

OCT 26 2015

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ASSOCIATION and RON TURCO

FILED  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF RIVERSIDE

OCT 26 2015

D. GONZALES

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OCT 30 2015

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE, CENTRAL DIVISION

In the matter of:

RANCHO SERRANO ASSOCIATION, a  
California Non-Profit Mutual Benefit  
Corporation; RON TURCO, an individual,

Petitioners.

CASE NO. **RIC 1512975**

**VERIFIED PETITION FOR ORDER  
REDUCING PERCENTAGE OF VOTES  
NECESSARY TO AMEND THE BYLAWS  
OF A COMMON INTEREST  
DEVELOPMENT AND FOR AN ORDER  
APPROVING THE AMENDMENT (CORP.  
CODE § 7515)**

Hearing Date: ~~None set~~ 12/03/2015

Time: 8:30 a.m.

Dept: 2

Petitioners RANCHO SERRANO ASSOCIATION ("Association") and RON TURCO hereby petition this Court pursuant to Corporations Code section 7515 ("Section 7515") for an Order reducing the number of votes required to amend the Association's Bylaws, which pursuant to Article XII of Bylaws requires approval of a majority of the total voting power to amend, and by this verified petition, alleges as follows:

1. The Association is, and at all times herein mentioned has been, a common interest development with its principal place of business in this Judicial District. The Riverside County Superior Court, Southwest Justice Center, is the proper venue for this Petition because the property subject to the restrictions is located in this Judicial District.

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1           2.       The Association is, and at all times herein mentioned has been, an “association”  
2 as defined in Civil Code section 4080, created for the purpose of managing a “common  
3 interest development,” as defined in Civil Code section 4100(c).

4           3.       The Association manages a common interest development located in the  
5 County of Riverside, California, commonly referred to as “Rancho Serrano”, which was  
6 developed as a “Planned Development” as defined in Civil Code section 4175. Rancho  
7 Serrano consists of 120 residential lots and related common areas.

8           4.       Ownership of property in the Association is subject to several “governing  
9 documents” as defined in Civil Code section 4150, including:

- 10           a.       The “Declaration of Covenants, Conditions and Restrictions and  
11                   Reservation of Easements for Rancho Serrano Homeowners Association  
12                   Riverside County California” recorded in the official records of Riverside  
13                   County on March 18, 1993, as Document No. 101278, a true and correct  
14                   copy of which is attached hereto and incorporated herein as **Exhibit 1**;
- 15           b.       The “Supplementary Declaration for Redhawk Community Association,”  
16                   recorded in the official records of Riverside County on March 18, 1993, as  
17                   Document No. 101279, a true and correct copy of which is attached hereto  
18                   and incorporated herein as **Exhibit 2**;
- 19           c.       The “First Supplementary Declaration of Covenants, Conditions and  
20                   Restrictions and Reservation of Easements for Rancho Serrano  
21                   Homeowners Association” recorded in the official records of Riverside  
22                   County on March 23, 1993, as Document No. 106728, a true and correct  
23                   copy of which is attached hereto and incorporated herein as **Exhibit 3**;
- 24           d.       The “Second Supplementary Declaration of Covenants, Conditions and  
25                   Restrictions and Reservation of Easements for Rancho Serrano  
26                   Homeowners Association” recorded in the official records of Riverside  
27                   County on March 4, 1994, as Document No. 093128, a true and correct  
28                   copy of which is attached hereto and incorporated herein as **Exhibit 4**;

- 1 e. The “Third Supplementary Declaration of Covenants, Conditions and  
2 Restrictions and Reservation of Easements for Rancho Serrano  
3 Homeowners Association” recorded in the official records of Riverside  
4 County on March 15, 1994, as Document No. 108428, a true and correct  
5 copy of which is attached hereto and incorporated herein as **Exhibit 5**;
- 6 f. The “Fourth Supplementary Declaration of Covenants, Conditions and  
7 Restrictions and Reservation of Easements for Rancho Serrano  
8 Homeowners Association” recorded in the official records of Riverside  
9 County on July 8, 1994, as Document No. 276029, a true and correct copy  
10 of which is attached hereto and incorporated herein as **Exhibit 6**;
- 11 g. The “Fifth Supplementary Declaration of Covenants, Conditions and  
12 Restrictions and Reservation of Easements for Rancho Serrano  
13 Homeowners Association” recorded in the official records of Riverside  
14 County on July 8, 1994, as Document No. 276030, a true and correct copy  
15 of which is attached hereto and incorporated herein as **Exhibit 7**;
- 16 h. The “Sixth Supplementary Declaration of Covenants, Conditions and  
17 Restrictions and Reservation of Easements for Rancho Serrano  
18 Homeowners Association” recorded in the official records of Riverside  
19 County on July 8, 1994, as Document No. 276031, a true and correct copy  
20 of which is attached hereto and incorporated herein as **Exhibit 8**;
- 21 i. The “Seventh Supplementary Declaration of Covenants, Conditions and  
22 Restrictions and Reservation of Easements for Rancho Serrano  
23 Homeowners Association” recorded in the official records of Riverside  
24 County on July 8, 1994, as Document No. 276032, a true and correct copy  
25 of which is attached hereto and incorporated herein as **Exhibit 9**;

26 The foregoing are referred to collectively herein as the “Declaration.”

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1           5.       The Association is also governed by the “Bylaws of Rancho Serrano  
2 Homeowners Association,” signed on March 18, 1993, (referred to herein as “Bylaws”), a true  
3 and correct copy of which is attached hereto and incorporated herein as **Exhibit 10**.

4           6.       The Association is further governed by the “Articles of Incorporation of  
5 Rancho Serrano Homeowners Association,” filed with the California Secretary of State on  
6 October 25, 1989, as Document No. 1651348, a true and correct copy of which is attached  
7 hereto and incorporated herein as **Exhibit 11**.

8           7.       Petitioner Ron Turco is, and at all times herein mentioned was, the  
9 Association’s President and a member of Association’s Board of Directors. Petitioner Turco  
10 resides within the County and Judicial District in which this Petition was brought.

11          8.       The process for amending the Bylaws began in late 2014. The Board worked  
12 with the Association’s legal counsel to bring the Bylaws up to date with current law, especially  
13 the 2014 revisions to the Davis-Stirling Common Interest Development Act (Cal. Civ. Code §§  
14 4000-6150). The Board also addressed certain issues that became apparent after the  
15 community was developed that were not contemplated by the developer when the Bylaws were  
16 originally drafted. The Board’s goal was to revise the Bylaws so that they better address the  
17 needs of the community, remove developer references which are no longer applicable to the  
18 community, make the Bylaws more user friendly, and comply with the changes in the law.

19          9.       On December 10, 2014, the Association sent a letter to the membership  
20 explaining the Board was working with legal counsel to amend the Bylaws. The letter  
21 explained that the Association would mail the proposed amendments to the Bylaws (hereafter  
22 referred to as “Proposed Amendment”) along with a ballot to vote on whether to adopt the  
23 Proposed Amendment. The letter encouraged members to contact management with any  
24 questions. Lastly, the letter briefly summarized the changes contained in the Proposed  
25 Amendment. A true and correct copy of the December 10, 2014 letter is attached hereto as  
26 **Exhibit 12**.

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1           10.     The Association's December 2014 Newsletter also contained information about  
2 the upcoming vote to amend the Bylaws, briefly explained the procedure for voting on the  
3 Proposed Amendment, and encouraged members to vote when the time came. A true and  
4 correct copy of the December 2014 Newsletter is attached hereto as **Exhibit 13**.

5           11.     On January 26, 2015, the Association mailed members a letter informing them  
6 that the Proposed Amendment had been posted to the Association's website. The letter  
7 encouraged members to review the Proposed Amendment and provide any comments to  
8 management. The letter also informed members of the details of the upcoming vote, explained  
9 the voting procedure and urged members to participate in the vote. A true and correct copy of  
10 the January 26, 2015 letter is attached hereto as **Exhibit 14**.

11           12.     On February 20, 2015, the Association mailed members a letter inviting them to  
12 vote on the Proposed Amendment at the March 24, 2015 Annual Meeting of the Members.  
13 The letter explained the voting procedure and encouraged members to vote. The letter  
14 enclosed a copy of the ballot to vote on the Proposed Amendment, the full text of the red-lined  
15 Proposed Amendment, and also gave members directions for accessing the full text of the  
16 Proposed Amendment online. A true and correct copy of the February 20, 2015 letter and  
17 enclosed ballot is attached hereto as **Exhibit 15**. A true and correct copy of the Proposed  
18 Amendment is attached hereto as **Exhibit 16**.

19           13.     To pass the Proposed Amendments, the approval of a majority of the 120 lots  
20 was needed. At the March 24, 2015 meeting, only forty-five (45) ballots had been returned,  
21 which meant even if all ballots had contained a "yes" vote there would not have been enough  
22 ballots to approve the Proposed Amendment. Therefore, the inspector of election adjourned  
23 the meeting to April 6, 2014 to allow for more members to cast votes on the Proposed  
24 Amendment. On March 25, 2015, the Association sent a letter to those members who had not  
25 yet voted. The letter enclosed another ballot and informed the members of the new April 6,  
26 2015 meeting date wherein ballots would be opened and counted. A true and correct copy of  
27 the March 25, 2015 letter is attached hereto as **Exhibit 17**.

