

the City, Declarant, the Merchant Builders, the Golf Course Property Owner, the operator the Golf Course Property, the designer of the Golf Course Property and all of their respective divisions, subsidiaries, partners and affiliated companies, and their respective officers, directors, shareholders, agents, employees, consultants, managers, contractors, licensees and invitees, and their respective successors, assigns and grantees (collectively the "Parties") from any and all claims, demands, costs, expenses, losses, damages and other liability of any kind (including actual attorney's fees) for death or injury to any person and/or damage to property arising from or related to any of such events and activities in connection with the operation, maintenance, repair and/or use of the Golf Course Property, whether incurred or asserted by the Master Association, any Sub-Association, any Owner, any member of an Owner's family, any tenant or lessee of an Owner or any of their respective licensees or invitees.

Section 13. No Rights to Use the Golf Course Property.
The purchase of a Lot or Condominium in the Community does not confer any rights or privileges whatsoever to use the Golf Course Property.

Section 14. Liquor Sales. Certain areas within the Golf Course Property may be used for the sale of liquor to be consumed on-site and/or off-site.

ARTICLE III

PROPERTY RIGHTS REGARDING THE MASTER ASSOCIATION PROPERTY AND RESERVATIONS OF EASEMENTS

Section 1. Owners' Easements. Every Owner is granted a nonexclusive right and easement of ingress, egress, access, use and enjoyment in and to the Master Association Property. Said right and easement shall be appurtenant to and shall pass with

title to every Lot and Condominium, subject to the limitations set forth in this Article.

Section 2. Limitations on Owners' Easement Rights.

The rights and easements of ingress, egress, access, use and enjoyment set forth in the preceding Section shall be subject to the provisions of this Master Declaration, including, but not limited to, the following:

(a) Limitations on Guests. The right of the Master Association to reasonably limit the number of guests of Owners using the Master Association Property and the recreational amenities located thereon.

(b) Rules and Regulations. The right of the Master Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Master Association Property and any amenities located thereon, (including, without limitation, the imposition of security deposits and/or cleaning fees for use of the amenities by groups).

(c) Control of the Access Facilities. The right of Declarant to control all aspects of the operation of the Access Facilities as provided in Article II, and thereafter, the right of the Master Association to control the operation of the Access Facilities, provided however, the Community Entry Facilities shall be subject to the provisions of the Cost Sharing Agreement.

(d) Rights of Declarant and Merchant Builders. The right of Declarant and each Merchant Builder (and their respective sales agents, representatives and prospective purchasers) to the nonexclusive use of the Master Association Property, (without charge); provided, however, during the Term of the Use Agreement, Declarant has reserved the exclusive right to use and occupy the "Community Building" and the non-exclusive right to use the "Common Use Areas" located on Lot 112 of Tract 15941 which may be annexed as part of the Master

Association Property as more particularly set forth in the Use Agreement.

(e) Use Fees. The right of the Board to establish and impose reasonable fees for the temporary exclusive use by an Owner of the facilities located on the Master Association Property (e.g., a rental charge for use of the recreation center for a private reception, etc.). The Board may not impose any fees for use of the recreational amenities located on the Master Association Property that were designed and intended to be available for use by all Owners (e.g., a fee may not be imposed to swim in the swimming pool, etc.). All use of the recreational amenities shall be on a first-come-first-served basis.

(f) Suspension of Rights and Imposition of Penalties. The right of the Master Association to suspend the voting rights attributable to a Lot or Condominium and/or the right to use and enjoy the recreational amenities located on the Master Association Property of any Member, (and all persons deriving such rights and easements from any Member as provided herein) for any period during which any Assessment against such Member's Lot or Condominium remains unpaid and delinquent, and to impose monetary penalties and/or to suspend such right of use for a period not to exceed thirty (30) days for any noncontinuing violation of the Master Association Documents; provided that all such disciplinary action shall be made only by the Board after Notice and Hearing, and in no event shall any disciplinary action restrict vehicular or pedestrian access to the Member's Lot or Condominium.

