include the right to discontinue or elect not to pursue the Right to Repair Procedures at any time. If the Right to Repair Procedures fail to resolve such Declarant Involved Claims, the Claims shall be resolved in accordance with the procedures set forth below.

16.4.4 Arbitration. Except as otherwise provided herein, all Declarant Involved Claims, **not** resolved under the Warranty or the Right to Repair Procedures shall be resolved as provided below.

(a) **Agreement to Arbitrate.** The Claimant Parties agree to resolve each and every Declarant Involved Claim exclusively through binding arbitration in San Diego, California.

(b) **Waiver of Trial by Judge or Jury.** By agreeing to resolve all Declarant Involved Claims through binding arbitration, the Claimants, Declarant, the Declarant Parties, the Guest Builders and Guest Builder Parties each give up the right to have their respective claims and defenses decided by a judge or a jury. All Claims shall instead be decided by the arbitrator(s).

(c) **Rules Applicable to All Cases.** The arbitration will be conducted by JAMS in accordance with the JAMS Rules then applicable to the Claims presented, as supplemented by this Section 16.4. The provisions in this Section 16.4.4 shall apply to all arbitration proceedings and shall govern in the event of a conflict between the proceeds set forth herein and the JAMS Rules.

(d) **Conflict in Potentially Applicable Terms.** If there is a conflict or discrepancy between the Rules and the terms and conditions of the Act, the provisions of the Act shall control to the extent of the conflict or discrepancy. If there is a conflict or discrepancy between the JAMS Rules and the terms and conditions of this Residential Declaration, the provisions of this Residential Declaration shall control to the extent of the conflict or discrepancy. Nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 1368.4, 1375, 1375.05 or 1375.1.

(e) **Applicable Law of Arbitration.** This arbitration provision shall be governed by, enforced according to, and interpreted according to the FAA exclusively. Because many of the materials and products incorporated into the Residences and other improvements are manufactured in other states, the development, construction and maintenance of the Community involves interstate commerce and therefore the FAA is applicable. The FAA overrides and preempts certain California state, local or other laws concerning arbitration and the Involved Parties expressly intend this result. The Involved Parties understand and agree that among the consequences of electing that arbitration will be enforced exclusively according to the FAA, is that the FAA entirely preempts Chapter 2 of Title 9 of Part 3 of the California Code of Civil Procedure, commencing with Section 1281. The Involved Parties also recognize that if the arbitration provision is enforced by a court of the State of California, certain provisions of the California Arbitration Act (e.g., Chapters 1, 3, 4 and 5) apply and are not preempted to the extent consistent with the FAA.

(f) **Number of Arbitrators.** There shall only be one arbitrator selected in accordance with the JAMS Rules unless the amount in dispute is in excess of Two Million Dollars (\$2,000,000) in which case there shall be a panel of three (3) arbitrators selected in accordance with the JAMS Rules.

(g) **Qualifications of Arbitrators.** The arbitrator shall be neutral and impartial and either a retired judge or a member or former member of the California State Bar with at least fifteen (15) years of substantial experience in the type of matter in dispute and with emphasis on the laws governing real estate matters, especially those dealing with residential real estate.

(h) **Appointment of Arbitrator.** The arbitrator to preside over the Declarant Involved Dispute shall be selected in accordance with the JAMS Rules, but no later than sixty (60) days after a notice of claim is filed.

(i) **Joinder.** The Involved Parties may join as an additional party to the arbitration any third party consultant, contractor, subcontractor or supplier (including, but not limited to, any contractor, vendor, engineer, architect or design professional) involved in the Claim ("Additional Joined Party").

(j) **Attorney Fees and Costs.** For any Declarant Involved Claims, Declarant shall advance all fees and expenses of JAMS and the arbitrator, and each Involved Party shall otherwise bear his, her, or its own costs and attorney fees. If a Claimant is the prevailing party in the arbitration, the arbitrator may award costs according to the JAMS Rules. As between Declarant and Declarant Parties and Guest Builder and a Guest Builder Party, on the one hand, and any Owner or the Residential Association on the other hand, the arbitrator shall not award attorneys' fees. This provision is not a waiver of the right to recover those attorney fees and costs to which Claimant may be entitled under *Stearman v. Centex Homes* (2000) 78 Cal.App.4th 611. As between Declarant or any Declarant Party or a Guest Builder or a Guest Builder Party on the one hand, and any Additional Joined Party (other than a Claimant) on the other hand, the JAMS Rules apply to all matters concerning costs and expenses, and the arbitrator may award costs and attorney fees if provided in the agreements between the Declarant and the Additional Joined Party.

(k) **Preliminary Procedures.** If state or federal law requires the Claimant or Declarant, Declarant Party, Guest Builder or Guest Builder Party to take steps or procedures before commencing an action in court, then the Claimant or Claimant Party must take such steps or follow such procedures, as the case may be, before commencing the arbitration. In addition, nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 1368.5, 1375, 1375.05 or 1375.1.

(l) **Participation by Other Parties.** The Claimant, to the extent any such party is defending a claim in the arbitration, may, if the Claimant chooses, have all necessary and appropriate parties included as parties to the arbitration.

(m) **Award.** When the arbitrator is prepared to make the award, the arbitrator shall first so inform the participants, who shall have ten (10) days to attempt to resolve the matter by binding agreements between them. If the Participants resolve the matter, the arbitrator shall not make the award. If the Participants do not resolve the matter within the ten (10) day period, the arbitrator shall make the award on the eleventh day following the arbitrator's notice of being prepared to make the award.

(n) **Law Governing Award.** The arbitrator is authorized to provide all recognized remedies available in law or equity for the Claims. The arbitrator must apply the substantive law of California (including statutes of limitation and statutes of repose) in making the decision. The arbitrator's award must be accompanied by detailed written findings of fact and conclusions of law. Any award rendered by the arbitrator may be confirmed, entered and enforced, in any court having jurisdiction. This Section does not affect Section 16.4.4(e).

(o) **Confidential.** Except as may be required by Applicable Laws or for confirmation of the award, neither the Involved Parties nor the arbitrator may disclose the existence, content or results, of the arbitration hearing without the prior written consent of all parties to the arbitration.