28     ///

1           14.     The Association's March 2015 Newsletter informed members that the vote on  
2 the Proposed Amendment was crucial and again encouraged them to vote. The Newsletter  
3 explained that quorum was not met at the March 24, 2015 meeting and the inspector of  
4 election decided to adjourn the meeting to April 6, 2015 to allow for more votes to be cast by  
5 the members. A true and correct copy of the March 2015 Newsletter is attached hereto as  
6 **Exhibit 18.**

7           15.     At the April 6, 2015 meeting, only sixty-one (61) ballots had been returned,  
8 which meant all of the ballots had to contain a "yes" vote for the Proposed Amendment to be  
9 approved. Therefore, the inspector of election again adjourned the meeting to April 28, 2015  
10 to allow for more members to cast votes on the Proposed Amendments. On April 7, 2015, the  
11 Association again sent a letter to those members who had not yet voted. The letter enclosed  
12 another ballot and informed the members of the new April 28, 2015 meeting date wherein  
13 ballots would be opened and counted. A true and correct copy of the April 7, 2015 letter is  
14 attached hereto as **Exhibit 19.**

15           16.     Homeowner and past Board member Peggy Erfle made efforts to encourage  
16 members to vote by calling members who had not returned a ballot asking them to please  
17 submit them, and explaining why voting was important. A true and correct copy of  
18 correspondence from Peggy Erfle, explaining her efforts is attached hereto and incorporated  
19 herein as **Exhibit 20.**

20           17.     Homeowner and Board member Ron Madison also made efforts to encourage  
21 members to vote by calling members who had not returned a ballot asking them to please  
22 submit them, and explaining why voting was important. A true and correct copy of  
23 correspondence from Ron Madison, explaining his efforts is attached hereto and incorporated  
24 herein as **Exhibit 21.**

25           18.     Petitioner and Board President Ron Turco, along with the rest of the Board  
26 members, also made efforts to encourage members to vote by calling members who had not  
27 returned a ballot asking them to please submit their ballot, and explaining why voting was  
28 important. Approximately sixteen (16) units within the Association have members who live

1 offsite who did not vote, and historically, getting offsite members to return a ballot is  
2 exceedingly difficult. In addition, the Association's previous efforts to obtain member  
3 approval, including an attempt in 2010 to amend the Bylaws that was not successful due to  
4 similar voter apathy, have failed. A true and correct copy of a statement of Ron Turco  
5 explaining the efforts of the Board and the difficulties faced by the Association in obtaining  
6 the requisite member approval is attached hereto and incorporated herein as **Exhibit 22**.

7 19. On April 28, 2015, having received only 62 returned ballots out of a total of  
8 120 potential ballots, the results of the vote on the Proposed Amendments were tabulated. The  
9 results were as follows:

- 10 • 55 ballots were cast in favor of the Proposed Amendments (46% of the voting power,  
11 and 89% of the ballots cast); and
- 12 • 7 ballots were cast against the Proposed Amendments (6% of the total voting power,  
13 and 11% of the ballots cast);

14 A true and correct copy of the tabulation of the vote is attached hereto and incorporated herein  
15 as **Exhibit 23** and true and correct copy of the April 28, 2015 meeting minutes wherein the  
16 votes were counted is attached hereto and incorporated herein as **Exhibit 24**.

17 20. On May 6, 2015, the Association mailed the results of the vote to all members,  
18 in accordance with Civil Code section 5120, subsection (b). A true and correct copy of the  
19 posting is attached hereto and incorporated herein as **Exhibit 25**.

20 21. The Association's July 2015 Newsletter informed members that the vote on the  
21 Proposed Amendment failed due to lack of votes received. A true and correct copy of the July  
22 2015 Newsletter is attached hereto as **Exhibit 26**.

23 22. Article XII of the Bylaws requires a majority of the voting power to approve  
24 amendments to the Bylaws. The Association was unable to attain the votes necessary to  
25 amend the Bylaws, and has had difficulty encouraging members to vote. The Association's  
26 Board made diligent efforts to answer member questions regarding the Proposed Amendments.  
27 The Board also made an exceptional effort to solicit as many ballots as possible, including  
28 extending the voting deadline, and reaching out to members personally, but still failed to meet

1 the supermajority requirements. Even if 100% of the votes cast would have been to approve  
2 the Proposed Amendments, the vote would only have reached the majority approval  
3 requirement by one vote.

4 23. Petitioner Ron Turco brings this petition with the Association in accordance  
5 with Corporations Code section 7515(a). Section 7515 states as follows:

6 (a) If for any reason it is **impractical or unduly difficult** for  
7 any corporation to call or conduct a meeting of its members,  
8 delegates or directors, or otherwise obtain their consent, in the  
9 manner prescribed by its articles or bylaws, or this part, then the  
10 superior court of the proper county, upon petition of a director,  
11 officer, delegate or member, may order that such a meeting be  
called or that a written ballot or other form of obtaining the vote  
of members, delegates or directors be authorized, in such a  
manner as the court finds fair and equitable under the  
circumstances.

12 (b) The court shall, in an order issued pursuant to this  
13 section, provide for a method of notice reasonably designed to  
14 give actual notice to all parties who would be entitled to notice  
15 of a meeting held pursuant to the articles, bylaws and this part,  
whether or not the method results in actual notice to every such  
person, or conforms to the notice requirements that would  
otherwise apply. In a proceeding under this section the court  
may determine who the members or directors are.

16 (c) **The order issued pursuant to this section may**  
17 **dispense with any requirement relating to the holding of and**  
18 **voting at meetings or obtaining of votes, including any**  
19 **requirement as to quorums or as to the number or**  
**percentage of votes needed for approval, that would**  
**otherwise be imposed** by the articles, bylaws, or this part.

20 (d) Wherever practical any order issued pursuant to this  
21 section shall limit the subject matter of the meetings or other  
22 forms of consent authorized to items, including amendments to  
23 the articles or bylaws, the resolution of which will or may enable  
24 the corporation to continue managing its affairs without further  
resort to this section; provided, however, that an order under this  
section may also authorize the obtaining of whatever votes and  
approvals are necessary for the dissolution, merger, sale of assets  
or reorganization of the corporation.

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1 (e) Any meeting or other method of obtaining the vote of  
2 members, delegates or directors conducted pursuant to an order  
3 issued under this section, and which complies with all the  
4 provisions of such order, is for all purposes a valid meeting or  
vote, as the case may be, and shall have the same force and  
effect as if it complied with every requirement imposed by the  
articles, bylaws, and this part.

5 [Emphasis added.]

6 24. The Board conducted the balloting on the Proposed Amendment in accordance  
7 with the applicable provisions of the governing documents and with the provisions of  
8 applicable law, including California Corporations Code sections 7513 and 7514 and Civil  
9 Code sections 5100-5145, pertaining to such votes.

10 25. Pursuant to California Corporations Code Section 7515(a), as applied and  
11 interpreted in *Greenback Townhomes v. Rizan* (1985) 166 Cal.App.3d. 843, the Association  
12 has exceeded the number of votes required for the Court to grant the Petition as to each of the  
13 requested amendments, that is, at least a majority of the members cast votes and at least 75%  
14 of those voting voted to approve the amendment to the Bylaws.

15 26. The Court may order the Proposed Amendment approved based on the approval  
16 actually received by the membership, because it is impractical and unduly difficult to obtain  
17 the requisite majority approval from the membership to amendment to the Bylaws. Even if  
18 every single ballot cast was in favor of the Restated Bylaws, approval would only have been  
19 reached by a one-vote margin.

20 27. As such, the Association and Petitioner Turco request this Court approve the  
21 Proposed Amendment pursuant to Section 7515 based on the approval received from the  
22 membership as set forth in more detail above.

23 WHEREFORE, Petitioner prays for an Order as follows:

24 1. Dispensing with the majority member approval requirement under Article XII  
25 of the Bylaws, or in the alternative, confirming that the Restated Bylaws are approved based  
26 on the affirmative votes actually received;

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1           2.       Directing the Association to mail a copy of the Proposed Amendments to each  
2 member of the Association within a reasonable time after adoption of the Restated Bylaws,  
3 together with a statement of the fact of their adoption;

4           3.       Issuing an ex parte order setting forth the manner in which notice shall be given  
5 to parties entitled to notice as the Court deems proper;

6           4.       For such other and further relief as the court may deem proper.  
7

8 Dated: October 14, 2015

EPSTEN GRINNELL & HOWELL, APC

9  
10 By: 

Rian W. Jones  
Pejman D. Kharrazian  
Attorneys for Petitioners  
RANCHO SERRANO HOMEOWNERS  
ASSOCIATION and RON TURCO

**VERIFICATION**

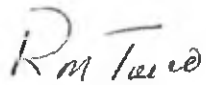
I, Ron Turco, declare and state as follows:

1. I am the President of the Board of Directors of Rancho Serrano Homeowners Association, and as such, I am authorized to make this verification on behalf of said Petitioner and myself.

2. I have read the foregoing Petition and know the contents thereof.

3. The matters stated in the foregoing Petition are true, except as to those matters which are alleged on information and belief, and, as to those matters, I am informed and believe that such matters are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and was executed by me this 12TH day of October, 2015, in Temecula, California.

  
\_\_\_\_\_  
Ron Turco

# EXHIBIT 1

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

J. M. Peters Company  
3501 Jamboree Road, Suite 200 : 280  
Newport Beach, CA 92660  
Attn: Marc Cummings

COPY of Document Recorded  
on MAP 18 1993 as No. 101278  
has not been compared with  
original.  
WILLIAM E. CORNERLY  
County Recorder  
RIVERSIDE COUNTY, CALIFORNIA

3/18/93 @ 4# 101278

(Space Above for Recorder's Use Only)

DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS  
AND RESERVATION OF EASEMENTS  
FOR  
RANCHO SERRANO HOMEOWNERS ASSOCIATION  
RIVERSIDE COUNTY, CALIFORNIA

First Amendment to Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association, recorded this 18th day of March 1993, at 4:00 PM, in the County of Riverside, California, and the title to any real property therein may be disclosed herein.

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION  
OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION  
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DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS  
AND RESERVATION OF EASEMENTS  
FOR  
RANCHO SERRANO HOMEOWNERS ASSOCIATION  
RIVERSIDE COUNTY, CALIFORNIA

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION is made this 4th day of March, 1993, by J.M. Peters Company, Inc., a Nevada corporation ("Declarant").

R E C I T A L S:

A. Declarant is the fee owner of the real property described in Exhibit "A" to this Declaration, which shall be the initial Covered Property under this Declaration ("Covered Property"), and the real property which hereafter from time to time is annexed pursuant to this Declaration and thereby becomes a part of the Covered Property.

