

subdivision, improvement, sale and lease of the Properties, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges set forth herein shall run with the Properties; shall be binding upon all persons having any right, title or interest in the Properties, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of every portion of the Properties and any interest therein; shall inure to the benefit of and be binding upon Declarant, the Merchant Builders, and their successive owners and each Owner and his or her respective successors-in-interest; and may be enforced by Declarant, any Merchant Builder, any Owner or the Association. Furthermore, the development of the Properties shall be consistent with the overall plan of development, if any, submitted to the Department of Veterans Affairs and the Federal Housing Administration. The provisions of this Declaration are in addition to the covenants, conditions and restrictions of the Meadowood Declaration described in Article I below, to which this Declaration is subject and subordinate.

ARTICLE I

1. Definitions.

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

1.1. Annexable Area.

Annexable Area means the real property described in *Exhibit "C,"* all or any portion of which property may be made subject to this Declaration pursuant to the provisions of Article II hereof. The maximum number of Residences which may be added to the Properties pursuant to Article II is six hundred seventy-five (675).

1.2. Articles.

Articles means the Articles of Incorporation of the Association, as amended. A copy of the Articles is attached hereto as *Exhibit "D."*

1.3. Association.

Association means Trailwood Maintenance Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law), its successors and assigns. The Association is an "association" as defined in Section 1351(a) of the California Civil Code and a "Project Association" for purposes of the Meadowood Declaration.

1.4. Association Property.

Association Property means all the real and personal property and Improvements which are owned in fee simple at any time by the Association, or over which the Association has an easement or encroachment permit for the use, care or maintenance thereof, for the common benefit, use and enjoyment of Owners, as further provided in Article III of this Declaration. The Association Property includes (for maintenance purposes but not necessarily fee ownership)

(i) all walls, median strips, slopes, berms, landscaping, trails, parkway areas, sidewalks, intersection plazas, and irrigation and drainage systems in public property or public rights-of-way in or near the Properties ("Public Property") designated for maintenance by the Association pursuant to this Declaration or any Supplemental Declaration, any agreement between a Local Governmental Agency and Declarant, a Merchant Builder or the Association, or on any Recorded subdivision or parcel map of the Properties, the maintenance of which is not the responsibility of a state, local or municipal governmental agency or entity, the Meadowood Association pursuant to the Meadowood Declaration, or a Project Association pursuant to a Project Declaration, and (ii) the Association Property Walls as hereafter defined. Title to all or any portion of the Association Property may be subject to a prior dedication to a Local Governmental Agency. The Association Property in the First Subdivision, if any, is described in *Exhibit "B."* Additional Association Property may be annexed to the Properties pursuant to Article II hereof.

1.5. Association Property Wall.

Association Property Wall means any wall or fence which (i) separates a Lot from the immediately adjacent Association Property or Public Property, regardless of whether such wall or fence is (a) located on the common property line separating the Association Property or Public Property from the adjacent Lot, or (b) located wholly or partially within the Association Property, Public Property or Lot immediately adjacent to such common property line, or (ii) is otherwise designated as an Association Property Wall in a Supplemental Declaration. Notwithstanding any other provision of this Section, the term Association Property Wall does not include any wall or fence which is the maintenance responsibility of a Local Governmental Agency. Association Property designations pursuant to this Declaration and any Supplemental Declaration automatically include any Association Property Walls described in (i) above in the applicable Phase of Development, regardless of whether such Association Property Walls are specifically described in *Exhibit "B"* or in the applicable Supplemental Declaration.

1.6. Beneficiary.

Beneficiary means a Mortgagee under a Mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such Mortgagee or beneficiary.

1.7. Board or Board of Directors.

Board or Board of Directors means the Association Board of Directors elected in accordance with the Association Bylaws and this Declaration.

1.8. Budget.

Budget means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.9. Bylaws.

Bylaws means the Association's Bylaws adopted or to be adopted by the Board initially in the form of *Exhibit "E"* attached hereto, as amended.

1.10. Capital Improvement Assessment.

Capital Improvement Assessment means a charge against the Owners and their Lots and Condominiums, representing the Association's costs to install or construct any Improvements on any portion of the Association Property or to undertake maintenance or replacements of the Parkway Trees.

1.11. City.

City means the City of Irvine in the County of Orange, State of California, and its various departments, divisions, employees and representatives.