16.4.5 Additional Rules Applicable to Certain Cases In any arbitration in which a claim of the Claimant exceeds \$250,000 in value, the following additional rules will supplement the JAMS Rules and govern in the event of a conflict between the following rules and the rules set forth above, the JAMS Rules, or both.

(a) **Qualifications of Arbitrator.** In addition to the requirements of Section 16.4.4(g) above, the arbitrator must be a retired judge of the California Superior Court, a California Court of Appeal, or the California Supreme Court.

(b) **Rules of Law.** The California Evidence Code shall apply.

(c) **Written Decision.** Within thirty (30) days after the hearing is closed, the arbitrator must issue a written decision. If any party to the arbitration requests it, the arbitrator must issue a reasoned award.

(d) **Additional Discovery Rights.** In addition to the discovery rights provided for in the JAMS Rules, the Involved Parties will have the following discovery rights:

(i) **Inspection, Examination and/or Test.** The right to a reasonable inspection, examination and/or test of any site, defect, personal injury or property damage relevant to any claim.

(ii) **Deposition of Opposing Party.** The right to take one deposition of each opposing party for up to 4 hours. The deposition of a person designated by an entity or organization as most knowledgeable, or an individual officer or employee of an entity or organization, shall count as the deposition of a party which is not a natural person.

(iii) **Deposition of Expert Witnesses.** The right to take the deposition of each expert witness designated by an opposing party for up to four (4) hours.

(iv) **Additional Depositions.** The arbitrator shall have discretion to allow additional depositions and longer depositions upon a showing of good cause.

16.4.6 **Final and Binding Award.** The decision of the arbitrator or, if an appeal is heard, the decision of the appeal arbitrators, shall be final and binding. A petition to confirm, vacate, modify or correct an award may be filed in any court of competent jurisdiction in the county in which the Residential Property is located, but the award may be vacated, modified or corrected only as permitted by the Federal Arbitration Act.

16.4.7 **Severability.** In addition to and without limiting the effect of any general severability provisions of this Residential Declaration, if the arbitrator or any court determines that any provision of this Article 16 is unenforceable for any reason, that provision shall be severed, and proceedings agreed to in this Article 16 shall be conducted under the remaining enforceable terms of this Article 16.

16.4.8 **NOTICE AND ACKNOWLEDGMENT.** THIS SECTION 16.4 SETS FORTH A COMPREHENSIVE ARBITRATION AGREEMENT THAT IS BINDING ON THE INVOLVED PARTIES. ANY PARTY TO A CLAIM (AS BROADLY DEFINED IN SECTION 16.2.1 AND THIS SECTION 16.4) MAY FORCE OTHER PARTIES TO ARBITRATE THAT CLAIM. THE FEDERAL ARBITRATION ACT PROVIDES THE LAW OF ENFORCEMENT. BY AGREEING TO ARBITRATION, THE INVOLVED PARTIES GIVE UP ANY RIGHTS THE INVOLVED PARTIES MAY POSSESS TO HAVE THE CLAIM RESOLVED IN COURT. IN ARBITRATION, RIGHTS TO DISCOVERY MAY BE MORE LIMITED THAN IN A COURT CASE. THE CLAIM WILL BE DECIDED BY A NEUTRAL ARBITRATOR AS PROVIDED IN THIS RESIDENTIAL DECLARATION. THE ARBITRATOR IS A PRIVATE CITIZEN, NOT A PUBLIC OFFICIAL. THERE IS NO JURY. BY AGREEING TO ARBITRATION, AN INVOLVED PARTY IS GIVING UP THE RIGHT TO JURY TRIAL. THE GROUNDS FOR A COURT TO REVIEW AN ARBITRATOR'S DECISION ARE LIMITED BY LAW. THEY ARE MUCH MORE LIMITED THAN AN APPEAL OF A DECISION BY A JUDGE OR JURY.

ARTICLE 17

COVENANTS OF COOPERATION

Given the integrated nature of the Residential Property and the overall Civita Community, each Neighborhood Association and each Owner shall cooperate to accomplish the objectives of this Residential Declaration.

17.1 Good Faith and Cooperation. Because of the lengthy term of this Residential Declaration, it is likely that conditions and circumstances will change significantly during the term of this Residential Declaration. Consequently, the Owners, the Residential Association and the Neighborhood Associations shall cooperate in good faith to amend this Residential Declaration with the consent of any Mortgagees as may be required so as to carry out the intentions of the Owners, the Residential Association and the Neighborhood Associations as manifested in this Residential Declaration in the event of such changed conditions and circumstances.

17.2 Estoppel Certificates. The Residential Association, at any time and from time to time, upon not less than twenty (20) days' prior written notice from any Neighborhood Associations on behalf of any Owner or upon request from an Owner, shall execute, acknowledge and deliver to the requesting party for its benefit and the benefit of any prospective purchaser, tenant or Mortgagee, an estoppel certificate of the Residential Association stating: (a) that this Residential Declaration is unmodified and in full force and effect (or, if there have been modifications, that this Residential Declaration is in full force and effect as modified and stating the modifications), (b) to the best of the Residential Association's knowledge, whether or not there are then existing any defenses against the enforcement of any of the obligations of such party under this Residential Declaration or the Residential Governing Documents (and, if so, specifying same), (c) to the best of the Residential Association's knowledge, whether or not there are then existing any defaults by the applicable Owner under this Residential Declaration or the Residential Governing Documents (and, if so, specifying same), (d) the dates, if any, to which Residential Assessments and other charges under this Residential Declaration have been paid by such party and the amounts of the most recently charged Residential Assessments, and (e) any other information that may reasonably be required by any of such persons. It is intended that any such certificate delivered pursuant to this Section 17.2 may be relied upon by the Residential Association, the requesting party or prospective purchaser, tenant or Mortgagee of any requesting party. The Residential Association may charge a reasonable fee to prepare the estoppel certificate.

17.3 Exchange of Information. Where reasonable and appropriate, a Neighborhood Association shall from time to time after the date hereof furnish, execute and acknowledge without charge (except where elsewhere provided herein) such other instruments, documents, materials and information as the Residential Association and other Neighborhood Association may reasonably request, including grants of rights of way or easements, in order to confirm to such requesting Owner or Neighborhood Association the benefits contemplated by this Residential Declaration so long as any such request does not restrict or abridge the benefits granted to an Owner or Neighborhood Association hereunder.