B. Declarant has deemed it desirable to establish covenants, conditions and restrictions upon the Covered Property and each and every portion thereof, which will constitute a general scheme for the management of the Covered Property, and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Covered Property and enhancing the quality of life within the Covered Property.

C. It is desirable for the efficient management of the Covered Property, and the preservation of the value, desirability and attractiveness of the Covered Property to create a corporation to which shall be delegated and assigned the powers of managing the Covered Property, maintaining and administering the Common Area and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the Assessments and charges hereinafter created and referred to and to perform such other acts as shall generally benefit the residents of the Covered Property.

D. Rancho Serrano Homeowners Association, a nonprofit, mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

E. Declarant will hereafter hold and convey title to all of the Covered Property subject to certain protective covenants, conditions and restrictions hereafter set forth.

F. The Covered Property is also subject to and governed by that Certain Declaration of Covenants, Conditions and Restrictions of Redhawk Community Association recorded on June 14, 1989 as Instrument No. 195870 in the Official Records of Riverside County, California, and re-recorded on August 23, 1989 as Instrument No. 287342 in the Official Records of Riverside County, California, as amended from time to time.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that the Covered Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of the Covered Property, and the Owners of the Covered Property, their successors and assigns. These covenants, conditions, restrictions and easements shall run with the Covered Property and shall be binding upon all parties having or acquiring any right or title in the Covered Property or any part thereof, and shall inure to the benefit of each Owner thereof and are imposed upon the Covered Property and every part thereof as a servitude in favor of each and every part of the Covered Property as the dominant tenement or tenements.

## ARTICLE I

### DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

Section 1.1 "Architectural Committee" shall mean and refer to the committee or committees provided for in Article VII of the Community Declaration entitled "Architectural Control".

Section 1.2 "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended. The Articles, Bylaws and this Declaration may also be referred to herein or in the Articles and Bylaws as "Governing Instruments".

Section 1.3 "Association" shall mean and refer to Rancho Serrano Homeowners Association, a nonprofit mutual benefit corporation, incorporated under the laws of the State of California, its successors and assigns. The Association is a Neighborhood Association as defined in Section 2.43 of the Community Declaration.

*Sub-Appo  
R. Serrano  
Assoc.  
Rancho  
Comm.*

Section 1.4 "Assessments" - The following meanings shall be given to the Assessments hereinafter defined:

"Regular Assessments" shall mean the amount which is to be paid by each Member to the Association for Common Expenses.

"Special Assessments" shall mean a charge against a particular Owner and his Residence, directly attributable to the Owner, to reimburse the Association for costs incurred in bringing the Owner and his Residence into compliance with the provisions of this Declaration, the Articles, Bylaws or Association Rules, or any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws, or Association Rules, together with attorney's fees and other charges payable by such Owner, pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

"Reconstruction Assessment" shall mean a charge against each Member and his Residence representing a portion of the cost to the Association for reconstruction of any portion or portions of the Common Area pursuant to the provisions of this Declaration.

Section 1.5 "Association Rules" shall mean rules adopted by the Association pursuant to the Article hereof entitled "Duties and Powers of the Association".

Section 1.6 "Board" shall mean the Board of Directors of the Association.

Section 1.7 "Community Association" shall mean and refer to the Redhawk Community Association, a nonprofit mutual benefit corporation, incorporated under the laws of the State of California, or any successor entity charged with the duties, obligations and powers of said Community Association. "Community Common Area" shall mean the common area located within the Community Association.

Section 1.8 "Community Articles" shall mean and refer to the Articles of Incorporation of the Community Association, as the same may from time to time be duly amended.

Section 1.9 "Community Bylaws" shall mean and refer to the Bylaws of the Community Association, as the same may from time to time be amended.

Section 1.10 "Community Declaration" shall mean the declaration of covenants, conditions and restrictions recorded with respect to the Redhawk Community, including the declarations providing for annexation of increments, if any.

Section 1.11 "Community Assessment" shall mean and refer collectively or individually, as required by the context, to all or any of the assessments levied by the Community Association pursuant to Article VI of the Community Declaration entitled "Redhawk Funds and Assessments".

Section 1.12 "County" shall mean and refer to the County of Riverside, California.

Section 1.13 "Common Expenses" shall include without limitation and shall mean and refer to the actual and estimated:

(a) costs of maintenance, management, operation, repair and replacement of the Common Area, and all other areas on the Covered Property which are maintained by the Association; 11

(b) unpaid Assessments;

(c) costs of management and administration of the Association, including but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(d) costs of utilities, trash pickup and disposal, gardening and other services which generally benefit and enhance the value and desirability of the Covered Property;

(e) costs of fire, casualty, liability, workmen's compensation and other insurance covering the Common Area;

- (f) costs of any other insurance obtained by the Association;
- (g) reasonable services as deemed appropriate by the Board;
- (h) costs of bonding of the members of the Board, any professional managing agent or any other person handling the funds of the Association;
- (i) taxes paid by the Association;
- (j) amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof;
- (k) costs incurred by the Architectural Committee or other committees established by the Board; and
- (l) other expenses incurred by the Association for any reason whatsoever in connection with the Common Area or the costs of any other item or items designated by the Governing Instruments, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 1.14 "Common Area" shall mean all real property and the improvements thereon owned by the Association for the common use and enjoyment of the Members, as more particularly described on Exhibit "B" attached hereto. Any real property denominated as "Common Area" herein or in a Supplementary Declaration shall be conveyed to the Association prior to or concurrently with the first conveyance of a Residence located within the real property subject to this Declaration or which is annexed to the coverage hereof by such Supplementary Declaration. Declarant shall convey the Common Area to the Association free of all liens and encumbrances except current real property taxes (which taxes shall be prorated as of the date of conveyance), title exceptions of record and the covenants, conditions, restrictions and reservation of easements contained in this Declaration and the instrument which conveys the Common Area to the Association.

Section 1.15 "Covered Property" shall mean and refer to all the real property described on Exhibit "A" hereto and, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Annexations", any real property which shall become subject to this Declaration.

Section 1.16 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners

Association.

Section 1.17 "Delegate" shall mean the delegate from the Neighborhood Association who shall serve as a delegate to the Community Association under the terms of the Community Declaration.

Section 1.18 "Delegate District" shall mean the Delegate District assigned by the Community Association to Lots 1 through 120, inclusive, of Tract No. 23063-7, Official Records of Riverside County pursuant to a recorded document. The Members owning Residences in said Delegate District shall elect one (1) Delegate to represent the collective voting power of the Members of such area.

Section 1.19 "Development" shall mean and refer to all the real property described on Exhibits "A" and "B" hereto and upon its annexation the annexable real property described on Exhibit "C" hereto.

Section 1.20 "Exhibit" shall mean and refer to those documents so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Declaration.

Section 1.21 "Family" shall mean one or more persons related to each other by blood, marriage or legal adoption, or a group of not more than three (3) persons not so related, together with his or their domestic servants, maintaining a common household in a Residence.

Section 1.22 "Federal Agencies" shall mean and refer to collectively one or more of the following agencies: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.23 "Governing Instruments" shall mean the Articles, Bylaws, this Declaration and the Association Rules. Unless otherwise stated therein, the terms defined herein in the Declaration shall have the same definition and meaning when used in said Articles, Bylaws and Association Rules.

Section 1.24 "Institutional Mortgagee" shall mean and refer to a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, any federal or state agency, or any other institution specified by the Board in a recorded instrument.

Section 1.25 "Lot" shall mean and refer to a plot of land as shown upon the recorded subdivision map of the Development



which is intended for the construction of one (1) single-family Residence and other related improvements. It shall not include the Common Area.

Section 1.26 "Member" shall mean and refer to every person or entity who holds a membership in the Association, including Declarant so long as Declarant qualifies for membership pursuant to Article II.

Section 1.27 "Mortgage" shall mean and refer to any duly recorded Mortgage or deed of trust encumbering a Residence.

Section 1.28 "Mortgagee" shall mean and refer to the Mortgagee or beneficiary under any Mortgage.

Section 1.29 "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Residence, including Declarant, or the vendee under an installment land sales contract, but excluding those having any such interest merely as security for the performance of an obligation.

Section 1.30 "Phase" shall mean and refer to each portion of the Development for which the Department of Real Estate of the State of California has issued a Final Subdivision Public Report.

Section 1.31 "Redhawk Community" shall mean and refer to all of the real property which is subject to the Community Declaration.

Section 1.32 "Residence" shall mean and refer to a house built on a Lot shown on any final map filed for record or a parcel shown on any parcel map filed to record to the extent such Lots or parcels are part of the Covered Property; provided, however, "Residence" shall not include the Common Area. "Residence" shall include the residential dwelling unit together with garages, structures and other improvements on the same Lot or parcel.

Section 1.33 "Supplementary Declaration" shall mean those certain declarations of annexation, or similar instruments, annexing additional property extending the plan of this Declaration to such additional property as provided in the Article of this Declaration entitled "Annexations".

## ARTICLE II

### MEMBERSHIP

Section 2.1 Membership. Every Owner shall be a Member of the Association. Each Owner, including Declarant shall hold one (1) membership in the Association for each Lot owned. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws and Association Rules. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Residence. Ownership of a Residence shall be the sole qualification for membership; provided, however, a Member's voting rights may be regulated or suspended as provided in this Declaration, the Bylaws or the Association Rules.

Section 2.2 Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferee of the interest of an Owner. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner.

Section 2.3 Voting Rights. An Owner's right to vote shall vest immediately upon the date Regular Assessments commence upon such Owner's Residence as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws and Association Rules.

Section 2.4 Classes of Voting Membership. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant during such time that it shall have Class B Membership. Each Class A Member shall be entitled to one (1) vote for each Residence in which such Member holds the interest required for membership. When more than one person owns a portion of the interest in a Residence required for membership, each such person shall be a Member and the vote for such Residence shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Residence.

