

Recorded, (2) no Class A or Class B Association vote has been exercised with respect to any portion of such Phase of Development, (3) Common Assessments have not yet commenced with respect to any portion of such Phase(s) of Development, (4) there has been no Close of Escrow for the sale of any Lot or Condominium in such Phase(s) of Development, (5) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase(s) of Development, and (6) if VA or FHA has issued a "project approval" for such Phase of Development (*i.e.* has agreed to guarantee or insure loans secured by Mortgages on Lots or Condominiums located in such Phase of Development), VA, FHA or both, as applicable, have approved such deannexation or amendment.

(ii) By Merchant Builder. Merchant Builders may amend a Supplemental Declaration with respect to one or more Phases of Development, or delete all or any portion of one or more Phase(s) of Development from coverage of this Declaration and the jurisdiction of the Association, so long as such Merchant Builders or Declarant and such Merchant Builders together are the Owners of all of such Phase(s) of Development (with the exception of Public Property and Dedicated Association Property) and provided further, that all requirements of items (1) through (6) set forth in Section 2.2.6(i) above have been satisfied, and Declarant has consented in writing to such amendment or deletion by executing the appropriate Notice of Deletion of Territory or amendment to the Supplemental Declaration, as applicable.

### 2.3. Other Additions.

Subject to Section 8.1, in addition to annexations pursuant to Section 2.2 above, additional real property may be annexed to the Properties and brought within the comprehensive plan of this Declaration upon the approval of Delegates entitled to exercise no less than two-thirds (2/3) of the total voting power of the Association.

## ARTICLE III

### 3. Association Property: Uses and Restrictions.

#### 3.1. Owners' Rights of Enjoyment.

Every Owner and, to the extent permitted by such Owner pursuant to the Restrictions, such Owner's Family, guests, invitees, and lessees, and contract purchasers who reside in such Owner's Lot or Condominium, shall have a right of ingress and egress and of enjoyment in, to and over the Association Property which shall be appurtenant to and shall pass with title to every Lot and Condominium, subject to the Association's right to exercise exclusive jurisdiction over and control of the Association Property (other than Public Property) and subject to the following provisions:

3.1.1. Additional Association Property. The right of Declarant or any Merchant Builder to designate additional Association Property pursuant to the terms of Article II hereof.

3.1.2. Rules and Regulations. The Association's right to establish reasonable Rules and Regulations pertaining to the use of the Association Property and any recreational and other facilities located thereon, including, but not limited to, the right and obligation of the Association to enforce all parking restrictions for parking areas within the Association Property as set forth in Section 3.3 below.

3.1.3. Guests. The Association's right to reasonably limit the number of guests of Owners using the Association Property and any facilities thereon. The Rules and Regulations may specify a maximum number of guests which an Owner may admit to the Association Property recreational facilities at one time without first obtaining the Association's prior written authorization. The Rules and Regulations may also require a deposit or other arrangements before Owners may use the Association Property facilities for such large groups of guests.

3.1.4. Fees. The Association's right to charge reasonable admission and other fees for the use of any recreation facilities situated upon the Association Property.

3.1.5. Borrowings. The Association's right in accordance with the Articles, Bylaws and this Declaration, with the approval of Delegates representing at least sixty-seven percent (67%) of the Association voting power, to borrow money for the purpose of improving, repairing or adding to the Association Property and facilities and, subject to the provisions of Section 10.3 of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred pursuant to this subsection.

3.1.6. Suspension of Rights. The Association's right to suspend the Membership rights and other rights and easements of any Owner (and of the Persons deriving such rights and easements from such Owner) to use the Association Property and the facilities and Improvements located thereon, for any period during which any assessment against such Owner's Lot or Condominium remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any noncontinuing infraction of the Rules and Regulations of the Association as more fully provided in the Bylaws. Any suspension of Membership rights or right to use any Association Property facilities (i) shall be made only by the Board, after Notice and Hearing, and (ii) shall not limit or preclude pedestrian or vehicular access to such Owner's Lot or Condominium.

3.1.7. Association Property Transfers. Subject to the provisions of Section 10.3 of this Declaration, the Association's rights set forth in Section 5.2.4 of this Declaration; and Declarant's rights set forth in Article VIII hereof.

