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For Recorder's Use

2018 AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SUN CITY SHADOW HILLS

A Residential Planned Development

NOTICE
(Gov. Code § 12956.1)

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

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2018 AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SUN CITY SHADOW HILLS

R E C I T A L S

A. The Association is a corporation that owns the Common Area Lots and whose Members are the Owners of all the residential Lots within that certain real property located in the City of Indio, Riverside County, State of California, that is more particularly described in Exhibit "A" attached hereto and made a part hereof (""Development "). The Development is commonly known as "Sun City Shadow Hills" and is sometimes referred to in this Declaration as the "Development."

B. Sun City Shadow Hills was developed in several Phases of a multi-phased planned development pursuant to this Declaration.

C. Also included within the boundaries of the Development developed as a Common Facility of the Association are two 18 hole golf courses and related facilities and Improvements (collectively referred to herein as the "Golf Courses") that are located on approximately 235.4± acres, all as more particularly described in Section 1.25, below.

D. This Declaration restricts the occupancy of Residences within Sun City Shadow Hills to Qualifying Residents, Qualified Permanent Residents, and Permitted Health Care Residents as these terms are defined in Sections 1.41, 1.44 and 1.45, respectively. By restricting occupancy in this fashion, Sun City Shadow Hills qualifies as a Senior Citizen Housing Development under both section 51.11 of the California Civil Code and the housing for older persons provisions of the federal Fair Housing Act Amendments of 1988 and the Housing for Older Persons Act of 1995 and applicable regulations thereunder.

E. The Development is currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the documents described in Exhibit "B" attached hereto and made a part hereof and hereinafter referred to together as "Original Declaration," unless the context clearly indicates otherwise.

F. The Association now desires to amend and restate the Original Declaration in its entirety by Recording this Restated Declaration. The Association further desires that, upon Recordation of this Restated Declaration, the Development shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges contained herein, and that this

Restated Declaration take the place of and relate back in time to the Recording of the Original Declaration.

G. The Original Declaration, in Section 22.03(a), provides that it may be amended by the vote or written assent of not less than fifty-one percent (51%) of the Voting Power of the Association. The undersigned President and Secretary of the Association certify that, to the best of their knowledge, the affirmative vote or written consent of at least the required percentage of the Voting Power has been obtained.

H. The Original Declaration, in Section 22.03(b)(i), provides that amending provisions in Section 14.12 of the Original Declaration require Mortgagee approval. Other than updating cross references, Section 14.12 is unchanged so no approval is needed.

I. The Original Declaration, in Section 22.05 requires Mortgagee approval pursuant to Section 14.12 of the Original Declaration. Section 14.12 requires Eligible Mortgagee approval for certain amendments, there are no Eligible Mortgagees so no such approval is required.

J. The Original Declaration, in Section 22.03(b)(ii), provides that amending certain "following provisions" require prior written consent of the Declarant so long as the Declarant possesses rights of unilateral annexation of Annexable Property. Although no such provisions are listed, the Association obtained the written consent of the Declarant to this Restated Declaration.

K. The Original Declaration, in Section 22.03(b)(iii), provides that amending certain "following provisions" may only be amended with the prior consent of the City of Indio. Although no such provisions are listed, the Association obtained the written consent of the City to this Restated Declaration.

L. The Original Declaration, in Section 22.03(b)(iv), provides that amending Article XVIII of the Original Declaration requires the prior written consent of the adjacent commercial property Owner. This approval is unnecessary because the Section is unchanged other than minor, non-substantive changes to make the Section match changed definitions and numbering in the remainder of the Restated Declaration.

M. The Original Declaration, in Section 22.03(b)(v), provides that amending Sections 1.22, 1.23, 7.01(a), 7.02(b), and 13.08 requires at least ninety percent (90%) approval of the Voting Power of the Members and at least ninety percent (90%) approval of the First Mortgagees. This approval is unnecessary because Sections 1.22, 1.23, 7.01(a), and 13.08 are unchanged other than minor, non-substantive changes to make the Sections match changed definitions, numbering in the remainder of the Restated Declaration, and the completion of development of the Development.

N. Under California Civil Code section 4270, an amendment is effective after (1) approval of the percentage of Owners required by the Governing Documents has been given, (2) that fact has been certified in a writing executed and acknowledged by the Association President if no Officer has been designated in the Original Declaration

for such purpose, and (3) the writing has been Recorded in the County in which the Development is located.

O. In view of the foregoing, the Association hereby declares that the lands comprising Sun City Shadow Hills are and shall continue to be held, subject to the covenants, conditions, restrictions, assessments, liens, easements, and equitable servitudes (collectively, the "equitable, servitudes") set forth in this Restated Declaration as may be amended from time to time. From and after the date of Recordation of this Restated Declaration, the equitable servitudes imposed by this Restated Declaration shall be binding on all Lots and parcels comprising Sun City Shadow Hills and on the Owners of such Lots and parcels, their successors and assigns, and other Residents of the Association. By accepting deeds, leases, easements or other grants or conveyances to any portion of Sun City Shadow Hills, the Owners, Residents and other transferees for themselves and their heirs, executors and administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the provisions of this Declaration (including, but not limited to, the obligation to pay Assessments to the Association as provided in Article 4, below).

ARTICLE 1 - DEFINITIONS

1.1 ***"Annexable Property"*** means the real property more particularly described in Exhibit "B," attached hereto.

1.2 ***"Annual Budget Report"*** [Civ. Code § 5300] means the report to be distributed annually which contains the operating budget and other financial information as more fully described in applicable law.

1.3 ***"Annual Policy Statement"*** [Civ. Code § 5310] means the information about Association policies to be distributed annually as more fully described in applicable law.

1.4 ***"Articles"*** means the Articles of Incorporation of the Sun City Shadow Hills Community Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

1.5 ***"Assessment"*** means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article 4 below.

1.6 ***"Association"*** means and refers to Sun City Shadow Hills Community Association, a California nonprofit mutual benefit corporation, its successors and assigns. The Association is an "association" as defined in California Civil Code section 4080.

1.7 ***"Board of Directors" or "Board"*** means the Board of Directors of the Association.

1.8 ***"Bylaws"*** means the Bylaws of the Association, as such Bylaws may be amended from time to time.

1.9 ***"City"*** means the incorporated municipal City of Indio in the County of Riverside, State of California, and its various departments, divisions, employees and representatives.

1.10 ***"Common Area"*** means all real property owned, controlled or maintained by the Association for the common use and enjoyment of the Owners. The Common Area is described in Exhibit "A." Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon. If additional Common Area is annexed to the Development in accordance with Article 15, below, Exhibit "A" may be amended to include the new Common Area(s) by a Declaration of Annexation or Supplemental Declaration Recorded in accordance with Article 15, below, to effect the annexation.

1.11 ***"Common Expense"*** means any use of Common Funds authorized by Article 4, below, and Article 10 of the Bylaws and includes, without limitation:

1.11.1 All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area and Common Facilities, and the landscape corridors and medians adjacent to certain public streets (as more particularly described in Article 7, below);

1.11.2 All expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors;

1.11.3 Any amounts reasonably necessary for Reserves for maintenance, repair and replacement of the Common Areas and Common Facilities;

1.11.4 Any lease payments required of the Association pursuant to the lease agreement that exists between the Association and the Federal Bureau of Reclamation; and

1.11.5 The use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

1.12 ***"Common Facilities"*** means the facilities, landscaping and Improvements located on or within the Common Areas and owned by the Association. Without limiting the foregoing, the Common Facilities include: the entrance areas of Sun City Shadow Hills and, the fountains, gates, landscaping and other entrance features in those areas, the Recreation Center within the Common Area, the landscaping, trees,

shrubs, sidewalks, wires, conduits, (excluding wires or conduit owned by third parties), as well as all other real and personal property conveyed by Declarant to the Association or owned by the Association for the use, enjoyment or benefit of the Members and Residents of Sun City Shadow Hills.

1.13 ***"Community Rules"*** means the rules, regulations and policies adopted and published by the Board of Directors, pursuant to Section 3.7, below, as the same may be in effect from time to time. Once the Design Review Committee is a committee whose members are all appointed by the Association's Board of Directors (see Section 5.2, below), the Community Rules shall also include the Design Guidelines adopted pursuant to Section 5.5, below.

1.14 ***"County"*** means the County of Riverside, State of California, and its various departments, divisions, employees and representatives.

1.15 ***"Declarant"*** means Pulte Home Corporation, a Michigan corporation and its successors and assigns, if such successors and assigns acquire any or all of Declarant's interest in the Initial Covered Property or the Annexable Property for the purpose of purchase or sale, and Declarant has expressly transferred or assigned to such successors or assigns its rights and duties as Declarant to a portion or all of the Development. For any successor or assignee of the Declarant to be deemed a Declarant under the terms of this Declaration, Declarant shall Record in the Official Records of the County an Assignment of Declarant's rights so designating said successor assignee as Declarant.

1.16 ***"Declaration"*** means this instrument, as it may be amended from time to time.

1.17 ***"Declaration of Annexation"*** means any instrument that bears that name and is Recorded and annexed pursuant to Section 15.2, below.

1.18 ***"Design Guidelines"*** means the Design guidelines and procedural rules of the Design Review Committee, adopted pursuant to Article 15, below.

1.19 ***"Design Review Committee"*** means the committee created pursuant to Section 5.2, below that shall have the duties and responsibilities set forth in Article 5 and Article 6 of this Declaration.

1.20 ***"Development"*** means the common interest development that is being implemented pursuant to the plan of development set forth in this Declaration, the Subdivision Maps, and the other Governing Documents. At times herein, the terms "Development" and "Sun City Shadow Hills," are used interchangeably.

1.21 ***"Electronic Transmission"*** [Corp. Code §§ 20 & 21] means a communication delivered by facsimile, electronic mail or other means of electronic communication as more fully described in California Corporations Code sections 20 and 21.

1.22 ***"Eligible Holder"*** shall mean any Institutional Holder, or an insurer or guarantor of the loan held by the Institutional Holder, who has provided the Association with a written request to be notified of the events described in Section 14.5, below, stating the name and address of such Holder and the address and legal description of the particular Lot encumbered.

1.23 ***"Entitlement Documents"*** is a collective term that means and refers to the City of Indio's General Plan, the Gate and the Sun City Shadow Hills Project Master Plan and the City of Indio Gateway Conceptual Specific Plan, all subsequent amendments thereto.

1.24 ***"Exempt Property"*** shall mean the following property and Improvements located in or adjacent to the Development: (a) all land and Improvements owned by or dedicated to and accepted by the United States, the State of California, Riverside County, the City of Indio, or any political subdivision thereof, or any quasi-governmental agency, for as long as any such entity or political subdivision is the Owner thereof or for so long as said Ownership or dedication remains effective; and (b) all parcels zoned and used for religious purposes, and park sites. Except as provided in this Section 1.24, parcels that are designated as "Exempt Property" shall be exempt from all of the provisions of this Declaration, except for Article 5 (Design Review and Approval of Improvements), Article 7 (Association and Owner Maintenance Responsibilities) and Article 8 (Property Use Restrictions), which shall remain applicable to all Exempt Property.

Application of this Declaration to Exempt Property to the extent described in the immediately preceding paragraph shall not apply to the following Exempt Property: (a) property of the City of Indio, which shall be entirely exempt from the provisions of this Declaration and (b) any other Exempt Property that the Association elects to alter, delete or add to Articles 5, 7, and 8, below, as applied to such Exempt Property by Recording a Supplemental Declaration for the affected parcel or parcels pursuant to Section 15.2, below.

1.25 ***"Golf Course"*** means the golf course or golf courses that are part of the Common Area of the Association. The term Golf Course shall also be deemed to include all related Improvements and any property added to the Golf Course by Lot line adjustment, parcel map, final map, records of survey or otherwise. See also Article 16, below.

1.26 ***"Government Mortgage Agency"*** means the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, Federal National Mortgage Association or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase mortgage loans.

1.27 ***"Governing Documents"*** is a collective term that means and refers to this Declaration and to the Articles, the Bylaws and the Community Rules, as those documents may be amended or supplemented from time to time.

1.28 ***"Improvement"*** as used herein includes, without limitation, any Improvement or project undertaken or contemplated by an Owner within any portion of the Development involving the construction, installation, alteration or remodeling of any Residence, structures, storm drainage systems, plans to alter any natural drainage course, garages, out buildings, walls, retaining walls, fences, swimming pools, landscaping, landscape structures, patio awnings, solar heating equipment, spas, antennas, television satellite reception equipment, utility lines or any other structure of any kind. Improvement projects are subject to design review and approval pursuant to Article 5, below. As used herein, "Improvement" does not include any work or project that is completely confined to the interior of a Residence unless the Improvement project will materially change the use of the Residence or portion thereof, such as by converting a garage into a living or work area.

1.29 ***"Initial Covered Property"*** means the property more particularly described in Exhibit "A " of the Original Declaration.

1.30 ***"Institutional Holder"*** means any beneficiary of a deed of trust or Mortgagee of a Mortgage which encumbers a Lot and which is a bank, savings and loan Association, mortgage company, or any other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

1.31 ***"Lot"*** means any parcel of real property designated by a number on any Subdivision Map and intended for residential use and development within any portion of the Development, excluding the Common Area and any open space parcel that may be designated as a lot on a Subdivision Map. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

1.32 ***"Maintenance Manual"*** refers to the manual or manuals which may be prepared by the Declarant or its agents and provided to the Association and to each Owner specifying obligations for maintenance of the Common Area and Common Facilities by the Association and maintenance of Lots and Residences by the Owners, as updated and amended from time to time. The Declarant may, in its discretion, create a Maintenance Manual for the Association ("Association Maintenance Manual") relating to its maintenance obligations with respect to the Common Areas and Common Facilities and a Maintenance Manual for the Owners ("Owner Maintenance Manual") relating to their maintenance obligations with respect to Lots and Residences within the Development. "Maintenance Manual" shall also refer to any amendments or supplements to any Maintenance Manual that the Declarant may adopt and provide to the Association and/or the Owners from time to time.

1.33 ***"Maintenance Obligations"*** means the obligations imposed by Civil Code section 907 on the Association and each Owner to perform: (i) all reasonable

maintenance obligations and schedules identified in the Maintenance Manual that pertain to the Association's/Owner's property at the times and in a manner consistent with the terms, recommendations and requirements of the applicable Maintenance Manual; (ii) any maintenance obligations and schedules contained in any warranty offered by Declarant or any manufacturer of any products or components originally installed in a Residence or Common Facility; and (iii) any maintenance obligations and/or schedules otherwise provided, in writing, by the Declarant or a manufacturer to the Association or the Owners. "Maintenance Obligations" shall also include and refer to any commonly accepted maintenance practices to prolong the useful life of the materials and construction of the Association's Common Areas and Common Facilities and Residences within the Development.

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

1.35 ***"Member"*** means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Section 13.6, below.

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

1.37 ***"Overall Development"*** means the Initial Covered Property and the Annexable Property.

1.38 ***"Owner"*** means any person, firm, corporation or other entity which owns a fee simple interest in any Lot. The term "Owner" shall include the Declarant for so long as the Declarant possesses any Lot within the Development, and, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner.

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

1.40 ***"Party Wall"*** means a wall or fence situated on a boundary line separating two or more Lots or a Lot and any portion of the Common Area.

1.41 ***"Permitted Health Care Resident"*** means a person hired to provide live-in, long-term, or terminal health care to a Qualifying Resident or a family member of the Qualifying Resident providing that care. In accordance with Civil Code section 51.11 (b) (7), the care provided must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both. In accordance with Civil Code section 51.11 (i), a Permitted Health Care Resident shall be entitled to reside in a Residence during any period that the person is providing live-in, long term or hospice

health care to a Qualifying Resident for compensation. The term "for compensation," is defined in Civil Code section 51.11(i) to include the provision of food and lodging to the Permitted Health Care Resident in exchange for care.

1.42 ***"Phase"*** means (i) one or more Lots annexed to the Development that are collectively included within a single Public Report issued by the California Department of Real Estate; or (ii) one or more parcels zoned for commercial or multi-family residential development for which a Public Report is not required.

1.43 ***"Public Report"*** means a final subdivision public report issued by the California Department of Real Estate in compliance with California Business and Professions Code section 11000 et seq., or any similar California statute hereafter enacted.

1.44 ***"Qualified Permanent Resident"*** as defined in California Civil Code sections 51.11(b)(2) and (b)(3), as such sections may be amended from time to time, means a person described in any of the following subparagraphs. The term "Qualified Permanent Resident" used herein is intended to meet the requirements of Civil Code section 51.11:

1.44.1 The person was residing with a Qualifying Resident prior to the death, hospitalization, or other prolonged absence of a Qualifying Resident and the Qualified Permanent Resident was forty-five (45) years of age or older;

1.44.2 The person was residing with the Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident and the person was a spouse or a co-habitant (co-habitants being defined as two (2) persons who live together as husband and wife, or persons who are domestic partners within the meaning of Section 297 of the California Family Code) of the Qualifying Resident;

1.44.3 The person was residing with a Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, the Qualifying Resident and was the person providing primary physical or economic support to the Qualifying Resident; or

1.44.4 The person is a disabled person or persons with a disabling illness or injury who is a child or grandchild of a Qualifying Resident, or Qualified Permanent Resident (as defined in subsection 1.44.1, above), who needs to live with the Qualifying Resident or Qualified Permanent Resident because of the disabling condition, illness or injury. A "disabling injury or illness" means a physical or mental impairment that substantially limits one or more or the major life activities of the

individual, as that term is defined in Civil Code section 54(b) and Government Code section 12926. For any person who would otherwise qualify as a Qualified Permanent Resident under this subparagraph 1.44, the Board of Directors may take action to prohibit or terminate that person's occupancy of a Residence within the Development in accordance with the procedures set forth in Section 8.1.2 below.

1.45 ***"Qualifying Resident"*** means a person fifty-five (55) years of age or older who resides in his or her Residence as the term "Qualifying Resident" is defined in Civil Code section 51.11.

1.46 ***"Recreation Center"*** means and refers to the Recreation Center that is a Common Facility of the Development, the property upon which the Recreation Center is located and the improvements thereon.

1.47 ***"Recreation Center Revenue"*** means all revenues derived from operation and maintenance of the Recreation Center including, without limitation, Special Use Fees charged by the Association (but not fees charged by chartered clubs for their respective individual purposes, except to the extent such club revenues are included in the Association's year-end financial statements) for the special use of the Recreation Center or any of the Recreational Facilities as provided herein.

1.48 ***"Record," "Recorded," and "Recordation"*** mean, with respect to any document, the Recordation or filing of such document in the Office of the County Recorder.

1.49 ***"Recreational Facilities"*** means all real property (including the Improvements thereon) and personal property owned by the Association for the common recreational use and enjoyment of the Members, including the Golf Courses, any Common Facility parks and the Recreation Centers.

1.50 ***"Regular Assessment"*** means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.2, below.

1.51 ***"Resident"*** means a person who is residing in any Residence within Sun City Shadow Hills consistent with the restrictions on occupancy set forth in Section 8.1, below. In accordance with the laws and regulations relating to developments that are intended to provide housing for older persons, at least eighty percent (80%) of the occupied Residences within Sun City Shadow Hills must have at least one (1) Resident who is a Qualifying Resident. Notwithstanding any exception or exemption arguably may be permitted under California Law, and to insure compliance with the Federal Fair Housing Amendments Act of 1988, at least eighty percent (80%) of the Residential Lots in Sun City Shadow Hills shall be occupied by at least one (1) person fifty-five (55) years of age of older.

1.52 ***"Reserves"*** means those Common Expenses for which Association funds are set aside pursuant to Article 4, below, and California Civil Code section 5510 for

funding the periodic painting, maintenance, repair and replacement of the major components of the Common Areas that the Association is obligated to maintain, repair and/or replace which would not reasonably be expected to recur on an annual or less frequent basis. The amounts required to properly fund Reserves shall be determined annually by the Board in accordance with the standards prescribed by maintenance cost guidelines prepared in accordance with California Civil Code sections 5550 and 5565 and prudent property management practices generally applied in "common interest developments" (as that term is defined in California Civil Code section 4100) in the geographic region in which the Development is located.

1.53 ***"Residence"*** means a private, single-family dwelling constructed or to be constructed on any Lot. In the event that any portion of Sun City Shadow Hills is developed as a Condominium Project, the term "Residence" shall also include any Condominium Unit within a Condominium Project.

1.54 ***"Single Family"*** means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons who share a common household in a Residence consistent with the restrictions imposed by Section 8.1, below, and any other applicable laws or ordinances limiting the number of persons who can occupy a Residence.

1.55 ***"Special Assessment"*** means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.3, below.

1.56 ***"Special Individual Assessment"*** means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.4, below.

1.57 ***"Special Use Fees"*** means fees charged by the Association for the use of the Recreation Center or any portion thereof or any other Recreational Facility situated upon the Common Areas. Residents who join chartered activity clubs or use facilities or equipment owned or operated by chartered activity clubs may also be charged reasonable separate membership or use fees by such clubs, which fees are not included in the definition of Special Use Fees.

1.58 ***"Subdivision Map"*** means the final subdivision map for any portion of the Development.

1.59 ***"Supplemental Declaration"*** means any declaration (as defined in California Civil Code section 4135) which may be Recorded pursuant to Article 15 below, that supplements this Declaration and which may affect solely a Lot Project, a commercial Lot or parcel, or Lots within a particular Phase of the Development. The term includes a Declaration of Annexation that adds Annexable Property to the Development or supplements this Declaration.

1.60 ***"Visible From Neighboring Property"*** means, with respect to any given object, that the object is visible to a six-foot tall person standing at the finished floor

elevation (or in the case of streets or open space, the finished grade thereof) of the neighboring property, whether a Lot, street or Common Area.

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

ARTICLE 2 - PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

2.1 ***Property Constituting Sun City Shadow Hills***. Sun City Shadow Hills is a common interest planned development, divided into the following elements:

2.1.1 Three thousand four hundred and fifty (3450) residential Lots which are shown, defined and described on one or more Recorded Subdivision Maps and identified in Exhibit "A" attached hereto; and

2.1.2 The Common Area more particularly described in Exhibit "A" attached hereto.

2.2 ***General Declaration Creating Sun City Shadow Hills as a Development Providing Housing for Older Persons***. Sun City Shadow Hills is a senior citizen housing development that is intended to qualify as "housing for older persons" exempt from the age restriction prohibition contained in the Fair Housing Amendments Act of 1988 (the "Act") and as a Senior Citizen Housing Development under section 51.11 of the California Civil Code (the "Civil Code). In order to satisfy the requirements of the Act and the Civil Code, the Association shall:

2.2.2 Use its best efforts to provide significant facilities and services, designed to meet the physical or social needs of persons fifty-five (55) years of age or older; and

2.2.3 Publish and adhere to policies and procedures which demonstrate an intent by the Association to provide housing for persons fifty-five (55) years of age or older.