1.12. Close of Escrow.

Close of Escrow means the date on which a deed or other such instrument is Recorded conveying a Lot or Condominium in the Properties pursuant to a transaction for which a Public Report is required, with the exception of (i) deeds between Declarant and (a) any successor to the rights of Declarant hereunder or (b) any Merchant Builder, or (ii) deeds between Merchant Builders.

1.13. Common Area.

Common Area means that area within any portion of the Properties designated in a Project Declaration as "common area" (as defined in Section 1351(b) of the California Civil Code) for the primary benefit of or maintenance by the Owners within a particular Planned Development or Condominium Project within the Properties. The Association Property and the Meadowood Property are not Common Area within the meaning of this Section.

1.14. Common Assessment.

Common Assessment means the annual or supplemental charge against each Owner and his Lot or Condominium, representing a portion of the ordinary Common Expenses for maintaining, improving, repairing, replacing, managing and operating the Association Property and Parkway Trees, which charge shall be levied among all Owners and their respective Lots and Condominiums, as provided herein. Common Assessments shall include all late payment penalties, interest charges, attorneys' fees or other costs incurred by the Association in its efforts to collect all assessments (other than Special Assessments) authorized pursuant to this Declaration.

1.15. Common Expenses.

Common Expenses means, subject to Sections 5.3 and 5.4, the actual and estimated costs of: maintaining, managing, operating, repairing and replacing the Association Property and Parkway Trees; unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments, including those costs not paid by the Owner responsible for payment; managing and administering the Association including, but not limited to, compensation paid by the Association to Managers, accountants, attorneys and other consultants and employees; all utilities, gardening, and other services benefiting the Association Property and Parkway Trees; fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Association Property; bonding the Association Directors, officers, agents,

employees and Manager; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Association Property, or portions thereof, including, without limitation, real property taxes or assessments, if any, levied against the Association Property; all Reserves; and all other items incurred by the Association pursuant to this Declaration.

1.16. Condominium.

Condominium means a condominium as defined in Section 783 of the California Civil Code, or any similar California statute hereafter enacted. For purposes of this Declaration, the term "Condominium" shall include a Residence or other area of space which is appurtenant to one (1) or more ownership interests in a "community apartment" or "stock cooperative" project (as such terms are defined below in the definition of Condominium Project). The airspace element of any Condominium is referred to herein as the "Condominium Unit."

1.17. Condominium Project.

Condominium Project means a "condominium project" as defined in Section 1351(f) of the California Civil Code, or any similar California statute hereafter enacted, and all property designated in the Project Declaration for such Condominium Project as additional "phases of development" if such Condominium Project is developed in phased increments. For purposes of this Declaration, the term "Condominium Project" also includes "community apartment" and "stock cooperative" projects as respectively defined in Sections 1351(d) and 1351(m) of the California Civil Code or any similar California statutes hereafter enacted.

1.18. Cost Center.

Cost Center means one or more Improvements or maintenance areas located on a portion or portions of the Association Property, the maintenance or use of which Improvements or maintenance areas is fully or partially restricted to Owners of certain Lots or Condominiums as specified in one or more Supplemental Declarations, and where the expenses of operating, maintaining and replacing such Improvements or maintenance areas are borne solely or disproportionately by such specified Owners. There are no Cost Centers established in connection with the First Subdivision. Cost Centers may be designated in connection with future Phases of Development annexed to the Properties.

1.19. County.

County means the County of Orange in the State of California, and its various departments, divisions, employees and representatives.

1.20. Declarant.

Declarant means THE IRVINE COMPANY, a Michigan corporation, its successors, and any other Person to which it assigns any of its rights hereunder by an express written and Recorded assignment. Any such assignment may include only specific rights of the Declarant hereunder and may be subject to such conditions and limitations as THE IRVINE COMPANY may impose in its sole and absolute discretion.

1.21. Declarant's Delegate.

Declarant's Delegate means the Delegate appointed by Declarant pursuant to Section 4.4.1(iii) hereof, to represent Declarant and all Merchant Builders and to cast the Class A and Class B votes of the Declarant and all Merchant Builders, as further provided in this Declaration and in the Bylaws.

1.22. Declaration.

Declaration means this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Trailwood Maintenance Association, as amended. This Declaration is a "Project Declaration" for purposes of the Meadowood Declaration.