Class B. The Class B Member shall be Declarant who shall be entitled to three (3) votes for each Residence in which it holds the interest required for membership, provided that the Class B Membership shall be converted to Class A Membership and

shall forever cease to exist on the occurrence of whichever of the following is first in time:

(a) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report issued by the California Department of Real Estate for a Phase of the Development; or

(b) The fourth anniversary of the original issuance of the Final Subdivision Public Report issued by the California Department of Real Estate for the first Phase of the Development.

Section 2.5 Special Voting Rights of Members Other Than Declarant. Notwithstanding the provisions of this Article, from the first election of the Board, and thereafter for so long as a majority of the voting power of the Association resides in the Declarant, or so long as there are two outstanding classes of membership in the Association, not less than twenty percent (20%) of the directors on the Board shall have been elected solely by the votes of Members other than Declarant.

Section 2.6 Approval of All Members. Unless elsewhere otherwise specifically provided in this Declaration, any provision of this Declaration which requires the vote or written assent of the voting power of the Association or any class or classes of membership shall be deemed satisfied by the following:

(a) The vote in person or by proxy of the specified percentage of all of the votes which are entitled to be cast by the entire membership of the Association. Said vote shall be at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or specified meetings of the Members.

(b) Written consents signed by the specified percentage of all of the votes which are entitled to be cast by the entire membership of the Association. Said vote by written consent shall be solicited pursuant to the procedures provided in the Bylaws.

Section 2.7 Voting: Delegate Districts.

a. Voting. In addition to voting on matters within the Association, Owners shall have the right to vote on matters affecting this Delegate District. All Owners shall have one (1) vote per Residence. If there is more than one (1) record Owner of any Lot, any and all of the Members owning such Lot may attend any Delegate District meeting of the Members but the vote attributable to the Lot so owned shall not be increased by reason thereof, and only one (1) such co-Owner shall be entitled to exercise the vote to which the Lot is entitled. A majority of

the co-Owners of a Lot may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-Owner is designated, or such designation has been revoked, then (1) the vote for such Lot shall be exercised as a majority of the co-Owners of the Lot mutually agree (2) unless the Community Board receives a written objection from a co-Owner, it shall be presumed that the voting co-Owner is acting with the consent of the majority of his or her co-Owners, and (3) if the Delegate receives a written objection from a co-Owner, no vote shall be cast for such Lot where the majority of the co-Owners present in person or by proxy cannot agree to said vote or other action. Non-voting co-Owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all the benefits of ownership.

b. Proxies. Every Member entitled to attend, vote at or exercise consents with respect to any meeting of the Members in a Delegate District may do so either in person, or by a representative, known as a proxy, duly authorized by an instrument in writing filed with the Community Board prior to the meeting to which it is applicable. Any proxy may be revoked at any time by written notice to the Community Board or by attendance in person by such Member at the meeting for which such proxy was given. In any event, no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three (3) years from the date of execution. Such powers of designation and revocation may be exercised by the guardian of any such Member's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of any such Member's estate, by his executor or administrator where the latter's interest in such property is subject to administration in his estate. Any form of proxy or written ballot shall afford an opportunity therein to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy or written ballot is solicited, and shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with such specifications. The proxy or written ballot shall also identify the person or persons authorized to exercise the proxy or written ballot and the length of time that the proxy or written ballot will be valid.

c. Vote Appurtenant to Lot. The right to vote in any such Delegate District may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Member may give a revocable proxy in the manner described above,

or may assign his right to vote to a lessee or tenant actually occupying his Lot or Mortgagee of the Lot concerned, for the term of the lease or Mortgage, and any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a lessee or Mortgagee as provided herein.

d. Notice of Meetings. Meetings of Members shall be held in the Delegate District or at such other convenient location on or near the Covered Property and within the County of Riverside, California as may be designated in the Notice of the Meeting. Written notice of the meetings shall state the place, date and time of the meeting and those matters which the Delegates, at the time the notice is given, intend to present for action by the Members. Those Members appearing, in the official records of the Community Association on the date sixty (60) days prior to the scheduled date of any meeting of the Members required or permitted to be held here under as record Owners of Lots located in the Delegate District shall be entitled to notice of any such meetings. Notice of Meetings in the Delegate District shall be sent to each Member within the Delegate District, not later than fifteen (15) days prior to the meeting. A special meeting of the Members in the Delegate District may be called at any reasonable time and place by written request (1) by Declarant, for so long as Declarant is a Class B Member, (2) by the Delegate representing Members in such Delegate District, (3) by the Members in the Delegate District having ten percent (10%) of the total voting power within such Delegate District. To be effective, such written request shall be delivered to either the Delegate or secretary of the Association. Officers shall then cause notice to be given to Members entitled to vote that a meeting will be held at a time and a place as fixed by said notice but not less than fifteen (15) days nor more than thirty (30) days after receipt of the written request. Notice of Special Meetings shall specify the general nature of the business to be undertaken and that no other business may be transacted.

e. Quorum. The presence at any meeting, in person or by written proxy, of the Members entitled to vote at least twenty-five percent (25%) of the total votes within the Delegate District shall constitute a quorum. If any meeting cannot be held because a quorum is not present, a majority of the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called and may not transact any other business. The quorum requirement for an adjourned meeting shall be the presence, in person or by written proxy, of the Members entitled to vote at least twenty-five percent (25%) of the total votes within the Delegate District. If a time and place for the adjourned meeting is not fixed by those in attendance at the

original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for annual meetings. The Members present at each meeting shall select a chairman to preside over the meeting and a secretary to transcribe minutes of the meeting. Unless otherwise expressly provided herein, any action authorized hereunder may be taken at a duly noticed meeting of such Members owning Lots in the Delegate District, upon the affirmative vote of the Members having a majority of a quorum of the voting power present at such meeting, in person or by proxy; provided, however that the only matters that may be voted upon at any meeting attended in person or by proxy, by less than one-third (1/3) of the total voting power of the Members within the Delegate District are matters for which notice of the general nature of such matter was provided to the Members in the notice of meeting.

f. Suspension of Voting Rights. The Association shall have the authority to suspend the voting rights of any Member to vote at any meeting of the Members of the Delegate District, for any period during which the payment of any Assessments against such Member and the real property owned by such Member remains delinquent, it being understood that any suspension for non-payment of any Assessment shall not constitute a waiver or discharge of the Member's obligations to pay said Assessment.

g. Allocation of Delegate Votes. Whenever a matter which is required to be approved by the vote of Delegates representing a majority or other specified percentage of the total voting power of the Community Association is presented to the Delegates for approval, written notice of the substance of said specified action shall be given to the Members. The Delegate for this Delegate District shall submit said specified action to a vote of the Members. When voting on a specified action, the Delegate shall cast all of the votes which he represents as follows: (1) the Delegates shall cast votes attributable to Owners actually voting (whether in person, by a proxy or written ballot) in such Delegate District "for" or "against" such specified action in the same manner as such votes were cast by voting Owners; (2) the Delegate shall cast votes attributable to Members within the Delegate District who have not voted on such specified action ("Absentee Votes") as follows:

- (a) If twenty-five percent (25%) or more of the votes in the Delegate District attributable to Owners other than Declarant have been cast, then any Absentee Votes attributable to Declarant, on the one hand and the Owners other than Declarant, on the other, shall each be cast "for" and "against" said specified action in the same proportions as the votes cast by the Owners other than

Declarant as set forth hereinabove.

- (b) If less than twenty-five percent (25%) of the votes in the Delegate District attributable to Owners other than Declarant have been cast as set forth above, then the Absentee Votes shall be voted "for" or "against" said specified action in such proportions as the Delegate, shall in his or her discretion, determine appropriate.

## ARTICLE III

### COVENANT FOR ASSESSMENTS

Section 3.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants and agrees to pay, and each Owner of any Lot by acceptance of a deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments and Reconstruction Assessments, such Assessments to be fixed, established and collected from time to time as provided in this Declaration. The Assessments, together with interest thereon, late charges, fines, penalties, attorneys' fees, and court costs, and other costs of collection thereof, as hereinafter provided, shall be a lien upon the Lot against which each such Assessment is made from and after the time that the Association causes to be recorded a notice of delinquent assessment. Each such Assessment, together with such interest, late charges, fines, penalties, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment becomes due. The personal obligation shall not pass to the successors in title of an Owner unless expressly assumed by such successors.

Section 3.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the Members, the management of the Covered Property, including, without limitation, the improvement and maintenance of the Covered Property, or in furtherance of any other duty or power of the Association. //

Section 3.3 Regular Assessments. The Board shall prepare or cause to be prepared a budget for the forthcoming fiscal year not less than forty-five (45) days and not more than sixty (60) days before the beginning of each fiscal year of the Association. The budget shall be prepared each year regardless of the number of Members or the amount of assets of the Association. A copy of the budget shall be distributed to each Owner and to each Mortgagee which has requested in writing that copies be sent to it. The budget shall at least include the following information:

- (a) Estimated revenue and expenses on an accrual basis;
- (b) A summary of the Association's reserves based upon the most recent review or study to be conducted as referenced hereinbelow, which shall be printed in bold type and include all of the following:
  - (i) The current estimated replacement cost, estimated



remaining life, and estimated useful life of the Common Area.

(ii) As of the end of the fiscal year for which the study was prepared:

(aa) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the Common Area.

(bb) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the Common Area.

(iii) The percentage that the amount determined for clause (bb) of paragraph (ii) above is of the amount determined for purposes of clause (aa) of paragraph (ii) above.

(c) A statement as to whether the Board of the Association has determined or anticipates that a levy of one or more Special Assessments will be required to repair, replace or restore the Common Area or to provide adequate reserves therefor.

(d) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of future repair, replacement or additions to major components of the Common Area and any other facilities for which the Association is responsible.

The summary of the Association's reserves disclosed pursuant to paragraph (b) hereinabove shall not be admissible in evidence to show improper financial management of an Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

In lieu of the foregoing budget, the Board may elect to distribute a summary of the budget to all its Members with a written notice that the budget is available at the business office of the Association or at another suitable location within the boundaries of the Covered Property and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the budget, referenced above, to be mailed to the Member, the Association shall provide the copy to the Member by First-Class United States mail, at the expense of the Association, and deliver the same within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the statement.