17.4 Neighborhood Association Authority. The board of directors of each Neighborhood Association shall have the full power and authority to take any and all actions on behalf of the applicable Neighborhood Association and to bind the applicable Neighborhood Association and its members with respect to any of the rights and duties of the Neighborhood Association under this Residential Declaration, and the consent of the members of the Neighborhood Association shall not be required unless the action would require consent of the members of the Neighborhood Association pursuant to California Civil Code Section 1366(b) or unless consent is specifically required under the Neighborhood Declaration. The Residential Association shall not be liable to any Owner if the Residential Association, acting in good faith, accepts any consent or approval by a Neighborhood Representative and the Residential Association shall have no obligation to verify whether the Neighborhood Association has obtained the consents of its members.

17.5 Residential Association Limitation on Liability. Except to the extent of any available insurance proceeds hereunder, the Residential Association and its agents, employees and consultants (including, without limitation, the manager of the Residential Association) shall not be liable to any Neighborhood Association or any Owner, or any Occupant, for any failure of any Utility Facilities or other services which are to be obtained or provided by the Residential Association, or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by the Owner, or any other Person, or resulting from electricity, water, ice or other elements which may leak or flow from or over any portion of the Residential Property or from any pipe, drain, conduit, appliance or equipment within the Residential Property. The Residential Association and its agents shall not be liable to any Owner or to the Neighborhood Association for loss or damage, by theft or otherwise of articles which may be stored within any of the Residential Association Property. No diminution or abatement of any Residential Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Residential Association Property, or from any action taken by the Residential Association to comply with any Applicable Laws.

17.6 Reasonable Consents. Except as otherwise set forth in this Residential Declaration, all consents and approvals of any of the Members or Owners and any First Mortgagees shall not be unreasonably withheld or delayed. Unless waived by the approving party, any disapproval of or failure of consent to any matter hereunder shall be in writing and shall state in reasonable detail the reason or reasons therefor. With respect to any consents to be provided by Declarant or a Declarant Party, reasonable approval shall mean the determination by Declarant or such Declarant Party, of whether an action is in the interests of the Civita Community, as determined by Declarant or such Declarant Party in its sole discretion.

17.7 Neighborhood Declaration Amendment. In no event may a Neighborhood Declaration be amended, modified or supplemented in any way which materially and adversely affects this Residential Declaration or the other Residential Governing Documents without the consent of the Residential Association and the Declarant until the Declarant's Rights Termination Date.

17.8 Transfer of Membership Upon Sale. The Residential Association or its management company may levy a transfer fee against new Owners in the amount of the actual costs incurred by the Residential Association to change its records in order to reimburse the Residential Association for the costs of changing its records to reflect the new ownership.

ARTICLE 18

GENERAL PROVISIONS

This last Article sets forth the general provisions which govern the Residential Declaration.

18.1 Headings. The headings used in this Residential Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Residential Declaration.

18.2 Severability. The provisions of this Residential Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions of it shall not invalidate any other provisions. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Residential Declaration shall other portion of this Residential Declaration shall become illegal, null, void, against public policy, or otherwise unenforceable, for any reason, the remaining portions of this Residential Declaration shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by Applicable Laws.

18.3 Cumulative Remedies: No Waiver. Each remedy provided for in this Residential Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Residential Declaration shall not, under any circumstances, be construed as a waiver.

18.4 Access to Books Declarant may, at any reasonable time and upon reasonable notice to the Residential Board or manager, at his or her own expense, cause an audit or inspection to the books and financial records of the Residential Association.

18.5 Liberal Construction The provisions of this Residential Declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

18.6 Notification of Sale of Property Concurrently with the consummation of the conveyance of any Residential Separate Interest under circumstances whereby the transferee becomes an Owner thereof, or within five (5) business days thereafter, the transferee shall notify the Residential Board or the manager of the Residential Association in writing of such sale. Such notification shall set forth the name of the transferee and his or her mortgagee and transferor, the common address of the Building Portion purchased by the transferee, the transferee's and the mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Residential Association, the Residential Board or the manager of the Residential Association shall be deemed to be duly made and given to the transferee if duly and timely given to said transferee's transferor.

18.7 Notices Mailing addresses may be changed at any time upon written notification to the Community Board. Unless otherwise permitted hereunder, notices shall be in writing and shall be given by certified mail, return receipt requested, overnight courier or personal delivery. Notices shall be deemed received three (3) days after mailing if mailed by certified mail, return receipt requested, one (1) business day after deposit with an overnight courier or upon receipt if delivered in person. All notices to the Community Association shall be delivered to the current address of the Community Association. All notices to the Neighborhood Association shall be delivered to the management company or current address of such association. All notices to an Owner shall be delivered to the Parcel or Condominium of such Owner unless an Owner notifies the Residential Association in writing of a change of address.

18.8 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.

18.9 Exhibits All exhibits attached to this Residential Declaration are incorporated by reference.

18.10 Binding Effect This Residential Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

18.11 Statutory References All references in this Residential Declaration to various statutes, codes, regulations, ordinances and other laws shall be deemed to include those laws in effect as of the date of this Residential Declaration and any successor laws as may be amended from time to time.

18.12 Joint and Several Liability When the Owner of a Residential Separate Interest is comprised of more than one (1) Person, each such Person shall be jointly and severally liable for payment of Residential Assessments, and performance of all obligations (including, without limitation, indemnification obligations) arising under any provision of the Residential Governing Documents with respect to such Residential Separate Interest or the ownership thereof.

18.13 Applicable Laws In the event of any conflict between this Residential Declaration and the requirements imposed under any Applicable Laws, the more restrictive provisions of the Applicable Laws or Residential Declaration, as applicable shall control.

18.14 Conflicts in Documents. In the event of any conflict between this Residential Declaration and the requirements of a Neighborhood Declaration, the more restrictive provisions shall apply, except to the extent such provision abrogates or limits any rights reserved or granted to Declarant or Declarant Party or a Guest Builder under this Residential Declaration and the Residential Governing Documents.

18.15 Governing Law. This Residential Declaration shall be governed by and construed under the laws of the State of California.