3.1.8. Use By Declarant and Merchant Builders. The right of Declarant and Merchant Builders (and their employees, sales agents, prospective purchasers, customers and representatives) to enter upon the Association Property, for the benefit of Declarant or the

Merchant Builders or the Annexable Area or any combination of them, to complete the construction of any landscaping or other Improvement to be installed thereon, as well as the right to nonexclusive use of the Association Property and the facilities thereof, without charge, for sales, display, access, ingress, egress, exhibition and occasional special events for promotional purposes, which right Declarant hereby reserves; provided, however, that such use rights shall terminate on the earlier of (i) the expiration of twenty (20) years after the first Close of Escrow for a Lot or Condominium in the Properties pursuant to a transaction requiring the issuance of a Public Report, or (ii) the date on which neither Declarant nor any Merchant Builder owns a Lot or Condominium in the Properties and Declarant's right to add Annexable Area to the Properties without the approval of the Delegates has expired. Such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

3.1.9. Reconstruction of Improvements. The Association's right (by action of the Board) to reconstruct, replace or refinish any Improvement or portion thereof upon the Association Property, in accordance with the Meadowood Declaration, the Maintenance Guidelines, and the original design, finish or standard of construction of such Improvement or of the other Improvements within any Phase of Development, as the case may be; or, if not in accordance with the Maintenance Guidelines and the original design, finish or standard of construction, only with the approval of Delegates representing at least sixty-seven percent (67%) of the Association voting power, and then subject to Section 10.3 hereof.

3.1.10. Maintenance. The Association's right to maintain and repair the Association Property, including without limitation the right to plant or remove trees, shrubs, flowers, ground cover and other vegetation upon any portion of the Association Property, and to replace any such vegetation or other landscaping Improvements which have been damaged or destroyed.

3.1.11. Restricted Areas. The Association's right, acting through the Board, to reasonably restrict access to slopes and other sensitive landscaped areas, maintenance facilities, open space areas and similar areas of the Association Property. A Supplemental Declaration may designate exclusive use areas within the Association Property for the exclusive use or maintenance by one or more Owners (such as common driveway areas). The Association shall have exclusive control over all of the Association Property except for any Public Property and any exclusive use or maintenance area designated in a Supplemental Declaration.

3.1.12. Meadowood Property. The rights of the Meadowood Association, Declarant, the "Declarant" under the Meadowood Declaration, their respective members and guests, and others of access, ingress and egress for maintenance, use and enjoyment of those portions of the Association Property, if any, which are Meadowood Property (*i.e.* designated as "Maintenance Property" pursuant to the Meadowood Declaration or any "Supplemental Declaration" which may be recorded pursuant to the Meadowood Declaration). The Meadowood Association shall have exclusive jurisdiction over and control of any portions of the Association Property which are also Meadowood Property pursuant to the Meadowood Declaration or any

Meadowood Supplemental Declaration. The Association shall not interfere with the Meadowood Association as it performs its maintenance obligations pursuant to the Meadowood Declaration.

3.2. Delegation of Use.

The Owner of a Lot or Condominium may delegate, in accordance with the Restrictions, the Owner's right of enjoyment of the Association Property and facilities to the Owner's Family members, tenants, or contract purchasers who occupy the Owner's Lot or Condominium, subject to reasonable regulation by the Board. An Owner who does not reside in his Residence and who has delegated his right of enjoyment of the Association Property to a tenant or contract purchaser who occupies the Residence shall not be entitled to the use and enjoyment of any recreational facilities located on the Association Property during the term of such delegation.

3.3. Parking and Traffic Control.

Temporary guest or recreational parking is permitted within the Association Property only within spaces and areas clearly marked for such purpose. The Association, through the Board, is empowered to establish "parking" and restricted "guest parking" and "no parking" areas within the Association Property in accordance with Section 22658 and Section 22658.2 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce these parking limitations through its officers and agents by all means lawful for such enforcement on public streets, including the removal of any violating vehicle. The Board is also authorized and empowered to request that the County or other applicable agency enforce the California Vehicle Code on any private streets within the Properties, including the Common Area and any Association Property private streets, pursuant to applicable ordinances and provisions of the California Vehicle Code permitting governmental enforcement thereof.