2.2.4 The requirements contained in this Section 2.2, above, are intended to comply with the exemption requirements under the Act, the Civil Code, and the regulations issued thereunder. If the Act, the Civil Code, or the regulations are amended, modified or repealed, the provisions of this Section 2.2, above, and Section 8.1, below, automatically shall be amended, modified, or repealed in the same manner by action of the Board and without necessity of further Member approval.

2.3 ***Purpose of Declaration to Establish a General Plan of Development***. This Declaration and any Supplemental Declarations, as restated by this Restated Declaration, are declared and agreed to be in furtherance of a general plan for the subdivision, Improvement and sale of the Development and are established for the purpose of enhancing, perfecting and maintaining the value, desirability and attractiveness of Sun City Shadow Hills. This Restated Declaration shall run with all Lots and Common Areas within the Development for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and Residents and their successors in interest.

2.4 ***Rights of Owners in Common Area***. The interest of each Lot Owner in and to the use and benefit of the Common Area and the Common Facilities shall be appurtenant to the Lot owned by the Owner and shall not be sold, conveyed or otherwise transferred by the Owner separately from the Ownership interest in the Lot. Any sale, transfer or conveyance of such Lot shall transfer the appurtenant right to use and enjoy the Common Area and Common Facilities. There shall be no judicial partition of the Common Area or any part thereof, and each Owner, whether by deed, gift, devise, or operation of law for his or her own benefit and for the benefit of all other Owners specifically waives and abandons all rights, interest and causes of action for a judicial partition of any Ownership interest in the Common Area and does further covenant that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The rights of all Owners in the Common Area shall be further subject to the requirements and restrictions set forth in Section 2.7, below.

2.5 ***Owners' Nonexclusive Easements of Enjoyment***. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

2.5.1 Right of Association to Regulate Common Area Uses. The right of the Association to limit the number of guests of Members who may use any recreational Common Facilities situated upon the Common Area, or to impose Special Use Fees for use of the Recreation Center or other Recreational Facilities. Notwithstanding the foregoing and so long as an Owner is current in the payment of all Assessments and other charges owing to the Association, for each Lot owned, the Owner shall receive up to two (2) membership cards for each Owner of the Residence who is either a Qualifying Resident, as defined in Section 1.45, above, or a Qualified Permanent Resident, as defined in Section 1.44, above. In addition, the Community Rules may provide for the issuance of Recreational Facilities use privilege cards (in addition to the membership cards) for use by any other persons residing in an Owner's Residence in accordance with the occupancy restrictions imposed by Section 8.1, below. The Board of Directors may impose a reasonable fee or charge for any additional Recreational

Facilities use privilege card or cards issued to such Owner or Resident. In addition, the Board may at any time adopt a limit on the number of cards that may be issued for each Lot or on guest privilege cards, but no such action shall affect previously issued cards. To be eligible to use the Recreational Facilities of the Sun City Shadow Hills Association, a Resident must be either a Qualifying Resident or a Qualified Permanent Resident. Guests of Residents may use the Recreational Facilities of the Association only in accordance with the Community Rules duly adopted by the Board of Directors.

2.5.2 Right of Association to Adopt Rules. The right of the Association to adopt Community Rules as provided in Section 3.7, below, regulating the use and enjoyment of the Development for the benefit and well-being of the Owners in common, and, in the event of the breach of the Community Rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Section 13.6, below. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or the right to use the Common Facilities, other than roads, by any Owner and the Owner's tenants and guests.

2.5.3 Right to Incur Indebtedness. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities. Member approval of the borrowing shall be required whenever the funding to amortize the obligation will be an Assessment for which Member approval is required pursuant to either Section 4.2.2 or Section 4.3.2, below. The right to incur indebtedness shall include the right to assign or pledge the Association's right to collect payments or Assessments to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association.

2.5.4 Rights of Dedication. Subject to receipt of the approval (if required) of the Institutional Holders described in Article 14, Section 14.12.1 below, the right of the Association to dedicate, release, alienate, transfer, or assign an interest in the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board of Directors. Notwithstanding the foregoing authority, no dedication shall be permitted that impairs the ingress and egress to any Lot (see also Section 9.2, below).

2.5.5 Rights of Easement Holders. All easements affecting the Common Area which are described in Article 9, below.

2.5.6 Right of Association to Grant Concessions. The right of the Association to grant concessions for dining facilities, snack bars, professional services and other commercial activities relating to the use and enjoyment of the Recreation Center by the Members, provided any such contract shall be subject to the restrictions on the Association's authority to enter into contracts described elsewhere in this Declaration and in the Bylaws.

2.5.7 Right to Close Facilities During Maintenance or Renovation. The right of the Association to close or limit the use of the Common Areas and/or Common Facilities, or portions thereof to access to and use by the Members, while maintaining and repairing the same.

2.5.8 Right of the Association to Make Common Area Boundary Line Adjustments. Subject to the restrictions stated in this subparagraph 2.5.8, the Association's Board of Directors shall have the power and authority to convey fee interests in portions of the Common Area and to make minor adjustments in the boundary lines between Lots or between Lots and any Common Areas when the Board, in its reasonable discretion, finds that any such conveyance or boundary line adjustment is necessary to: (i) conform the boundaries of a Lot, the Golf Courses or other Common Areas to the natural contour of the land for purposes of permitting or promoting an efficient division of Association's maintenance responsibilities of the Golf Courses; or (ii) to account for on-site conditions or unique topographic features. Such conveyances of Common Area and boundary line adjustments may be made with any Owner of adjacent property.

The party receiving a conveyance pursuant to this subparagraph 2.5.8 shall take the land so conveyed free of any requirement that such lands be devoted to use as Common Area. Any conveyance pursuant to this subparagraph shall conform to a final map or a parcel map approved by the County, comply with all applicable governmental Lot line adjustment procedures, and require the consent of all Owners of lands directly involved in the adjustment.

Upon such a conveyance, such lands may be used for any purpose not prohibited by the Declaration and which is otherwise permitted by law; provided that discussion of the intended use or uses thereof occurred in a meeting of the Board

of Directors and reference to such discussion is made in the minutes of such meeting.

2.6 ***Delegation of Use***.

2.6.1 Delegation of Use, Generally. Any Owner may delegate, in accordance with the Community Rules, his or her right to use and enjoy the Common Areas and Recreational Facilities to the Qualifying Resident (if the Owner is not the Qualifying Resident), Qualified Permanent Residents residing in Owner's Residence, and the Owner's Qualifying Resident tenants or contract purchasers who reside in the Owner's Residence.

Except as provided in this paragraph, during the period of any lease or rental of a Residence to Qualifying Resident tenants or during the sale of a Residence to contract purchasers, neither the Owner nor his or her family or other parties claiming use rights through Owner, shall be entitled to use the Association's Common Facilities during the period of delegation, unless the Owner-lessor is a Qualifying Resident who is contemporaneously residing in another Residence within the Development. Owner-lessors who are not contemporaneously residing in another Residence, shall surrender his or her Recreational Facilities cards to the Association for the period of delegation, and any issuance of cards to Qualifying Resident tenants or contract purchasers will be conditioned upon such surrender. Nothing in this paragraph shall preclude the Association from issuing temporary user cards to new purchasers of Residences who are in the process of selling another residence and who have not yet moved to their new Residence within the Development.

Guests of an Owner may use the Common Areas and Recreational Facilities only in accordance with the Association's Rules and Regulations which may, among other things: (i) limit the number of guests; (ii) include a reasonable fee or charge for such use by guests; (iii) require that Owners accompany guests to the facilities and remain with guests under nineteen (19) years old at the facilities; and (iv) restrict the times during which guests may use certain facilities.

Nothing herein shall be interpreted as permitting transfer to tenants or contract purchasers of an Owner's voting rights, which shall not be delegated.

2.6.2 Requirements That Must Be Observed In All Residential Leases. The following specific limitations shall apply to all

leases or tenancies of a Residence within the Development: (i) with the exception of vacation rentals that are being administered by a responsible vacation rental program administrator, no Residence may be leased or rented for a period of less than ninety (90) days; (ii) the lease or rental must be to a Single Family; (iii) the rental shall apply to not less than an entire Residence including its appurtenant rights to use the Common Facilities (except that voting rights in the Association may not be transferred to a tenant or lessee); and (iv) any rental shall be evidenced by a written lease or rental agreement which shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases, property use restrictions or the use and enjoyment of any portion of the Common Areas and Common Facilities shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy upon thirty (30) days' written notice. The Owner-lessor's right to terminate a lease or rental agreement on account of the tenant's violation of the Governing Documents shall in no way restrict the right of the Association or any Owner to enforce the Governing Documents in accordance with Article 13, below, when the Owner's tenant is violating the Governing Documents.

2.6.3 Discipline of Lessees. Subject to subparagraph 2.6.4 below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances in order to preserve the quiet enjoyment of other Owners and residents within the Development. Without limiting the foregoing, the Association's actions in response to a tenant's violation of the Governing Documents may include: (i) suspension of the tenant's privileges to use the Association's Recreational Facilities, or (ii) the imposition of fines and penalties against the Owner of the Residence.

2.6.4 Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Development or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board, the Association's property manager or an authorized

committee of the Board detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner, and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Section 13.6, below.

2.7 ***Obligations of Owners***. Owners of Lots within Sun City Shadow Hills shall be subject to the following:

2.7.1 Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the Association's property manager of the names and ages of any contract purchaser or tenant residing in the Owner's Lot. Each Owner, contract purchaser or tenant shall also notify the Secretary of the Association of the names of all persons to whom such Owner, contract purchaser or tenant has delegated any rights to use and enjoy the Development and the relationship that each such person bears to the Owner, contract purchaser or tenant.

2.7.2 Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as a Member of the Association and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

2.7.3 Notification Regarding Governing Documents.

(a) As more particularly provided in California Civil Code section 4525, as soon as practicable before the transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

(i) A copy of the Governing Documents;

(ii) A copy of the most recent documents distributed by the Association pursuant to California Civil Code section 5300 (see Article 13 of the Bylaws);

(iii) A true statement in writing from an authorized representative of the Association as to: (1) the amount of the Association's current regular and special assessments and fees; (2) any assessments levied upon the Owner's Lot that are unpaid on the date of the statement and any monetary fines or penalties levied upon the Owner's Lot and unpaid on the date of the statement; (3) information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold ("delinquency statement");

(iv) A copy or summary of any notice previously sent to the Owner pursuant to Civil Code section 5855, that sets forth any alleged violations of the Governing Documents that remain unresolved at the time of the request;

(v) A copy of the preliminary list of defects provided to each Member of the Association pursuant to Civil Code section 4525, unless the Association and the builder subsequently enter into a settlement agreement or otherwise resolve the matter and the Association complies with Civil Code section 6100;

(vi) A statement disclosing any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(b) Within ten (10) days of the mailing or delivery of a request for the information described in subparagraph 2.7.3(a), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the actual cost of procuring, preparing, reproducing and delivering the requested items.

2.7.4 Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the

Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

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

2.7.6 Joint Ownership of Lots. In the event of joint Ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph 2.7.6 shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

ARTICLE 3 - SUN CITY SHADOW HILLS ASSOCIATION

3.1 ***Association***. The Sun City Shadow Hills Community Association (the "Association") is a California nonprofit mutual benefit corporation. The Association is charged with the duties and invested with the powers set forth in the Governing Documents including, but not limited to, the Ownership, control, maintenance, and repair of the Common Area and Common Facilities.

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

3.3 ***Membership***.

3.3.1 Qualifications. Each Owner of a Lot shall be a Member of the Association. An Owner shall hold one membership in the Association for each Lot that the Member owns. Sole or joint Ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her Ownership of, or Ownership interest in, all Lots in the Development ceases, at which time the Owner's membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members.

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

3.3.3 Right to Vote.

(a) No change in the Ownership of a Lot shall empower the new Owner(s) of the Lot to exercise the voting rights of the Membership that is appurtenant to the Lot until the Association has received written notice of such change. Each Lot is entitled to one vote on any matter requiring Member approval, regardless of the number of persons who appear as Owners of Record with respect to a Lot. If any Member casts a vote representing a certain Membership, it will be deemed that he or she was acting with the authority and consent of all other co-Owners of the Lot to which the Membership is appurtenant unless objection thereto is made in writing, at the time the vote is cast. In the event that more than one vote is cast for a particular Membership, none of the votes cast with respect to the Membership shall be counted and all said votes shall be deemed void.

(b) Any Mortgagee who acquires title to a Lot pursuant to a judgment of foreclosure or a trustee sale shall automatically become entitled to exercise all voting rights which the Owner of said Lot would otherwise have had.

(c) In the event an Owner has leased or rented his or her Lot, the Owner shall retain the right to vote as a Member of the Association. The right to vote is not transferable or assignable except with a transfer of the Lot.

3.3.4 Suspension of Voting Rights. Voting rights may be temporarily suspended under those circumstances described in Section 13.6.1, below.

3.4 ***Assessments***. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Development and to enforce payment of such Assessments, as more particularly provided in Article 4 below. Any Assessments levied by the Association against its Members shall be levied in accordance with, and pursuant to, the provisions of this Declaration.

3.5 ***Transfer of Memberships***. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the

purchaser upon the Recordation of a deed evidencing the transfer of title. In the case of an encumbrance Recorded with respect to any Lot, the Mortgagee shall not possess any membership rights until the Mortgagee becomes an Owner by foreclosure or acceptance of a deed in lieu thereof. Tenants who are delegated rights of use pursuant to the rental or lease of a Residence (see Section 2.6, above) do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the property use restrictions and enforcement/disciplinary provisions of the Governing Documents. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Association shall have the right to Record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

3.6 ***Powers and Authority of the Association***.

3.6.1 Powers, Generally. The Association shall have the responsibility of owning, managing, and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents for the benefit of its Members. In the discharge of those obligations, the Association shall have all of the powers of a California nonprofit mutual benefit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents or applicable state or federal law. The Association shall have the power to do any and all lawful things which may be authorized, required, or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety, or general welfare of the Owners. The specific powers of the Association and the limitations thereon are set forth in Article 9 of the Bylaws.

3.6.2 Association's Limited Right of Entry.

(a) Right of Entry, Generally. Without limiting the foregoing description of powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to perform the Association's obligations under this Declaration, including: (A) obligations to enforce the design review and approval requirements (including, without limitation, any requirements pertaining to landscape installation and maintenance), or land use restrictions of Articles 5 and 7, below; (B) any obligations with respect to construction, maintenance and repair of adjacent Common Facilities; or (C) to make necessary repairs that an Owner has failed to perform which, if left

undone, will pose a threat to, or cause an unreasonable interference with, any portion of Sun City Shadow Hills or the Owners in common.

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

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

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

(iii) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 13.6, below.

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

3.6.3 Association's Authority to Initiate Civil Code Section 896 Claims Concerning Alleged Defects in Residential Construction. Subject to the provisions of this Declaration, (including, without limitation, the provisions of Section 13.8, below relating to the Arbitration of Disputes), the Association shall have the power, but not the duty, to initiate, defend, settle, or intervene in mediation, arbitration, or judicial or administrative proceedings

on behalf of the Association (and to provide funding for such proceedings) in matters pertaining to: (i) the application or enforcement of this Declaration; and (ii) damage to the Association Common Areas or Common Facilities or alleged damage to any portion of the Lots or Residences for which the Association is obligated to maintain, repair, or replace. The Association and not the individual Members shall have the power to pursue any claims or other actions using the non-adversarial proceedings for construction defect resolution pursuant to Civil Code section 895 et seq. (and any successor statutes or laws). Any recovery by the Association with respect to any damage to or defect in the Association Common Areas or Common Facilities or portions of the Lots or Residences which the Association has a responsibility to repair, maintain, or replace shall be utilized solely for the purpose of paying for the costs of obtaining the recovery and for correcting such damage or defect.

In the event that any claim or other actions brought by the Association under California Civil Code section 895 et seq. (or any successor statutes or laws) involving allegations of construction defects relating to the Association Common Areas or Common Facilities is not resolved pursuant to the non-adversarial procedures set forth in Civil Code sections 910-938 (or any successor statutes or laws), the Association shall not initiate further action or procedures against the Declarant pursuant to Section 13.8, below (Arbitration of Disputes),without first obtaining the consent of a Majority of a Quorum of the Members.

3.7 ***Community Rules***.

3.7.1 Rule-Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact, and amend rules and regulations of general application to the Owners ("Community Rules"). The Community Rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities; (ii) architectural control and the rules of the Design Review Committee under Article 5, below; (iii) regulation of pet ownership, parking, signs, collection and disposal of refuse, and other matters subject to regulation and restriction under Article 8, below; (iv) collection of delinquent Assessments; (v) minimum standards of maintenance of landscaping or other Improvements on any Lot; (vi) the conduct of disciplinary proceedings in accordance with Section 13.6, below; (vii) election rules as required by law, and

(viii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents

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

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

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

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

3.8 ***Breach of Rules or Restrictions***. Any breach of the Design Guidelines or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article 13 below.

3.9 ***Limitation on Liability of the Association's Directors and Officers***.

3.9.1 Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members, or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his

or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's Annual Budget Report, the funding of the Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities, and enforcement of the Governing Documents.

3.9.2 Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member or officer if all of the following conditions are satisfied:

(a) The Board member or officer owns no more than two (2) Lots;

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

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

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

(e) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least Two Million Dollars ($2,000,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this Section. The provisions of this subparagraph 3.9.2 are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 5800. In the event said Civil Code section is amended or superseded by another similar provision of the California statutes, this subparagraph 3.9.2 shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor statutory provision.

ARTICLE 4 - ASSESSMENTS

4.1 ***Assessments Generally***.

4.1.1 Covenant to Pay Assessments. Each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) covenants and agrees to pay to the Association: (i) Regular Assessments; (ii) Special Assessments; and (iii) Special Individual Assessments. Each such Assessment shall be established and collected as hereinafter provided.

4.1.2 Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied. Each Owner who acquires title to a Lot (whether by conventional conveyance or at a judicial sale, trustee's sale, or otherwise) shall be personally liable only for Assessments attributable to the Lot that become due and payable after the date that the Owner acquires title. Accordingly, when a person acquires title to a Lot, that new Owner has no personal liability for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability to pay the delinquency. However, if a person acquires a Lot that is subject to a valid lien for delinquent Assessments and related costs of collection (i.e., the lien resulting from the prior Owner's failure to make timely payment of Assessments is not released prior to conveyance of the Lot), the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of Ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

4.1.3 Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including

reasonable attorneys' fees) for the collection thereof, shall be a debt of the Owner of the Lot at the time they are levied. Furthermore, with the exception of certain forms of Special Individual Assessments (which are prohibited by law from being recovered through the use of non-judicial lien and foreclosure remedies), delinquent Assessments may be subject to a lien on the Owner's Lot by the Association's Recordation of a Notice of Delinquent Assessment in accordance with Civil Code section 5675 and Section 4.10, below. Any lien for unpaid Assessments created pursuant to the provisions of this Article 4 may be enforced through non-judicial foreclosure in accordance with the notice and other procedural requirements set forth in Section 4.10.2, below.

4.1.4 No Avoidance of Assessment Obligations. No Owner may exempt himself/herself or the Owner's Lot from liability or charge for the Owner's share of any Assessment duly levied against the Owner or his or her Lot, by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or non-use of the Owner's Lot.

4.1.5 Improper Assessment. As provided in Civil Code section 5600, the Association shall not impose or collect any Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

4.2 ***Regular Assessments***.

4.2.1 Preparation of Annual Budget; Establishment of Regular Assessments. Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year, the Board shall determine the estimated Common Expenses of the Association for that fiscal year by preparing and distributing to all Members an Annual Budget Report satisfying the requirements of Section 13.1 of the Bylaws.

Subject to the Member approval requirements for certain Assessment increases as specified in subparagraph 4.2.2 of this Section 4.2, such estimated amount reflected in the Association's Annual Budget Report shall be assessed against all Owners as the Regular Assessment for that fiscal year. If the Board fails to distribute the Annual Budget Report for any fiscal year within the time period specified in the first sentence of this subparagraph 4.2.1, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the

Board first obtains the approval of the requisite percentage of the Members in accordance with Section 4.8, below.

4.2.2 Establishment of Regular Assessment: Member Approval Requirements for Certain Assessment Increases. Unless Member approval is required as a prerequisite to the imposition of an increase in the annual Regular Assessment as stated in this subparagraph 4.2.2, the total Common Expenses estimated in the Association's Annual Budget Report (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year. Subject to Section 4.5 below, ("Emergency Assessments"), the Association shall not levy, for any fiscal year, an annual Regular Assessment per Lot which is more than twenty percent (20%) greater than the Regular Assessment levied in the immediately preceding fiscal year (the "Maximum Authorized Regular Assessment") without the prior approval of the Members in accordance with Section 4.8 below.

4.2.3 Allocation of Regular Assessment – Association Common Expenses. The total estimated Common Expenses, determined in accordance with subparagraph 4.2.1, above, shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Development owned by the assessed Owner to the total number of Lots subject to Assessment so that each Lot bears an equal share of the total Regular Assessment.

4.2.4 Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and Recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to that Owner's interest as a property Owner or as a Member of the Association. The Assessment roll shall show, for each Lot, the name and address of the Owner of Record; all Regular, Special, and Special Individual Assessments levied against each Owner and his or her Lot; and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Section 2.7, above, shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

4.2.5 Mailing Notice of Assessment. No less than forty-five (45) days prior to the beginning of the next fiscal year, the Board of Directors shall mail to each Owner at the street address of the Owner's Lot or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

4.2.6 Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.3.1, below for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

4.2.7 Installment Payment. The Regular Assessment made against each Owner shall be due and payable in advance to the Association in equal monthly installments on the first day of each calendar month or on such other date or dates as may be established from time to time by the Association's Board of Directors.

4.3 ***Special Assessments***.

4.3.1 Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph 4.3.2, below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

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

(b) Capital Improvements. The Board may also levy Special Assessments for additional Capital Improvements within

the Common Area (i.e., Improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable Reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article 10, below.

4.3.2 Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.8, below: (i) any Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph 4.3.1 of this section when the Board has failed to distribute an Annual Budget Report to the Members within the time specified in Section 4.2.1, above. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.5, below.

4.3.3 Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.2.3, above. The Special Assessment so levied shall be Recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in Section 4.3.2, above, shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in this Section 4.3.3 shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the

Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

4.4 ***Special Individual Assessments***.