18.16 Approval of VA and FHA. So long as there is a Class B membership in the Residential Association, the following actions shall require the prior approval of VA if a VA blanket loan approval is in effect for the any portion of the Residential Property or a VA loan encumbers any Condominium in the Residential Property: any reorganization, merger, dissolution, or consolidation of the Association, and any amendment to this Residential Declaration, a draft of which shall be submitted to and approved by the VA prior to recordation. FHA shall have the same approval rights given to VA in this Section if an FHA blanket loan approval is in effect for any portion of the Residential Property or an FHA loan encumbers any Condominium in the Residential Property.

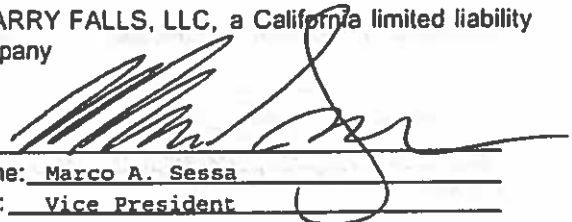
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18.17 Applicability of FHA/VA Requirements For so long as FHA and/or VA blanket loan approvals are in effect for any portion of the Residential Property and while any FHA/VA loan encumbers any Condominium in the Residential Property, the FHA and VA guidelines and regulations shall apply to the extent that FHA or VA, respectively, asserts application of such guidelines and regulations and those guidelines and regulations are not in conflict with California law or with the requirements of the DRE. At such time as the blanket loan approvals are no longer in effect and no FHA or VA loans encumber any Condominium in the Residential Property, the FHA and VA guidelines and regulations shall have no further applicability with respect to the Residential Property or the Residential Association.

IN WITNESS WHEREOF, Declarant has executed this instrument as of the day and year first herein above written.

DECLARANT:

QUARRY FALLS, LLC, a California limited liability company

By: 

Name: Marco A. Sessa

Title: Vice President

STATE OF CALIFORNIA)

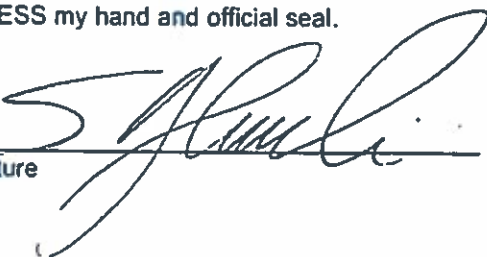
COUNTY OF San Diego)On 11-8-10, before me, S. Rykowski, Notary Public,

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

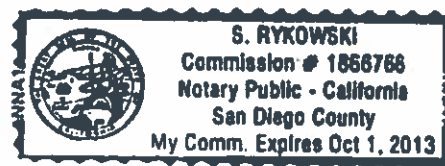
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
 paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



STATE OF CALIFORNIA)

COUNTY OF)

On _____, before me, _____, Notary Public,

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

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

WITNESS my hand and official seal.

Signature

(Seal)

LIST OF EXHIBITS

Exhibit "A"..... LEGAL DESCRIPTION OF THE RESIDENTIAL PROPERTY

Exhibit "B"..... LEGAL DESCRIPTION OF THE ANNEXABLE PROPERTY

7146

EXHIBIT "A"

LEGAL DESCRIPTION OF THE RESIDENTIAL PROPERTY

LOTS 5, 6 AND "D" OF SAID QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

EXHIBIT "B"

LEGAL DESCRIPTION OF THE ANNEXABLE PROPERTY

PARCEL 1: (677-220-07)

THE EAST HALF OF THE SOUTHEAST QUARTER OF LOT 1182 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY NOVEMBER 14, 1921, AND IS KNOWN AS MISCELLANEOUS MAP NO. 36.

EXCEPTING THEREFROM THE NORTHERLY 760 FEET THEREOF.

ALSO EXCEPTING THEREFROM ALL OF QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

PARCEL 2: (677-360-01, 05, 07 & 16)

THE SOUTH HALF, THE NORTHWEST QUARTER, THE SOUTH HALF OF THE NORTHEAST QUARTER, THE EAST HALF OF THE SOUTH HALF OF THE NORTH 20 ACRES OF THE NORTHEAST QUARTER AND THE WEST HALF OF THE SOUTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF PUEBLO LOT 1183 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY NOVEMBER 14, 1921 AND IS KNOWN AS MISCELLANEOUS MAP NO. 36.

EXCEPTING THEREFROM THAT PORTION OF THE SOUTH THREE/QUARTERS OF THE NORTHEAST QUARTER OF SAID PUEBLO LOT 1183 LYING WITHIN THE FOLLOWING DESCRIBED LAND:

BEGINNING AT A FOUND SAN DIEGO CITY ENGINEER'S MONUMENT MARKING THE NORTHWEST CORNER OF SAID PUEBLO LOT 1184; THENCE (1) ALONG THE NORTH LINE OF SAID PUEBLO LOT 1184, SOUTH 89°47'02" EAST, 840.15 FEET TO THE NORTHEASTERLY LINE OF SAID PUEBLO LOT 1184; THENCE (2) ALONG SAID NORTHEASTERLY LINE SOUTH 26°45'39" EAST, 2151.95 FEET TO THE SOUTHERLY LINE OF SAID PUEBLO LOT 1184; THENCE (3) ALONG SAID SOUTHERLY LINE SOUTH 76°22'43" WEST, 656.90 FEET; THENCE (4) LEAVING SAID SOUTHERLY LINE NORTH 10°07'00" EAST, 245.95 FEET; THENCE (5) NORTH 31°03'00" WEST, 302.68 FEET; THENCE (6) ALONG A TANGENT CURVE TO THE LEFT, WITH A RADIUS OF 3858.00 FEET, THROUGH AN ANGLE OF 11°25'15", A DISTANCE OF 769.02 FEET; THENCE (7) NORTH 41°14'25" WEST, 241.82 FEET; THENCE (8) FROM A TANGENT WHICH BEARS NORTH 46°16'13" WEST, ALONG A CURVE TO THE LEFT OF 768.55 FEET TO THE NORTH LINE OF THE SOUTH THREE/QUARTERS OF THE NORTHEAST QUARTER OF SAID PUEBLO LOT 1183; THENCE (9) ALONG SAID NORTH LINE SOUTH 89°45'03" EAST, 182.45 FEET TO THE WEST LINE OF SAID PUEBLO LOT 1184; THENCE (10) ALONG SAID WEST LINE NORTH 00°32'15" WEST, 328.92 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DEEDED FROM RUSSELL GRANT, TRUSTEE TO CALMAT CO., A DELAWARE CORPORATION BY DEED RECORDED JULY 13, 1990 AS FILE NO. 90-0379939 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF PUEBLO LOT 1183 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY PASCOE FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, LYING SOUTHERLY AND SOUTHEASTERLY OF THE SOUTHERLY AND SOUTHEASTERLY LINE OF FRIARS