(g) Borrowings and Encumbrances. The right of the Master Association, with the assent of at least sixty-seven percent (67%) of the Owners, other than Declarant and the Merchant Builders, to borrow money for the purpose of improving the Master Association Property and/or, subject to the terms and provisions of the Article herein entitled

"Mortgagee Protection," to mortgage, pledge, deed in trust, hypothecate or otherwise encumber any or all of its real or personal property, as security for money borrowed or debts incurred.

(h) Dedications. Subject to the terms and provisions of the Article herein entitled "Mortgagee Protection," the right of the Master Association to dedicate or transfer all or any part of the Master Association Property to any Public Agency or any utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless it is approved by any affected Public Agencies and by at least sixty-seven percent (67%) of the total voting power of the Master Association and a certificate executed by the President and the Secretary of the Master Association evidencing such approval is recorded in the Office of the County Recorder for Orange County.

(i) Acceptances and Conveyances of Property. The right of the Board to join with the Declarant, a Merchant Builder, a Sub-Association, an Owner, a Public Agency, utility company, or other person or entity in the execution of a lot line adjustment, grant deed and/or grant of easement for the purpose of accepting or conveying title to property, including without limitation, any Master Association Property, as necessary to transfer title provided and on condition that any such lot line adjustment and/or conveyance is made for any of the following purposes: (i) to eliminate encroachments due to engineering errors or errors in construction of any improvements upon any of the affected property, (ii) to permit changes in the development plan in circumstances where such changes are the result of topography, obstruction, hardship, aesthetic considerations or environmental conditions, (iii) to fulfill the requirement of a Public Agency, or (iv) to transfer the burden of management and maintenance of any

Master Association Property which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of general use or benefit to the membership at large of the Master Association.

(j) Transfer of Ownership and Maintenance of Private Streets and Drives. The right of the Master Association to convey to the Owner (or Owners) of one or more Lots fee title to or an easement over a portion of the Master Association Property consisting of a private street or drive (and adjoining parkway, if any) that provides vehicular access to such Lot(s), together with the obligation to maintain such private street or drive (and adjoining parkway, if any), subject to satisfaction of all of the following conditions:

(1) submission to the Design Review Committee of a written petition from such Owner(s) requesting the conveyance of fee title to or an easement over the a portion of such private street or drive (and adjoining parkway, if any);

(2) submission to the Design Review Committee by such Owner(s) of an improvement plan for such private street or drive (and any adjoining parkway) depicting in detail the proposed enhanced Improvements beyond those previously installed thereon by Declarant or a Merchant Builder, which plan shall include, a landscape plan, an irrigation plan, and plans and specifications for all other proposed Improvements, (including, but not limited to, any enhanced paving, all fences, walls, exterior lights and other structures and Improvements);

(3) approval by the Design Review Committee of the submitted improvement plan in accordance with the procedures and requirements set forth in the Article in this Master Declaration entitled "Design Review";

(4) compliance by the Owner(s) with all terms and conditions imposed by the Design Review Committee, if any, (including, but not limited to, the posting of any bonds or other security and compliance with any time limits for completion of the approved Improvements, including all landscaping);

(5) execution by the Master Association, acting by and through the Board, and each and all of such Owner(s) and the subsequent recordation of a grant deed, lot line adjustment on other applicable instrument of conveyance to such private street or drive (and any adjoining parkway), together with an agreement in a form acceptable to the Board requiring such Owner(s) to: (i) assume the maintenance obligation for such private street or drive (and any adjoining parkway) by such Owner(s), (ii) reimburse the Master Association for any and all costs incurred to repair any damage to any portions of the Master Association Property that occurred during the course of constructing and installing the approved Improvements; (iii) name the Master Association as an additional insured under a policy of liability insurance acceptable to the Master Association during the course of constructing and installing the approved Improvements; (iv) indemnify the Master Association for any claims, damages, costs, expenses or other liability (including attorneys' fees) arising in connection with the construction or installation of the approved Improvements; and (v) pay all costs and expenses incurred by the Master Association to redesign and modify any irrigation and/or utility systems; and

(6) any other requirements that may be imposed by the Design Review Committee to preserve the aesthetic harmony of the Community.