4.4.1 Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (a) through (c) below provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 13.6, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the facts and circumstances giving rise to liability for Special Individual Assessments include the following:

(a) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees, or invitees, the Board shall cause the same to be repaired or replaced; and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

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

be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(c) Required Maintenance of Lots. If any Lot is maintained so as to become a nuisance, or fire or safety hazard for any reason, the Association shall have the right to enter said Lot, correct the condition, and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association or any agent of the Association shall be conducted in accordance with Section 3.6, above.

4.4.2 Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph 4.4.1(b) of this Section, such Special Individual Assessment shall be Recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. As more particularly provided in Section 4.10.2, below, only certain Special Individual Assessments may be collected through the use of lien and foreclosure remedies.

4.4.3 Limitation on Right to Lien Lots for Special Individual Assessments. With the exception of Special Individual Assessments imposed by the Board of Directors to recover reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for its reasonable costs (including attorneys' fees) of collecting delinquent Assessments, Special Individual Assessments shall not be recoverable through the imposition of a lien against the Owner's Lot enforceable through foreclosure; but the same may be recovered by the Association through other legal processes. Special Individual Assessments that are levied to recover reasonable collection costs, late charges, and interest pursuant to Civil Code section 5650 shall be subject to imposition of a lien and enforceable through foreclosure or sale under a power of sale for failure of an Owner to pay such Assessment, all as more particularly provided in Section 4.10, below.

4.5 ***Assessments to Address Emergency Situations***.

4.5.1 Authority of Board to Impose Emergency Assessments. The requirement of a membership vote to approve: (i) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (ii) Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments necessary to address emergency situations ("Emergency Assessments"). For purposes of this Section, an emergency situation is any of the following:

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

(b) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities where a threat to personal safety is discovered.

(c) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the Annual Budget Report pursuant to Section 4.2, above provided, however, that prior to the imposition or collection of an Assessment under this subparagraph (c), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of Assessment. Without limiting the foregoing, but rather as an example of a situation in which an Emergency Assessment may be required, it is possible that the Association may be required to undertake repair work to the Golf Courses related to access to the water canal that bisects the Golf Courses by the Coachella Valley Water District and that such work by the Association will need to be funded by levy of an Emergency Assessment.

4.5.2 Payment of Emergency Assessments. When levied by the Board, an Emergency Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.2, above. The Emergency Assessment so levied shall be Recorded on the Association's

Assessment roll and notice thereof shall be mailed to each Owner. An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within thirty (30) days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment maybe enforced in the manner provided in Section 4.10, below.

4.6 ***Purpose and Reasonableness of Assessments***. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety, and welfare of individuals residing within any portion of the Development; (b) to promote the enjoyment and use of the community of Sun City Shadow Hills by the Owners and their families, tenants, invitees, licensees, guests, and employees; and (c) to provide for the repair, maintenance, replacement, and protection of the Common Area and Common Facilities and those portions of the Lots which the Association is obligated to maintain. Without limiting the foregoing, it is specifically recognized that many Common Facilities, including the Golf Course, Recreation Center restaurant and bar, exist and are operated and maintained for the benefit of the Owners and residents of Sun City Shadow Hills regardless of whether such amenities generate revenues in excess of their allocable operating and maintenance expenses. Golf Course revenues shall be applied first to Golf Course maintenance and operating expenses.

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

4.7.1 Any portion of the Development that is dedicated and accepted by a local public authority;

4.7.2 The Common Area and Common Facilities; and

4.7.3 Any Lot owned by the Association.

4.8 ***Notice and Procedure for Member Approval Pursuant to 4.2 and 4.3***. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.2 and 4.3, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members who are or may be liable for payment of the Assessment, as provided below (''Eligible Members''). The quorum required for such membership action shall be a majority of the Eligible Members, and the required affirmative vote shall be at least a Majority of a Quorum of the total membership of the Association. The minimum quorum percentage for any vote pursuant to this Section shall be satisfied by the attendance at a

membership meeting where the vote is conducted, in person or by proxy, of Eligible Members comprising at least fifty percent (50%) of the total Voting Power of the Eligible Members. If the vote to approve the Assessment is conducted by use of written ballot voting, the minimum quorum percentage will be satisfied when ballots are returned within the time prescribed for written ballot voting from at least fifty percent (50%) plus 1 (one) of the total Voting Power of the Eligible Members.

4.9 ***Maintenance of Assessment Funds***.

4.9.1 Establishment and Maintenance of Association Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings, or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC insured certificates of deposit, money market funds, or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 5510 and Section 12.2 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in Section 4.9.2 below.

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

4.9.3 Separate Accounts; Commingling of Funds. Except as otherwise provided in Section 4.9.4 below, to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by the Association in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to Section 4.3, above, shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each Capital Improvement for which reserve funds for replacement are allocated.

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

4.9.4 Reserve Funds. As more particularly provided in Article 9 of the Association Bylaws, the Association Board is required by law to periodically identify the major components of the Development that the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of thirty (30) years or less. In the capital reserve analysis process, the Board is also obligated to identify the probable remaining useful life of the components identified in the study and to estimate the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life. The information developed in this capital reserve replacement analysis is then to be used by the Board as a component of preparing the Annual Budget Report of the Association. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or for litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's

general operating fund to meet short-term cash-flow requirements or other expenses, provided the Board has made a written finding, Recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Association, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph 4.9.4. This Special Assessment is subject to the Member approval requirements of California Civil Code section 5605 and Section 4.3.1, above, if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, in its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation pursuant to Civil Code section 5510, the Association shall notify the Members of that decision in the next available mailing to all Members pursuant to California Civil Code section 4045, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

4.9.5 Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge its right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph 4.9.5 shall not restrict the right or ability of

the Association to assign any unpaid obligations to a former Member to a third party for purposes of collection.

4.10 ***Collection of Assessments: Enforcement of Liens*** Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments, and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.3.3, 4.4.2, and 4.5.2, respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code section 5650 or comparable successor statutes. Once an Assessment becomes delinquent, the Association may elect to pursue one or both of the following remedies:

4.10.1 Enforcement of Personal Obligation. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment and in such action shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs, and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph 4.10.2, below.

4.10.2 Imposition and Enforcement of Assessment Lien and Limitations Thereon. Except as otherwise provided in Section 4.4, above, with respect to the limitation on the imposition of liens for Special Individual Assessments, the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorneys' fees), late charges, and interest by taking the following steps:

(a) At least thirty (30) days prior to Recording a lien upon the Owner's Lot to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(i) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount; a statement that the Owner of the Lot has the right to inspect the Association records, pursuant to section 5205 of the Civil Code and the following statement in 14-point bold face type, if printed, or in capital letters, if typed: **"IMPORTANT**

NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

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

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

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

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

(c) An Owner may dispute the amounts claimed as due and owing in the Delinquency Notice by submitting to the Board a written explanation of the reasons for his or her dispute. If the Owner wishes to submit an explanation, it must be mailed to the Association within fifteen (15) days of the postmark of the Delinquency Notice. The Board shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner's explanation.

(d) An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent Assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency Notice. The Association shall provide the Owners with the standards for payment plans, if such standards have been adopted. As long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner.

(e) The amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code section 5650 shall be a lien on the Owner's Lot from and after the time the Association causes to be Recorded with the County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Civil Code section 5650; a legal description of the Owner's Lot against which the Assessment and other sums are levied; and the name of the Record Owner of the Owner's Lot against which the lien is imposed. In order for the lien to be imposed by non-judicial foreclosure as provided in subparagraph (h) below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose and mailed in the manner set forth in Civil Code section 2924b to all Record Owners of the Owner's Lot no later than ten (10) calendar days after Recordation. Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall Record or cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(f) A Special Individual Assessment or other monetary charge imposed by the Association (A) as a means of reimbursing the Association for costs incurred in the repair of damage to Common Areas Improvements or

landscaping and Common Facilities for which the Member or the Member's guests or tenants were responsible or (B) as a disciplinary measure for failure of a Member to comply with the Governing Documents (except for reasonable late payment penalties, interest, and other reasonable costs of collection authorized by Civil Code section 5650) may not be characterized nor treated as an Assessment that may become a lien against the Member's Lot enforceable by sale of the interest under Civil Code sections 2924, 2924b and 2924c. A Special Individual Assessment or other monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred in the repair of damage to Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's Lot that is enforceable by sale of the Lot in non-judicial foreclosure pursuant to Civil Code sections 924, 2924b, and 2924c.

(g) A lien created pursuant to subparagraphs (e) or (f) above shall be prior to all other liens Recorded against the Owner's Lot subsequent to the Notice of Delinquent Assessment, except as described in Section 4.12, below.

(h) Subject to the limitations of this Section 4.10.2, after the expiration of thirty (30) days following the Recording of a Notice of Delinquent Assessment, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Civil Code section 2934a. Any sale by the trustee shall be conducted in accordance with Civil Code Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in Mortgages and deeds of trust. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924c and 2924d.

(i) If it is determined that a lien previously Recorded against a Lot was Recorded in error, the party who Recorded the lien, within twenty-one (21) calendar days, shall Record or cause to be Recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or Recording was in error and a copy of the lien release or notice of rescission.

(j) If the Association fails to comply with the procedures set forth in this Section 4.10(b) prior to Recording a lien, the Association shall recommence the required process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

The provisions of this Section 4.10.2 are intended to comply with the requirements of Civil Code section 5685. If Civil Code section 5685 is amended or modified in the future in a way that is binding on the Association and that causes this Section to be in conflict with applicable law, the provisions of this Section 4.10.2 automatically shall be amended or modified in the same manner.

4.11 ***Transfer of Lot by Sale or Foreclosure***. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

4.11.1 Except as provided in subparagraph 4.11.2 below, the sale or transfer of any Lot shall not affect any Assessment lien which has been duly Recorded against the Lot prior to the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in Ownership.

4.11.2 The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest, and costs of collection incurred prior to the sale or transfer of a Lot pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien Recorded against the Lot at any time prior to Recordation of the Association's Assessment lien (see Section 4.12 below).

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

4.11.4 Any Assessments, late charges, interest, and associated costs of collection which are lost as a result of a sale or transfer of a Lot covered by subparagraph 4.11.2 above shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his or her successors and assigns.

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

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

4.13 ***Unallocated Taxes***. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to Section 4.2 above and, if necessary, a Special Assessment may be levied against the Lots pursuant to Section 4.3 above, in an amount equal to such taxes to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE 5 - DESIGN REVIEW AND APPROVAL OF IMPROVEMENT PROJECTS

5.1 *Design Review Committee Approval of Improvements*

5.1.1 Approval Generally. Prior to commencement of construction or installation of any Improvement (as defined in Section 1.28, above) within the Development, the Owner planning such Improvement must submit to the Design Review Committee a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the minimum requirements set forth in the Design Guidelines adopted pursuant to Section 5.5, below. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Committee shall base its decision on the criteria described in Section 5.6, below.

5.1.2 Modifications to Approved Plans Must Also Be Approved. Once a proposed plan for any Improvement has been duly approved by the Design Review Committee, no material modifications shall be made in the approved plans and specifications therefor and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and

approval by, the Committee. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Committee, in its discretion, may order the Owner or his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Association, its Design Review Committee, or the agents or employees of either that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 5.13, below, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement by "red tagging" the project until such time as proper Design Review Committee review and approval is obtained.

5.2 ***Composition of the Design Review Committee***.

5.2.1 Composition of the Committee, Generally. The Design Review Committee shall consist of not less than three and no more than five members. All members of the Committee shall be appointed by the Board of Directors.

5.2.2 Qualifications for Appointment. All persons appointed to the Design Review Committee by the Board must be Members in good standing of the Association and Qualifying Residents of Sun City Shadow Hills.

5.2.3 Terms of Office of Committee Members. Unless the Association implements a system of staggered terms for Committee members, all members of the Design Review Committee shall serve for a one (1) year term, subject to the right of the Board to reappoint incumbent Committee members to consecutive terms of office. Committee members shall appoint one Committee member as chairperson. All members shall serve until the expiration of the term for which they were appointed or until they resign or are replaced.

5.3 ***Duties***. It shall be the duty of the Design Review Committee to consider and act upon the proposals and plans for Improvements (including landscaping), submitted to it pursuant to this Declaration, to adopt Design Guidelines pursuant to Section 5.5, below, to perform other duties delegated to it by the Board of Directors and to carry out all other duties imposed upon it by this Declaration.

5.4 ***Meetings***. The Design Review Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute an act by the Committee and the Committee shall keep and maintain a written record of all actions taken. The Design Review Committee can also appoint a subcommittee, which must include at least one member of the Design Review Committee, to perform an initial review of project submittals, site inspections and other Committee responsibilities as the Committee, in its reasonable discretion, may delegate.

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

5.5 ***Design Guidelines***. In addition to the minimum construction standards and Design Review and approval procedures contained herein, Design Guidelines can be adopted to interpret and implement the provisions of this Article 5 and Article 6 (minimum construction standards). The Board, upon recommendation from the Design Review Committee may, from time to time, adopt, amend and repeal the Design Guidelines. The Design Guidelines may include and address such matters as the following:

5.5.1 Review Procedures. The procedures for Design Review Committee review and approval of Owner submittals of proposed Improvement projects (including, without limitation, minimum requirements for plans, specifications and other requirements for submitting a complete application for project approval).

5.5.2 Guidelines for Particular Projects or Approved Colors. Guidelines for the construction of Improvements, including, without limitation, architectural design, placement on Lots, color schemes, exterior finishes and materials, pre-approved plans and specifications for commonly recurring minor projects such as trash enclosures, yard landscaping and fencing improvements. Guidelines can also address other features of typical improvement projects which are recommended or required for use. Without limitation, such Guidelines may include charts of approved colors.

5.5.3 Identification of Projects Eligible for Expedited Review. The Guidelines can identify categories of Improvement projects or components of the plan review and approval process which can be administered by the Association staff or other designee of

the Committee without the need for direct involvement by the Committee in order to expedite the processing of applications for approval. In the event that the Committee determines that certain project approvals or plan processing requirements can appropriately be administered by the Association staff or other Committee designee, such delegation and the scope thereof shall be specified in the Guidelines.

5.5.4 Variances Procedures. The criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents (see Section 5.14, below).

5.5.5 Construction Site Maintenance. Minimum requirements for the maintenance, supervision and restoration of construction sites by Owners and their contractors. Without limiting the foregoing, the Guidelines may specifically regulate the activities of contractors and subcontractors (including, without limitation, hours of permitted construction activity), who shall be deemed to be the Owner's agents for purposes of rules enforcement and compliance matters. Design Guidelines pertaining to construction activities can also address the obligation of Owners and their contractors to repair any damage to adjacent streets, sidewalks and/or curbs resulting from construction activities related to an Owner's Improvement Project.

5.5.6 Landscape Requirements; Site Restoration. Minimum requirements for the landscaping of areas of the Lot that are disturbed by construction activity, which require particular landscape Improvements or which encourage minimal use of landscape irrigation in order to control drainage, limit runoff, avoid erosion and/or risk to native oaks, to otherwise enhance the appearance of the Lot.

5.5.7 Fees for Plan Review; Deposits. The Design Guidelines may include a reasonable processing fee to defray the costs of the Association in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted. Requirements for reasonable deposits to assure the completion of Improvements in accordance with approved plans may also be required. Upon proper completion of Improvements in accordance with approved plans, any deposits shall be refunded to the Owner or other person who tendered the deposit without interest. Any requirements for the payment of inspection/plan processing fees and deposits to the Committee to assure the Owner's/contractor's proper and timely

performance in accordance with the approved plans and specifications and the application, use and/or refund of such fees and deposits.

5.5.8 Time for Completion of Projects. Uniform and reasonable time limitations for completion of approved Improvement projects or other duly noted compliance matters. Said rules may also include procedures to request an extension of the usual completion time in order to avoid hardship or to accommodate other factors beyond the Owner's reasonable control which have interrupted the progress of the Improvement project.

It is possible that different Design Guidelines may be adopted for each Phase, and that even within a single Phase, Design Guidelines may impose different conditions upon various Lots or Parcels in light of Lot topography, visibility or other factors. Design Guidelines shall be effective when they are adopted by the Committee. Notwithstanding the foregoing, the Design Guidelines shall implement the provisions of this Declaration in a reasonable, uniform and nondiscriminatory manner and no Design Guideline shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Design Guidelines and this Declaration, the provisions of the Declaration shall prevail.

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

5.6.1 The Owner's plans and specifications conform to this Declaration and to the Design Guidelines in effect at the time such plans are submitted to the Committee;

5.6.2 The Improvement will be in harmony with the external design of other structures and/or landscaping within the Development;

5.6.3 The Improvement, as a result of its appearance, location or anticipated use, will not interfere with the reasonable enjoyment of any other Owner of his or her property;

5.6.4 The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Development and with the overall plan and scheme of development within Sun City Shadow Hills; and

5.6.5 Without limiting the foregoing, the exterior elevations of any structures (including fencing) and rear yard landscaping undertaken by any Owner or Resident on any Lot located adjacent to any Golf Course fairway must be approved by the

Design Review Committee, said approval not to be unreasonably withheld.

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

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

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

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

5.8 ***Time Limits for Approval or Rejection***. Within thirty (30) days after submission of plans and specifications satisfying the requirements of the Design Guidelines, the Design Review Committee shall return one set of such plans to the applicant, with either written notice of approval or disapproval or with written suggestions of changes required for approval. If written suggestions of changes required for approval accompany the returned set of plans, the applicant may implement such changes to the plans and within thirty (30) days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval so long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant

within thirty (30) days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted. An Owner who has submitted an Improvement project for review or approval shall be notified of the date, time and location of the Committee meeting at which the Owner's submittal will be reviewed and discussed. Either the Owner or the Owner's contractor must be present at that meeting or the Committee shall be entitled to continue the hearing until the next available meeting and the times for action set forth in this Section shall be extended by the number of days that elapse between the meetings.

5.9 ***Employment of Architect or Engineer***. If at any time the Design Review Committee determines that it would be in the best interests of the Association and its Members for an applicant to employ an architect, licensed building designer or engineer to design or review any proposed Improvements or component thereof, the Committee shall advise the applicant in writing of its determination whereupon all plans and specifications so designated by the Design Review Committee must thereafter bear appropriate evidence of such preparation or review.

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

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

If the Owner fails to comply with this Section, the Design Review Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Sections 5.12.3 and 5.12.4, below, as though the failure to complete the Improvement was a noncompliance with approved plans.

5.12 ***Inspection of Work by Design Review Committee***. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

5.12.1 During the course of construction, representatives of the Design Review Committee, or its duly authorized subcommittee, shall have the right to inspect the job site to confirm that the work of Improvement is proceeding in accordance with the approved plans and specifications.

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

5.12.3 Within thirty (30) days thereafter, the Design Review Committee, or its duly authorized representative or subcommittee, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Design Review Committee finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the thirty (30) day inspection period, the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Association and the Design Review Committee shall have the rights and remedies set forth in Section 5.13 (Enforcement), below.

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

5.13 ***Enforcement***.

5.13.1 In addition to other enforcement remedies set forth in this Declaration, the Design Review Committee shall have the

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

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

5.13.3 If the Owner fails to remedy any noticed noncompliance within thirty (30) days from the date of such notification, or if the Owner feels that the project has been red tagged without justification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing shall be conducted in accordance with Section 13.6, below.

5.14 ***Variances***. The Design Review Committee, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article 5, or in the Minimum Construction Standards set forth in Article 6, below, to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided all of the following conditions are met:

5.14.1 If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Design Review Committee must conduct a hearing on the proposed variance after giving prior written notice to the Committee and to all Owners residing within sixty (60) feet of the subject Lot. Said notice shall also be posted in the Association's principal office within the Development. The notice shall be posted and mailed to the interested Owners at least fifteen (15) days prior to the date when the Design Review Committee is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the fifteen (15) day comment period has elapsed.

5.14.2 The Design Review Committee must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) the requested variance will not constitute a material deviation from any restriction contained herein or that the variance proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) that the variance relates to a requirement land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect, to any other Lot or Common Area within the Development.

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

5.16 ***Limitation on Liability***. Neither the Association, the Design Review Committee nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not pursuant to approved plans, drawings specifications; (c) the development of any Lot within Sun City Shadow Hills; or (d) the execution and delivery to an Owner of a compliance certificate pursuant to Section 5.15, above, whether or not the facts therein are correct, provided, however, that such member has acted in good faith on the basis of such information as he or she possessed at the time the act or omission occurred.

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

5.18 ***Appeals***. Appeals from decisions of the Design Review Committee may be made to the Board of Directors, which may elect, in its discretion, to hear the appeal or, in the alternative, to affirm the decision of the Design Review Committee. The Community Rules or the Design Guidelines shall contain procedures to hear, process and decide appeals pursuant to this Section.

5.19 ***Association Funding for Design Review Costs***. It is anticipated that the Committee will require secretarial and administrative assistance, and that the Committee will incur out-of-pocket expenses in the performance of its responsibilities. The Association shall provide the Committee with reasonably required secretarial and administrative assistance, or, at the option of the Board, shall reimburse the Committee therefor, and shall reimburse the Committee for out-of-pocket expenses incurred by the Committee in the performance of its responsibilities. The Committee shall remit to the Association all review fees, if any, collected by the Committee.

ARTICLE 6 - MINIMUM CONSTRUCTION STANDARDS

Unless a variance is requested from, and granted by, the Design Review Committee in accordance with Section 5.14, above, Improvements constructed on any Lot shall conform to the following minimum construction standards:

6.1 ***Structure Improvements and Landscaping***. The Design Guidelines can impose limitations on the height of trees and other landscaping installed by Owners in yard areas, so as to avoid excessive shade, the obstruction of views, limb overhang, and other interferences with the quiet enjoyment by neighbors of their property. Drought tolerant species and restrictions on turf area as recommended by policies or ordinances of the local water district, Coachella Valley Water District or the Indio Water Authority shall be included in the Design Guidelines.

6.2 ***Utility Installations***. No lines, wires or cables for the communication or transmission of electrical current or power, including telephone, television, data transmissions, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in underground conduits (including cable drawn through a conduit or pre-manufactured cable in duct) or cable concealed in, under or on buildings, cabinets or other structures initially approved by Declarant, or subsequently approved by the Design Review Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Design Review Committee.