ROAD, 80.00 FEET IN WIDTH AS DESCRIBED IN THAT CERTAIN DEED RECORDED NOVEMBER 5, 1937 AS FILE NO. 67111 IN BOOK 718, PAGE 196 OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OF QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

PARCEL 3: (677-370-07)

ALL OF PUEBLO LOT 1184, OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY NOVEMBER 14, 1921 AND IS KNOWN AS MISCELLANEOUS MAP NO. 36.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE FOLLOWING DESCRIBED LAND:

BEGINNING AT A FOUND SAN DIEGO CITY ENGINEER'S MONUMENT MARKING THE NORTHWEST CORNER OF SAID PUEBLO LOT 1184; THENCE (1) ALONG THE NORTH LINE OF SAID PUEBLO LOT 1184, SOUTH 89°47'02" EAST, 840.15 FEET TO THE NORTHEASTERLY LINE OF SAID PUEBLO LOT 1184; THENCE (2) ALONG SAID NORTHEASTERLY LINE SOUTH 26°45'39" EAST, 2151.95 FEET TO THE SOUTHERLY LINE OF SAID PUEBLO LOT 1184; THENCE (3) ALONG SAID SOUTHERLY LINE SOUTH 76°22'43" WEST, 656.90 FEET; THENCE (4) LEAVING SAID SOUTHERLY LINE NORTH 10°07'00" EAST, 245.95 FEET; THENCE (5) NORTH 31°03'00" WEST 302.68 FEET; THENCE (6) ALONG A TANGENT CURVE TO THE LEFT, WITH A RADIUS OF 3858.00 FEET, THROUGH AN ANGLE OF 11°25'15", A DISTANCE OF 769.02 FEET; THENCE (7) NORTH 41°14'25" WEST, 241.82 FEET; THENCE (8) FROM A TANGENT WHICH BEARS NORTH 46°16'13" WEST, ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 2933.00 FEET, THROUGH AN ANGLE OF 15°00'49", A DISTANCE OF 768.55 FEET TO THE NORTH LINE OF THE SOUTH THREE QUARTERS OF THE NORTHEAST QUARTER OF SAID PUEBLO LOT 1183; THENCE (9) ALONG SAID NORTH LINE SOUTH 89°45'03" EAST, 182.45 FEET TO THE WEST LINE OF SAID PUEBLO LOT 1184; THENCE (10) ALONG SAID WEST LINE NORTH 00°32'15" WEST, 328.92 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF PUEBLO LOT 1109 DISTANCE THEREON NORTH 76°22'19" EAST -RECORD NORTH 75°54'30" EAST- 75.11 FEET FROM THE NORTHWEST CORNER THEREOF; THENCE NORTH 00°32'33" WEST 39.96 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 190 FEET A RADIAL LINE TO THE CENTER OF SAID CURVE BEARS SOUTH 78°52'57" EAST; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 81°31'15" A DISTANCE OF 270.39 FEET TO THE BEGINNING OF A COMPOUND CURVE HAVING A RADIUS OF 2137.03 FEET, A RADIAL LINE TO THE CENTER OF SAID CURVE BEARS SOUTH 02°39'18" WEST; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 08°39'08" A DISTANCE OF 324.22 FEET; THENCE TANGENT TO SAID CURVE SOUTH 78°41'34" EAST TO THE NORTHERLY LINE OF SAID PUEBLO LOT 1109; THENCE ALONG SAID NORTHERLY LINE SOUTH 76°22'19" WEST TO THE TRUE POINT OF BEGINNING.

PARCEL 3A:

ALL THAT PORTION OF PUEBLO LOT 1109 OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF SAID MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1921 AND IS KNOWN AS MISCELLANEOUS MAP NO. 36, LYING WESTERLY OF THE WESTERLY RIGHT OF WAY LINE OF THE STATE HIGHWAY, SAID PORTION HEREBY CONVEYED DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF SAID PUEBLO LOT 1109, DISTANT ALONG SAID NORTHERLY LINE NORTH 76°22'43" EAST, 1181.80 FEET FROM A LEAD AND TACK IN A CONCRETE MONUMENT, ACCEPTED AS MARKING THE SOUTHWEST CORNER OF PUEBLO LOT 1184 OF SAID PUEBLO LANDS; THENCE -1- SOUTH 10°07'00" WEST, 89.40 FEET; THENCE -2- SOUTH 75°37'09" EAST 42.66 FEET TO THE NORTHERLY LINE OF THAT STRIP OF LAND 50 FEET WIDE DESCRIBED IN DEED TO THE CITY OF SAN DIEGO, RECORDED APRIL 19, 1916 IN BOOK 708, PAGE 183 OF DEEDS OF SAID COUNTY; THENCE -3- ALONG LAST SAID NORTHERLY LINE SOUTH 86°46'13" WEST, 24.39 FEET; THENCE -4- CONTINUING ALONG LAST SAID NORTHERLY LINE SOUTH 86°29'13" WEST, 301.54 FEET; THENCE -5- CONTINUING ALONG LAST SAID NORTHERLY LINE NORTH 77°30'47" WEST, 101.23 FEET TO SAID NORTHERLY LINE OF SAID PUEBLO LOT 1109; THENCE -6- ALONG LAST SAID NORTHERLY LINE NORTH 76°22'43" EAST 410.07 FEET TO THE POINT OF BEGINNING.

PARCEL 4A: (677-220-13)

PARCEL 1 OF PARCEL MAP NO. 12442, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, BEING A DIVISION OF A PORTION OF LOTS 2, 4 AND 5 AS SHOWN ON PARTITION MAP OF PUEBLO LOT 1182 PER SUPERIOR COURT CASE NO. 6481. ALSO, THAT PORTION OF SAID PARCEL MAP NO. 12442, SHOWN THEREON AS MISSION CENTER ROAD, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE MOST SOUTHERLY LINE OF PARCEL 2 OF SAID PARCEL MAP NO. 12442.