(In the event that a multiple Lot purchase creates a condition whereby only the Owner of the multiple Lots shall require access over a private street or drive which is part of the Master Association Property, the Master Association may defer requiring the Owner to comply with all of the above conditions until after the transfer of fee title to or an easement over such street (and any adjoining parkway), but not later than concurrently with the submittal of plans and specifications for the Improvement of such Lots with a Dwelling pursuant to the Custom Lot Declaration. In all cases, the Design Review Committee shall have the absolute right to deny and reject such Owner(s) petition and request if the Committee, in its sole and absolute discretion, determines that the proposed use and/or Improvements are not in the best interests of the Master Association.

(k) Restrictions on Access. The right of the Master Association to reasonably restrict and/or prohibit access into and/or over greenbelts, slopes, the Conservation/Long Term Habitat Maintenance Areas and/or other environmentally sensitive areas within the Master Association Property.

(l) Performance of Duties. The right of the Master Association to perform and exercise its powers and duties as set forth herein.

(m) Public Access. The right of the general public to use certain portions of the Master Association Property (including, without limitation, hiking, biking and equestrian trails) as required by any Public Agency in connection with the development of the Community.

(n) Offers of Dedication. Portions of the Master Association Property (including, but not limited to, streets, roadways, trails and open space areas) may be subject to an unaccepted offer of dedication to a Public Agency for various purposes, including, but not limited to public access, use

and/or maintenance. Such portions of the Master Association Property may be used by the Members of the Master Association and shall be maintained by the Master Association as provided herein in the same manner as all other Master Association Property until such time, if ever, that the offer of dedication is accepted by the applicable Public Agency. If the offer of dedication is accepted, the affected portion of the Master Association Property shall (i) be maintained by the applicable Public Agency, if applicable; (ii) no longer constitute a portion of the Master Association Property; and (iii) be open for use by the general public as permitted by the applicable Public Agency.

(o) Landscape Easement Areas. The Landscape Easement Areas appurtenant to certain Lots and/or Condominiums in the Community.

(p) Other Rights. Other rights of the Master Association, the Board, the Owners and Declarant with respect to the Master Association Property as may be provided for in this Master Declaration.

(q) Other Restrictions. Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Master Association Property imposed by the Master Association, Declarant or by any Public Agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of any and all Public Agencies to use their vehicles or appropriate equipment as reasonably necessary over those portions of the Master Association Property designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Master Association Property Use Rights. Subject to the rights and limitations set forth in the Master Declaration, any Owner of a Lot or Condominium in the Community may delegate his right to use and enjoy the Master

Association Property, and the amenities thereon, to the members of his immediate family, his tenants and lessees and to their respective guests and invitees. If an Owner shall rent or lease his Lot or Condominium, his right to use and enjoy the Master Association Property, and the amenities thereon, shall be automatically delegated to his tenants or lessees for the duration of their tenancy, and the Owner's right to use and enjoy the Master Association Property, and the amenities thereon, shall be deemed suspended for the duration of such tenancy, except reasonable rights of ingress, egress and access to his respective Lot or Condominium and such other rights as may be reasonably required to perform the necessary functions of a landlord. The seller under an installment sales contract shall be deemed to have delegated the right to use and enjoy the Master Association Property, and the amenities thereon, to the purchaser under the contract.

Section 4. Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the Master Association nor release any Lot or Condominium which he owns in the Community from the liens and charges imposed by the Master Association by waiver of the use and enjoyment of the Master Association Property, and the amenities thereon, or by abandonment of any Lot or Condominium in the Community.