6.3 ***Swimming Pools***. In the event an Owner of a Lot constructs a swimming pool, spa, pond, or other man-made body of water on the Lot, such Owner must comply with any local ordinances governing the construction of fences or other pool enclosures and obtain all requisite permits from the City of Indio and Riverside County and Design Review Committee approval. The Design Review Committee shall review the location and screening of pool cleaning pumps and apparatus. In areas without solid walls or

fencing in rear yards of Lots, pool equipment shall be screened with either landscaping or approved screening material if the equipment is visible from other Lots or the Golf Courses. Screening material shall not extend more than six inches above the top of the equipment.

6.4 ***No Guarantee of Continued Views***. Neither the Declarant, the Association, the Design Review Committee, the Covenants Committee (see Section 13.6.4 below), the City of Indio nor any Owner shall have any responsibility to create or preserve any view in any direction from any Lot. Each Owner has acquired his or her Lot subject to the possibility that the view from such Lot existing at the time of purchase from Declarant or Declarant's successors may be altered by the acts or failure to act of other Owners in Sun City Shadow Hills, governmental or quasi-governmental agencies, Declarant or the Owners of other property, including, but not limited to, Improvements or landscaping which may be constructed or installed on other Lots in the Development, commercial sites, recreation centers, open space areas, park preserves and Golf Course areas.

Subject to the foregoing, any views from Lots backing up to a Golf Course or other open space area are limited to the air space within the prolongation of the side property lines of such Lot, do not include any side of diagonal views and may in any case be altered as set forth above. Except as installed or altered by Declarant, any alteration or landscaping of any Lot in Sun City Shadow Hills must be approved by the Design Review Committee in accordance with the terms of this Declaration. Sun City Shadow Hills Homeowners Association has made no assurances with respect to future Improvements or landscaping which may have an impact on the view from any Lot.

6.5 ***Walls and Fences***. Unless initially installed by Declarant, no solid walls or fences greater than two (2) feet in height from the finished floor elevation shall be erected on any Lot, except that walls of a greater height may be approved by the Design Review Committee, in its sole discretion, in order to create privacy areas on a Lot or to provide adequate screening of storage areas or equipment, if any. If a two-foot wall is constructed, up to an additional four (4) feet of standard wrought iron bar or similar open fencing material may be installed on top of the two-foot solid wall.

Subject to the foregoing, and unless installed by Declarant in Declarant's discretion: (a) no walls, fences or hedges shall be constructed in the front yard of any Lot closer than fifteen (15) feet from the front property line, provided, however, that solid walls no greater than thirty inches in height from the finished floor elevation may be installed in such areas if approved by the Design Review Committee; and (b) there shall be no fencing constructed, maintained or placed on any portion of Sun City Shadow Hills which adjoins the Golf Course or which unreasonably interferes with the view from the Golf Course. For purposes of the preceding sentence, fencing includes fences, walls, netting, and other similar barriers, including landscaping. Owners of Lots adjacent to the Golf Course shall be entitled to construct a wrought iron fence along the top of a knee wall separating the Lot from an adjacent Golf Course fairway, so long as the project and its materials are first approved by the Design Review Committee. No chain link or similar material shall be used on any Lot. The provisions of Article 5,

above, must be followed in order for any Owner or Resident to construct a wall or fence on any Lot.

6.6 ***No Temporary Structures***. No recreational vehicle, trailer, mobile home, camper, tent, shack, used structures, structures of a temporary character, or other outbuildings shall be used on any Lot at any time as a Residence.

6.7 ***Solar, Heating Systems***. Subject to limitations imposed by California law, the Design Review Committee shall be entitled to adopt, as part of the Design Guidelines, reasonable regulations regarding the installation of solar heating systems. These rules may include limitations on placement and design of such systems to the extent necessary to avoid an unsightly appearance from neighboring Lots or Common Area.

6.8 ***Exterior Lighting and Fixtures***. Fluorescent, mercury vapor, sodium, or amber vapor lights, or standard outdoor lights of the type used for security must be enclosed in a manner that directs the light in a specific area without causing a visual impairment to passing motorists or a nuisance to neighboring Residences. The issue of whether a nuisance exists shall be determined by the Design Review Committee in its sole discretion.

6.9 ***Antennas, Aerials and Satellite Dishes*** Outside television antenna, aerial, satellite dish or similar device for the transmission or reception of television, radio, satellite, or other signals of any kinds are prohibited, except:

6.9.1 The Association shall have the right, without obligation, to erect, place or install and maintain any such apparatus for the benefit of all or a portion of the Development.

6.9.2 Antennas or satellite dishes with a diameter or diagonal measurement not greater than thirty-six inches (36”) in diameter which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "Permitted Device[s]") may be erected, placed or installed on a Lot, provided that:

(a) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is not Visible from Neighboring Property or is screened from the view from streets of any neighboring Lot or Common Area or the Golf Course.

(b) Reasonable restrictions which do not significantly increase the cost of installation of a Permitted Device or significantly decrease its efficiency or performance, including, without limitation, screening material, location

or complementary-color painting of the Permitted Device, may be imposed as part of the Design Guidelines.

6.10 ***No Interference with Drainage***. There shall be no interference with rain gutters, down spouts or the drainage systems originally installed by Declarant, or any other interference with the established drainage pattern over any Lot, parcel, Common Areas, unless an adequate alternative provision is made for proper drainage. Any submittal for Improvements on a Lot or for additional improvements which may affect drainage shall include a drainage plan. Drainage plans shall conform to all applicable state laws or local ordinances pertaining to drainage. For purposes of this Section 6.10, "established" drainage is defined as the drainage pattern and drainage Improvements which existed at the time the Lot or parcel is conveyed to an Owner by Declarant. There shall be no violation of the drainage requirements of the City of Indio or the County of Riverside, notwithstanding any approval of the Design Review Committee, and if any Owner (other than Declarant) or his or her contractor alters established drainage courses to the detriment of neighboring Owners, neither the Association nor the Design Review Committee shall have any liability therefor. Instead, the responsibility to initiate appropriate corrective or remedial action and to properly engineer any alterations in established drainage courses will rest solely with the Owner who has altered the drainage course. In no event shall the drainage on any Lot be altered so as to direct or divert water onto the Golf Course.

6.11 ***Patio Enclosures and Other Projects Involving Structures in Rear Yards***. No non-enclosed structures such as gazebos, patio Improvements or screening material shall be placed, assembled, constructed or otherwise maintained on any Lot except as may be approved by the Design Review Committee. If an Owner desires to undertake a patio enclosure or structural project in a patio area or expansion of the patio surface, as constructed by the Declarant, notification shall be given by the Committee to the immediately adjacent Owners, however the decision of whether to approve or deny the Improvement shall remain in the sole discretion of the Committee. The Design Guidelines may provide for a streamlined Design Review approval process if certain Design Review parameters are met for certain types of non-enclosed structures.

ARTICLE 7 - ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITIES

7.1 ***Association Maintenance Responsibility***.

7.1.1 Association Common Area Maintenance Obligations, Generally. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other

vegetation upon the Common Area without express approval of the Association. Without limiting the foregoing, the Association's responsibilities hereunder shall extend to and include maintenance of the Recreation Center, the Golf Courses (including, without limitation, any portion of the Golf Course property that is being leased by the Association from the Federal Bureau of Reclamation), private streets in the Development, and drainage facilities along private streets. Without limiting the foregoing, when storm waters drain through the Golf Courses, damage may occur and the cost to clean up the storm damage and to repair and replace landscaping or equipment and facilities will be a Common Expense of the Association.

7.1.2 Association Maintenance Manual. In the event that the Declarant prepares and provides the Association with an Association Maintenance Manual applicable to the repair and maintenance of Association Common Areas and Common Facilities, the Association shall be obligated to comply with all of the maintenance obligations, recommendations and schedules set forth in the Manual. However, the Board of Directors shall be authorized, from time to time, to make appropriate revisions to the Association's Maintenance Manual based on the Board's review thereof in order to update the Association Maintenance Manual to reflect current industry maintenance practices and recommendations, so long as such changes do not reduce the useful life or functionality items to which the Maintenance Manual pertains.

7.1.3 Association Maintenance of Certain Public Areas of the Development. The Association is obligated by conditions of approval imposed by the City of Indio to maintain the following public Improvements within the Development: the landscaped median strips and related irrigation equipment located in the center of the following public streets: Jefferson Street, 40th Avenue, and Monroe Street.

7.2 ***Owner Maintenance Responsibility***.

7.2.1 Maintenance of Lots and Residences; Generally. Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot. Without limiting the generality of the foregoing, and except as may be provided in Supplemental Declarations referred to above, each Owner's repair and maintenance obligations shall extend to and include:

(a) Painting, repairing, replacing and caring for roofs, fences, exterior building surfaces, exterior glass surfaces, exterior doors, and to maintaining all yard areas not expressly required to be maintained by the Association;

(b) Weekly mowing, trimming, edging of any lawns and other ground cover, removal of dead or dying plants and weeds;

(c) Watering at intervals necessary to keep grass, shrubs and trees in an attractive condition;

(d) Maintenance of drainage facilities, except that maintenance of drainage from private streets shall be the responsibility of the Association;

(e) In the absence of a knee wall constructed by the Declarant and separating a Lot from an adjacent Golf Course fairway, any landscaping within thirty (30) feet of any Golf Course fairway shall be maintained in a manner, and shall be comprised of trees, plants and/or other ground cover, that will not unreasonably interfere with the play of the Golf Course;

(f) It is anticipated that the Declarant will construct a knee wall along the property line that separates some Lots from the fairways of the Golf Courses. It shall be the responsibility of the Owners of such Lots to maintain, repair and replace such knee walls; and

(g) Maintenance of the surface of any perimeter wall that faces the Owner's Lot (see Section 7.6.4, below). Owners shall be permitted to install trellises adjacent to the inside surface of perimeter walls, provided that any trellis installation or painting of the interior surface of a perimeter wall shall require the prior approval of the Design Review Committee.

7.2.2 Owner Maintenance Manual. The Association shall maintain at its principal offices and provide to each Owner upon request a Maintenance Manual prepared by the Declarant which pertains to the maintenance and repair obligations of Owners under the Governing Documents. The Association shall have the right to charge the requesting Owner a fee for the Maintenance Manual equal to the actual cost to the Association of providing a copy to the Owner. By accepting a deed to any Lot in the Development, each Owner acknowledges and agrees that the Owner is

required to comply with all of the recommended maintenance obligations and schedules set forth in the Maintenance Manual and each Owner is further obligated to provide a copy of the Maintenance Manual to any successor purchaser of the Owner's Lot.

7.3 ***Association Recovery of Costs of Certain Repairs and Maintenance***.

7.3.1 Association Maintenance Caused by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by Association insurance policies or any liability insurance maintained by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.4, above.

7.3.2 Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions on Owner's lot for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within fifteen (15) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.7, above, to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 13.6, below.

7.4 ***Cooperative Maintenance Obligations***.

7.4.1 Cooperation among Association and Owners Generally. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and (with respect to Lots adjacent to the Golf Course), the agents and maintenance personnel of the Association in the prosecution of their respective maintenance activities.

Execution of Maintenance Agreements. .The Association may enter into Maintenance Agreements (for periods not to exceed one year) with the Declarant and/or the City of Indio or other local governmental agencies in order to achieve economies of scale or to efficiently and cost effectively share maintenance

equipment, maintenance personnel or contractors and other resources. In the case of any such Maintenance Agreements between the Association and any party who is liable for the payment of Assessments, the Agreement may provide for the provision of services to the Association and to the Common Areas in exchange for a temporary suspension or reduction of Regular Assessments.

7.5 ***Drainage Structures, Ditches and Swales***.

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

7.5.2 Except as provided in subparagraph 7.5.1, above, each Owner shall keep drainage courses, ditches and swales on his or her Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association and the Declarant) as to any contiguous parcels owned by them), maintain all such drainage ditches, swales and culverts common to their Lots in good order.

7.5.3 No Owner or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course without making adequate provisions with respect to neighboring Lots and Common Areas. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the Design Review Committee. Any Owner or Resident who changes the existing grading or drainage shall be strictly liable for all costs and expenses of repairing such changes, and any costs, liabilities, damages or causes of action arising out of such changes.

7.6 ***Shared Owner Maintenance and Repair Responsibilities With Respect to Party Walls***. Except as hereinafter provided, the rights and duties of Owners with respect to Party Walls (including perimeter walls separating Lots from adjacent streets, retaining walls or fences between Lots) and between an Owner and the Association with respect to Party Walls between a Lot and Common Area shall be as follows:

7.6.1 The Owners of contiguous Residential Lots or Residences who have a Party Wall, retaining wall or fence along their common boundary line shall both equally have the right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner. Retaining

walls located along common Lot lines shall be maintained by the Owner of the downhill Lot; provided, however, that the Owner of the uphill Lot may install a fence along the top of the retaining wall with the prior consent of the Design Review Committee and the Owner of the adjacent downhill Lot.

7.6.2 In the event that any Party Wall is damaged or destroyed through the act of an Owner or any of his/her tenants, agents, guests, or members of his/her family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Party Wall without cost to the Owner of the adjoining Lot. Any dispute over an Owner's liability for such damage shall be resolved as provided in subparagraph 7.6.5 below, but any liability imposed on an Owner hereunder shall not prevent the Owner from seeking reimbursement therefore from the persons causing such damage.

7.6.3 In the event any Party Wall is destroyed or damaged (including deterioration from ordinary wear and tear, lapse of time or act of God), other than by the act of an adjoining Owner, his/her tenants, agents, guests or family members, it shall be the obligation of all Owners whose Lots adjoin such Party Wall to rebuild and repair such Wall at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots on the Party Wall.

7.6.4 To avoid damage to, or accelerated deterioration of sound or screening walls erected by the Declarant along portions of the perimeter boundaries of the Development, no Owner or Resident shall erect or maintain any planting, planters or trellises adjacent to the Lot-side surface of the perimeter wall.

7.6.5 Any walls originally constructed by the Declarant and located along or adjacent to a Lot boundary line which separates the Lot from the perimeter of the Development or along the perimeter Lot line of any Phase of the Development (i.e., a wall constructed by the Declarant along or adjacent to a Lot line or Lot lines and adjacent Common Area parcels or an adjacent interior street within the Development) shall be maintained as follows: (i) the Owner of the adjacent Lot shall be responsible for maintenance of the interior surface of the perimeter wall in a clean and attractive appearance that is substantially the same as the wall's original appearance; and (ii) in all other respects, the perimeter wall shall be repaired, maintained and replaced by the Association.

7.6.6 Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

7.6.7 In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a Party Wall or with respect to any other matter in connection therewith, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association.

7.6.8 The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the Owner's Lot and shall pass to and be binding upon such Owner's heirs, assigns and successors in title.

ARTICLE 8 - USE OF PROPERTIES AND RESTRICTIONS

In addition to the restrictions established by law or by Community Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Lots, Common Areas, and other parcels within the Development:

8.1 ***Statement of Restrictions on Rights of Occupancy of Residences in Sun City Shadow Hills***.

8.1.1 Imposition of Age Restrictions, Generally. Each Residence within Sun City Shadow Hills, if occupied, must be occupied at the commencement of the occupancy by at least one (1) Qualifying Resident, as defined in Section 1.45 above. All other persons occupying a Residence shall be Qualified Permanent Residents (see Section 1.44) or a Permitted Health Care Resident (see Section1.41) (who may occupy a Residence for any period that such person is actually providing live-in, long-term, or hospice health care to a Qualifying Resident for compensation). The Qualifying Resident and Qualified Permanent Resident may have as guests, persons under fifty-five (55) years of age for periods of time, up to sixty (60) total days for each such guest in any calendar year. Notwithstanding the foregoing, no more than twenty percent (20%) of the occupied Residences within the Development shall be occupied solely by persons who are not Qualifying Residents. In accordance with the laws and regulations relating to developments that are intended to provide housing for older persons, at least eighty percent (80%) of the occupied Residences within Sun City Shadow Hills must have at least

one Resident who is a Qualifying Resident. Notwithstanding any exception or exemption which may be permitted under California Law, and to insure compliance with the Federal Fair Housing Amendments Act of 1988, at least eighty percent (80%) of the Residential Lots in Sun City Shadow Hills shall be occupied by at least one (1) person fifty-five (55) years of age or older. This Section and its subparagraphs are intended to comply with California Civil Code section 51.11, the Fair Housing Act Amendments of 1988, and the Housing for Older Persons Act of 1995, as they may be amended from time to time.

8.1.2 Termination of Right of Occupancy for Qualifying Permanent Residents Under Certain Circumstances. Except as otherwise provided in the next succeeding paragraph of this subparagraph 8.1.2 , upon the death or dissolution of marriage, or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident shall be entitled to continue his/her occupancy, residency, or use of the Residence. This right shall not apply to a Permitted Health Care Resident, whose rights of continued occupancy shall be determined in accordance with subparagraph 8.1.3 below.

If a person is a "Qualified Permanent Resident" by virtue of being a disabled person or a person with a disabling illness or injury who is a child or grandchild of the Qualifying Resident and the disabling condition ends, the Owner of the Residence or the Association Board of Directors may require the formerly disabled resident to cease residing in the Development upon receipt of six (6) months' written notice; provided, however, that the Owner or the Board of Directors may allow the person to remain a resident for up to one year after the disabling condition ends. In addition, the Owner of the Residence or the Board of Directors may take action to prohibit or terminate occupancy by a person who is a Qualified Permanent Resident on account of a disability or disabling illness or injury if the Owner or the Board of Directors, based on credible and objective evidence, finds that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation; provided, however, that the action to prohibit or terminate the occupancy of the disabled Qualified Permanent Resident may only be taken after doing both of the following:

(a) Providing reasonable notice to the disabled person whose occupancy is being challenged, as well as an opportunity to be heard. When notice is provided to the

disabled person, a copy of that notice shall also be provided to the co-resident parent or grandparent of that person; and

(b) Giving due consideration to the relevant, credible, and objective information provided at the hearing. The evidence shall be taken and held in a confidential manner pursuant to a closed session by the Owner of the Residence or the Board of Directors, as the case may be, in order to preserve the privacy of the disabled person whose occupancy is being challenged and other affected persons. A Qualified Permanent Resident who is the subject of such a hearing, as well as other affected persons, shall be entitled to have present at the hearing an attorney or other person authorized by the Qualified Permanent Resident or other affected persons to speak on their behalf or to assist them in the matter.

8.1.3 Continued Occupancy of a Residence by a Permitted Health Care Resident in the Absence of a Qualifying Resident. A Permitted Health Care Resident shall be allowed to continue his or her occupancy, residency, or use of the Residence as a permitted resident in the absence of the Qualifying Resident only if both of the following are applicable:

The Qualifying Resident's absence from the Residence was due to hospitalization or other necessary medical treatment, and the Qualifying Resident expects to return to his or her Residence within ninety (90) days from the date that the absence began; and

8.1.4 The absent Qualifying Resident or an authorized person acting for the absent Qualifying Resident submits a written request to the Owner or the Board of Directors stating that the Qualifying Resident desires that the Permitted Health Care Resident be allowed to remain in order to be present when the Qualifying Resident returns to reside in the Development. Furthermore, upon written request of the Qualifying Resident or an authorized person acting for the absent Qualifying Resident, the Owner or the Board of Directors shall have the discretion to allow a Permitted Health Care Resident to remain as an occupant for a time period longer than ninety (90) days from the date that the Qualifying Resident's absence began, if it appears that the Qualifying Resident will return to reside at the Residence within the Development within a period of time not to exceed an additional ninety (90) days.

8.2 ***Other Restrictions Regarding Lots and Residences***. In addition to the occupancy restrictions set forth in Section 8.1, the following additional restrictions are applicable to Lots and Residences within the Development:

8.2.1 Single Family Residential Use. All Lots within the Development which are zoned for residential use shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning, or other local governmental regulation.

8.2.2 Compliance With Minimum Construction Standards. All Residences and related structures erected on any Lot shall conform to the minimum construction standards set forth in Article 6, above, and in the Design Guidelines unless a variance has been granted by the Design Review Committee in accordance with Section 5.14, above.

8.2.3 Conveyance in Fee Simple. Each Lot shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration.

8.2.4 Maintenance of Lots. All Lots and the Residences and other Improvements erected or placed thereon (including, without limitation, landscaping) shall at all times be maintained in such a manner as to prevent the Residence, landscaping and other Improvements from becoming unsightly. The vegetation and landscaping on any Lot shall be planted or maintained by the Owner or Resident in such a manner as to reduce the risk of fire, prevent or retard shifting or erosion of soils, encourage the growth of indigenous groundcover, and cause the proper diversion of water into streets and natural drainage channels.

8.2.5 One Kitchen Limit. No more than one kitchen facility shall be installed or maintained in any Residence.

8.2.6 Owner's Obligations in Response to Major Damage or Destruction. In the event any Residence or other structure is damaged or destroyed, then, subject to the Design Review and approval requirements of Article 5 above, the damaged or destroyed Residence or other structure shall be promptly repaired or rebuilt, or the structure shall be demolished with all resulting debris removed from the Lot. See Section 11.4, below.

8.2.7 Quiet Enjoyment. Subject to the principle stated in Section 8.6, below, that no Owner or Resident shall engage in illegal, noxious, or offensive activities, each Resident shall limit

activities on his or her Lot that generate noise that may be offensive or annoying to neighboring Lot Owners or Residents of reasonable sensibilities to the hours between 9:00 a.m. and 7:00 p.m. Wind chimes shall be allowed unless the location of the wind chimes causes the chimes to be audible from the closed interior of a neighbor's Residence. Nothing in this paragraph is intended to limit the generality of the nuisance provisions set forth in Section 8. 6, below.

8.2.8 Payment of Individual Utility Charges. Each Owner shall be obligated to pay any and all Assessments for sewage, garbage collections, water, electricity, cable television, telephone, and other utilities, taxes, school assessments, and other charges assessed individually against his/her Lot. In Common Areas, some or all utilities may be metered in common, in which case each affected Owner will be responsible for his/her pro rata share of the common utility expense.

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

8.3.1 Limitation on Number of Common Household Pets. No more than three (3) common household pets may be kept on any Lot or within any Residence at any time, and in no event shall any pet be maintained for breeding or commercial purposes. The limitation of three (3) pets per household shall not apply to caged birds that are maintained within a Residence or to fish maintained in an aquarium. No other animals, livestock, or poultry of any kind shall be kept, bred, or raised on any Lot or in any Residence. Upon the written request of any Member, the Covenants Committee (see Section 13.6.4 below), or the Board of Directors if there is no Covenants Committee, shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal, bird, fowl, poultry, reptile, or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance, or whether the number of animals or birds on any such property is reasonable.

8.3.2 Pet Facilities. Unless approved by the Design Review Committee, which may use general guidelines adopted by the Board, no structures for the care, housing, or confinement of any pet on any Lot shall be maintained so as to be Visible from Neighboring Property.