3.4. Easements for Vehicular Traffic.

In addition to the general easements for use of the Association Property reserved herein, Declarant hereby reserves to itself, to all future Owners within the Properties, and to every Owner and their respective agents, employees, guests, tenants, invitees and successors nonexclusive easements appurtenant to each Lot and Condominium in the Properties for vehicular and pedestrian traffic over any and all private streets and walkways within the Association Property, subject to the parking provisions set forth in Section 3.3 above. Declarant, on behalf of itself and all Merchant Builders, reserves the right to grant similar easements to owners of property in the Annexable Area.

3.5. Waiver of Use.

No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release his Lot, Condominium or other property in the Properties from the liens and charges hereof, by waiver of the use and enjoyment of the Association Property or any facilities thereon or by abandonment of his Lot, Condominium or any other property in the Properties.

### 3.6. Title to the Association Property.

3.6.1. Transfer. As each Phase of Development is developed by Declarant or a Merchant Builder, Declarant and such Merchant Builder, as applicable, will convey or cause to be conveyed to the Association, in fee simple or by easement, the Association Property (excluding Public Property) in such Phase of Development, free and clear of any and all monetary encumbrances and liens (other than nondelinquent taxes and assessments), subject to reservations, easements, covenants, and conditions then of record, including those set forth in this Declaration and the Meadowood Declaration, or as contained in the deed conveying such Association Property. Within each Phase of Development, such conveyance shall be completed before the first Close of Escrow for a Lot or Condominium in such Phase of Development pursuant to a transaction requiring issuance of a Public Report. No Owner or Project Association shall interfere with the exercise by the Association of its rights hereunder or its easement for maintenance over Association Property which is owned in fee by such Owner or Project Association.

3.6.2. Commencement of Maintenance. Notwithstanding any conveyance of Association Property to the Association, the Association's responsibility to maintain the Association Property located in any Phase of Development shall not begin until the commencement of Common Assessments in such Phase of Development; except that, if such Phase of Development consists of only Association Property, the Association's maintenance responsibility therefor shall commence on the first day of the month immediately following the month in which the deed is Recorded conveying such property to the Association. The same Association Property ("Multi-Phased Association Property") may be designated for Association ownership in connection with several different Phases of Development (the "Alternative Phases"). Maintenance of Multi-Phased Association Property, if any, shall commence on the earliest date that maintenance begins in any of the Alternative Phases in which such Multi-Phased Association Property is designated for Association ownership. Prior to the commencement of the Association's maintenance responsibility, such maintenance shall be the responsibility of Declarant or the Merchant Builder, as applicable, depending on whether such Phase of Development is being developed by Declarant or a Merchant Builder. Notwithstanding the foregoing, if the contractors or subcontractors of Declarant or a Merchant Builder are contractually obligated to maintain the landscaping or other Improvements on the Association Property, the Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Such maintenance performed by the contractors or subcontractors of Declarant or Merchant Builders shall not postpone the commencement of Common Assessments pursuant to this Declaration nor entitle an Owner to claim any offset or reduction in the amount of such assessments. If Dedicated Association Property or any other portion of the Association Property is dedicated to and accepted for maintenance by a Local Governmental Agency, then the Association may but need not maintain the area if the Local Governmental Agency either fails to maintain the area or elects to cease maintaining the area.

3.6.3. Character of Association Property Improvements. The nature, design, quantity, quality and all other attributes of the Association Property, and the facilities and amenities thereon, shall be determined in Declarant's sole and absolute discretion. The Association shall be unconditionally obligated to accept title to and maintenance responsibility for the Association Property when such title and maintenance responsibility is tendered by Declarant alone or together with a Merchant Builder pursuant to Sections 3.6.1 and 3.6.2 above. If a dispute arises between the Association and Declarant or any Merchant Builder in connection with the nature, design, quantity, quality or other attributes of the Association Property, the completion thereof, the state of title thereto or the acceptance of title or maintenance responsibility therefor (an "Association Property Dispute"), then the Association shall be obligated to accept title to and assume maintenance responsibility for such Association Property and the Improvements and facilities thereon pending resolution of such Association Property Dispute.

3.7. Taxes.

Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of his Lot or Condominium. If, in the Association's opinion, any taxes or assessments constitute a lien on the Association Property, or any part thereof, they may be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against the Association Property and attributable to his own Lot or Condominium and interest in the Association Property.