Members of the Association shall be notified in writing at the time that the foregoing budget is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of the Board and how and where those minutes may be obtained.

A balance sheet (as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of a Lot in the Development) - and an operating statement (for the period from the date of the first closing to the said accounting date) shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the address of the Residence and the name of the individual or entity assessed.

A report consisting of the following shall be distributed within one hundred and twenty (120) days after the close of the fiscal year:

- (a) A balance sheet as of the end of the fiscal year;
- (b) An operating (income) statement for the fiscal year;
- (c) A statement of changes in financial position for the fiscal year.

For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy shall also be distributed. If said report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

In addition to financial statements, the Association shall annually distribute a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Assessments including the recording and foreclosing of liens against Members' Residences. This statement shall be distributed within sixty (60) days prior to the beginning of each fiscal year.

Not more than sixty (60) days nor less than forty-five (45) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the budget, any written comments received and any other information available to it and, after making any

adjustments that the Board deems appropriate, without a vote of the Members of the Association, shall establish the Regular Assessment for the forthcoming fiscal year. However, annual increases in Regular Assessments for the forthcoming fiscal year, as set forth hereinbelow, shall not be imposed unless the Board has prepared a budget as referenced hereinabove in this Section 3.3 with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For purposes of the preceding sentence, "quorum" means more than fifty percent (50%) of the Owners of an Association. Provided, however, notwithstanding more restrictive limitations placed on the Board by the Governing Instruments, the Board may not establish a Regular Assessment for any fiscal year of the Association which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year, or impose Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the Common Expenses of the Association for that fiscal year without the vote or written assent of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code. Except that any Assessments imposed pursuant to Section 6.2(c) herein are not subject to said five percent (5%) limitation imposed pursuant to this Section. Provided, however, the foregoing does not limit Assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following: (i) an extraordinary expense required by an order of a Court; (ii) an extraordinary expense necessary to repair or maintain the Covered Property or any part of it for which the Association is responsible when a threat to personal safety within the Covered Property is discovered; and (iii) an extraordinary expense necessary to repair or maintain the Development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the budget, as referenced hereinabove. However, prior to the imposition or collection of an Assessment under this section, 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, and the resolution shall be distributed to the Members with the notice of Assessment.

The Association shall provide notice by first class mail to each Owner of any increase in the Regular or Special Assessments of the Association, not less than thirty (30) or more than sixty

(60) days prior to the increased Assessment becoming due.

Unless the Association or its Assessment income shall be exempt from federal or state income taxes, to the extent possible, all reserves shall be accounted for and handled as contribution to the capital of the Association and as trust funds segregated from the regular income of the Association or in such other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board as will prevent such funds from being taxed as income of the Association. A reserve fund shall be expressly established to cover the deductibles under Association insurance policies.

Section 3.4 Uniform Assessment. Reconstruction and Regular Assessments shall be fixed at an equal amount for each Lot and may be collected at intervals selected by the Board except that Regular Assessments which include reserves must be paid in regularly scheduled installments.

Section 3.5 Certificate of Payment. The Association shall, upon demand, furnish to any Member liable for Assessments, a certificate in writing signed by an officer or authorized agent of the Association setting forth whether the Assessments on a specified Residence have been paid, and the amount of delinquency, if any. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid as to any third party who relies thereupon in good faith.

Section 3.6 Exempt Property. All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority and all Common Area owned by the Association shall be exempt from the Assessments created herein.

Section 3.7 Excessive Fees. The Association shall comply with Section 1366.1 and 1368 (c) of the California Civil Code and, until such Sections are amended to provide otherwise, shall not:

(a) impose or collect an Assessment, penalty, or fee that exceeds the amount necessary for the purposes for which it is levied; and

(b) impose or collect any Assessment, penalty, or fee in connection with a transfer of title or any other interest except the Association's actual cost to change its records and that authorized in connection with Article XI of the Bylaws to provide copies of Association documents, copies of financial statements, and unpaid Assessments.

Section 3.8 Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Residences within a Phase on the first day of the month following the first

conveyance of a Residence within that Phase; provided, however, the Regular Assessments, as to Residences in annexed areas, if any, shall commence with respect to all Residences within each such annexed area on the first day of the month following the first conveyance of a Residence within that Phase. The first Regular Assessments shall be adjusted according to the number of months remaining in the fiscal year. All other Assessments may be levied against an Owner when Regular Assessments have commenced against said Owner's Lot.

Section 3.9 No Offsets. All Assessments shall be payable in the amount specified by the Assessments and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration or that a Member has made or elects to make no use of the Common Area.

Section 3.10 Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect or in effect from time to time hereafter.

Section 3.11 Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of the first Mortgage. Sale or transfer of any Residence shall not affect the Assessment lien. However, the sale or transfer of any Residence pursuant to foreclosure of the first Mortgage or as the result of the exercise of a power of sale shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such new Residence Owner from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 3.12 Reserves. The Regular Assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Area, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. A reserve fund shall be established to expressly cover the deductibles under Association insurance policies.

## ARTICLE IV

### NONPAYMENT OF ASSESSMENTS

Section 4.1 Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each delinquent Assessment a late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater, together with interest at the rate of twelve percent (12%) per annum commencing thirty (30) days after the Assessment becomes due. Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorney's fees, and interest on all sums imposed in accordance with this Section may be charged by the Association. In any event said charges and interest shall not exceed the maximum amount permitted under the laws of the State of California. The Association may, at its option, and without waiving the right to judicially foreclose its lien against the Residence (any foreclosure right for nonpayment of Assessments under this or any other Article contained within this Declaration shall be for nonpayment of Regular Assessments only, there shall be no foreclosure right for nonpayment of any type of Special Assessment, and all reference to foreclosure rights is for nonpayment of Regular Assessments only), pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in the Section entitled "Notice of Lien" of this Article, to foreclose the lien against the Residence. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the costs of such action, and attorney's fees, together with the costs of action. Each Member vests in the Association or its assigns the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments. However, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and facilities for which the Member was allegedly responsible or in bringing the Member and his Residence into compliance with the Governing Instruments may not be characterized nor treated as an Assessment which may become a lien against the Member's Residence enforceable by a sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code. The above statement does not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent

## Assessments.

Section 4.2 Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Residence, and a copy thereof is recorded by the Association in the Office of the Riverside County Recorder; said notice of claim of lien must recite a good and sufficient legal description of any such Residence, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid Assessment at 12% per annum, a late charge not exceeding 10% of the delinquent Assessment, or \$10.00, whichever is greater, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant. Once recorded, said Assessment lien shall be prior to all other liens recorded subsequent to the Notice of Assessment Lien or other document creating said Assessment lien.

Section 4.3 Foreclosure Sale. Said Assessment lien may be enforced by sale by the Association, its attorney or any other person authorized by the Board to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Section 2924, 2924(b), 2924(c), 2924(f) and 2924(h) of the Civil Code of the State of California, as said statutes may from time to time be amended, applicable to the exercise of powers of sale in Mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the Residence using Association funds or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4.4 Curing of Default. Upon the timely payment or other satisfaction of (i) all delinquent Assessments specified in the notice of claim of lien; (ii) all other Assessments which have become due and payable with respect to the Residence as to which such notice of claim of lien was recorded; and (iii) interest, late charges, attorneys' fees and other costs of collection pursuant to this Declaration and the notice of claim of lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, which shall be reasonable, to cover the costs of preparing and filing or recording such release.

Section 4.5 Cumulative Remedies. The Assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.



## ARTICLE V

### ARCHITECTURAL AND LANDSCAPE CONTROL

Section 5.1 Scope. No excavation, construction, building, landscaping, development, or improvement, including, but not limited to, any change or alteration, painting, repainting and/or refurbishing shall be made to a Lot until there has been compliance with Article VII of the Community Declaration. As set forth in said Article VII, all applications, plans and specifications must be first submitted to the Architectural Committee who will make a recommendation to the Community Board for ultimate approval or disapproval.

Section 5.2 Nonapplicability to Declarant. In no event shall the provisions of this Article apply to the construction by Declarant of any improvements intended to be conveyed to the Association, or to any Residence intended to be conveyed to an Owner.

## ARTICLE VI

### DUTIES AND POWERS OF THE ASSOCIATION

#### Section 6.1 General Duties and Powers of the Association.

In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article.

#### Section 6.2 General Duties of the Association.

(a) The Association through the Board shall have the duty and obligation to:

(i) Enforce the provisions of this Declaration, the Articles, the Bylaws and the Association Rules by appropriate means and carry out the obligations of the Association hereunder;

(ii) Maintain and otherwise manage the following:

(aa) all Common Area, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;

(bb) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and

(cc) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration, including, without limitation, the Article of this Declaration entitled "Repair and Maintenance".

(iii) Pay any real and personal property taxes and other charges, or other charges assessed to or payable by the Association;

(iv) Obtain, for the benefit of the Common Area, all necessary utility services and other services as required;

(v) Prepare budgets and financial statements for the Association as prescribed in the Bylaws;

(vi) Formulate rules of operation of the Common Area, and facilities owned or controlled by the Association;

(vii) Initiate and execute disciplinary proceedings against Members for violations of provisions of the Articles,

Bylaws, Declaration and Association Rules in accordance with procedures set forth in such documents;

(viii) Elect officers of the Board;

(ix) Fill vacancies on the Board, except vacancies created by the removal of a Director;

(x) Subject to the limitations imposed under this Article, contract for casualty, liability and other insurance on behalf of the Association;

(xi) Subject to the limitations imposed under this Article, contract for goods and/or services for the property owned or controlled by the Association;

(xii) Grant easements where necessary for utilities over the Common Area.