8.3.3 Control of Pets Within Common Area. No pets shall be permitted upon Common Areas except as controlled on a leash or similar device held by its Owner or his agent.

8.3.4 No Tethering. No household pet shall be left chained or otherwise tethered in front of a Lot or in the Common Area. Pet Owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets in the Development.

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

8.3.6 Additional Pet Rules and Regulations. The Board of Directors shall have the right to establish and enforce additional rules and regulations defining in a uniform and nondiscriminatory manner what constitutes a "reasonable number" of pets depending on their size, disposition, and/or maintenance requirements and imposing standards for the reasonable control and keeping of household pets in, upon, and around the Development to ensure that the same do not interfere with the quiet and peaceful enjoyment of other Owners and Residents of Sun City Shadow Hills and/or persons who are using the Golf Courses.

8.4 ***Temporary Occupancy and Temporary Buildings***. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of Improvements on any property shall be removed promptly after the completion of construction.

8.5 ***Separate Buildings ,Storage Sheds, Firewood Storage, and Other Outside Storage Areas***. Except as set forth for pet structures in Section 8.3 above, and except for firewood storage structures as set forth below, no separate enclosed buildings or structures, storage buildings, or sheds, whether prefabricated, metal, or of any other construction whatsoever, and whether permanent or temporary, shall be placed, assembled, constructed, or otherwise maintained on any Lot in areas subject to prohibition of solid rear walls and fences, nor on any other Lot in such manner as to be Visible from Neighboring Property. Any firewood storage structures in areas with open fences must be inside yards, and all firewood storage structures in all areas must be approved by the Design Review Committee, subject to applicable zoning requirements

and other local ordinances, and to size limitations and other regulations as may be adopted by the Board. Woodpiles or other material shall be stored in a manner that will not attract rodents, snakes, and other animals or increase the potential for fire danger.

Except as provided for herein, no furniture, fixtures, appliances, or other goods and chattels not in active use shall be stored in any building or open area or on any Lot in such manner that such material is Visible from Neighboring Property provided, however, that in areas with open fencing firewood may be stored in side yards either in an approved storage structure or in a landscape-screened area as approved by the Design Review Committee.

8.6 ***Prohibition of Noxious Activities***. No illegal, noxious, or offensive activities shall be carried out or conducted upon any Lot or Common Area, nor shall anything be done within the Development that is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, this includes:

8.6.1 Noise Activities. No Owner shall permit noise including, but not limited to, barking dogs, the operation of stereo amplifier systems, television systems, horns, whistles, firecrackers, power tools, bells or other sound devices (except wind chimes and security devices used exclusively for security purposes) or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area. Owners of Lots adjacent to Golf Course fairways shall be obligated to be particularly attentive to restricting noise in yard areas adjacent to the fairways to levels that will not unreasonably disturb users of the Golf Course. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration. The Board in its sole discretion shall have the right to determine the existence of any nuisance.

8.6.2 Trash and Debris. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors (except manure when used as a lawn fertilizer) shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive, or detrimental to any other property (including a Common Area) in the vicinity thereof or to the occupants of such other property.

8.6.3 Outdoor Lighting. No lighting will be permitted which causes unreasonable glare to neighboring Owners, neighborhoods, or the Common Area; provided, however, the Association may

maintain lighting on, in, or around tennis courts, parking lots, within and around the Recreation Center, within other portions of the Common Areas, and other areas where such lighting is necessary or appropriate for the use and enjoyment of the community or for health and safety reasons. Portions of the Golf Course may also be illuminated.

8.6.4 Exterior Fires. No open fires shall be lighted or permitted within the Development except for (i) fires in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes (provided that such fireplace or unit is not located so as to direct an unreasonable amount of smoke onto a neighbor's property); (ii) fires within a safe and well-designed interior fireplace; or (iii) fires and burning related to the Declarant's construction and development activities so long as such burning is in compliance with local governmental regulations. No outdoor incinerators shall be kept or maintained on any Lot.

8.6.5 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot which shall induce, breed, or harbor infectious plant diseases or noxious insects.

8.6.6 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size, and style which are in accordance with City of Indio requirements. In no event shall such trash containers be maintained on any Lot so as to be Visible from Neighboring Property unless the containers are being made available for collection, and then only for the day of collection.

8.7 ***Clothes Drying Facilities***. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed, or maintained on any Lot so as to be Visible from Neighboring Property.

8.8 ***Machinery and Equipment***. No machinery or equipment of any kind shall be placed, operated, or maintained upon or adjacent to any Lot except: (a) such machinery or equipment as is usual and customary in connection with the use, maintenance, or construction (during the period of construction) of a building, appurtenant structures, or other Improvements; (b) that which the Association may require for the operation and maintenance of the Development; or (c) any machinery used by a Resident in a hobby, provided such use does not interfere with neighboring Residents and is otherwise in compliance with the applicable provisions of this Declaration.

8.9 ***Signs***. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible from Neighboring Property shall be erected or maintained on any Lot except:

8.9.1 Signs required by legal proceedings;

8.9.2 Noncommercial signs, posters, flags or banners allowed by Civil Code section 4710, including political signs, subject to the Community Rules;

8.9.3 No more than one identification sign for individual Residences;

8.9.4 No more than one "for sale" or one "for rent" sign for the individual Lot on which the sign is located;

8.9.5 Other signs, such as open house, or garage sale signs, or signs advising of the existence of security or surveillance services, or "no solicitation" signs, the nature, size, number, and location of which have been approved in advance and in writing by the Design Review Committee or are in accordance with written guidelines which may be developed and approved by the Design Review Committee;

8.9.6 Signs posted by the Association on a Common Area; and

8.9.7 Such other signs (including but not limited to builder signs, shopping center, apartment, and business identification signs) which are in conformance with the requirements of (or approved by) the City of Indio and which have been approved in writing by the Design Review Committee as to size, quantity, colors, design, message content, and location.

8.10 ***Restriction on Further Subdivision, Property Restrictions, and Rezoning***. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Board, which approval must be evidenced on the instrument creating the subdivision, easement, or other interest.

No further covenants, conditions, restrictions, or easements shall be Recorded by any Owner, or other person, against any Lot without the provisions thereof having been first approved in writing by the Board; and any covenants, conditions, restrictions, or easements Recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot, and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the Lot has been approved by the Board and the proposed use otherwise complies with this Declaration and any applicable Supplemental Declaration.

8.11 ***Overhead Encroachments***. No tree, shrub, or planting of any kind on any Lot shall be allowed to impede vehicular or pedestrian traffic or to obstruct the visibility of traffic and/or other street signs.

8.12 ***Vehicle and Parking Restrictions***. The following vehicle and parking restrictions shall apply to the Development:

8.12.1 Trucks, Trailers, Recreational Vehicles, Campers, and Boats. No motor vehicle classified by manufacturer rating as exceeding one (1) ton in gross carrying capacity, recreational vehicle, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer, or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed, or repaired on any Lot or on any street in the Development so as to be Visible from Neighboring Property; provided, however, the provisions of this Section shall not apply to pick-up trucks of one (1) ton or less capacity with camper shells not exceeding seven (7) feet in height measured from ground level and mini-motor homes and/or passenger vans not exceeding eight (8) feet in height and eighteen (18) feet in length that are parked as provided in subparagraph 8.12.3 below and are used on a regular and recurring basis for basic transportation. The provisions of this subparagraph 8.12.1 shall not apply to cleaning, loading or unloading, and short-term parking (not to exceed forty-eight (48) consecutive hours) of non-commercial vehicles which shall be permitted for a cumulative period not to exceed one-hundred and twenty (120) hours in any calendar month. In no circumstances will vehicles be used for overnight occupancy within the Development.

8.12.2 Motor Vehicle Maintenance/Inoperable Vehicles. No automobile, motorcycle, motorbike, or other motor vehicle shall be maintained, constructed, reconstructed, or repaired upon any Lot, street, or Common Area in the Development, and no inoperable vehicle may be stored or parked on any such Lot or street so as to be Visible from Neighboring Property, provided, however, that the provisions of this subparagraph 8.12.2 shall not apply to: (i) emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Design Review Committee; (ii) the parking of such vehicles during normal business hours in areas designated for parking in a non-residential Land Use Classification; and (iii) vehicles parked in garages on Lots.

8.12.3 Parking. In order to maintain a high quality aesthetic environment within the Development, on-street parking is prohibited overnight, except for vehicles parking pursuant to the short-term parking exception described in subparagraph 8.12.1 above. Vehicles of all Owners, Residents, and their guests and invitees, shall be kept in garages, on residential driveways on

the Lot, or in other designated parking areas. This subparagraph 8.12.3 shall not be construed to permit the parking in the above-described areas of any vehicle whose parking in the Development is otherwise prohibited or the parking of any inoperable vehicle. Private streets within the Development are required by fire safety regulations to limit any on-street parking to one side of the street. The initial determination about which side of the street will be open for parking shall be made by the Declarant and all private local streets shall be posted "No Parking" in accordance with the City of Indio regulations where parking is prohibited.

8.12.4 Restrictions Relating to Golf Carts and Use of Cart Paths.

(a) Authorized Golf Carts. The only golf carts (as defined in California Vehicle Code section 345) which shall be permitted to be operated within the Development shall be golf carts that are owned by the Association and made available to members and other players for use or carts purchased elsewhere which are approved for use within the development by the Association. The purpose of this restriction is to ensure a uniform and quality standard of maintenance and appearance for golf carts, and the carts permitted hereunder are referred to below as "authorized golf carts."

(b) Operation of Golf Carts on Streets and Cart Paths Within the Development. If permitted by a local ordinance adopted pursuant to sections 21115 or 21115.1 of the California Vehicle Code, it shall be lawful to drive authorized golf carts on streets within the Development in strict compliance with the rules and regulations set forth in the authorizing resolution or ordinance. Except as provided in the preceding sentence, authorized golf carts shall not be permitted to travel on any road or pedestrian/bicycle path within the Development, except to cross such roads or paths at designated locations. Golf carts shall remain on designated golf cart paths consistent with the above described general restriction unless the Community Rules or rules of the Golf Course provide otherwise.

(c) Restriction on Use of Cart Paths for Other Recreational Purposes. Golf cart paths shall not be used by members of the general public and shall not be used by any person for recreational activities unrelated to the game of golf,

such as jogging or bicycling, unless otherwise specifically authorized by the Association.

8.13 ***Health, Safety, and Welfare***. In the event additional uses, activities, and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners and Residents, the Board may make rules restricting or regulating their presence in the Development as part of the Community Rules or may direct the Design Review Committee to make rules or Design Guidelines governing their presence on Lots.

8.14 ***No Obstruction of Common Area***. There shall be no obstruction of the Common Area, nor shall anything be stored by Owners or Residents in or upon any portion of the Common Area without the written consent of the Association.

8.15 ***Window Covers***. Commonly accepted window coverings such as curtains, drapes, shutters, shades, or blinds may be installed as window covers. No window shall be covered with aluminum foil, cardboard, bed sheets, newspaper, or other not commonly accepted material.

8.16 ***Business Activities***. No business or commercial activities of any kind whatsoever shall be conducted in any Residence or on any portion of any Lot without the prior written approval of the Board; provided, however, the foregoing restriction shall not apply to the activities, signs, or activities of the Association in the discharge of its responsibilities under the Governing Documents.

Furthermore, no restrictions contained herein shall be construed in such a manner so as to prohibit any Owner from: (a) maintaining his or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional telephone calls or correspondence from a Residence; (d) engaging in other activities related to the resident's business profession that can be conducted from a Residence so long as the home or business activities generate no traffic, noise, or involve other employees or contractors in the Residence; (e) leasing or renting his or her Residence in accordance with Section 2.6 above; or (f) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (f), above, are expressly declared to be customarily incidental to the principal residential use and not in violation of this Section 8.16.

8.17 ***Activities Affecting Insurance***. Nothing shall be done or kept on any Lot or within the Common Area which will or could increase the rate of insurance relating thereto without the prior written consent of the Association, and no Owner shall permit anything to be done or kept on the Owner's Lot or the Common Area which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence, any Common Facility, or any part of the Common Area.

8.18 ***Variances***. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article 8 if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. The Board shall follow the variance procedures set forth in Section 5.14, above, for the granting of variances by the Design Review Committee.

8.19 ***Enforcement of Property Use Restrictions***. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of a design review or property use infraction that does not necessitate immediate corrective action under Section 13.6 below, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE 9 - EASEMENTS

9.1 ***Street Easements***. Each Owner and the Association shall have and is hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the streets and paved parking areas within the Development, subject to termination of such easement and the rights and restrictions set forth in this Declaration. The nonexclusive easement granted hereby to each Owner and to the Association is subject to the offer of dedication of such streets made upon the Subdivision Map and upon complete or partial acceptance of such offer by the County, said easement shall terminate and be of no further force or effect as to those streets or portions thereof accepted by the County.

9.2 ***Blanket Utility Easement***. There is hereby created a blanket easement upon, across, over and under the Common Areas for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and the master television antenna or cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Area at locations approved by the Design Review Committee. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Properties except as initially designed and approved by the Declarant or thereafter approved by the Association's Design Review Committee. The easements provided for in this Section shall in no way affect any other Recorded easement affecting any property comprising the Development.

9.3 ***Maintenance Easements***. An easement is hereby granted to the Declarant and the Association, their officers, agents, employees, and to any management company or contractor selected by the Declarant or the Association to enter in or to cross over the Common Area and any Lot to perform the Association's duties of maintenance and repair of the Lots, Common Areas, and Common Facilities as provided herein.

9.4 ***Easements in Favor of Declarant in Common Area***. For so long as Declarant is subject to a bond for uncompleted Common Facilities or has the right to annex additional properties to the Development pursuant to Article 15, below, Declarant shall have an easement for ingress to and egress from the Common Areas for the purpose of completing Improvements thereon or for the performance of necessary repair work and for entry on any portion of the Annexable Property in connection with the development of additional phases of the Overall Development.

9.5 ***Drainage Easements***. There is hereby created a blanket easement upon, across, over and under Lots and the Common Area for drainage of surface water, whether such water originates from surface streets, drainage basins, retention areas, Golf Course fairways, neighboring Lots or Common Area.

9.6 ***Easement for Golf Course Maintenance; Intrusion of Golf Balls and Golf Course Watering Over Spray***. There is reserved for the benefit of the Association, a non-exclusive right and easement appurtenant to the Golf Courses, as the dominant tenement, and burdening Lots and Common Areas as the servient tenement, for purposes of:

9.6.1 Over spray in connection with the watering of the roughs, fairways and greens on the Golf Courses;

9.6.2 For maintenance of a clean, attractive fairway edge and transition from the Golf Courses to the unimproved areas, if any, of adjacent Lots; and

9.6.3 For the intrusion of golf balls from the roughs, fairways and greens.

The Association shall not be liable to any Owner for any damage to person or property occasioned by such overspray or intrusion of golf balls. By accepting a Deed to the Owner's Lot, each Owner, on behalf of such Owner's family, guests or tenants, acknowledges and agrees to the same and releases the Association and its respective officers, directors, and employees from any and all liability in connection therewith.

Notwithstanding the foregoing, this easement is not intended to confer on any agents, guests, invitees, and members the right to enter any Lot for purposes of retrieving or playing any golf ball that falls within the boundaries of the Lot.

9.7 ***Other Easements***. Each Lot and its Owner, and the Association and Declarant, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Development and each Lot as shown on the Subdivision Map for any portion of the Development.

9.8 ***Priority of Easements***. Wherever easements granted to the County are, in whole or in part, coterminous with any other easements, the easements of the County shall have and are hereby granted priority over said other easements in all respects.

ARTICLE 10 - INSURANCE

10.1 ***Types of Insurance Coverage***. The Association shall, at the discretion of the Board of Directors, purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent they are available at a reasonable premium cost:

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

(a) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.

(b) Loss or damage from theft, vandalism or malicious mischief.

(c) Such other risks, perils or coverage as the Board of Directors may determine.

Such policy or the endorsement made a part thereof shall, subject to such insurance for flood and earthquake coverage being available in the market at commercially reasonable rates, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article 11, below, as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

10.1.2 Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, the Owners and

occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the Ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than Three Million Dollars ($3,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to common interest development projects similar in construction, location, facilities, and use.

10.1.3 Director's and Officer's Liability Insurance. To the extent such insurance is reasonably obtainable, the Association shall maintain individual liability insurance for its directors and officers providing coverage for negligent acts or omissions in their official capacities. The minimum coverage of such insurance shall be at least One Million Dollars ($1,000,000.00).

10.1.4 Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this Section, demolition insurance, flood insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than one hundred percent (100%) of each year's estimated annual operating expenses and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

10.2 ***Coverage Not Available***. In the event any insurance policy, or any endorsement thereof, required by Section 10.1, above, is for any reason unavailable, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

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

10.4 ***Trustee***. All insurance proceeds payable under Section 10.1, above, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

10.5 ***Adjustment of Losses***. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 10.1, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

10.6 ***Distribution to Mortgagees***. Subject to the provisions of Article 14, below, any Mortgagee has the option to apply insurance proceeds payable on account of a Lot in reduction of the obligation secured by the Mortgage of such Mortgagee.

ARTICLE 11 - DAMAGE OR DESTRUCTION

11.1 ***Common Facilities; Bids and Determination of Available Insurance Proceeds***. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter, the Board of Directors shall: (a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

11.2 ***Common Facilities: Sufficient Insurance Proceeds***. Subject to the provisions of Section 11.1, above, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstructed and restored substantially to the same condition in which they existed prior to the loss; provided, however, that in the event of a total destruction of the Common Facility, the Association shall not be obligated to restore the Facility to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Facilities will result in providing the Members with an improved Facility available for substantially the same use and enjoyment as the destroyed Facility.

11.3 ***Common Facilities: Insurance Proceeds Insufficient in an Amount Exceeding Association Special Assessment Authority***. In the event that any

Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds and capital replacement Reserves available to the Association for the repair, replacement or major reconstruction of the damaged or destroyed Facility are insufficient in an amount exceeding the dollar amount that the Board can raise without prior Member approval (see Sections 1.2 and 4.3, above), then the issue of whether repair or replacement of the Common Facility should be funded by a Special Assessment shall be presented to the Members for approval in accordance with Section 4.8, above. The solicitation materials distributed to the Members in connection with any such vote shall include sufficient replacement cost and bid information to enable the Members to make an informed decision and the issue shall be presented on the ballot with the following alternatives: (a) to repair, reconstruct and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose (with the amount of the Special Assessment stated); or (b) in the alternative, not to repair, reconstruct or restore the damaged or destroyed Common Facilities but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and their first Mortgagees may determine.

11.4 ***Damage or Destruction of Residences***.

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

11.4.2 Design Review Committee Approval. Any Owner whose Residence or other structural Improvements have been damaged or destroyed shall apply to the Design Review Committee for approval of plans for the reconstruction, rebuilding, or repair of the damaged or destroyed Residence or structure. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawings and elevations showing the proposed reconstruction and the end result thereof. The Design Review Committee shall grant such approval only if the design proposed by the Owner

satisfies the requirements for approval set forth in Section 5. 6, above.

11.4.3 Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) and the Design Review Committee shall be obligated to proceed with all due diligence hereunder to remove damaged structures (or portions thereof), prepare and process reconstruction plans and specifications and complete the repair and restoration work. At a minimum, whenever Owners are required to prepare and submit repair or reconstruction plans to the Design Review Committee, said submittal shall be made within sixty (60) days following the event and reconstruction shall commence within thirty (30) days following receipt of approval from the Committee. Reconstruction shall be completed within six (6) months following receipt of Committee approval. For good cause (including, without limitation, delays caused by inclement weather or the processing of insurance claims), the Design Review Committee may waive or extend any of the deadlines imposed by this subparagraph 11.4.3.

ARTICLE 12 - CONDEMNATION

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the Association as trustee for all Owners and Mortgagees according to the loss or damages to their respective interest in the Common Area. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints the Association as his or her attorney-in-fact for such purposes.

12.1 ***Distribution and Sale Proceeds of Condemnation Award***.

12.1.1 Total Sale or Taking. A total sale or taking of the Development means a sale or taking: (i) that renders more than fifty percent (50%) of the Lots uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking); or (ii) that renders the Development as a whole uneconomical as determined by the vote or written consent of sixty-six and two-thirds percent (66⅔%) of those Owners and their respective institutional Mortgagees whose Lots will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from

any sale or award are distributed. The proceeds of any such total sale or taking of the Development, after payment of all expenses relating to the sale or taking, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Lot bears to the fair market value of all Lots in the Development. The fair market value of Lots shall be determined in the condemnation action, if such be instituted, or by an appraiser.

12.1.2 Partial Sale or Taking. In the event of a partial sale or taking of the Development, meaning a sale or taking that is not a total taking as determined in subparagraph 12.1.1, above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

(a) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the court to be paid from the amount awarded; then

(b) To Owners and to their respective Mortgagees, as their interests may appear, of Lots in the Development whose Lots have been sold or taken, an amount up to the fair market value of such Lots as determined by the court in the condemnation proceeding or by an appraiser, less such Owners' share of expenses paid pursuant to Section 12.1.2, above (which share shall be in proportion to the ratio that the fair market value of each Owner's Lot bears to the fair market value of all Lots). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Development the Lots so sold or taken; then

(c) To any remaining Owner and to his or her Mortgagees, as their interest may appear, whose Lot has been diminished in value as a result of the sale or taking disproportionate to any diminution in value of all Lots, as determined by the court in the condemnation proceeding or by an appraiser, an amount up to the total diminution in value; then

(d) To all remaining Owners and to their respective Mortgagees, as their interest may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Lot bears to the fair market value of all remaining Owners' Lots as of a date immediately prior to commencement of condemnation proceedings, as determined by the court in the condemnation proceeding or by an appraiser.

12.2 ***Appraiser***. Wherever in this Article reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply the SREA or other national appraisal organization's standards in determining the value or fair market value of each Lot. The costs of such appraisals shall be paid from the condemnation proceeds as an expense of the Association.

ARTICLE 13 - BREACH AND DEFAULT

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

13.2 ***Nuisance***. Without limiting the generality of the foregoing Section 13.1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

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

13.4 ***Cumulative Remedies***. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default

or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

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

13.6 ***Rights and Remedies of the Association (Governing Document Enforcement)***.

13.6.1 Rights Generally. Except as otherwise provided in Section 4.10 (Assessment Collections) in the event of a breach or violation of any Community Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Facilities or suspension of the Owner's voting rights as a Member of the Association; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section.

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement pursuant to California Civil Code section 5975 or otherwise by law.

13.6.2 Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.10.2(f), above.