1.23. Dedicated Association Property.

Dedicated Association Property means any portion of the Association Property which is subject to an unaccepted offer of dedication to a Local Governmental Agency for public access, use or maintenance. Dedicated Association Property may include streets, parks, trails, other recreational or open space amenities, landscaping areas or other Improvements. Dedicated Association Property specifically excludes Public Property (as defined in Section 1.4) which is the maintenance responsibility of the Association. Dedicated Association Property shall be maintained and used by the Association and the Owners in the same manner as all other Association Property until the offer of dedication is accepted, whereupon (i) the Dedicated Association Property shall be maintained by the accepting Local Governmental Agency and shall be available for use by the general public, and (ii) the Dedicated Association Property shall no longer constitute a part of the Association Property.

1.24. Deed of Trust.

Deed of Trust means a Mortgage as further defined herein.

1.25. Delegate.

Delegate means (i) Declarant's Delegate, and (ii) a natural Person appointed pursuant to Section 4.4 hereof, to represent all of the Members (exclusive of Declarant and the Merchant Builders) within a Delegate District to vote on their behalf, as further provided in this Declaration and in the Bylaws. All provisions of this Declaration and the Bylaws pertaining to the appointment, removal, qualification or action of Delegates shall be equally applicable to all alternate Delegates appointed pursuant to Section 4.4 hereof. As defined herein, the term "Delegate" does not include the Delegates appointed pursuant to the Meadowood Declaration.

1.26. Delegate District.

Delegate District means a geographical area in the Properties in which a single Delegate represents the collective voting power of all Members (other than Declarant and the Merchant Builders who shall be represented by Declarant's Delegate) owning Lots and Condominiums within such geographical area. The Delegate Districts shall be established in the manner specified in Section 4.3 below. As defined herein, the term "Delegate District" does not include the Delegate Districts for the Properties established pursuant to the Meadowood Declaration.

1.27. DRE.

DRE means the California Department of Real Estate, or such other successor governmental agency of the State of California which administers the sale of subdivided lands pursuant to Sections 11000 et seq., of the California Business and Professions Code, or any similar California statute hereafter enacted.

1.28. Family.

Family means (i) a group of natural Persons related to each other by blood or legally related to each other by marriage or adoption, or (ii) a group of natural Persons not all so related who maintain a single common household in a Residence on a Lot or in a Condominium Unit.

1.29. FHA.

FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

1.30. FHLMC.

FHLMC means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and its successors.

1.31. First Subdivision.

First Subdivision means the real property described in *Exhibit "A"* to this Declaration. The First Subdivision is hereby designated as a portion of Delegate District No. 1. Annexable Area may but need not be added to the Properties and to Delegate District No. 1 pursuant to Article II hereof.

1.32. FNMA.

FNMA means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and its successors.

1.33. GNMA.

GNMA means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and its successors.

1.34. Improvement.

Improvement means all structures, landscaping and appurtenances thereto, including but not limited to buildings, outbuildings, walkways, trails, the paint on all exterior surfaces, waterways, sprinkler pipes, irrigation systems, storm drainage systems, garages, swimming pools, Jacuzzi spas, tennis courts and other recreational facilities, roads, driveways, parking areas, entry gates, fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, planted trees and shrubs, fire breaks, poles, antennae, signs, exterior air conditioning and water softener fixtures or equipment.

1.35. Local Governmental Agency.

Local Governmental Agency means the County and any other local or municipal governmental entity or agency including, without limitation, the City and any special assessment district, maintenance district or community facilities district.

1.36. Lot.

Lot means any lot or parcel of land shown upon any Recorded subdivision map or Recorded parcel map of any portion of the Properties (as such lot or parcel may be modified by any applicable Recorded lot line adjustment), together with the Improvements, if any, thereon, but excepting any Common Area, the Association Property, the Meadowood Property and any Condominium in a Condominium Project.

1.37. Maintenance Funds.

Maintenance Funds means the accounts created for Association receipts and disbursements pursuant to Article VI hereof.