(xiii) Review a current reconciliation of the Association's operating accounts and reserve accounts on at least a quarterly basis. On at least a quarterly basis, the Board shall also review the current year's actual reserve revenues and expenses compared to the current year's budget. The Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts and the Board shall also review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis. The Board shall prepare and distribute a copy of the review of the financial statement of the Association, which has been prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). A copy of the review of said financial statement shall be distributed within One Hundred Twenty (120) days after the close of each fiscal year. The Board shall also annually distribute to the Members a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its Assessments against its Members. Said statement shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

(xiv) Join with the Declarant in the execution of any lot line adjustment and to accept title to additional property or to quit claim all right, title, and interest in and to any Association property as necessary to transfer title in accordance with any lot line adjustment; provided that such lot line adjustment and the resulting conveyance (aa) are made for the purpose of eliminating encroachments due to engineering errors or errors in construction of any improvements upon any of the

affected property, (bb) are made to permit changes in the development plan in circumstances when such changes are the result of topography, obstruction, hardship, aesthetic, or other environmental conditions, (cc) are the requirement of a regulatory agency, (dd) do not have a significant negative impact upon the Association or the Owners, or (ee) are made to transfer the burden of management and maintenance of any Association property, which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of any particular use or benefit to the Owners.

(b) Withdrawal of funds from the Association's reserve account shall require signatures of either two (2) members of the Board or one (1) member of the Board and an officer of the Association who is not also a member of the Board.

(c) The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of the Common Area 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. The transferred funds shall be restored to the reserve fund within three (3) years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Development, delay the restoration until the time which the Board reasonably determines to be necessary. 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 section as set forth hereinbelow. This Special Assessment is not subject to the limitation imposed by Section 1366 of the Civil Code.

(d) At least once every three (3) years the Board shall cause a study of the reserve account requirements of the Development to be conducted if the current replacement value of the Common Area which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required shall at a minimum include:

(i) Identification of the Common Area which the

Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.

(ii) Identification of the probable remaining useful life of the Common Area as of the date of the study.

(iii) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component of the Common Area during and at the end of its useful life.

(iv) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component of the Common Area during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

(e) As used in this section, "reserve accounts" means moneys that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, the Common Area which the Association is obligated to maintain.

(f) As used in this section, "reserve account requirements" means the estimated funds which the Association's Board has determined are required to be available at a specified point in time to repair, replace, or restore the Common Area which the Association is obligated to maintain.

Section 6.3 General Powers of the Association. The Association through the Board shall have the power but not the obligation to:

(a) Delegate to committees, officers, employees or agents any of its duties and powers under this Declaration, the Articles and Bylaws, provided however, no such delegation to a professional management company, the Architectural Committee or otherwise shall relieve the Association of its obligations to perform such delegated duty;

(b) Employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in the management of residential developments similar to the Covered Property to perform all or any part of the duties and responsibilities of the Association, provided that any contract not approved by FHA or VA with a person or firm appointed as a manager or managing agent shall be terminable for cause on not more than thirty (30) days' written notice by the Association and without cause upon ninety (90) days' written notice by either party without payment of a termination fee, and shall have a term of not more than one (1) year with successive one (1) year renewal periods upon mutual agreement of the parties;

(c) Acquire interests in real or personal property for offices or other facilities that may be necessary or convenient for the management of the Covered Property, the administration of the affairs of the Association, or for the benefit of the Members;

(d) Borrow money as may be needed in connection with the discharge by the Association of its powers and duties;

(e) Negotiate and enter into contracts with Institutional Mortgagees and mortgage insurers and guarantors as may be necessary or desirable to facilitate the availability of loans secured by Mortgages within the Covered Property.

Section 6.4 General Limitations and Restrictions on the Powers of the Board. In addition to the limitations and restrictions enumerated in the Articles and Bylaws or elsewhere provided for herein, and without limiting the generality thereof, the Board shall be prohibited from taking any of the following action without the approval of a majority of the voting power of each class of Members during the time of the two-class voting structure and after the termination of the two-class voting structure, the vote of a majority of the voting power of the Association and a majority of Members other than the Declarant:

(a) Enter contracts for materials or services which have a term in excess of one (1) year, with the following exceptions:

(i) A management contract, the terms of which have been approved by the FHA or VA;

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated price; and

(iii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the applicable policy permits short rate cancellation by the insured.

(iv) If applicable, agreements for cable television services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that

fiscal year.

(c) Sell any real or personal property of the Association with an aggregate fair market value in excess of five percent (5%) of said estimated Common Expenses during any fiscal year.

(d) Pay compensation to directors or officers of the Association for services performed in the conduct of the Association's business; provided however, the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(e) Filling of a vacancy on the Board of Directors created by the removal of a director.

Section 6.5 Association Rules. The Board shall also have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules"), which may include the establishment of a system of fines and penalties enforceable as Special Assessments, all as provided in the Bylaws. The Association Rules shall govern such matters in furtherance of the purposes of the Association; including, without limitation, the use of the Common Area, provided however, that the Association Rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Institutional Mortgagee upon request. In the event of any conflict between any such Association Rules and any provisions of this Declaration, or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such conflict.

Section 6.6 Emergency Powers. The Association or any person authorized by the Association may enter any Residence in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association unless covered by insurance carried by the Owner.

## ARTICLE VII

### REPAIR AND MAINTENANCE

#### Section 7.1 Repair and Maintenance by the Association.

Without limiting the generality of the statement of duties and powers contained in this Declaration, the Articles, the Bylaws, or Association Rules, the Association shall have the duty to accomplish the following upon the Common Area or other land in such manner and at such times as the Board shall prescribe:

(a) Maintain, repair, restore, replace and make necessary improvements to the Common Area, clustered mailboxes, private streets, private sidewalks, street lights, and entry gates;

(b) Maintain, repair, replant, irrigate and re-landscape that certain portion of Lots 105, 106, 107, 108, 109, 110 and 120 of Tract 23063-8, as shown on Exhibit "D" attached hereto.

Section 7.2 Repair and Maintenance by Owner. Except as the Association shall be obligated to repair and maintain as may be provided in this Declaration, every Owner shall:

(a) Maintain the exterior of his Residence, walls, fences and roof of such Residence in good condition and repair;

(b) Maintain in attractive condition front and rear yard landscaping in accordance with the provisions of this Declaration.

(c) Each Owner is responsible for the repair and maintenance of his Residence as may be occasioned by the presence of wood-destroying pests or organisms. Upon approval of the majority of the Members of the Association, the responsibility for such repair and maintenance may be delegated to the Association, which shall be entitled to recover the cost thereof as a Special Assessment.

(d) Maintain, repair and repaint the interior side of all perimeter walls and fences on his Lot and maintain and repair the structural integrity thereof. With regard to Lots located on a corner, the exterior portion of the perimeter wall shall be maintained, repaired and repainted by the Owner of said Lot unless otherwise maintained by the Association as set forth hereinabove.

#### Section 7.3 Standards for Maintenance and Installation.

(a) All slopes or terraces, if any, on any Lot shall be maintained so as to prevent any erosion thereof upon adjacent streets or adjoining property.

(b) The Association shall maintain any landscaped areas



which it owns or controls under this Declaration or which are owned in common by its Members in an attractive condition according to any rules promulgated by the Board and shall maintain any slopes and terraces which are its responsibility so as to prevent erosion thereof upon adjacent streets or adjoining property.

Section 7.4 Right of Entry. The Association, after reasonable notice to an Owner, shall have the right to enter upon any Lot, including its slopes and terraces, in connection with any maintenance, repair or construction in the exercise of the powers and duties of the Association.

## SECTION VIII

### INSURANCE

Section 8.1 Types. The Association, to the extent available, shall obtain and continue in effect in its own name the following types of insurance so long as such amounts or types of insurance coverage are not, in the good faith judgment of the Board, prohibitively expensive or no longer necessary or appropriate for the protection of the Covered Property, the Association and the Members:

(a) A comprehensive policy of public liability insurance covering the Common Area and any other property maintained, controlled or managed by the Association. Such policy shall have a limit of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile and liability for property of others, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property, and shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association or other Owners;

(b) A policy of fire and casualty insurance with extended coverage for the full replacement value of the Common Area without deduction for depreciation, with an "agreed amount endorsement" or its equivalent and clauses waiving subrogation against Members and the Association and persons upon the Covered Property with the permission of a Member, such insurance to afford protection against at least loss or damage by fire and other hazards covered by the standard extended coverage endorsement and vandalism and malicious mischief coverage.

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association as obligee, shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or similar expression.

Section 8.2 Waiver by Members. All insurance obtained by the Association shall be maintained by the Association for the benefit of the Association, the Owners and the Mortgagees as their interests may appear. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive

and release all claims against the Association, the Board, other Owners, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 8.3 Other Insurance; Annual Review. The Association may purchase such other insurance as it may deem necessary, or as may be required by law, including, but not limited to, worker's compensation, officers' and directors' liability, and errors and omission insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Common Area in light of increased construction costs, inflation, practice in the area in which the Covered Property is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 8.4 Premiums, Proceeds and Settlement. Insurance premiums for any such insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association. Casualty insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided in the Article hereof entitled "Destruction of Common Area". The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and the Members.

Section 8.5 Federal Requirements. Notwithstanding the foregoing provisions of this Article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by FNMA, GNMA, FHLMC, FHA and VA, so long as either is a Mortgagee or Owner within the Covered Property, or insures or guarantees a Mortgage, as the case may be, except to the extent such coverage is not available or has been waived in writing by the foregoing entities.

## ARTICLE IX

### DESTRUCTION OF COMMON AREA

Section 9.1 Duty of Association. In the event of partial or total destruction of the Common Area, it shall be the duty of the Association to restore and repair the same as promptly as practical pursuant to this Article. The proceeds of any casualty insurance maintained pursuant to this Declaration shall be used for such purpose, subject to the prior rights of Mortgagees whose interest may be protected by said policies.

## ARTICLE X

### EMINENT DOMAIN

Section 10.1 Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Common Area.

Section 10.2 Appointment of Board. In the event of a threatened taking of all or any portion of the Common Area, the Members hereby appoint the Board and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Section 10.3 Procedure on Taking. Any awards received on account of the taking shall be paid to the Association. The Board may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Members. The rights of an Owner and the Mortgagee of his Residence as to any such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Residence.