13.6.3 Definition of "Violation." A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to stop, repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

13.6.4 Limitations of Disciplinary Rights.

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

(b) Monetary Penalties. Monetary penalties imposed by the Association: (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure; provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an

Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in the Association's efforts to collect delinquent Assessments.

(c) Hearings and Summary Enforcement Rights. No penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Member alleged to be in violation is given at least ten (10) days' prior notice of the Board's intention to impose a penalty or discipline the Member (see subparagraph (d), below). Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five (5) days following the Association's disciplinary action), or on its own initiative, conduct a hearing on the matter.

(d) Conduct of Hearings and Notice. Disciplinary hearings may be before the Board or its duly appointed Covenants Committee and shall be scheduled at a date which is at least ten (10) days, but no more than thirty (30) days following the date that notice of the hearing is given to the Owner. The notice shall be given by either first-class mail, or by personal delivery and shall set forth the date, time and location of the hearing, a general description of the violation and a notice that the Member has a right to attend the hearing and address the Board or its duly designated Covenants Committee.

If the Board or its Covenants Committee imposes discipline on a Member, the Board shall provide the Member with a written notification of the action taken, within fifteen (15) days following the Association's action. That notice shall be given either by personal delivery or by first-class mail. In no event shall the effective date of

any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Development or any portion thereof.

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

(f) Appointment of a Covenants Committee. Acting pursuant to Section 10.1.3 of the Bylaws, the Board of Directors may, but shall not be obligated to, establish a Covenants Committee to hear and decide cases involving alleged violations of the Governing Documents. If no Committee is established, the Board shall perform this function. The Covenants Committee shall review written complaints from Lot Owners, the Association's property manager, or the Design Review Committee (for violations other than those relating to specific Improvement projects, which shall remain within the jurisdiction of the Design Review Committee) of alleged violations of the Governing Documents or Community Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s).

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

(g) Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association by resolution of the Board. Prior to the filing of any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of Five Thousand Dollars ($5,000)), the Association shall first comply with the provisions of California Civil Code section 5930 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

13.7 ***Assessment Collection Actions***. The notice and hearing procedures set forth in Section 13.6 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent Assessments. Assessment collections shall be subject to Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Association Assessment collection efforts.

13.8 ***Dispute Resolution Procedures Applicable to Declarant Disputes***. With respect to the Claims involving the Parties described in subparagraph (a), below, this Section 13.8 sets forth a process of progressive dispute resolution that has as its objective the prompt resolution of disputed Claims without the necessity of resort by any Party to civil litigation.

13.8.1 Description of Claims That are Subject to this Section 13.8. The provisions of this Section 13.8 shall apply to the following claims, disputes or controversies (collectively "Claims") between the Association and/or any Owner or Owners, on the one hand, and the Declarant (including any director, officer, shareholder, partner, employee or agent of the Declarant) or any builder, developer, subcontractor, material supplier, individual product manufacturer, or design professional involved in the construction or design of Residences or Common Facilities within the Development, on the other hand (collectively, the potential parties on either side of such Claims shall be collectively referred to in this Section 13.8 as the "Parties"):

(a) Claims Relating to Defects in Construction. This category of Claims includes any Claims asserted by or on behalf of an Owner against any director, officer, shareholder, partner, employee or agent of the Declarant (collectively, the Declarant Parties"), seeking recovery of damages relating to residential construction and/or violations of the functionality standards set forth in Civil Code sections 896-897 (those Claims are referred to

herein as "Title 7 Claims") and/or any Claims by the Association that are subject to Civil Code sections 6000-6100 (those Claims are referred to herein as "Calderon Claims"). See subparagraph (c), below.

(b) Claims Covered by Warranty Contracts. This category of Claims includes any Claims asserted by or on behalf of an Owner against the Declarant or any Declarant Parties relating to alleged deficiencies in the quality of workmanship or materials in the Owner's Residence, its components, or the Development that are defined as "Covered Claims" in the Declarant's Warranty Agreement or in any warranty provided by the manufacturer of a product that is installed in the Residence, such as windows, doors, roofs, plumbing products and fixtures, fireplaces, electrical fixtures, countertops, cabinets, paint, and appliances. See subparagraph 13.8.4, below; and

(c) Other Claims and Disputes Between an Owner and the Declarant. The third category of Claims includes any other Claim asserted by or on behalf of an Owner against the Declarant and any Declarant Parties involving any purchase agreement for the Owner's Residence executed by and between the Owner and the Declarant (including, without limitation, claims for breach of contract, fraud, or misrepresentation), Claims involving alleged breaches of the Governing Documents of Sun City Shadow Hills (including, without limitations, claims alleging a breach of any covenants, conditions and restrictions or claims for fraud or breach of fiduciary duty, and any Claims involving alleged breaches of any other documents provided by the Declarant or any Declarant Parties to an Owner in connection with the purchase of a Residence in the Development. See sub-paragraph 13.8.5, below.

13.8.2 Resort to Customer Service and Warranty Programs. If the Declarant has a customer service program in effect to respond to Owner complaints regarding matters that are identified as Claims, in subparagraph 13.8.1, above, Owners are encouraged to endeavor to resolve those Claims with the Declarant through the normal customer service procedures set forth in the customer service program or in any contractual, warranty, or other builder-generated document. As provided in Civil Code section 910(b), any requests that an Owner makes pursuant to such warranties or customer service procedures are in addition to, and shall not constitute satisfaction of, the notice

requirements identified in subparagraph (c), below. Owners are advised that if they wish to pursue Claims that are covered by any contractual warranty issued or provided by the Declarant or any manufacturer of a product or component of the Owner's Lot or Residence, the provisions of the applicable contractual warranty are not affected by the provisions of this Declaration, including this Section 13.8. In other words, if an Owner desires to enforce a contractual warranty, the notice and dispute resolution provisions of the applicable warranty must be followed, rather than the procedures set forth below.

If the Claim cannot be resolved between the Parties through the customer service program process or applicable warranty procedures, the Claim shall first be subject to the applicable non-adversarial dispute resolution procedures identified in subparagraph 13.8.3, below, and if those procedures are unsuccessful in resolving the Claim to the satisfaction of the Parties, the Claim shall be decided through the arbitration procedure set forth in subparagraph 13.8.4, below. Alternatively, Declarant, an Owner or the Association may elect to resolve such Disputes through a small claims court proceeding.

13.8.3 Notice of Actions Against Declarant and Compliance with Applicable Non-Adversarial Pre-Litigation Dispute Resolution Procedures. Prior to the initiation of any civil litigation to resolve disputed Claims, the Parties to any Claim shall comply with the following provisions of the Civil Code, as subsequently amended from time to time, to the extent those provisions are applicable to the Claim:

(a) Civil Code section 6150 (which obligates associations to notify their members prior to filing a civil action against the Declarant or other developer for alleged damage to the Common Areas or to those portions of any Lots or Residences that the Association is obligated to repair, maintain or replace);

(b) Civil Code sections 910 through 938 (which set forth certain notice and non-adversarial pre-litigation dispute resolution procedures with respect to any Claims seeking recovery of damages relating to defects in residential construction); and

(c) Civil Code section 6000 (which sets forth certain notice and non-adversarial pre-litigation dispute resolution procedures prior to an association's initiation of an action for damages against a builder of common interest development property).

The Notice requirements of this subparagraph 13.8.3 are in addition to any contractual notice requirements set forth in any limited warranty given to an Owner by the Declarant or any manufacturer of a product installed in the Owner's Residence. Furthermore, to the extent the provisions of Civil Code sections 910 through 938, inclusive, are enforced and those provisions are substantially similar to provisions in Civil Code section 6000, Civil Code section 935 provides that the Parties shall be excused from performing the substantially similar requirements under section 6000 of the Civil Code (see Civil Code section 935).

13.8.4 **ARBITRATION OF DISPUTES. THIS PROCESS INVOLVES WAIVER OF THE RIGHT TO A JURY TRIAL. BY EXECUTING THIS DECLARATION AND BY EXECUTING A DEED TO ANY PORTION OF THE PROPERTY, RESPECTIVELY, DECLARANT, EACH OWNER AND THE ASSOCIATION, AGREE TO BE BOUND BY THE PROVISIONS OF THIS SUBPARAGRAPH 13.8.4**.

(a) Agreement to Arbitrate. The Association, each Owner and Declarant shall resolve any Claim not resolved as provided in subparagraph (b), above, exclusively through binding arbitration in the County. This arbitration provision shall apply to Claims of any kind or nature described in subparagraph (a) above, regardless of when the Claim first arose of the nature of the relief sought.

(b) Rules. Claims shall be resolved in accordance with the construction industry arbitration rules of the AAA, the AAA's Supplementary Procedures for Consumer/ Residential Construction Disputes (collectively, the "Rules") and the terms of this Agreement.

(c) Preliminary Procedures. If state or federal law requires Declarant or Owner to take steps or procedures before commencing an action in court, then Declarant or Owner must take such steps or follow such procedures, as the case may be, before commencing the arbitration. For example, any claims or disputes pursuant to California Civil Code section 895 et seq., as hereafter amended may be subject to the non-adversarial procedures set forth in California Civil Code sections 910 through 938, prior to the initiation of any arbitration or small claims court proceeding against Declarant. In addition, nothing contained herein shall be deemed a waiver or limitation

of the provisions of California Civil Code sections 5985, 6000, or 6100.

(d) Arbitrator. The dispute shall be heard and determined by a single neutral arbitrator. The arbitrator shall have expertise in the area of the dispute. Selection of the arbitrator shall comply with California Code of Civil Procedure sections 1297.121 and 1297.124. The arbitrator shall be selected according to the Rules, but in no event more than sixty (60) days from the date the administrator receives the claims. If the parties cannot mutually agree upon an arbitration agency, the dispute shall be referred to the local office of the AAA.

(e) Joinder. The parties may join other parties as provided in the Rules except that Owner may not join Owner's Claims against Declarant with the Claims of any other homeowners. The parties may include Declarant subcontractors and suppliers in the arbitration to the extent they involve Owner's Claims.

(f) Location. The venue of the arbitration may be in the Residence if Owner agrees, but otherwise shall be held in the County where the Residence is located unless the parties agree otherwise. The arbitration shall commence, be conducted and conclude promptly, in accordance with the Rules.

(g) Award. The arbitrator is authorized to provide all recognized remedies available in law or equity for the Claims. The award of the arbitrator shall be in compliance with the statutes and case law of the State of California then in effect and shall be accompanied by detailed written findings of fact and conclusions of law. Any award rendered by the arbitrator may be conformed, entered and enforced, in any court having jurisdiction.

(h) Confidential. Except as may be required by law or for confirmation of the award, neither the parties nor the arbitrator may disclose the existence, content or results, of the arbitration hearing with the prior written consent of both parties.

(i) Fees. Declarant will advance the fees and costs necessary to initiate and conduct the arbitration. If Declarant is the prevailing party in the arbitration, the arbitrator may, to the extent permitted by law and the

Rules, direct Owner to reimburse Owner for up to one half of the fees Declarant has advanced. Each party shall bear their own attorneys' fees and costs.

(j) Small Claims Court. This provision shall not apply to any claim that can be properly brought by Owner without legal counsel in small claims court. However, any appeal from the small claims jurisdiction to a higher court shall be governed by this provision.

(k) Statute of Limitations. The arbitration must be filed within the applicable warranty period or within the statute of limitations applicable to the Claim.

(l) Conflict. In the event of a conflict between the arbitration procedures set forth in the Purchase Agreement and the dispute resolution procedures set forth in this Declaration of Conditions, Covenants and Restrictions applicable to a Residence ("CC&Rs"), the dispute resolution procedures set forth in the CC&Rs shall govern all disputes to which the homeowners association is, or later becomes, a party. For all other disputes, the terms set forth in this Agreement shall control.

(m) Severability. If the arbitrator or any court determines that any provisions of this arbitration section are unenforceable for any reason, that provision shall be severed, and proceedings agreed to in this arbitration section shall be conducted under the remaining enforceable terms of this arbitration section.

13.8.5 AGREEMENT TO ARBITRATION AND WAIVER OF JURY TRIAL.

(a) AGREEMENT TO ARBITRATION OF CLAIMS. BY EXECUTING THIS DECLARATION, DECLARANT AND BY ACCEPTING A DEED TO ANY PORTION OF THE PROPERTY, EACH OWNER AND THE ASSOCIATION AGREE TO HAVE ANY CLAIM, AS DEFINED IN SUBPARAGRAPH (a) OF THIS SECTION 13.8, DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT PURSUANT TO SUBPARAGRAPH (d), ABOVE, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND OWNER AND DECLARANT ARE GIVING UP

ANY RIGHTS DECLARANT, OWNER AND THE ASSOCIATION MIGHT POSSESS TO HAVE THE CLAIM LITIGATED IN A COURT OR JURY TRIAL. DECLARANT, OWNER AND ASSOCIATION ARE GIVING UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION 13.8. IF DECLARANT, ANY OWNER OR THE ASSOCIATION REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.

(b) WAIVER OF JURY TRIAL. IN THE EVENT THE FOREGOING ARBITRATION PROVISIONS OF THIS SECTION 13.8 ARE HELD NOT TO APPLY OR ARE HELD INVALID, VOID OR UNENFORCEABLE IN THEIR ENTIRETY FOR ANY REASON, ALL CLAIMS SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. THE JUDGE IN SUCH COURT OF COMPETENT JURISDICTION SHALL HAVE THE POWER TO GRANT ALL LEGAL AND EQUITABLE REMEDIES AND AWARD COMPENSATORY DAMAGES. DECLARANT, BY EXECUTING THIS DECLARATION AND EACH OWNER AND THE ASSOCIATION BY ACCEPTING A DEED TO ANY PORTION OF THE DEVELOPMENT, HEREBY WAIVE AND COVENANT NOT TO ASSERT THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY OF ANY CLAIMS, INCLUDING, BUT NOT LIMITED TO, CLAIMS RELATING TO CONSTRUCTION DEFECTS, MISREPRESENTATION OR DECLARANT'S FAILURE TO DISCLOSE MATERIAL FACTS. THIS MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING UPON THE RESPECTIVE SUCCESSORS AND ASSIGNS OF SUCH PARTIES AND UPON ALL PERSONS AND ENTITIES ASSERTING RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF THE DECLARANT, ANY OWNER, OR THE ASSOCIATION OR THE SUCCESSORS AND ASSIGNS OF ANY SUCH PARTIES.

13.8.6 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 of the Arbitrators may be filed in any court of competent jurisdiction in the county in which the Development is located, but the award may be vacated, modified or corrected only as permitted by the Federal Arbitration Act.

13.8.7 Severability. In addition to and without limiting the effect of any general severability provisions of this Declaration, if the Arbitrator or any court determines that any provisions of this Section 13.8 are unenforceable for any reason, that provision shall be severed and the proceedings agreed to in this Section 13.8 shall be conducted under the remaining enforceable terms of the Section.

ARTICLE 14 - PROTECTION OF MORTGAGEES

14.1 ***Assessment Lien Subordinated***. Any lien created or claimed under the provisions of Article 4 above, shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Article 4, above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such Recorded Mortgage.

14.2 ***Amendment of This Declaration*** Except where an amendment has been approved in accordance with Section 14.12, below, no amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 14.1 above, which is made in good faith and for value, if such Mortgage is Recorded and notice of the delivery and Recording thereof is given to the Association prior to the Recording of such amendment.

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

14.4 ***Breach: Obligation After Foreclosure***. No breach of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any Recorded Mortgage made in good faith and for value and encumbering any Lot.

The Association or its successors and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration as it may be amended from time to time with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.

14.5 ***Exchange of Information***. The Association shall, at the written request of any Mortgagee, insurer or guarantor, notify such party of:

14.5.1 Any condemnation or casualty loss that affects either a material portion of the Development or the Lot(s) securing the Mortgage;

14.5.2 Any delinquency of sixty (60) days or more in the payment of Assessments or charges owed by the Owner(s) of the Lot(s) securing the Mortgage;

14.5.3 A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

14.5.4 Any proposed action of the Association that requires the consent of a specified percentage of Eligible Mortgagees (see Section 14.12.1, below, for definition of "'Eligible Mortgagee").

To be entitled to receive this information, the Mortgagee, insurer or guarantor must send a written request to the Association, stating both its name and address and the number or address of the Lot(s) securing the Mortgage. Any Mortgagee of any Lot is hereby authorized to furnish to the Board of Directors, upon written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a Mortgage and the amount and due date of any delinquent payment or payments of such indebtedness.

14.6 ***Certain Restrictions Affecting the Association***. Notwithstanding any other provisions of this Declaration, without the prior written consent of at least sixty-seven percent (67%) of the Owners or sixty-seven percent (67%) of the first Mortgagees, such percentage to be based upon the total number of Lots so mortgaged, with each such Mortgagee entitled to one vote for each Lot, the Association shall not:

14.6.1 By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area or any Improvements thereon (except that the granting of any easement for public utilities, or for other public purposes consistent with the intended use of the Development, shall not be deemed a "transfer" as that term is used in this subparagraph 14.6.1);

14.6.2 Change the method provided for in this Declaration of determining the Assessments or other charges which may be assessed against an Owner, or the method of allocating

distributions of hazard insurance proceeds or condemnation awards;

14.6.3 By act or omission, change, waive or abandon the scheme of maintenance and repair of the Development, or the enforcement thereof, as provided for in this Declaration;

14.6.4 Fail to maintain fire and extended coverage insurance on the Common Facilities in the amount and against the risks provided for in Section 10.1; and

14.6.5 Use any insurance proceeds received as a result of the loss or damage to the Common Facilities for any purpose other than the repair, replacement or reconstruction of such Common Facilities.

14.7 ***Right of First Mortgagees to Make Certain Payments and Right of Reimbursement Therefore***. The holders of first Mortgages on the Lots shall have the right (but not the obligation), jointly or singly: (a) to pay taxes and/or other Assessments or charges which are in default and which may or have become a lien or charge against the Common Facilities; (b) to pay overdue premiums on casualty insurance policies for the Common Facilities; and (c) to secure and pay for new casualty insurance coverage on the Common Facilities upon the lapse of any such policy, in the amount and against the risks provided for in Section 10.1, above. Any first Mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Association. Upon the request of any first Mortgagee, the Association shall, by separate instrument, signed by the president or any vice president and the secretary, evidence its agreement to the provisions of this Section as the same affects the Mortgage held by such Mortgagee.

14.8 ***Right to Examine Books and Records of the Association***. All Mortgagees, insurers and guarantors of any Mortgages on any Lot shall have the right, upon written request to the Association, to:

14.8.1 Examine current copies of the Governing Documents and the Association's books, records and financial statements, during normal business hours;

14.8.2 Require the Association to provide an audited statement for the preceding fiscal year at no expense to the requesting entity; and

14.8.3 Receive a written notice of all meetings of the Association and designate a representative to attend all such meetings.

14.9 ***Notices to First Mortgagees***. The Association shall furnish to the holder of any first Mortgage on any Lot or on the Common Area, upon written request by the first Mortgagee, thirty (30) days' prior written notice of: (a) abandonment or termination of the Association; (b) the effective date of any proposed material amendment to the Declaration; (c) the effectuation of any decision by the Association to terminate

professional management, if any, and assume self-management of the Development; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located in or on the Common Area.

14.10 ***Superiority of Mortgage to Condemnation Proceeds***. If any Lot, or portion thereof, or the Common Area, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Lots or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

14.11 ***Superiority of Mortgage to Insurance Proceeds***. In the event of any substantial damage to or destruction of the Improvements on any Lot, or on any part of the Common Area, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

14.12 ***Approval of Material Amendments or Termination***.

14.12.1 Material Amendments. In addition to the approvals required by Article 21, below (Amendments), Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any amendment to this Declaration of a material nature. An Eligible Mortgagee is the beneficiary of a first Mortgage who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees. A change to any of the following would be considered as material:

(a) Voting rights;

(b) Assessments, assessment liens or the priority of assessment liens;

(c) Reserves and responsibility for maintenance, repair and replacement of the Common Area;

(d) Convertibility of Lots into Common Area and vice versa;

(e) Annexation or deannexation of property to or from the Development;

(f) Insurance or fidelity bonds;

(g) Leasing of Lots;

(h) Imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;

(i) A decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or by an Eligible Mortgagee;

(j) Restoration or repair of the Development (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;

(k) Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs; or

(l) Any provisions that expressly benefit Mortgagees, insurers or guarantors.

14.12.2 Termination. In addition to the approvals required by Article 21, below, Eligible Mortgagees who represent at least sixty-seven percent (67%) of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any proposed termination of the legal status of the project for reasons other than substantial destruction or condemnation of the Development.

14.12.3 Implied Approval. Each Eligible Mortgagee which receives notice of a proposed amendment or termination of this Declaration by certified or registered mail, with a "return receipt" requested, shall be deemed to have approved the amendment or termination if the Eligible Mortgagee fails to submit a response to the notice within thirty (30) days of receiving the notice.

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

14.14 ***Declaration to Conform With Mortgagee Requirements***. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws and the Development in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Lot or necessary to purchase, guarantee, insure or subsidize any Mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Veterans' Administration.

ARTICLE 15 - ANNEXATION, SUPPLEMENTAL DECLARATIONS

15.1 ***Unilateral Annexation***. Declarant shall have the right to annex from time to time all or any portions of the Annexable Property (i.e., the lands more particularly described in Exhibit "C"). Such annexation shall require the approval of the Association through its Board.

15.2 ***Other Annexations***. In addition to annexations effected by the Declarant pursuant to Section 15.1, annexations of other real property may be made by Declarant with the approval by vote or written consent of Members entitled to exercise not less than two-thirds (⅔) of the Voting Power of the membership of the Association. The affirmative vote of at least two-thirds (⅔) of the voting power of Members other than Declarant shall be required to approve annexations pursuant to this Section 15.2. Upon obtaining the requisite approval of the Members pursuant to this Section, Declarant shall Record a Declaration of Annexation and, if appropriate, a Supplemental Declaration.

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

15.4 ***Amendment of Annexation Provisions***. Until such time as the Declarant no longer has any rights of unilateral annexation pursuant to Section 15.1, above, this Article may not be amended without the written consent of the Declarant, unless at the time of the amendment all property constituting Annexable Property has been annexed to the Development.