1.38. Maintenance Guidelines.

Maintenance Guidelines means the guidelines for the ordinary and necessary maintenance, repair, replacement and preservation of the Association Property Improvements. Among other things, the Maintenance Guidelines specify suggested maintenance levels, recommended intervals for regularly scheduled maintenance items, and the scope of required maintenance practices and procedures. The Maintenance Guidelines were provided to the Association by Declarant and, subject to Section 8.1.5, may be supplemented, amended and updated by the Board.

1.39. Manager.

Manager means the Person, firm or agent employed as an independent contractor by the Association to perform functions of the Association, as limited by the Restrictions and the terms of the agreement between the Association and such Person.

1.40. Meadowood Association.

Meadowood Association means the Meadowood Maintenance Association, a California nonprofit corporation formed pursuant to the nonprofit mutual benefit corporation law of the State of California, its successors and assigns. The powers and duties of the Meadowood

Association are more particularly set forth in the Meadowood Declaration and in the Bylaws of the Meadowood Association. Each Owner of a Lot or Condominium in the Properties shall be a member of the Meadowood Association as well as a member of the Trailwood Maintenance Association.

1.41. Meadowood Declaration.

Meadowood Declaration means the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Meadowood Maintenance Association, recorded on JUNE 20, 1995, as Instrument No. 95 - 0261040, in Official Records of Orange County, California, as such Meadowood Declaration may be amended from time to time.

1.42. Meadowood Property.

Meadowood Property means all the real and personal property and Improvements which are classified as "Maintenance Property" pursuant to the Meadowood Declaration and owned in fee simple at any time by the Meadowood Association, or over which the Meadowood Association has an easement or encroachment permit for the use, care or maintenance thereof.

1.43. Member.

Member means every Person holding a Membership in the Association. Membership means the voting and other rights and privileges of Members as provided in the Restrictions, together with the correlative duties and obligations contained therein.

1.44. Merchant Builder.

Merchant Builder means a Person who acquires a portion of the Properties for the purpose of developing such portion for resale to the general public; provided, however, that the term "Merchant Builder" shall not mean Declarant.

1.45. Mortgage.

Mortgage means any mortgage or deed of trust or other conveyance of a Lot, Condominium or other portion of the Properties to secure the performance of an obligation, which will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" is synonymous with the term "Mortgage."

1.46. Mortgagee/Mortgagor.

Mortgagee means a Person to whom a Mortgage is made and includes the beneficiary of a Deed of Trust. Mortgagor means a Person who mortgages his or its property to another (*i.e.*, the maker of a Mortgage), and includes the Trustor of a Deed of Trust. The term "Trustor" is synonymous with the term "Mortgagor," and the term "Beneficiary" is synonymous with the term "Mortgagee."

1.47. Notice and Hearing.

Notice and Hearing means written notice and a hearing before the Board, as further provided in the Bylaws.

1.48. Owner.

Owner means the Person or Persons, including Declarant and Merchant Builders, holding a fee simple or long-term ground leasehold interest of Record to a Lot or a Condominium which is a part of the Properties. The term "Owner" includes a seller under an executory contract of sale, but excludes Mortgagees. For purposes of this Declaration, a "long-term ground leasehold interest" means a leasehold interest having a term of ten (10) or more years.

1.49. Parkway Trees.

Parkway Trees means trees planted by Declarant or the Merchant Builders as a part of the original development of the Properties and located in the front yards of those Lots adjacent to an Association Property street where the landscaped parkway between the back of curb and the adjoining Association Property sidewalk is less than six feet (6') wide from the back of curb to the sidewalk. The Parkway Trees shall be confined to that portion of the affected Lots located within ten (10) feet of the common boundary separating the affected Lots from the adjacent Association Property sidewalk. The Owners on whose Lots the Parkway Trees are located share with the Association maintenance responsibility for the Parkway Trees, as further provided in Section 5.2.2 below.

1.50. Person.

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

1.51. Phase of Development.

Phase of Development means (i) the First Subdivision, and (ii) any portion of the Properties covered by a Supplemental Declaration for which a Public Report has been issued by the DRE, unless otherwise defined in such Supplemental Declaration, and (iii) any portion of the Properties designated as a Phase of Development in a Recorded Supplemental Declaration (including all amendments thereto) governing such property, and (iv) if no Public Report is issued and there is no Phase of Development designation in the Supplemental Declaration for a portion of the Properties, then all of the real property annexed pursuant to that Supplemental Declaration shall be a Phase of Development. All Improvements in subsequent Phases of Development shall be consistent with Improvements in the First Subdivision in terms of quality of construction; provided that the requirements of this sentence are for the benefit only of and may be enforced only by FNMA.