EXCEPTING THEREFROM ALL OF THE MINERALS, MINERAL DEPOSITS, MINERAL OILS AND NATURAL GASES OF EVERY KIND AND NATURE CONTAINED IN OR UPON THAT PORTION OF SAID PARCEL MAP NO. 12442 WHICH LIES WITHIN THE SOUTHWEST QUARTER OF SAID PUEBLO LOT 1182, TOGETHER WITH THE RIGHT TO ENTER UPON AND OCCUPY SAID PREMISES FOR THE PURPOSES OF PROSPECTING, DRILLING FOR, MINING OR REMOVING MINERALS, MINERAL OILS AND GASES AS CONVEYED TO HARRY R. MOORE BY DEED RECORDED JANUARY 21, 1925, DOCUMENT NO. 3115, IN BOOK 1067, PAGE 106 OF DEEDS.

ALSO EXCEPTING THEREFROM ALL OF QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

PARCEL 5: (438-012-01)

ALL OF LOT 3 OF THE PARTITION OF A PORTION OF PUEBLO LOTS 1173 AND 1174, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO LICENSED SURVEYOR'S MAP THEREOF NO. 170 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON MAY 2, 1913.

EXCEPTING THEREFROM ANY PORTION OF SAID LOT LYING WESTERLY OF THE EASTERLY LINE OF LAND DESCRIBED IN DEED FROM RUSSELL GRANT, TRUSTEE TO H. G. FENTON MATERIAL COMPANY, A CALIFORNIA CORPORATION IN DEED RECORDED APRIL 15, 1983 AS FILE NO. 83-120065 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF LOTS 3 AND 4 OF THE PARTITION OF A PORTION OF PUEBLO LOTS 1173 AND 1174, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO LICENSED SURVEYOR'S MAP THEREOF NO. 170, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 2, 1913.

COMMENCING AT THE SOUTHEAST CORNER OF PUEBLO LOT 1182 OF THE PUEBLO LANDS OF SAN DIEGO; THENCE ALONG THE NORTHERLY LINE OF SAID PUEBLO LOT 1173, SOUTH 89°43'48" WEST

1310.06 FEET TO POINT "X"; THENCE SOUTH 14°52'29" EAST TO THE SOUTH LINE OF SAID LOT 3 AND THE TRUE POINT OF BEGINNING; THENCE RETRACING NORTH 14°52'29" WEST TO SAID POINT "X"; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF PUEBLO LOT 1173 TO THE NORTHWESTERLY CORNER OF SAID LOT 3; THENCE IN A SOUTHWESTERLY DIRECTION ALONG THE NORTHWESTERLY BOUNDARY OF SAID LOT 3 TO A POINT DISTANT NORTH 33°26'37" EAST 28.29 FEET FROM THE SOUTHWESTERLY TERMINUS OF THAT COURSE IN SAID BOUNDARY SHOWN AS "NORTH 32°53' EAST 600.00 FEET" ON SAID LICENSED SURVEYOR'S MAP NO. 170, BEING THE MOST NORTHERLY CORNER OF THE LAND DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED DECEMBER 9, 1969 FILE NO. 223434 OF OFFICIAL RECORDS; THENCE ALONG THE BOUNDARY OF SAID LAND AS FOLLOWS:

SOUTH 47°34'18" EAST 299.40 FEET; EASTERLY ALONG A TANGENT CURVE CONCAVE TO THE NORTH, HAVING A RADIUS OF 20.00 FEET, THROUGH A CENTRAL ANGLE OF 69°23'38", A DISTANCE OF 24.22 FEET; NORTHEASTERLY ALONG A TANGENT CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 110.00 FEET, THROUGH A CENTRAL ANGLE OF 08°30'38", A DISTANCE OF 16.34 FEET TO THE NORTHWESTERLY BOUNDARY OF THAT LAND CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED JUNE 23, 1964 FILE NO. 112416; THENCE ALONG LAST SAID NORTHWESTERLY BOUNDARY NORTHEASTERLY ALONG A 450 FOOT RADIUS CURVE THROUGH AN ANGLE OF 12°36'24" A DISTANCE OF 99 FEET MORE OR LESS TO THE NORTHWESTERLY LINE OF FRIARS ROAD, AS SAID NORTHWESTERLY LINE IS DESCRIBED IN DEED TO THE CITY OF SAN DIEGO, RECORDED NOVEMBER 5, 1937, IN BOOK 718, PAGE 196 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG LAST SAID NORTHWESTERLY LINE AS DESCRIBED IN LAST SAID DEED AND AS ALSO DESCRIBED IN DEED RECORDED OCTOBER 28, 1943, IN BOOK 1582, PAGE 160 OF SAID OFFICIAL RECORDS, FROM A TANGENT WHICH BEARS SOUTH 29°39'21" WEST NORTHEASTERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 3039.96 FEET THROUGH AN ANGLE OF 00°37'39", A DISTANCE OF 33.29 FEET; THENCE LEAVING SAID NORTHWESTERLY LINE, RADIAL TO SAID CURVE SOUTH 60°58'18" EAST TO THE SOUTHEASTERLY LINE OF SAID LOT 3 BEING THE NORTHWESTERLY LINE OF LOT 4 OF SAID LICENSED SURVEY MAP NO. 170; THENCE ALONG SAID SOUTHEASTERLY LINE NORTH 34°18'13" EAST (RECORD NORTH 33°47' EAST) TO A POINT DISTANT SOUTH 34°18'13" WEST 165 FEET FROM THE NORTHWESTERLY CORNER OF SAID LOT 4 BEING A POINT IN THE NORTHWESTERLY LINE OF FRIARS ROAD AS ESTABLISHED BY RESOLUTION NO. 189560 OF THE COUNCIL OF THE CITY OF SAN DIEGO RECORDED FEBRUARY 17, 1967 FILE NO. 22410, VACATING THE EXCESS PORTION OF FRIARS ROAD; THENCE ALONG SAID NORTHWESTERLY LINE OF FRIARS ROAD NORTH 57°30'00" EAST 209.37 FEET TO A TANGENT 625 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH AN ANGLE OF 05°50'37" A DISTANCE OF 63.73 FEET TO THE NORTHERLY LINE OF SAID LOT 4; THENCE ALONG SAID NORTHERLY LINE, NORTH 86°51'13" EAST TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LOT DESCRIBED IN DEED FROM RUSSELL GRANT, TRUSTEE TO CALMAT CO., A DELAWARE CORPORATION IN DEED RECORDED SEPTEMBER 13, 1990 AS FILE NO. 90-0499845 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1 OF PARCEL MAP NO. 16146, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 12, 1990. ALSO EXCEPTING THEREFROM ANY PORTION OF SAID LAND, IF ANY, LYING SOUTHERLY OF THE NORTHERLY LINE OF RIO VISTA WEST UNIT NO. 1 ACCORDING TO MAP THEREOF NO. 13148 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON SEPTEMBER 20, 1994.