ARTICLE 16 - COVENANTS, RESTRICTIONS AND DISCLOSURES RELATING TO THE GOLF COURSES

16.1 ***Lots/Parcels Abutting Golf Courses***. The provisions of this Section 16.1 shall be subject to modification by Supplemental Declarations affecting any Lots which abut property used or intended for use as a Golf Course so long as those Supplemental Declarations, if any, are approved by both the Declarant and the Association. Except as so modified, Lots which abut property used or intended for use as a Golf Course may contain a non-development area extending into the Lot from its boundary with the property used or intended for use as a Golf Course. Such areas shall serve primarily to buffer Golf Course areas from development. Where such non-

development area exists, it will be owned by the Owner of the Lot in question, but it shall be subject to restrictions prohibiting structural improvement (including fences) and other uses or activities that would interfere with the visual or practical advantage of such buffer areas. The existence and dimensions of all such non-development areas within a Lot may be shown or noted in a Supplemental Declaration or in Design Guidelines promulgated in connection with the Initial Covered Property or any Subsequent Phase. Specific obligations or prohibitions to be observed by an Owner of such Lot may be noted on the Recorded map, or in the Declaration of Annexation, or Design Guidelines, or may be established by Rules of the Board to supplement (but not to contravene) this Master Declaration, or may be established in a Supplemental Declaration applicable to a particular Lot.

16.2 ***Matters Regarding Lot Ownership Resulting from Proximity to Golf Courses***. Portions of the Overall Development have been developed and operated by the Association as Golf Courses and related recreational amenities. The purpose of this Section 16.2 is to provide notice to Owners of Lots adjacent to any portion of the Golf Courses of certain matters and conditions that may affect their use and enjoyment of their property. Each Owner who acquires a Lot acknowledges, accepts and assumes the risk of the special benefits and burdens associated with the proximity of the Owner's Lot to Golf Course facilities. The Association shall not be liable for personal injury or property damage caused by any matter described or disclosed in this Section 16.2, and each Owner, by accepting a deed to his or her Lot acknowledges and agrees to this limitation on liability and releases the Association from any and all liability in connection with the following described risks and conditions, on behalf of the Owner, his or her family, guests, tenants and invitees:

16.2.1 Errant Golf Balls; Risk of Injury. Each Owner acknowledges that Ownership of property adjacent or in proximity to a Golf Course results in certain foreseeable detriments and risks, including, without limitation, the risk of damage or injury from errant golf balls, that some Lots due to location will experience a greater volume of errant golf balls than other Lots, and that an Owner's use and enjoyment of their Lot may be limited as a result. Each Owner accepts the detriments and expressly assumes the risks of owning property adjacent or in proximity to a Golf Course and agrees that the Association shall not be liable to the Owner or to anyone claiming any loss, damage or personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon or arising out of the location or proximity of the Owner's Lot to a Golf Course. Each Owner of a Lot located in Sun City Shadow Hills hereby agrees to indemnify and to hold harmless the Association against any and all claims by the Owner or his or her invitees arising from errant golf balls, including, without limitation, personal or property damage or injury.

16.2.2 View Impairment/Privacy. Owners of Lots, including Owners of Lots abutting a Golf Course, have no guarantee that their view over and across the Golf Course will be forever preserved without impairment or that the view from the Golf Course will not be impaired. The Association has no obligation to prune or not prune trees or other landscaping and the Association has reserved the right, at its sole and absolute discretion, to add, change or reconfigure the Golf Course, including any trees, landscapes, tees, bunkers, fairways and greens.

16.2.3 Pesticides and Fertilizers. Pesticides, fertilizers and other chemicals will be utilized in connection with the Golf Courses and the Owners acknowledge, accept the use and assume the risk of such pesticides, fertilizers and chemicals.

16.2.4 Overspray. Owners of Lots, particularly Owners of Lots abutting any Golf Course, may experience "overspray" from the Golf Course irrigation system, and the Owners acknowledge, accept and assume the risk of such "overspray." Water used to irrigate the Golf Courses may be recycled water as well as untreated irrigation water obtained from the local water agency. The Association shall not be liable to any Owner for any damage to person or property occasioned by such overspray. By accepting a Deed to the Owner's Lot, each Owner, on behalf of such Owner's family, guests or tenants, acknowledges and agrees to the same and releases the Association and its respective officers, directors, and employees from any and all liability in connection therewith.

16.2.5 Noise and Light. Owners of Lots, particularly Owners of Lots in proximity to any Clubhouse or maintenance facility, may be exposed to lights, noise or activities resulting from use of the Clubhouse for dining and entertainment and use of the parking lot, and the Owners acknowledge, accept and assume the risk of such light, noise or activities.

16.2.6 Maintenance. Golf courses require daily maintenance, including mowing, irrigation and grooming, during early morning and evening hours, including without limitation the use of tractors, blowers, pumps, compressors and utility vehicles. Owners of Lots, particularly Owners of Lots in proximity of the Golf Courses, will be exposed to the noise and other effects of such maintenance, and the Owners acknowledge, accept and assume the risk of such noise and effects.

16.3 ***Successive Owners***. With the exception of the disclosure set forth in Section 17.4, below, the provisions of this Article 16 are intended to be covenants

running with the land, and shall be for the benefit of both the Golf Courses and each Lot in the Development. The provisions of this Article 16 shall benefit and be binding upon each successive Owner of a Lot in the Development, and upon each person having an interest therein derived through any Owners thereof

ARTICLE 17 - COVENANTS AND RESTRICTIONS FOR THE BENEFIT OF ADJACENT COMMERCIAL LAND OWNER

17.1 ***Identification of Property Benefited by This Article 17***. Granite Construction Company, a California corporation ("Granite"), is the Owner of that certain real property located in Riverside County, State of California, that is more particularly described in Exhibit "D," attached hereto (the "Mining/Construction Property"). In furtherance of the Declarant's plan for the development, improvement and sale of Sun City Shadow Hills in accordance with this Declaration, the following covenants, restrictions and disclosures are included in this Declaration for the benefit of Granite and its successors in interest as to the Mining/Construction Property, for so long as such property is used for the purposes described in this Article.

17.2 ***Description of Current and Possible Future Uses of the Mining/Construction Property***. Granite and certain of its affiliates are in the business of conducting the following permitted uses on the Mining/Construction Property:

17.2.1 Processing sand and gravel and other natural resources on or from the Mining/Construction Property for the manufacturing operations of Granite and its affiliates, as well as for wholesale and retail sales, including hauling, conveying, crushing, screening, brushing, washing, and the use of settlement ponds;

17.2.2 Manufacturing, batching and delivering ready-mix concrete, asphalt and other products, which use rock, sand and/or gravel on or from the Mining/Construction Property;

17.2.3 Operating a recycling facility for construction related materials;

17.2.4 Surface mining, excavating, drilling, and blasting operations on or over all or a portion of the Mining/Construction Property to extract rock, sand, gravel and soils;

17.2.5 Construction staging, construction material storage facilities and all other related activities that support the Granite heavy civil road building and repairing activities, and

17.2.6 Transportation and trucking operations relating to the activities described in subparagraphs 17.2.1 through 17.2.5 of this Section 17.2,

The business of Granite and its affiliates as described in this Section 17.2, together with uses incidental thereto, that is being or may be operated on a twenty-four (24) hour basis, seven (7) days per week, and otherwise substantially as presently being conducted on and about the Mining/Construction Property, are collectively referred to herein as the "Mining/Construction Operations." The phrase "substantially as presently being conducted on and about the Mining/Construction Property" as used herein shall mean as conducted on the date that this Declaration is Recorded, and include variances from such conduct due to certain events including, but not limited to (a) market conditions, (b) weather, (c) labor problems, (d) transportation and fuel problems, (e) civil disobedience, insurrection or war, (f) floods, earthquakes and other natural calamities, and (g) supply and demand.

Granite and/or its affiliates have obtained or may in the future obtain, renew or extend certain entitlements to conduct the Mining/Construction Operations, which may include, but not be limited to: (a) mining and reclamation plans and approvals, (b) building permits, (c) watercourse diversion, damming, blockage and encroachment permits, (d) site plan approvals, (e) environmental study approvals, (f) business licenses, (g) hauling permits, (h) Subdivision Maps, (i) Lot line adjustments, (j) parcel maps, (k) environmental impact reports, supplements and/or amendments thereto, (l) waste cleanup and disposal permits with respect to wastes generated by the Mining/Construction Operations, (m) recycle operations approvals, (n) negative declarations, (o) sound, traffic and dust study approvals, (p) air quality control approvals and permits, and (q) those other approvals and consents by Governmental Agencies which Granite, its affiliates or their respective successors-in-interest and assigns deem necessary or appropriate to conduct the Mining/Construction Operations (collectively, the "Permits") from any or all federal, state, county and municipal governments, governmental agencies, departments, divisions and districts having jurisdiction over all or any portion of the Mining/Construction Operations ("Governmental Agencies").

17.3 ***Notice of Potential Impacts of Mining/Construction Property Activities***. The current and possible future uses of the Mining/Construction Property and the Mining/Construction Operations, as described in Section 17.2, above, may cause certain impacts including, but not limited to: noise, blast, shock, dust, fumes, smoke, visual effects, heavy vehicular traffic, vibration, and odors, which impacts may interfere with (i) the conduct of business and the comfortable enjoyment of life by Declarant and the Declarant's successors-in-interest and assigns, including but not limited to, purchasers of or lessees of Lots and Residences within the Development, Owners of facilities within the Development, any homeowners' associations or corporations formed for the Development, and their invitees, guests, animals and pets and (ii) the use of the Declarant's property.

Accordingly, Declarant for itself, its shareholders, officers, directors, partners, employees, agents, affiliates and related entities, and each of Declarant's respective successors-in-interest and assigns who become successor Declarants or co-Declarants under this Declaration (collectively, the "Declarant Entities"), and each of them, hereby: (a) acknowledge and agree that the Mining/Construction Operations are being or may be operated on a twenty-four (24) hour basis, seven (7) days per week, upon the

Mining/Construction Property; and (b) with respect to the Development, agree not to interfere with Granite's, or Granite's successor's use of the Permits, nor shall they be entitled to injunctive relief to abate, prevent, hinder, limit or control such Mining/Construction Operations that are conducted in accordance with all applicable Permits and approvals from Government Agencies. Nothing in this Section 17.3 is intended to bind any subsequent Owner or resident of a home in the Development or the Association from exercising their rights as citizens to appear at public hearings or to communicate with Government Agencies or to exercise any other legal or equitable rights and remedies they may enjoy under law.

17.4 ***Waiver and Release by Declarant and Successor Declarants***. The Declarant and any Successor Declarant (as defined in Section 1.15, above), hereby waive and release any rights, claims, complaints, objections, protests, actions, judgments, liabilities, demands, losses, fees, costs and expenses (collectively, "Claims") of every nature and kind, known, suspected or unsuspected, whether arising now or in the future, arising out of or relating to any Mining/Construction Operations on or about the Mining/Construction Property, whether now existing or hereafter lawfully conducted or commenced, including, without limitation, all Claims based upon nuisance damage resulting from, directly or indirectly, sand, gravel, dust, smoke, noise, blast, shock, or odor or other elements emanating from the Mining/Construction Property into, on, over, under or about the Declarant Property.

17.5 ***Notification of Adjacent Owner's Future Commercial and/or Industrial Development***. Thomas DiMare and DiMare Enterprises ("DiMare") are Owners of that certain real property located adjacent to Sun City Shadow Hills. Pursuant to the DiMare Development Agreement with the City of Indio, DiMare may develop their property as an area to contain residential villages with a mix of housing types, village centers and mixed use areas, including commercial and/or industrial purposes. Any future project shall be developed in accordance with the Specific Plan except for such changes which may be mutually agreed upon between DiMare and the City of Indio. Declarant has no control over property owned by DiMare or any other adjacent property Owners.

ARTICLE 18 - COVENANTS AND RESTRICTIONS FOR THE BENEFIT OF THE CITY OF INDIO

18.1 ***Background***. On September 17, 2002, Del Webb California Corp. filed with the City of Indio a Project Master Plan application for Sun City Shadow Hills within the Gateway Specific Plan, along with related applications for a Specific Plan Amendment and a General Plan Amendment, for an active adult residential community with recreational, open space and commercial/mixed-uses (collectively, the "Project"); that the City under the designation of Project Master Plan 02-10-22 pursuant to the Gateway Conceptual Specific Plan, SP No. 94-11-1, and the Zoning Ordinance and other applicable provisions of the City of Indio Code of Ordinances. That application process resulted in the City's adoption of Ordinance No 1329 (the "Ordinance") approving the Project Master Plan 02-10-22 subject to the following conditions that are required by the Ordinance to be stated in the Development's Declaration.

18.2 ***City of Indio Enforcement Rights***. The City of Indio shall have the right, but not the obligation to enforce any of the terms, provisions, conditions, restrictions, and other standards set forth in this Declaration pertaining to the maintenance of the Property, including, without limitation, landscape maintenance and nuisance abatement, and shall have the authority to lien all or any portion of the Property for any costs and expenses, including, without limitation, attorneys' fees, incurred in connection with any such enforcement.

18.3 ***City of Indio Requirements***.

18.3.1 The minimum size of Residences in the Development shall be one thousand and eighty (1,080) square feet and shall be limited to ten percent (10%) of the total residential units.

18.3.2 The minimum Lot size shall be six thousand (6,000) square feet, except that the minimum Lot size may be reduced to four thousand (4,000) square feet for a maximum twenty-six percent (26%) of the Lots within the development.

18.3.3 The maximum Lot coverage shall be fifty percent (50%), except that Lot coverage may be increased to sixty percent (60%) for Lots under six thousand (6,000) square feet.

18.3.4 Fences separating Single Family Residences may be of vinyl material with a minimum twenty (20) year or best available warranty, except that fencing fronting on a street, public or private, and exterior corner side yards shall be required decorative block walls.

18.3.5 All uses for the Development shall be subject to Design Review, including Single Family homes and common use buildings. Perimeter walls and landscaping, and project entries shall be subject to administrative design review for consistency with the Project Master Plan.

18.3.6 The Project Master Plan shall be amended to incorporate procedures for an administrative design review process for perimeter walls, landscaping, project entries and signage.

18.3.7 Pools shall maintain a minimum rear yard setback of three feet (3') to water depths greater than eighteen inches (18").

18.3.8 Each Single Family home shall be provided at least one (1) minimum size twenty-four inch (24") box front yard tree.

18.3.9 Front yard landscaping for Single Family homes shall include a minimum twenty percent (20%) live planted material.

18.3.10 Signage may not be internally illuminated, but may be backlit or floodlighted. Garage setbacks shall be no less than twenty feet (20') from the front property line.

18.3.11 Gate(s) at entrances to the Development shall be power controlled and gate access shall be equipped with a rapid entry system approved by the Fire Department. Plans shall be submitted to the Fire Department for review/approval prior to installation. Power controlled gates shall be equipped with emergency backup power or designed to be easily opened in the event of a power failure. Non-powered type gates shall have a means of emergency access approved by the Fire Department. Gates activated by the rapid entry system shall remain open until closed by the rapid entry system. Required order forms shall be obtained from the Fire Department. The Association shall be responsible for the repair and reconstruction of damaged or destroyed gates resulting from emergency access calls.

ARTICLE 19 - NOTICES

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

If to Declarant:	Pulte Home Corporation, 1351 Pomona Road, Corona, California, 92883 (or to such other address as Declarant may from time to time designate in writing to the Association)
If to any Owner:	To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association for purposes of notice.
If to the Association:	Sun City Shadow Hills Community Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners.)

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

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

ARTICLE 20 - NO PUBLIC RIGHTS IN THE DEVELOPMENT

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

ARTICLE 21 - AMENDMENT OF DECLARATION

21.1 ***Restatements***. This Section describes the methods for restating the Declaration after an amendment.

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

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

21.2 ***Amendment***. This Declaration may be amended or revoked in any respect upon compliance with the following provisions:

21.2.1 Member Approval Requirements. Except as otherwise provided in subparagraph 21.2.2 below, any amendment shall be approved by the vote or assent by written ballot of the holders of not less than fifty-one percent (51%) of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

21.2.2 Additional Approvals For Amendments to Particular Provisions:

(a) Mortgagee Approvals. Mortgagee approvals shall be required to amend any of the provisions described in Section 14.12, above.

(b) Approval by the City. Conditions 5, 50 or 95 of the conditions of approval for the Development under City Resolution No. 6977 dated October 6, 2004, and the provisions of this Declaration reflecting these conditions of approval may only be amended with the prior consent of the City.

(c) Approval by the Adjacent Commercial Property Owner. Article 17 cannot be amended or repealed without the prior written consent of the Owner of the property described in Article 17.

(d) Amendment of Provisions Relating to Construction Defect Claims. Notwithstanding anything to the contrary in this Declaration the following Sections of this Declaration shall not be amended or deleted without the approval by written ballot of at least (A) ninety percent (90%) of the Voting Power of the Members, and (B) at least ninety percent (90%) of the First Mortgagees: Sections 1.22, 1.23, 7.1.1, 7.2.2 and 13.8.

21.3 ***Mortgagee Approval***. Mortgagee approval of any proposed material amendment shall be required in accordance with Section 14.12, above.

21.4 ***Effective Date of Amendment***. The amendment will be effective upon the Recording of a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 21.2 or 21.2, above, have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this

Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

21.5 ***Business and Professions Code Section 11018.7***. All amendments or revocations of this Declaration shall comply with the provisions of California Business and Professions Code section 11018.7 to the extent said section is applicable.

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

ARTICLE 22 - GENERAL PROVISIONS

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

22.2 ***Construction***.

22.2.1 Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of Sun City Shadow Hills as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

22.2.2 Restrictions Severable. Notwithstanding the provisions of subparagraph 22.2.1 above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

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

include the masculine, feminine and neuter, as the context requires.

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

22.2.5 Exhibits. All Exhibits referred to herein are deemed to be incorporated herein by reference, whether or not actually attached.

22.2.6 References to the Declarant and the Association. Any reference in this Declaration to the Declarant or the Association shall include any successors or assignees of such entities' rights and powers hereunder, subject, however, to the limitation on the definition of Declarant's successors (see Section 1.15 above).

22.2.7 References to Statutes and Regulations. This Declaration contains many references to California and federal statutes and/or regulations applicable to the Development, the Association and the Owners of Lots in the Development that are in effect as of the date that this Declaration is Recorded in the Official Records of Riverside County, California. In the event that any statute or other law or regulation is subsequently amended in a way that renders the corresponding provision of this Declaration to be inconsistent or in conflict with the amended or revised statute or regulation, the provision of the Declaration shall be deemed to be automatically amended or rescinded to conform to the revised statutory or regulatory provision and the Board of Directors shall be authorized and empowered to execute, acknowledge and Record an Amendment reflecting that change in this Declaration without necessity of further Member approval, so long as the necessity for the change is confirmed in a legal opinion provided to the Association Board by its legal counsel.

22.3 ***Rules Against Perpetuities***. If any interest purported to be created by this Declaration is challenged under the Rule against Perpetuities or any related rule of law, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be: (a) those which could be used in determining the validity of the challenged interest; plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

22.4 ***Change of Circumstances***. No change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

22.5 ***References to the Covenants in Deeds***. Deeds to and instruments affecting any Lot may contain the covenants set forth in this Declaration or may incorporate this Declaration by reference; but regardless of whether any such reference is made in any deed or instrument, this Declaration shall run with the land, and be binding upon the grantee-Owner or other person claiming through any instrument and his/her heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Declaration of Restrictions this _____ day of _____, 20__.

ASSOCIATION:

SUN CITY SHADOW HILLS COMMUNITY ASSOCIATION
a California nonprofit mutual benefit corporation

By: _____
President

_____
(Print Name)

By: _____
Secretary

_____
(Print Name)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

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

State of California
County of _____ On this _____ Day of _____ 20 ____

On _____ Before me, _____
Date Here Insert Name and Title of Officer

Personally appeared _____
Name(s) of Signer(s)

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) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.
Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document of fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name:		**Signer's Name:**	
☐ **Corporate Officer-Title(s):**		☐ **Corporate Officer-Title(s):**	
☐ **Partner** ☐ **Limited** ☐ **General**		☐ **Partner** ☐ **Limited** ☐ **General**	
☐ **Individual** ☐ **Attorney in Fact**		☐ **Individual** ☐ **Attorney in Fact**	
☐ **Trustee** ☐ **Guardian or Conservator**		☐ **Trustee** ☐ **Guardian or Conservator**	
☐ **Other:**		☐ **Other:**	
Signer is Representing:		**Signer is Representing:**	

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EXHIBIT "A" - DEVELOPMENT LEGAL DESCRIPTION

RESIDENTIAL LOTS 1 THROUGH 18, INCLUSIVE, AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS A, B, AND C, INCLUSIVE, ON TRACT MAP NO. **31195**, FILED IN BOOK 389 OF TRACT MAPS AT PAGES 57 THROUGH 61, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON SEPTEMBER 15, 2005.

RESIDENTIAL LOTS 1 THROUGH 297, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS A THROUGH Z, AA THROUGH DD, INCLUSIVE, ON TRACT MAP NO. **31195-1**, FILED IN BOOK 347 OF TRACT MAPS AT PAGES 28 THROUGH 36, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON DECEMBER 9, 2003.

RESIDENTIAL LOTS 1 THROUGH 82, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS 84, 85, AND LOTS B THROUGH I, INCLUSIVE, ON TRACT MAP NO. **31195-2**, FILED IN BOOK 356 OF TRACT MAPS AT PAGES 15 THROUGH 19, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON APRIL 30, 2004.

RESIDENTIAL LOTS 1 THROUGH 96, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOT 97, AND LOTS A THROUGH U, INCLUSIVE, ON TRACT MAP NO. **31195-3**, FILED IN BOOK 356 OF TRACT MAPS AT PAGES 9 THROUGH 14, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON APRIL 30, 2004.

RESIDENTIAL LOTS 1 THROUGH 194, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS A THROUGH P, INCLUSIVE, ON TRACT MAP NO. **31195-4**, FILED IN BOOK 359 OF TRACT MAPS AT PAGES 3 THROUGH 10, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON JULY 14, 2004.

RESIDENTIAL LOTS 1 THROUGH 296, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS A THROUGH E, LOTS H THROUGH Z, AA THROUGH CC, INCLUSIVE, ON TRACT MAP NO. **31195-5**, FILED IN BOOK 362 OF TRACT MAPS AT PAGES 88 THROUGH 96, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON SEPTEMBER 1, 2004.

RESIDENTIAL LOTS 1 THROUGH 175, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOT 177, AND LOTS A THROUGH N, INCLUSIVE, ON TRACT MAP NO. **31195-6**, FILED IN BOOK 379 OF TRACT MAPS AT PAGES 64 THROUGH 69, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON APRIL 27, 2005.

RESIDENTIAL LOTS 1 THROUGH 356, INCLUSIVE, RETENTION BASIN LOTS 358 AND 360, INCLUSIVE, AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS A THROUGH K, INCLUSIVE, ON TRACT MAP NO. **32390**,

FILED IN BOOK 417 OF TRACT MAPS AT PAGES 13 THROUGH 21, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON MARCH 5, 2007.