1.52. Planned Development.

Planned Development means a portion of the Properties (other than a Condominium Project) developed as an integrated increment of the Properties, whether or not the increment is developed in phases. For purposes of this Declaration, a Planned Development may or may not qualify as a "planned development" as defined in Section 1351(k) of the California Civil Code, or any similar California statute hereinafter enacted.

1.53. Project Association.

Project Association means any California nonprofit corporation or unincorporated association, or its successor, established in connection with a Project Declaration, the membership of which is composed of Owners of Lots or Condominiums within a Condominium Project, Planned Development or other portion of the Properties. The Meadowood Association is not a Project Association within the meaning of this Section.

1.54. Project Declaration.

Project Declaration means any declaration of covenants, conditions and restrictions, or similar document, which affects solely a Condominium Project or Planned Development or other specified portion of the Properties. The Meadowood Declaration is not a Project Declaration within the meaning of this Section.

1.55. Properties.

Properties means the First Subdivision, together with such portions of the Annexable Area which are annexed to the property which is subject to this Declaration pursuant to Article II hereof. The Properties are classified as a "common interest development" as defined in Section 1351(c) of the California Civil Code.

1.56. Public Report.

Public Report means a Final Subdivision Public Report issued by DRE in compliance with Sections 11000 et seq. of the California Business and Professions Code, or any similar California statute hereafter enacted.

1.57. Reconstruction Assessment.

Reconstruction Assessment means a charge against each Owner and his Lot or Condominium, representing a portion of the Association's cost to reconstruct or replace the Parkway Trees and any Improvements on the Association Property, pursuant to the provisions of this Declaration.

1.58. Record, Filed, Recordation.

Record, Filed or Recordation means, with respect to any document, the recordation or filing of such document in the Office of the Orange County Recorder.

1.59. Reserves.

Reserves means those Common Expenses for which Association funds are set aside pursuant to Article VI of this Declaration and Section 1365.5 of the California Civil Code for funding the periodic pruning, painting, maintaining, repairing and replacing of the Parkway Trees and the major components of the Association Property which would not reasonably be expected to recur on an annual or less frequent basis, such amounts to be determined annually by the Board pursuant to maintenance cost guidelines established in accordance with prudent property management practices generally applied for "common interest developments" (as defined in Section 1351(c) of the California Civil Code) throughout the geographic region in which the Properties are located.

1.60. Residence.

Residence means a dwelling intended for use and occupancy by a single Family and located on a Lot or Condominium Project.

1.61. Restrictions.

Restrictions means this Declaration, the Supplemental Declarations, the Articles, the Bylaws, the Rules and Regulations and the Maintenance Guidelines.

1.62. Rules and Regulations.

Rules and Regulations means the Rules and Regulations adopted by the Board pursuant to Section 5.3 hereof, as amended.

1.63. Special Assessment.

Special Assessment means a charge against a particular Owner or a particular Project Association, directly attributable to or reimbursable by such Owner or Project Association, equal to the cost incurred by the Association for corrective action performed pursuant to the Restrictions, or levied by the Board as a reasonable fine or penalty for noncompliance with the Restrictions, plus interest and other charges on such Special Assessment as provided for in this Declaration.

1.64. Supplemental Declaration.

Supplemental Declaration means any declaration of covenants, conditions and restrictions and reservation of easements or similar document adding real property to the Properties or supplementing this Declaration which may be Recorded pursuant to Article II of this Declaration.

1.65. VA.

VA means the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE II

2. Development: Annexation.

2.1. Interpretation of Declarations.

Declarant intends that the Properties be developed for single-Family residential use consistent with the Meadowood Declaration and this Declaration. In addition, Declarant, at its option, may designate areas for maintenance, recreational, institutional or other purposes. As each Planned Development or Condominium Project is developed, Declarant or Declarant and a Merchant Builder may, with respect thereto, Record one (1) or more Supplemental Declarations which incorporate this Declaration by reference, which shall designate the Delegate District(s) and identify any Association Property within the affected areas, and which may supplement this Declaration with such additional covenants, conditions, restrictions and land uses as Declarant