ALSO EXCEPTING THEREFROM ALL OF QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

PARCEL 6: (438-012-02)

ALL THAT PORTION OF PUEBLO LOT 1173 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF BY JAMES PASCOE IN 1870, LYING EAST OF THE SOUTHERLY EXTENSION OF THE DIVIDING LINE BETWEEN PUEBLO LOTS 1182 AND 1183 OF SAID PUEBLO LANDS. EXCEPTING THEREFROM THOSE PORTIONS DESCRIBED AS FOLLOWS:

(A) ALL THAT PORTION OF PUEBLO LOT 1173 OF PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, LYING EASTERLY AND SOUTHEASTERLY OF SOUTHEASTERLY LINE OF THE TRACT OF LAND CONVEYED TO CITY OF SAN DIEGO FOR STREET PURPOSES BY DEED FROM MINNIE G. STOCKTON, DATED MARCH 29, 1916, RECORDED APRIL 19, 1916 IN BOOK 708, PAGE 182 OF DEEDS, WHICH LINE IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF PUEBLO LOT 1108 OF SAID PUEBLO LANDS, RUNNING THENCE NORTH $75^{\circ}21'30''$ EAST ALONG THE SOUTHERLY LINE OF SAID PUEBLO LOT 1173, A DISTANCE OF 1365.31 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH $48^{\circ}14'$ EAST 309.22 FEET; THENCE NORTH $31^{\circ}56'$ EAST 125.78 FEET; THENCE NORTH $49^{\circ}34'$ EAST 19.20 FEET TO INTERSECTION WITH THE NORTHERLY LINE OF SAID PUEBLO LOT 1173.

(B) THAT PORTION OF LOT 1173 OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY PASCOE IN 1870, BOUNDED ON THE NORTHWEST BY THE SOUTHEASTERLY LINE OF THE 80 FOOT RIGHT OF WAY FOR PUBLIC HIGHWAY, GRANTED TO THE CITY OF SAN DIEGO BY DEED FROM MABEL S. ECKHART DATED FEBRUARY 10, 1941, RECORDED APRIL 16, 1941 IN BOOK 1181, PAGE 184 OF OFFICIAL RECORDS, THE CENTER LINE OF SAID 80 FOOT HIGHWAY BEING DESCRIBED AS FOLLOWS:

"COMMENCING AT A POINT ON THE SOUTHERLY LINE OF PUEBLO LOT 1183, ACCORDING TO SAID PASCOE MAP, DISTANT THEREALONG 990.90 FEET WESTERLY FROM THE WESTERLY LINE OF PUEBLO LOT 1109, ACCORDING TO SAID PASCOE MAP, SAID POINT OF COMMENCING BEING ALSO A POINT ON A NORTHERLY LINE OF SAID PUEBLO LOT 1173; THENCE SOUTHWESTERLY ON A DIRECT LINE MAKING AN ANGLE OF $43^{\circ}42'$ TO THE LEFT FROM THE SOUTHERLY LINE OF SAID PUEBLO LOT 1183, A DISTANCE OF 148.07 FEET TO THE POINT OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 1150.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 549.62 FEET TO A POINT OF TANGENCY" AND BOUNDED ON THE SOUTH BY THE SOUTH LINE OF PUEBLO LOT 1173, AND ON THE SOUTHEAST BY THE SOUTHEASTERLY LINE OF THE PARCEL OF LAND CONVEYED TO THE CITY OF SAN DIEGO FOR STREET PURPOSES BY DEED DATED MARCH 29, 1916, RECORDED APRIL 19, 1916 IN BOOK 708, PAGE 182 OF DEEDS, WHICH SOUTHEASTERLY LINE IS DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 1108 OF SAID PUEBLO LANDS; RUNNING THENCE NORTH $75^{\circ}21'30''$ EAST ALONG THE SOUTHERLY LINE OF SAID LOT 1173, A DISTANCE OF 1365.31 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH $48^{\circ}14'$ EAST 309.22 FEET; THENCE NORTH $31^{\circ}56'$ EAST 120 FEET, MORE OR LESS, TO INTERSECT WITH THE SOUTHEASTERLY LINE OF THE AFORESAID 80 FOOT RIGHT OF WAY.