Section 10.4 Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

## ARTICLE XI

### USE RESTRICTIONS

Section 11.1 Commercial Use. Subject to the Section entitled "Construction and Sales" of the Article hereof entitled "Easements", no part of a Lot shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any non-residential purposes; provided however, that the Association shall have the right to provide or authorize such services on the Common Area as it deems appropriate for the enjoyment of the Common Area or for the benefit of the Members.

Section 11.2 Signs. All signs shall be in conformance with the Architectural Standards and Design Guidelines adopted by the Architectural Committee. No sign or billboard of any kind shall be displayed to the public view on any Lot or Common Area with the following exceptions:

(a) signs as may be required by legal proceedings, or the prohibition of which is precluded by laws;

(b) signs as may be used by Declarant, or their sales agents in connection with the development of the Redhawk Community and the sale and marketing of the Lots:

Notwithstanding the foregoing, in accordance with the provisions of California Civil Code, Section 713, or any successor law or statute, an Owner may display on the Owner's Lot not more than one "for sale" or "for lease" sign per Lot so long as such sign shall comply with any standards promulgated by the Community Board or Architectural Committee as to the size, color, shape or other qualifications for permitted signs.

Section 11.3 Nuisance. No noxious or offensive trade or activity shall be carried on or upon any Residence, or any part of the Covered Property nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Residence. The Board shall have the right to determine if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance.

Section 11.4 Temporary Structures. No structure of a temporary character, trailer, mobile home, tent, shack, garage, barn or other out-building shall hereafter be used on any Lot at any time, either temporarily or permanently, except by Declarant in connection with work or construction diligently pursued.

Section 11.5 Vehicles. No trailer, camper, boat, recreational vehicle, vehicles used or operated for commercial purposes or similar equipment shall hereafter be permitted to remain upon the Covered Property, unless placed or maintained within an enclosed garage, nor permitted to be parked other than temporarily for purposes of loading, unloading or cleaning, on any street, alley, or Community Common Area or Common Area within the Redhawk Community. Temporary parking shall mean parking of vehicles belonging to guests or Owners, delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Association, Community Association or the Owners and parking of vehicles belonging to or being used by Owners for loading or unloading purposes. The Association and the Community Board may adopt guidelines defining what vehicles constitute recreational vehicles and rules for the regulation of the admission and parking of vehicles within the Redhawk Community, including the assessment of charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be a Special Assessment. No automobile, recreational vehicle or equipment, commercial vehicle or any other motorized vehicle may be dismantled, rebuilt, repaired, serviced or repainted on the Covered Property unless performed within a completely enclosed garage or other structure located in a Residence which completely screens the sight and sound of such activity from streets, the Common Area, Community Common Area and neighboring Residences. Any fence or screen required under this Section shall comply with any standards promulgated by the Community Board or Architectural Committee as to size, color, or other criteria for permitted fences or screens. Golf carts and similar vehicles shall be operated within the Redhawk Community only pursuant to the Community Association Rules. The foregoing restriction shall not be deemed to prevent temporary parking for washing and polishing and those activities normally incident to washing and polishing of vehicles.

Section 11.6 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board. Notwithstanding the foregoing, no animals or fowl may be kept on the Lots which, in the good faith judgment of the Board or a committee selected by the Board for this purpose, result in an annoyance or are obnoxious to residents in the vicinity. All dogs permitted to be kept by this Section shall be kept on a leash when on any portion of the Covered Property except within a Lot. It shall be the absolute duty of each such Owner to clean up after such animals which have used any portion of the Common Area, another's Lot or the Development.

Section 11.7 Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining

operations of any kind shall be permitted upon or in the Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property. No Owner shall use a Lot to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind.

Section 11.8 Unsightly Items. All weeds, rubbish, debris or unsightly materials or objects of any kind shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited from any Lot unless obscured from view of adjoining streets or portions of the Covered Property nearest such portion of the Lot from a height of six (6) feet or less and shall comply with any restrictions or standards promulgated by the Community Board or the Architectural Committee.

Section 11.9 Antennas. No television, radio, satellite dish or other electronic antenna or antenna device of any type shall hereafter be erected, constructed, placed or permitted to remain on the Covered Property, unless installed by Declarant. Except as installed by Declarant, no cable, television or radio system or ham radio system or other equipment for the purpose of emitting, receiving, or distributing any form of electro-magnetic emission in any form shall be permitted on the Covered Property.

Section 11.10 Drainage. All drainage of water from any Lot or Common Area and the improvements thereon shall drain or flow as set forth below.

(a) Any such water may drain or flow into adjacent streets or alleys and shall not be allowed to drain or flow upon, across, or under adjoining Lots, Common Area, unless an easement for such purpose is granted.

(b) All slopes or terraces on any Lot or Common Area shall be maintained so as to prevent any erosion thereof upon adjacent streets or adjoining property.

Section 11.11 Garages. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the assessment of charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be Special Assessments. No automobile or other vehicle shall be parked or stand outside of a garage if there is space for such



automobile or vehicle in such garage and no garage shall be used for any purpose which would preclude parking of at least two (2) automobiles therein.

Section 11.12 Window Covers. Windows can be covered only by drapes, shades, blinds or shutters and cannot be painted or covered by aluminum foil, cardboard, or other similar materials.

Section 11.13 Single-Family Residential. All Residences shall be used only for the residential purposes of a family. Any lease or rental agreement shall be in writing and any tenant shall abide by and be subject to all provisions of this Declaration, the Articles, the Bylaws, and the Association Rules and the Community Declaration, Community Bylaws, Community Articles and the Community Association Rules and any Owner who leases his Residence shall be responsible for assuring compliance by such Owner's lessee with the foregoing documents and Rules. A Any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. Also, no Owner shall rent, lease or let his Residence for transient or hotel purposes or for any period of less than thirty (30) days.

Section 11.14 Pests. No Owner shall permit any thing or condition to exist upon any portion of the Covered Property which shall induce, breed or harbor infectious plant diseases or noxious insects or vermin.

Section 11.15 Solar Systems. All solar system collector units shall be integrated into the design of the dwelling in which each is installed and shall be subject to approval by the Architectural Committee in accordance with Article V entitled "Architectural and Landscape Control".

Section 11.16 Rubbish Removal. All garbage and trash shall be placed and kept in sanitary, covered containers. In no event shall such containers be maintained so as to be visible from neighboring property except when set out for a reasonable period of time before and after scheduled trash pickup times.

Section 11.17 Maintenance of Lawns and Plantings. Each Owner of a Lot shall keep all shrubs, trees, grass and plantings of every kind, including planted areas between adjacent sidewalks and the street curb, if any, neatly trimmed, properly cultivated and watered, and free of trash, weeds and other unsightly material.

Section 11.18 Fences and Walls. No fence or wall will be erected, painted, altered or maintained on any Lot except with the prior written approval of the Architectural Committee. Any alterations or modifications of the walls or fences not addressed herein shall be subject to the prior written approval of the

Architectural Committee.

## ARTICLE XII

### RIGHTS OF ENJOYMENT

Section 12.1 Members' Right of Enjoyment. Every Member shall have a non-exclusive easement for use and enjoyment in and to the Common Area, and such right shall be appurtenant to and shall pass with the interest required to be an Owner to every Residence, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

(a) The right of the Association to establish reasonable rules and regulations pertaining to the use of the Common Area.

(b) The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Common Area or adding new Common Area and in aid thereof, to mortgage said property, provided that the prior affirmative vote or written approval of a majority of each of the Class A and the Class B Members has been obtained to mortgage said property, and provided further that the rights of the lender thereunder shall be subordinated to the rights of the Members.

Section 12.2 Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Residence owned by him from the liens, charges and other provisions of this Declaration, the Articles, Bylaws and Association Rules, by waiver of the use and enjoyment of the Common Area, or the abandonment of his Residence.

## ARTICLE XIII

### EASEMENTS

Section 13.1 Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant herein without prior written approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

Section 13.2 Nature of Easements. Unless otherwise set forth herein, any easement reserved to Declarant herein shall be non-exclusive.

Section 13.3 Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, water hose connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owners of any Residence served by said connections, lines or facilities, or the Association if said connections, lines or facilities serve the Common Area, shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to Owners and the Association, an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service his Residence, or the Common Area, as the case may be, and to enter upon the Common Area and the Residences owned by others, or to have utility companies enter upon the Common Area and Residences owned by others, in or upon which said connections, lines or facilities, or any portion thereof, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided that such Owner or the Association or utility company shall promptly repair any damage to a Residence or the Common Area caused by such entry as promptly as possible after completion of work thereon.

Section 13.4 Utilities. Easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as are needed to service the Covered Property are hereby reserved by Declarant, together with the right to grant and transfer the same; provided however, such easements shall not unreasonably interfere with the use and enjoyment by the Members of their Residences or the Common Area.

Section 13.5 Cable Television. There is hereby reserved to Declarant, over the Covered Property, together with the right to grant and transfer the same, the right to emplace on, under or across the Covered Property transmission lines and other facilities for a community antenna television system and

thereafter to own and convey such lines and facilities and the right to enter upon the Covered Property to service, maintain, repair, reconstruct and replace said lines or facilities; provided however, that the exercise of such rights shall not unreasonably interfere with any Owner's reasonable use and enjoyment of his Residence.

Section 13.6 Utilities Shown on Tract Map. There is hereby reserved to Declarant together with the right to grant and transfer the same, easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities and other purposes as shown on the recorded tract maps covering the Covered Property.

Section 13.7 Construction and Sales. Nothing in this Declaration shall limit the right of Declarant to commence and complete construction of improvements to the Covered Property or to alter the foregoing or the Lots or Common Area or to construct such additional improvements as the Declarant deems advisable prior to the completion and sale of all of the Covered Property.

Section 13.8 Common Area Easements. There is hereby reserved to Declarant, together with the right to grant and transfer the same to the Owners, a non-exclusive easement for ingress and egress and recreational purposes over the Common Area. Such easement when granted to Owners shall be subject to the rights of the Association with regard to the Common Area as set forth in the Article hereof entitled "Rights of Enjoyment".