3.8. Master Antennae Cable Service Easement.

All of the Properties are subject to nonexclusive easements of access, ingress, and egress, for purposes of installing, operating, maintaining, repairing, inspecting, removing and replacing a community antenna television system and telecommunication service lines, facilities, and equipment, for the benefit of Declarant and its subsidiaries, transferees, successors and assigns, as reserved and granted by reservations and conveyances of record and the provisions hereof. Such easements are freely transferable by Declarant to any other individual or entity and their successive owners for the purpose of providing a community antenna television system and telecommunication services to the Properties, any portion thereof, and adjoining property. All such community antenna television and telecommunication lines, facilities and equipment shall remain the property of Declarant, its subsidiaries, successors, transferees and assigns, and transfer of all or any portion of the Properties does not imply the transfer of any such community antenna television and telecommunication easements or the lines, facilities or equipment located thereon. Exercise of the easements reserved in this Section 3.8 shall not unreasonably interfere with the reasonable use and enjoyment of the Properties.

3.9. Regular Inspection.

3.9.1. Duty to Inspect. It shall be the duty of the Board to have the Association Property inspected at least once every three (3) years.

3.9.2. Purpose of Inspection. The purpose of the inspection shall be to (i) determine whether the Association Property is being maintained adequately in accordance with the Maintenance Guidelines and such other prudent maintenance practices appropriate for Improvements such as those comprising the Association Property, (ii) identify the condition of the Association Property and any Improvements thereon including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (iii) recommend preventive actions (such as root pruning and tree removal) which may be taken to reduce potential maintenance costs to be incurred in the future.

3.9.3. Scope of Inspection. All of the Association Property and Improvements thereon including, but not limited to, all structures, entry gates, walls, walkways, irrigation systems, landscaping, and drainage devices thereon shall be inspected.

3.9.4. Experts and Consultants. The Board may employ such experts and consultants as are necessary to perform the inspection and make the report required by this Section 3.9.

3.9.5. Report to Owners. The Board shall have a report of the results of the inspection of the Association Property required by this section prepared. The report shall be furnished to Owners within the time set forth for furnishing Owners with the Budget. The report shall include at least the following:

- (i) a description of the condition of the Association Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (ii) a description of all maintenance, repair and replacement planned for the ensuing fiscal year and included in the Budget;
- (iii) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (iv) a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (v) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and

- (vi) such other matters as the Board deems appropriate.

## ARTICLE IV

### 4. Trailwood Maintenance Association.

#### 4.1. Organization.

The Association is organized as a California corporation under the Nonprofit Mutual Benefit Corporation Law, as required by Section 1363 of the California Civil Code. The Association is charged with the duties and vested with the powers prescribed by law, subject to the limitations and provisions of the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. If there is any ambiguity in any provision of the Articles or Bylaws, then such provision shall be construed, to the extent possible, so as to be consistent with the provisions of this Declaration. Nothing in this Declaration shall prevent the creation, pursuant to Project Declarations, of Project Associations to assess, regulate, maintain or manage the portions of the Properties subject to such Project Declarations, or to own or control portions thereof for the common use or benefit of the Owners of Lots or Condominiums in those portions of the Properties subject to such Project Declarations.

#### 4.2. Membership.

Members of the Association are Declarant, for so long as Declarant is entitled to cast a Class C vote pursuant to this Section, and each Owner (including Declarant and any Merchant Builder) of one (1) or more Lots or Condominiums in the Properties. Membership in the Association is subject to the Restrictions and is in addition to membership in the Meadowood Association. Excepting the Class C Membership, all Memberships in the Association held by Owners are appurtenant to the Lot or Condominium owned by each Owner, and ownership of a Lot or Condominium is the sole qualification for an Owner's Membership in the Association.

4.2.1. Classes of Membership. The Association has three (3) classes of voting Membership as follows:

(i) Class A. The Class A Members are all Owners, except Declarant and Merchant Builders shall not be Class A Members for so long as there exists a Class B Membership. Class A Members are assigned one (1) vote for each Lot or Condominium which is both subject to assessments and owned by such Member. All votes cast by the Class A Members within a Delegate District shall be carried by the Delegate representing such Members to a meeting of the Delegates, and shall be cast by the Delegates on behalf of the Class A Members in accordance with Section 4.5.1 concerning Voting Proposals to Delegates.

(ii) Class B. The Class B Members are Declarant and the Merchant Builders. The Class B Members are assigned three (3) votes for each Lot or Condominium which is both subject to assessments and owned by such Member. Votes of the