Section 5. Easements for Vehicular and Pedestrian Traffic. In addition to the general right and easement granted herein for ingress, egress, access, use and enjoyment of the Master Association Property, and the amenities thereon, there is hereby created, granted and reserved a nonexclusive easement appurtenant to each Lot or Condominium in the Community for vehicular and pedestrian ingress, egress and access on, over and across all of the private streets in the Community, subject to the rights and limitations set forth in this Master Declaration.

Section 6. Easements for Unintentional Encroachments. There is hereby created, established and granted nonexclusive easements appurtenant to any Lot or Condominium, the Master

Association Property and/or Common Area (as the case may be) on, over and across those portions of an adjacent Lot or Condominium, Master Association Property and/or Common Area for the encroachment by any Improvement as originally constructed by Declarant or by a Merchant Builder, and for the encroachment by any Improvement resulting from subsequent settling, shifting or other movement of such Improvements.

Section 7. Easements for Utilities. The rights and duties of the Owners of Lots or Condominiums within the Community with respect to sanitary sewer, water, electricity, gas, telephone, cable television (or CATV), security systems and future information technology lines, connections, conduit and/or other facilities shall be governed by the following:

(a) Regulations governing the installation of antennae are more particularly set forth in the Article entitled "Use Restrictions" hereinbelow.

(b) Each utility company and private purveyor shall maintain all of its respective lines, connections, conduit and/or other facilities located within the Community; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those lines, connections, conduit and other facilities located upon such Owner's Lot or Condominium, and it shall be the obligation of the Master Association to maintain those lines, connections, conduit and other facilities located upon the Master Association Property.

(c) Wherever sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities are installed within the Community, if it becomes necessary to gain access to said lines, connections, conduit and/or other facilities through a Lot or Condominium owned by someone other than the Owner of the Lot or Condominium served by said lines, connections, conduit and/or

other facilities, the Owner of the Lot or Condominium served shall have the right, and is hereby granted an easement to the fullest extent necessary therefor, to enter upon such other Lot or Condominium or to have the utility companies and private purveyors enter upon such other Lot or Condominium to repair, replace and generally maintain said lines, connections, conduit and/or other facilities.

(d) Whenever sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities are installed within the Community, and said lines, connections, conduit and/or other facilities serve more than one (1) Lot or Condominium, the Owner of each Lot or Condominium served thereby shall be entitled to the full use and enjoyment of such portions of same as service his Lot or Condominium.

(e) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid lines, connections, conduit and/or other facilities, or the sharing of the cost thereof, said Owners shall first contact the appropriate utility company in an effort to resolve the dispute; provided however, if said dispute remains unresolved, upon written request of one (1) of such Owners addressed to the Master Association, the matter shall be submitted to the Board who, and after Notice and Hearing in which the Owners shall have an opportunity to be heard, shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(f) Easements over the Community for the installation, maintenance and repair of sanitary sewer, water, electricity, gas, telephone, cable television, security systems and future information technology lines, connections, conduit and/or other facilities, utility meters, storm drains, street lights, mail boxes, fire hydrants and traffic signs as

shown on any recorded map of the Community or otherwise of record are hereby reserved by Declarant, for itself and the Merchant Builders, together with the right to grant and transfer the same. Notwithstanding that an Owner may install Improvements (including landscaping) within a utility easement area with the approval of the Design Review Committee, each Owner acknowledges that such Improvements (including landscaping) may be removed by the respective utility company or Public Agency to maintain, repair or replace any of the foregoing facilities without any liability to the Owner to repair or restore such Improvements (including landscaping).