(C) THAT PORTION OF PUEBLO LOT 1173 OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY PASCOE IN 1870, BOUNDED ON THE WEST BY THE SOUTHERLY EXTENSION OF THE DIVIDING LINE BETWEEN PUEBLO LOTS 1182 AND 1183 OF SAID PUEBLO LANDS, BOUNDED ON THE SOUTHEAST BY THE MOST SOUTHERLY SOUTHEAST LINE OF SAID PUEBLO LOT 1173, BOUNDED ON THE EAST BY THE PORTION OF THE WEST LINE OF PUEBLO LOT 1108 THAT IS THE DIVIDING LINE BETWEEN PUEBLO LOTS 1108 AND 1173, AND BOUNDED ON THE NORTHWEST BY THE SOUTHEASTERLY LINE OF PUBLIC ROAD CONVEYED BY MINNIE G. STOCKTON TO THE CITY OF SAN DIEGO, BY DEED RECORDED APRIL 19, 1916 IN BOOK 708, PAGE 182 OF DEEDS IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SAID ROAD BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF PUEBLO LOT 1108; THENCE NORTH 75°21'30" EAST ALONG THE SOUTHERLY LINE OF SAID PUEBLO LOT 1173, 1365.31 FEET; THENCE NORTH 48°14' EAST 309.22 FEET; THENCE NORTH 31°56' EAST 125.78 FEET; THENCE NORTH 49°34' EAST 19.20 FEET TO AN INTERSECTION WITH THE NORTH LINE OF SAID PUEBLO LOT 1173; THENCE SOUTH 89°53' WEST ALONG THE NORTH LINE OF SAID PUEBLO LOT 1173, 66.32 FEET, SAID POINT BEING NORTH 89°53' EAST 1626.40 FEET FROM THE SOUTHWEST CORNER OF PUEBLO LOT 1183; THENCE SOUTH 31°56' WEST 101.62 FEET; THENCE SOUTH 48°14' WEST 344.83 FEET TO A POINT DISTANT 25 FEET AND AT RIGHT ANGLES TO THE SOUTHERLY LINE OF SAID PUEBLO LOT 1173; THENCE SOUTH 75°21'30" WEST ON A LINE PARALLEL TO AND DISTANT 25 FEET NORTHERLY FROM THE SOUTHERLY LINE OF SAID PUEBLO LOT 1173, 1216.98 FEET; THENCE CURVING TO THE LEFT WITH A RADIUS OF 205 FEET THROUGH AN ANGLE OF 45°56'15", A DISTANCE OF 164.37 FEET TO A POINT ON THE WEST LINE OF THE LAND OWNED BY THE GRANTORS; THENCE SOUTH 00°53' EAST ALONG SAID WEST LINE 118.36 FEET; THENCE NORTH 23°31'30" EAST 86.73 FEET; THENCE CURVING TO THE RIGHT WITH A RADIUS OF 155 FEET THROUGH AN ANGLE OF 16°53'40", A DISTANCE OF 45.70 FEET TO AN INTERSECTION WITH THE WESTERLY LINE OF PUEBLO LOT 1108; THENCE NORTH 15°11' WEST ALONG THE WESTERLY LINE OF PUEBLO LOT 1108, 52.94 FEET TO THE POINT OR PLACE OF BEGINNING.

ALSO EXCEPTING THEREFROM ANY PORTION OF SAID LAND LYING SOUTHERLY OF THE NORTHERLY LINE OF RIO VISTA WEST UNIT NO. 1 ACCORDING TO MAP THEREOF NO. 13148 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON SEPTEMBER 20, 1994.

PARCEL 7: (677-360-11)

THAT PORTION OF LOTS 5, 6 AND 7 OF PUEBLO LOT 1186 OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO PARTITION MAP THEREOF MADE IN THE ACTION ENTITLED "HAROLD M. SCHILLER VS. O. J. STOUGH, ET AL" IN SUPERIOR COURT CASE NO. 1532 ON FILE IN THE OFFICE OF THE COUNTY CLERK OF SAN DIEGO COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT WITH BRASS CAP SET FOR THE SOUTHWEST CORNER OF SAID PUEBLO LOT 1186; THENCE ALONG THE FOLLOWING NUMBERED COURSES:

-1- NORTH 41°09'31" EAST, -RECORD NORTH 40°39'18" EAST-, 32.88 FEET TO THE SOUTHEASTERLY CORNER OF MISSION VILLAGE HEIGHTS, UNIT NO. 1, ACCORDING TO MAP THEREOF NO. 5009 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 6, 1962;

-2- ALONG THE BOUNDARY OF SAID MISSION VILLAGE HEIGHTS UNIT NO. 1, NORTH 41°09'31" EAST, 192.51 FEET;

-3- LEAVING SAID BOUNDARY SOUTH 63°50'29" EAST, 8.04 FEET;

-4- SOUTHEASTERLY ALONG A TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 280 FEET, THROUGH AN ANGLE OF 26°19'47" A DISTANCE OF 128.67 FEET;

-5- NORTH 89°49'44" EAST, 539, 24 FEET TO A POINT DESIGNATED AS POINT "A";

-6- NORTH 89°49'44" EAST, 224.99 FEET;

-7- NORTHEASTERLY ALONG A TANGENT CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 393 FEET; THROUGH AN ANGLE OF 36°06'33" A DISTANCE OF 247.68 FEET;

-8- NORTH 61°52'18" EAST, 60.26 FEET;

-9- SOUTH 62°11'27" EAST, 540.27 FEET TO THE SOUTHERLY LINE OF SAID PUEBLO LINE OF SAID PUEBLO LOT 1166;

-10- ALONG SAID SOUTHERLY LINE NORTH 89°45'21" WEST, 1806.47 FEET TO THE POINT OF BEGINNING.

PARCEL 8: (677-360-09)

THE NORTH QUARTER OF THE NORTHEAST QUARTER OF PUEBLO LOT ELEVEN HUNDRED EIGHTY-THREE IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO PASCOE MAP THEREOF, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED LAND:

BEGINNING AT A FOUND SAN DIEGO CITY ENGINEER'S MONUMENT MARKING THE NORTHEAST CORNER OF SAID PUEBLO LOT 1183; THENCE (1) ALONG THE EAST LINE OF SAID PUEBLO LOT 1183, SOUTH 00°32'15" EAST, 328.92 FEET TO THE SOUTH LINE OF SAID NORTH QUARTER; THENCE (2) ALONG SAID SOUTH LINE NORTH 89°45'03" WEST, 182.45 FEET; THENCE (3) LEAVING SAID SOUTH LINE FROM A TANGENT WHICH BEARS NORTH 61°17'02" WEST, ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 2933.00 FEET, THROUGH AN ANGLE OF 00°54'25", A DISTANCE OF 46.43 FEET; THENCE (4) NORTH 62°11'27" WEST, 264.58 FEET; THENCE (5) NORTH 64°09'16" WEST, 350.21 FEET; THENCE (6) NORTH 62°11'27" WEST, 71.98 FEET TO THE NORTH LINE OF SAID PUEBLO LOT 1183; THENCE (7) ALONG SAID NORTH LINE SOUTH 89°45'21" EAST, 833.13 FEET TO THE POINT OF BEGINNING.

PARCEL 9

ALL OF QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

EXCEPTING THEREFROM LOTS 5, 6 AND "D" OF SAID QUARRY FALLS, (CIVITA) UNIT A IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA ACCORDING TO MAP THEREOF NO. 15799 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY NOVEMBER 8, 2010.