LOT 357 OF TRACT MAP NO. **32390**, BOOK 417 PAGES 13 THROUGH 21, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON MARCH 5, 2007, HAS BEEN RE-SUBDIVIDED AS PARCELS 1 THROUGH 4 OF PARCEL MAP **36345** FILED ON NOVEMBER 7, 2013 IN BOOK 236, PAGES 37 THROUGH 38 OF PARCEL MAPS IN SAID COUNTY.

LOT 359 OF TRACT MAP NO. **32390**, BOOK 417 PAGES 13 THROUGH 21, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON MARCH 5, 2007, HAS BEEN RE-SUBDIVIDED AS PARCELS 1 THROUGH 4 OF PARCEL MAP **36346** FILED ON NOVEMBER 7, 2013 IN BOOK 236, PAGES 39 THROUGH 40 OF PARCEL MAPS IN SAID COUNTY.

LOT 361 OF TRACT MAP NO. **32390**, BOOK 417 PAGES 13 THROUGH 21, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON MARCH 5, 2007, HAS BEEN RE-SUBDIVIDED AS PARCELS 1 THROUGH 4 OF PARCEL MAP **36347** IN FILED ON NOVEMBER 7, 2013 IN BOOK 236, PAGES 41 THROUGH 42 OF PARCEL MAPS IN SAID COUNTY.

RESIDENTIAL LOTS 1 THROUGH 380, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOT 381, LOTS B THROUGH Z, AND AA THROUGH OO, INCLUSIVE, ON TRACT MAP NO. **32390-1**, FILED IN BOOK 388 OF TRACT MAPS AT PAGES 45 THROUGH 56, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON SEPTEMBER 7, 2005.

RESIDENTIAL LOTS 1 THROUGH 270, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS B THROUGH P, INCLUSIVE, ON TRACT MAP NO. **32390-2**, FILED IN BOOK 392 OF TRACT MAPS AT PAGES 19 THROUGH 27, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON NOVEMBER 2, 2005.

RESIDENTIAL LOTS 1 THROUGH 313, INCLUSIVE, RETENTION BASIN LOT 315, AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS B THROUGH W, INCLUSIVE, ON TRACT MAP NO. **32390-3**, FILED IN BOOK 399 OF TRACT MAPS AT PAGES 49 THROUGH 58, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON MARCH 30, 2006.

RESIDENTIAL LOTS 1 THROUGH 377, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS 378, 379 AND LOTS A THROUGH Z, INCLUSIVE, ON AMENDED TRACT MAP NO. **34920**, FILED IN BOOK 436 OF TRACT MAPS AT PAGES 39 THROUGH 50, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON DECEMBER 6, 2012.

RESIDENTIAL LOTS 1 THROUGH 328, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOTS B THROUGH Z, AA THROUGH

GG, INCLUSIVE, ON TRACT MAP NO. **34920-1**, FILED IN BOOK 432 OF TRACT MAPS AT PAGES 1 THROUGH 10, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON JANUARY 29, 2009.

RESIDENTIAL LOTS 1 THROUGH 252, INCLUSIVE AND COMMON AREA OPEN SPACE LOTS AND STREETS DEPICTED AS LOT 253, AND LOTS A THROUGH U, INCLUSIVE, ON TRACT MAP NO. **34920-2**, FILED IN BOOK 433 OF TRACT MAPS AT PAGES 86 THROUGH 92, FILED IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER ON APRIL 12, 2011.

EXHIBIT "B" - LIST OF ALL CC&RS AND ANNEXATION DOCUMENTS

Ownership of the Lots referenced in Exhibit A attached hereto are currently subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges set forth in the following documents:

1. Declaration of Covenants, Conditions and Restrictions for Sun City Shadow Hills Recorded December 9, 2003, as Document No. 2003-961274;

2. Supplemental Declaration of Sun City Shadow Hills (Correcting Error) Recorded on March 31, 2004, as Document No. 2004-0227452;

3. Declaration of Annexation for Phase 2 of Sun City Shadow Hills Recorded on December 9, 2003, as Document No. 2003-961275;

4. Declaration of Annexation for Phase 3 of Sun City Shadow Hills Recorded on December 9, 2003, as Document No. 2003-961276;

5. Declaration of Annexation for Phase 5 of Sun City Shadow Hills Recorded on April 30, 2004, as Document No. 2004-0319019;

6. Declaration of Annexation for Phase 4 of Sun City Shadow Hills Recorded on April 30, 2004, as Document No. 2004-0319021;

7. Declaration of Annexation for Phase 6 of Sun City Shadow Hills Recorded on July 14, 2004, as Document No. 2004-0545365;

8. Declaration of Annexation for Phase 7 of Sun City Shadow Hills Recorded on July 14, 2004, as Document No. 2004-0545366;

9. Declaration of Annexation for Phase 8 of Sun City Shadow Hills Recorded on September 1, 2004, as Document No. 2004-0696295;

10. Declaration of Annexation for Phase 9 of Sun City Shadow Hills Recorded on September 1, 2004, as Document No. 2004-0696296;

11. Declaration of Annexation for Phase 10 of Sun City Shadow Hills Recorded on September 1, 2004, as Document No. 2004-0696297;

12. Declaration of Annexation for Phase 11 of Sun City Shadow Hills Recorded on April 27, 2005, as Document No. 2005-0331958;

13. Declaration of Annexation for Phase 12 of Sun City Shadow Hills Recorded on April 27, 2005, as Document No. 2005-0331959;

14. Declaration of Annexation for Phase 14 of Sun City Shadow Hills Recorded on August 24, 2005, as Document No. 2005-0696583;

15. Declaration of Annexation for Phase 15 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737586;

16. Declaration of Annexation for Phase 16 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737587;

17. Declaration of Annexation for Phase 17 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737588;

18. Declaration of Annexation for Phase 18 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737589;

19. Declaration of Annexation for Phase 19 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737590;

20. Declaration of Annexation for Phase 20 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737591;

21. Declaration of Annexation for Phase 21 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737592;

22. Declaration of Annexation for Phase 22 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737593;

23. Declaration of Annexation for Phase 23 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737594;

24. Declaration of Annexation for Phase 24 of Sun City Shadow Hills Recorded on September 7, 2005, as Document No. 2005-0737595;

25. Declaration of Annexation for Phase 13 of Sun City Shadow Hills Recorded on September 15, 2005, as Document No. 2005-0765349;

26. Declaration of Annexation for Phase 31 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911211;

27. Declaration of Annexation for Phase 25 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911212;

28. Declaration of Annexation for Phase 26 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911213;

29. Declaration of Annexation for Phase 27 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911214;

30. Declaration of Annexation for Phase 28 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911215;

31. Declaration of Annexation for Phase 29 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911216;

32. Declaration of Annexation for Phase 30 of Sun City Shadow Hills Recorded on November 2, 2005, as Document No. 2005-0911217;

33. Declaration of Annexation for Phase 32 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226014;

34. Declaration of Annexation for Phase 33 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226015;

35. Declaration of Annexation for Phase 34 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226017;

36. Declaration of Annexation for Phase 35 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226016;

37. Declaration of Annexation for Phase 36 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226018;

38. Declaration of Annexation for Phase 37 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226019;

39. Declaration of Annexation for Phase 47 of Sun City Shadow Hills Recorded on March 30, 2006, as Document No. 2006-0226020;

40. Rescission of Declaration of Annexation for Phase 48 at Sun City Shadow Hills (Phase 48) Recorded on April 25, 2006, as Document No. 2006-0297177;

41. Rescission of Declaration of Annexation for Phase 49 at Sun City Shadow Hills (Phase 49) Recorded on April 25, 2006, as Document No. 2006-0297178;

42. Declaration of Annexation for Phase 38 of Sun City Shadow Hills Recorded on April 25, 2006, as Document No. 2006-0297179;

43. Declaration of Annexation for Phase 39 of Sun City Shadow Hills Recorded on March 5, 2007, as Document No. 2007-0149124;

44. Declaration of Annexation for Phase 40 of Sun City Shadow Hills Recorded on March 5, 2007, as Document No. 2007-0149125;

45. Declaration of Annexation for Phase 41 of Sun City Shadow Hills Recorded on March 5, 2007, as Document No. 2007-0149126;

46. Declaration of Annexation for Phase 42 of Sun City Shadow Hills Recorded on June 26, 2007, as Document No. 2007-0415077;

47. Declaration of Annexation for Phase 43 of Sun City Shadow Hills Recorded on June 26, 2007, as Document No. 2007-0415078;

48. Declaration of Annexation for Large Lot Phase 3, Tentative Tract Map 34920 of Sun City Shadow Hills (Phase 3) Recorded on July 27, 2007, as Document No. 2007-0489344;

49. Declaration of Annexation for Sun City Shadow Hills (Phase 44) Recorded on February 6, 2009, as Document No. 2009-0058366;

50. Declaration of Annexation for Sun City Shadow Hills (Phase 45) Recorded on February 6, 2009, as Document No. 2009-0058367;

51. Declaration of Annexation for Sun City Shadow Hills (Phase 46) Recorded on February 6, 2009, as Document No. 2009-0058368;

52. Declaration of Annexation for Sun City Shadow Hills (Phase 47) Recorded on February 6, 2009, as Document No. 2009-0058369;

53. Declaration of Annexation for Sun City Shadow Hills (Phase 48) Recorded on February 6, 2009, as Document No. 2009-0058370;

54. Declaration of Annexation for Sun City Shadow Hills (Phase 49) Recorded on February 6, 2009, as Document No. 2009-0058371;

55. Declaration of Annexation for Sun City Shadow Hills (Phase 50) Recorded on February 6, 2009, as Document No. 2009-0058372;

56. Declaration of Annexation for Sun City Shadow Hills (Phase 51) Recorded on February 6, 2009, as Document No. 2009-0058373;

57. Declaration of Annexation for Sun City Shadow Hills (Phase 52) Recorded on February 6, 2009, as Document No. 2009-0058374;

58. Declaration of Annexation for Sun City Shadow Hills (Phase 53) Recorded on February 6, 2009, as Document No. 2009-0058375;

59. Declaration of Annexation for Sun City Shadow Hills (Phase 55) Recorded on May 12, 2009, as Document No. 2009-0236499;

60. Declaration of Annexation for Sun City Shadow Hills (Phase 56) Recorded on May 12, 2009, as Document No. 2009-0236500;

61. Declaration of Annexation for Sun City Shadow Hills (Phase 57) Recorded on May 12, 2009, as Document No. 2009-0236501;

62. Declaration of Annexation for Sun City Shadow Hills (Phase 58) Recorded on May 12, 2009, as Document No. 2009-0236502;

63. Declaration of Annexation for Sun City Shadow Hills (Phase 59) Recorded on May 12, 2009, as Document No. 2009-0236503;

64. Declaration of Annexation for Sun City Shadow Hills (Phase 60) Recorded on May 12, 2009, as Document No. 2009-0236504;

65. Declaration of Annexation for Sun City Shadow Hills (Phase 61) Recorded on May 12, 2009, as Document No. 2009-0236505;

66. Declaration of Annexation for Sun City Shadow Hills (Phase 62) Recorded on May 12, 2009, as Document No. 2009-0236506;

67. Declaration of Annexation for Sun City Shadow Hills (Phase 63) Recorded on May 12, 2009, as Document No. 2009-0236507;

68. Declaration of Annexation for Sun City Shadow Hills (Phase 64) Recorded on May 12, 2009, as Document No. 2009-0236508;

69. Declaration of Annexation for Sun City Shadow Hills (Phase 65) Recorded on May 12, 2009, as Document No. 2009-0236509;

70. Declaration of Annexation for Sun City Shadow Hills (Phase 66) Recorded on May 12, 2009, as Document No. 2009-0236510;

71. Declaration of Annexation for Sun City Shadow Hills (Phase 67) Recorded on May 12, 2009; as Document No. 2009-0236511;

72. Declaration of Annexation for Sun City Shadow Hills (Phase 68) Recorded on May 12, 2009, as Document No. 2009-0236512;

73. Declaration of Annexation for Sun City Shadow Hills (Phase 69) Recorded on May 12, 2009, as Document No. 2009-0236513;

74. De-Declaration of Annexation and Termination of Declaration of Annexation (Sun City Shadow Hills) (Phase 54) Recorded on July 17, 2009, as Document No. 2009-0371505;

75. De-Declaration of Annexation and Termination of Declaration of Annexation (Sun City Shadow Hills) (Phase 42) Recorded on July 17, 2009, as Document No. 2009-0371506;

76. Declaration of Annexation for Sun City Shadow Hills (Phase 42) Recorded on July 17, 2009, as Document No. 2009-0371507;

77. Declaration of Annexation for Sun City Shadow Hills (Phase 54) Recorded on July 17, 2009, as Document No. 2009-0371508;

78. Declaration of Annexation for Sun City Shadow Hills (Lots B, C and D of Tract No. 34920-1) Recorded on March 10, 2010, as Document No. 2010-0108836;

79. Declaration of Annexation for Sun City Shadow Hills (Lots P-V (streets) and F-H (common area) of Tract No. 34920-1) Recorded on March 10, 2010, as Document No. 2010-0108837;

80. Declaration of Annexation for Sun City Shadow Hills (Street Lots N, O, W-Z and AA-GG and Common Lots E and I-M of Tract No. 34920-1) Recorded on March 10, 2010, as Document No. 2010-0108838;

81. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 70) Recorded on April 13, 2011, as Document No. 2011-0162395;

82. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 71) Recorded on April 13, 2011, as Document No. 2011-0162396;

83. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 72) Recorded on April 13, 2011, as Document No. 2011-0162397;

84. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 73) Recorded on April 13, 2011, as Document No. 2011-0162398;

85. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 74) Recorded on April 13, 2011, as Document No. 2011-0162399;

86. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 75) Recorded on April 13, 2011, as Document No. 2011-0162400;

87. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 76) Recorded on April 13, 2011, as Document No. 2011-0162401;

88. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 77) Recorded on April 13, 2011, as Document No. 2011-0162402;

89. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 78) Recorded on April 13, 2011, as Document No. 2011-0162403;

90. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 79) Recorded on April 13, 2011, as Document No. 2011-0162404;

91. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 80) Recorded on April 13, 2011, as Document No. 2011-0162405;

92. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 81) Recorded on April 13, 2011, as Document No. 2011-0162406;

93. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 82) Recorded on April 13, 2011, as Document No. 2011-0162407;

94. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 83) Recorded on April 13, 2011, as Document No. 2011-0162408;

95. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 84) Recorded on April 13, 2011, as Document No. 2011-0162409;

96. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 85) Recorded on April 13, 2011, as Document No. 2011-0162410;

97. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 86) Recorded on April 13, 2011, as Document No. 2011-0162411;

98. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 87) Recorded on April 13, 2011, as Document No. 2011-0162412;

99. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 88) Recorded on April 13, 2011, as Document No. 2011-0162413;

100. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 89) Recorded on August 10, 2011, as Document No. 2011-0350329;

101. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 85) Recorded on August 10, 2011, as Document No. 2011-0350330;

102. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 78) Recorded on August 10, 2011, as Document No. 2011-0350331;

103. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 90) Recorded on March 16, 2012, as Document No. 2012-0124238;

104. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 91) Recorded on March 16, 2012, as Document No. 2012-0124239;

105. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 92) Recorded on March 16, 2012, as Document No. 2012-0124240;

106. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 93) Recorded on March 16, 2012, as Document No. 2012-0124241;

107. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 94) Recorded on March 16, 2012, as Document No. 2012-0124242;

108. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 95) Recorded on March 16, 2012, as Document No. 2012-0124243;

109. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 96) Recorded on March 16, 2012, as Document No. 2012-0124244;

110. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 97) Recorded on March 16, 2012, as Document No. 2012-0124245;

111. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 90) Recorded on April 13, 2012, as Document No. 2012-0169458;

112. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 91) Recorded on April 13, 2012, as Document No. 2012-0169459;

113. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 92) Recorded on April 13, 2012, as Document No. 2012-0169460;

114. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 93) Recorded on April 13, 2012, as Document No. 2012-0169461;

115. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 94) Recorded on April 13, 2012, as Document No. 2012-0169462;

116. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 95) Recorded on April 13, 2012, as Document No. 2012-0169463;

117. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 96) Recorded on April 13, 2012, as Document No. 2012-0169464;

118. Declaration of Annexation and Additional Supplemental Declaration for Sun City Shadow Hills (Phase 97) Recorded on April 13, 2012, as Document No. 2012-0169465;

119. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 98) Recorded on April 24, 2012, as Document No. 2012-0184873;

120. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 85) Recorded on May 2, 2012, as Document No. 2012-0200964;

121. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 99) Recorded on May 8, 2012, as Document No. 2012-0211296;

122. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 100) Recorded on May 8, 2012, as Document No. 2012-0211297;

123. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 101) Recorded on May 8, 2012, as Document No. 2012-0211298;

124. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 101) Recorded on July 3, 2012, as Document No. 2012-0310271;

125. Declaration of De-Annexation for Phases 79, 83, 85 and 88 of Sun City Shadow Hills Recorded on August 2, 2012, as Document No. 2012-0364691;

126. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 79) Recorded on August 2, 2012, as Document No. 2012-0364692;

127. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 83) Recorded on August 2, 2012, as Document No. 2012-0364693;

128. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 85) Recorded on August 2, 2012, as Document No. 2012-0364694;

129. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 88) Recorded on August 2, 2012, as Document No. 2012-0364695;

130. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 102) Recorded on August 22, 2012, as Document No. 2012-0401038;

131. Declaration of De-Annexation for Phase 102 of Sun City Shadow Hills (Phase 102) Recorded on October 9, 2012, as Document No. 2012-0479471;

132. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 102) Recorded on October 9, 2012, as Document No. 2012-0479472;

133. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 104) Recorded on November 8, 2012, as Document No. 2012-0541707;

134. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 103) Recorded on February 20, 2013, as Document No. 2013-0086407;

135. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 112) Recorded on February 20, 2013, as Document No. 2013-0086408;

136. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 113) Recorded on February 20, 2013, as Document No. 2013-0086409;

137. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 117) Recorded on February 20, 2013, as Document No. 2013-0086410;

138. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 119) Recorded on February 20, 2013, as Document No. 2013-086411;

139. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 106) Recorded on May 2, 2013, as Document No. 2013-0209373;

140. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 121) Recorded on May 2, 2013, as Document No. 2013-0209396;

141. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 122) Recorded on May 2, 2013, as Document No. 2013-0209397;

142. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 123) Recorded on May 2, 2013, as Document No. 2013-0209398;

143. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 107) Recorded on May 22, 2013, as Document No. 2013-0244756;

144. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 109) Recorded on May 22, 2013, as Document No. 2013-0244757;

145. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 110) Recorded on May 22, 2013, as Document No. 2013-0244758;

146. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 111) Recorded on May 23, 2013, as Document No. 2013-0245434;

147. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 114) Recorded on May 23, 2013, as Document No. 2013-0245435;

148. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 115) Recorded on May 23, 2013, as Document No. 2013-0245436;

149. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 116) Recorded on May 23, 2013, as Document No. 2013-0245437;

150. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 118) Recorded on May 23, 2013, as Document No. 2013-0245438;

151. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 103) Recorded on June 3, 2013, as Document No. 2013-0263600;

152. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 111) Recorded on June 3, 2013, as Document No. 2013-0263601;

153. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 112) Recorded on June 3, 2013, as Document No. 2013-0263602;

154. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 113) Recorded on June 3, 2013, as Document No. 2013-0263603;

155. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 114) Recorded on June 3, 2013, as Document No. 2013-0263604;

156. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 115) Recorded on June 3, 2013, as Document No. 2013-0263605;

157. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 116) Recorded on June 3, 2013, as Document No. 2013-0263606;

158. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 117) Recorded on June 3, 2013, as Document No. 2013-0263607;

159. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 118) Recorded on June 3, 2013, as Document No. 2013-0263608;

160. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 119) Recorded on June 3, 2013, as Document No. 2013-0263609;

161. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 120) Recorded on June 3, 2013, as Document No. 2013-0263610;

162. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 121) Recorded on June 3, 2013, as Document No. 2013-0263611;

163. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 122) Recorded on June 3, 2013, as Document No. 2013-0263612;

164. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 123) Recorded on June 3, 2013, as Document No. 2013-0263613;

165. Termination and Revocation of Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills Phase 121 (Tract 34920 Lots 141-152, 223-234, 374-377), Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills Phase 122 (Tract 34920 Lots 84-89, 227-229, 382-386), and Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills Phase 123 (Tract 34920 Lots 201-209) Recorded on July 17, 2013, as Document No. 2013-0344514;

166. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 124) Recorded on August 20, 2013, as Document No. 2013-0407090;

167. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 125) Recorded on August 20, 2013, as Document No. 2013-0407091;

168. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 126) Recorded on August 20, 2013, as Document No. 2013-0407092;

169. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 127) Recorded on August 20, 2013, as Document No. 2013-0407093;

170. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 128) Recorded on August 20, 2013, as Document No. 2013-0407094;

171. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 129) Recorded on August 20, 2013, as Document No. 2013-0407095;

172. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 105) Recorded on October 9, 2013, as Document No. 2013-0486028;

173. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 131) Recorded on December 4, 2013, as Document No. 2013-0564050;

174. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 132) Recorded on December 4, 2013, as Document No. 2013-0564051;

175. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 108) Recorded on December 6, 2013, as Document No. 2013-0569001;

176. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 130) Recorded on December 20, 2013, as Document No. 2013-0589341;

177. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 130) Recorded on January 15, 2014, as Document No. 2014-0016604;

178. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase 130) Recorded on January 16, 2014, as Document No. 2014-0018910;

179. Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase Buildout) Recorded on January 16, 2014, as Document No. 2014-0023644;

180. Amended, Restated and Superseded Declaration of Annexation and Supplemental Declaration for Sun City Shadow Hills (Phase Buildout) Recorded on October 22, 2014, as Document No. 2014-0400356.

The above referenced documents were all Recorded in the Official Records of the County Recorder of Riverside County, and are hereinafter referred to together as "Original Declaration," unless the context clearly indicates otherwise.

EXHIBIT “C” - ANNEXABLE PROPERTY

Lots 380 and 381, inclusive, of Tract No. 34920, as shown on a Subdivision Map filed on December 6, 2012, in Book 436, at Pages 39 to 50, inclusive, of Maps in the Office of the Riverside County Recorder.

APN: 691-120-011 and 691-120-012 [Reclamation Lots]