Section 8. Easements for Maintenance by the Master Association. There is hereby created, granted and reserved a nonexclusive easement in favor of the Master Association for ingress, egress and access on, over and across those portions of the Community as reasonably required by the Master Association to exercise its rights and perform its obligations (including, but not limited to, the maintenance of the Master Association Property and Maintenance Areas as more particularly set forth in the Article herein entitled "Powers and Duties of the Master Association"). In the event it becomes necessary for the Master Association to enter upon any Lot or Condominium or any Common Area for purposes of: (a) maintaining the Master Association Property and/or Maintenance Areas; (b) bringing an Owner and/or his Lot or Condominium into compliance with the Master Association Documents; or (c) bringing the Common Area into compliance with the Master Association Documents, the Master Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and/or Sub-Association (as the case may be) and at a reasonable hour of the day, to enter upon such Owner's Lot or Condominium or the Common Area for the performance of such work. Such entry shall be made with as little inconvenience as is practicable, and in the event that any damage shall be proximately caused by such entry, the Master Association shall repair the same

at its expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate, and shall not require advance notice.

Section 9. Easements for Maintenance by Sub-Associations. There is hereby created, granted and reserved nonexclusive easements in favor of each Sub-Association for ingress, egress and access on, over and across such portions of the Community as reasonably required to perform its respective maintenance obligations. In the event it becomes necessary for a Sub-Association to enter upon the Master Association Property and/or any Lot or Condominium to perform any maintenance or other obligation, the Sub-Association, and its duly authorized agents and employees, shall have the right, after reasonable notice to the Master Association and/or Owner (as the case may be) and at a reasonable hour of day, to enter upon the Master Association Property and/or such Owner's Lot or Condominium. Such entry shall be made with as little inconvenience to the Owner as is practicable, and any damage proximately caused by such entry shall be repaired at the Sub-Association's expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate, and shall not require advance notice.

Section 10. Easements for the Golf Course Property. There is hereby created, granted and reserved nonexclusive easements appurtenant to the Golf Course Property for vehicular and pedestrian ingress, egress and access over certain private streets which are part of the Master Association Property as referenced in the Cost Sharing Agreement. Additionally, as more particularly set forth in the Golf Course Declaration, the Golf Course Property Owner also owns nonexclusive easements appurtenant to the Golf Course Property on, over and across certain portions of the Community for various purposes, including, but not limited to: (i) the flight and impact of errant golf balls; (ii) irrigation overspray; (iii) the installation, maintenance, operation, use, repair, replacement and reconstruction of irrigation facilities and

utilities; (iv) the installation, maintenance, repair, replacement, reconstruction, use and enjoyment of golf cart paths; (v) encroachments; and (vi) maintenance of walls, fences, trees, hedges, barrier landscaping, screening or other similar Improvements to be maintained by the Golf Course Property Owner.

Section 11. Easements for Clustered Mailboxes. In order to comply with the various requirements of the City and the United States Postal Service, clustered mailboxes may be installed within the Community. Easements are hereby created on and over the affected portions of the Community in favor of all Owners and the United States Postal Service for delivery, deposit and retrieval of mail.

Section 12. Easements for Drainage. There are hereby created, granted and reserved over each Lot and each Condominium in the Community nonexclusive appurtenant easements for drainage according to the drainage facilities installed and/or patterns created by Declarant and/or the Merchant Builders in accordance with the approved grading plans for the Community, as well as according to the actual, natural and existing patterns for drainage. In the event the approved grading plans make provisions for "cross drainage," whereby water from a Lot and/or Condominium drains across one (1) or more adjoining Lots or Condominiums or the Master Association Property, or whereby water from the Master Association Property drains across one (1) or more contiguous Lots or Condominiums, by means of surface sheet flow or subsurface drain lines, bench drains, "V" ditches or other drainage facilities, each Owner of a Lot or Condominium affected by such "cross drainage" covenants and agrees for himself and his successors and assigns that he will permit free access by the Master Association and/or the Owners of the adjoining Lots or Condominiums to all drainage facilities located on his Lot or Condominium which affect such Master Association Property or adjoining Lots and/or Condominiums when access is essential for the maintenance of permanent stabilization of slopes, or maintenance of the drainage facilities.

Additionally, each Owner, for himself and his successors and assigns, covenants and agrees that he will not, in any way, interfere with the established drainage patterns over his Lot or Condominium or any drainage facilities located thereon. In the event it is necessary and essential to alter said drainage patterns or facilities for the protection and use of his Lot or Condominium, such Owner shall make adequate provision for proper drainage and shall obtain plans and specifications from a licensed soils or civil engineer and shall submit such plans and specifications to the Design Review Committee for prior review and approval, and, if necessary, to the applicable Public Agencies for prior review and approval. Further, each Owner, for himself and his successors and assigns, covenants and agrees that he shall maintain and repair all drainage facilities located on his Lot or Condominium so as to keep such drainage facilities in proper working order at all times (including, without limitation, keeping such facilities free from dirt, debris and other obstructions).

Section 13. Easements for Community Cable Television, Alarm System Cabling and Communication Facilities. There are hereby reserved for the benefit of Declarant, and its successors and assigns permanent, non-exclusive easements in gross on, over, under, across and through: (i) all private and public streets, roads, trails and walkways in the Community (including any Lot or parcel shown as a street or road right-of-way on a final map or parcel map recorded on any portion of the Community and any street or road right-of-way conveyed or dedicated in fee or easement to any Public Agency); (ii) all parkways which are adjacent to any such streets, roads, trails or walkways in the Community; and (iii) all lettered Lots or parcels as shown on a final map or parcel map recorded on any portion of the Community, all for the purposes of constructing, installing (including the right to connect to existing facilities and systems), repairing, replacing, maintaining and using existing or future lines, connections, conduit and other facilities, equipment and systems for any or all of the following:

(a) a community antenna television system; (b) alarm system cabling; and (c) electric, gas, cable, telephone, future information technology, water, sewer, drainage facilities and systems; provided however, that the construction, installation, repair, replacement, maintenance and use of such lines, connections, conduit and other facilities, equipment and systems shall not unreasonably interfere with an Owner's use of his respective Lot or Condominium. Declarant hereby reserves the ownership of all such lines, connections, conduit and other facilities, equipment and systems currently existing and owned by Declarant or hereafter installed by or conveyed to Declarant.

Section 14. Reservation of Construction Rights.

Without limiting the rights of Declarant and the Merchant Builders set forth in Article II hereinabove, during the period the Community is being developed, nothing in this Master Declaration shall limit the right of Declarant (and/or any Merchant Builder with Declarant's consent) to establish additional licenses, easements and rights-of-way on, over and across the Community in favor of Declarant, a Merchant Builder, Public Agencies, utility companies and private purveyors of utility services, and/or others as may, from time to time, be reasonably necessary for the development, maintenance and proper operation of the Community. The foregoing rights established and reserved herein shall be subject only to the applicable regulations and requirements of the Public Agencies. The foregoing rights may be assigned by Declarant (or by a Merchant Builder with Declarant's consent) to any successor to all or part of Declarant's (or the Merchant Builder's) interest in the Community by an express assignment recorded in the Official Records of Orange County, California.

Section 15. Reservation of Easements Over Master Association Property. Declarant (and each Merchant Builder with Declarant's consent) hereby reserves the right to grant nonexclusive easements over all Master Association Property in the Community in favor of Owners of Lots and/or Condominiums located in

any portion of the Annexable Property which is subsequently annexed pursuant to this Master Declaration, and at such time as a Notice of Annexation recorded on a subsequent Phase of the Community becomes effective as provided in the Article herein entitled "Annexation of Additional Property," the Owners of Lots and/or Condominiums in any and all prior Phases of the Community shall automatically obtain nonexclusive easements over all Master Association Property which is included in the Annexable Property being annexed.

Section 16. Transfer of Master Association Property to Master Association.

(a) Conformance with Plan of Development. Declarant and each Merchant Builder covenants for itself, and its successors and assigns, to convey to the Master Association fee simple title to, an easement over, or a leasehold interest in the Master Association Property located within a particular Phase of the Community, if any, prior to or concurrently with the first Close of Escrow for the sale of a Lot or Condominium in such Phase. Such conveyance shall be subject to the Protective Covenants set forth herein and to any non-monetary liens and encumbrances and to any other matters of record or apparent at the time of such conveyance. All conveyances shall be made in conformity with Declarant's general plan for the development of the Community, as such general plan may be modified, from time to time, by Declarant, in its sole discretion.

(b) Completion of Master Association Property. As more particularly set forth in the Article herein entitled "Enforcement of Bonded Obligations," in the event that Improvements proposed to be constructed on the Master Association Property included in this first Phase of the Community have not been completed prior to the first day of the month following the first close of Escrow for the sale of a Lot in this first Phase of the Community (or the

Improvements proposed to be constructed on the Master Association Property included in a subsequent Phase have not been completed as of the first Close of Escrow for the sale of a Lot or Condominium in such subsequent Phase, as applicable), the completion of such Improvements shall be assured in accordance with Section 11018.5 of the California Business and Professions Code (or any similar statute hereinafter enacted) and the applicable regulations of the DRE. The Improvements to the Master Association Property located in each Phase, if any, shall be deemed complete at such time as a valid Notice of Completion is recorded in the Official Records of Orange County and the landscape architect and/or engineer of record executes and delivers to the Master Association a written instrument advising that all of such Improvements have been completed in accordance with the plans approved by the applicable Public Agencies. The Master Association shall be obligated to commence maintaining such Improvements as provided in subparagraph (c) below.

(c) Commencement of Master Association's Maintenance Obligation. At such time as the Improvements to the Master Association Property have been completed as provided in subparagraph (b) above, the Master Association's obligation to begin maintaining such Master Association Property (and/or any Maintenance Areas) included in a Phase of the Community shall commence upon the earlier of: (1) the first day of the month following the first Close of Escrow for the sale of a Lot or Condominium in such Phase to a bona fide purchaser pursuant to a Final Subdivision Public Report issued by the DRE; or (2) the recordation of the grant deed or other instrument conveying the Master Association Property to the Master Association. Notwithstanding the foregoing, if the contractors or subcontractors of Declarant or a Merchant Builder are contractually obligated to maintain or warrant the landscaping or other Improvements on the Master Association

Property (or Maintenance Areas) for a specified period of time during which said contractors or sub-contractors shall perform such maintenance, the Master Association shall not interfere with the performance of such warranty or other contractual maintenance obligations. Maintenance performed by such contractors or subcontractors shall not serve to postpone the commencement of Assessments pursuant to this Master Declaration, nor entitle an Owner to claim any offset or reduction in the amount of such Assessments.

(d) Character of Improvements to Master Association Property; Disputes. The nature, design, quality and quantity of all Improvements to the Master Association Property and Maintenance Areas shall be determined by Declarant in its sole discretion. The Master Association shall be obligated to accept title to the Master Association Property and undertake all maintenance responsibilities for the Master Association Property and Maintenance Areas as provided herein. In the event that a dispute arises between Declarant (and/or the Merchant Builders) and the Master Association with respect to the nature, design, quality or quantity of the Improvements, or the acceptance of maintenance responsibilities therefor, the Master Association shall be obligated to accept title to the Master Association Property and to undertake maintenance responsibilities pending resolution of the dispute in accordance with the provisions of this Master Declaration.

ARTICLE IV

THE MASTER ASSOCIATION

Section 1. Membership. Every Owner (including Declarant and each Merchant Builder) shall be a Member of the Master Association. Each Class A Member's membership in the Master Association shall be appurtenant to the Lot or Condominium owned by such Member and shall not be assignable, except to the person or