Section 13.9 Association Rights. There is hereby reserved to the Declarant easements over the Covered Property, together with the right and obligation to grant and transfer the same to the Community Association and the Association, for the purpose of permitting the Association to discharge its obligations as described in the Community Declaration and in this Declaration.

Section 13.10 Landscape Maintenance Easement. Declarant hereby reserves in favor of the Association, its agents and employees a non-exclusive easement including access, ingress and egress for landscape maintenance and irrigation purposes over a portion of Lots 105, 106, 107, 108, 109, 110 and 120 which easement area is depicted on Exhibit "D" attached hereto.

## ARTICLE XIV

### ANNEXATIONS

The real property described on Exhibit "C" (hereinafter in this Article referred to as the "Annexation Property") and/or any other real property shall be annexed to and become subject to this Declaration, if said property is developed, by any of the methods set forth hereinafter in this Article, as follows:

#### Section 14.1 Development of the Covered Property.

Declarant intends to sequentially develop the Annexation Property on a phased basis; however, Declarant may elect not to develop all or any part of such real property, to annex such real property to this Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. Moreover, Declarant reserves the right to subject all or any portion of the Annexation Property to the plan of this Declaration or one or more separate declarations of covenants, conditions and restrictions which subjects said property to the jurisdiction and powers of a homeowners association or other entity with powers and obligations similar to the Association and which is not subject to the provisions of this Declaration. Although Declarant shall have the ability to annex the Annexation Property as provided in this Article, Declarant shall not be obligated to annex all or any portion of such property, and such property shall not become subject to this Declaration unless and until a Supplementary Declaration shall have been so executed and recorded. Notwithstanding any other provision in this Declaration to the contrary, said Annexation Property shall be annexed to and subject to this Declaration by Declarant, if said property is developed.

Section 14.2 Supplementary Declarations. A Supplementary Declaration shall be a writing in recordable form which annexes real property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration and shall contain such other provisions as set forth in this Declaration relating to Supplementary Declarations. Such Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration, or any merger or consolidation, revoke, modify, or add to the covenants established by this Declaration with respect to the existing Covered Property.

Section 14.3 Annexation Without Approval and Pursuant to General Plan. All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a Supplementary Declaration covering the portion of the Annexed Property to be annexed shall be executed and recorded by Declarant prior to the third (3rd) anniversary of the issuance of the original Subdivision Public Report for the immediately preceding Phase. The recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said annexed real property shall be part of the Covered Property and all of the Owners of Residences in said annexed real property shall automatically be Members.

Section 14.4 Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to two-thirds (2/3) majority of the voting power of each class of its Members, or the written assent of such Members, excluding the voting power or written assent of the Owner of any of the real property sought to be annexed, any person who desires to add real property, other than the annexation Property, to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file or record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article. The certificate of the President and the Secretary of the Association attached to any Supplementary Declaration recorded pursuant to this Section certifying that the required two-thirds (2/3) majority of the voting power of each class of members has approved the recordation of such Supplementary Declaration shall be deemed conclusive proof thereof.

Section 14.5 Expansion of Association Membership. Membership shall be expanded to include Owners within annexed Phases of the Development.

Section 14.6 Improvements on Future Phases of Development. Declarant expressly makes no representations or warranties in connection with Residences constructed on Lots within future Phases of the Development. Declarant gives no guarantee that it will build similar or comparable Residences on Lots within future Phases of the Development. Declarant expressly reserves the right to change the style, quality, size and cost of said Residences from those constructed in the first Phase of the Development, or any other Phase.

## ARTICLE XV

### PROTECTION OF MORTGAGEES

Section 15.1 Mortgage Permitted. Any Owner may encumber his Residence with a Mortgage.

Section 15.2 Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of the first Mortgage that encumbers all or a portion of the Development, or any Residence, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such Mortgage unless the Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 15.3 Amendment. The prior written consent of seventy-five percent (75%) of the holders of first Mortgages (based upon one vote for each Mortgage held) shall be required for any material amendment to this Declaration, to the Articles or to the Bylaws. As used in this Section 15.3, the term "any material amendment" is defined to mean amendments to provisions of this Declaration, to the Articles or to the Bylaws governing the following subjects:

- (a) The purpose for which the Development may be used;
- (b) Voting;
- (c) Assessments, collection of Assessments, creation and subordination of Assessment liens;
- (d) Reserves for repair and replacement of Common Area improvements;
- (e) Maintenance of Common Area, and improvements thereon;
- (f) Casualty and liability insurance;
- (g) Rebuilding or reconstruction of Common Area and improvements thereon, in the event of damage or destruction;
- (h) Rights of use to and in the Common Area;
- (i) Annexation of additional property not referred to in Exhibit "C".
- (j) Any provisions, which by their terms, are specifically for the benefit of first Mortgagees, or specifically confers rights on first Mortgagees.



Section 15. Right to Examine Books and Records.

Institutional first Mortgagees can examine the books and records of the Association and can require the submission to them of financial data concerning the Association or the Development, including annual audit reports and operating statements as furnished to the Owners.

Section 15.5 Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any rights of Institutional Mortgagees or Residences pursuant to their Mortgages in case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the Development is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected Institutional Mortgagees naming the Mortgagees, as their interests may appear.

Section 15.6 Amenities. All amenities and Common Area shall be available for use by Owners and all such amenities with respect to which Regular or Special Assessments for maintenance or other uses may be levied shall constitute Common Area. All such amenities shall be owned in fee by the Owners in undivided interests or by the Association free of encumbrances except for any easements granted for public utilities or for other public purposes consistent with the intended use of such property by the Owners or by the Association.

Section 15.7 Notices to Mortgagees of Record. Upon any loss to any Residence covered by a Mortgage, if such loss exceeds One Thousand Dollars (\$1,000), or on any loss to the Common Area, if such loss exceeds Ten Thousand Dollars (\$10,000), or on any taking of the Common Area, notice in writing of such loss or taking shall be given to each Mortgagee of record. If any Owner of a Residence is in default under any provision of these covenants, conditions and restrictions, or under any provision of the Bylaws or the Association Rules, which default is not cured within thirty (30) days after written notice to such Owner, the Association shall give to the Mortgagee of record of such Owner written notice of such default and of the fact that said thirty (30) day period has expired.

Section 15.8 Effect of Breach. No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any Mortgage in good faith and for value, and all of these covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 15.9 Foreclosure. If any Residence is encumbered by a first Mortgage made in good faith and for value, the

foreclosure of any lien created by any provision set forth in this Declaration for Assessments, or installments of Assessments, shall not operate to affect or impair the lien of the first Mortgage. On foreclosure of a first Mortgage, the lien for Assessments on installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the first Mortgage, with the foreclosure-purchaser taking the title to the Residence free of the lien for Assessments on installments that have accrued up to the time of the foreclosure sale. On taking title to the Residence the foreclosure-purchaser of a first Mortgage shall only be obligated to pay Assessments or other charges levied or assessed by the Association after the foreclosure-purchaser acquired title to the Residence. The subsequently levied Assessments or other charges may include previously unpaid Assessments provided all Owners, including the foreclosure-purchaser, and his successors and assigns, are required to pay their proportionate share as provided in this Section.

Section 15.10 Non-Curable Breach. Any Mortgagee who acquires title to a Residence by foreclosure or by deed-in-lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

Section 15.11 Loan to Facilitate. Any Mortgage given to secure a loan to facilitate the resale of a Residence after acquisition by foreclosure or by a deed-in-lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of this Article XV.

## ARTICLE XVI

### GENERAL PROVISIONS

Section 16.1 Enforcement. The Association, or any Owner, shall have the right to enforce by proceedings at law or in equity, all easements, restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration or any amendment hereto, including the right to prevent the violation of any such easements, restrictions, conditions, covenants or reservations and the right to recover damages or other dues for such violation. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or Bylaws and any amendments thereto. With respect to Assessment liens or any other liens or charges and Association Rules, the Association shall have the exclusive right to the enforcement thereof.

Section 16.2 No Waiver. Failure by the Association or by any Member to enforce any easement, covenant, condition or restriction herein contained, or the Articles, Bylaws or Association Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same easement, covenant, condition or restriction.

Section 16.3 Cumulative Remedies. All rights, options and remedies of Declarant, the Association, the Owners or Mortgagees under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

Section 16.4 Severability. Invalidation of any one or a portion of these easements, covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 16.5 Covenants to Run With the Land; Term. The easements, covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said easements, covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners and a majority of the Mortgagees, based on one (1) vote for each Mortgage held, has been recorded at least six (6) months prior to

the end of any such period, agreeing to change said easements, covenants, conditions and restrictions in whole or in part.

Section 16.6 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Covered Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 16.7 Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 16.8 Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Association or any Member. Such remedy shall be deemed cumulative and not exclusive.

Section 16.9 Attorneys' Fees. In the event action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, actual attorneys' fees and costs of such suit.

Section 16.10 Notices. Any notice to be given to an Owner or a Mortgagee or Mortgage servicing contractor under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the United States mail, first class postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Residence. Any such notice deposited in the mail within Riverside County, California, shall be deemed delivered forty-eight (48) hours after such deposit. In the case of co-Owners, any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall constitute delivery on all such co-Owners.

(b) Notice to a Mortgagee or its Mortgage servicing contractor shall be deemed to have been properly delivered when placed in the United States mail, first class postage prepaid, to the address furnished to the Association by such Mortgagee or such contractor or, if no such address is furnished, to any office of the Mortgagee in Riverside County, California, or, if no such office is located in said County, to any office of such Mortgagee.

(c) The affidavit of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or Owners, to any Mortgagee or Mortgagees, or to all Members or all Mortgagees, to the address or addresses shown on the records of the Association, shall be deemed conclusive proof of such mailing, whether or not such notices are actually received.

Section 16.11 Obligation of Declarant. So long as Declarant is utilizing the easement described in the Section entitled "Construction and Sales" of the Article in this Declaration entitled "Easements", Declarant shall not be subject to the provisions of the Article entitled "Architectural and Landscape Control" or the provisions of the Article entitled "Use Restrictions".

Section 16.12 Effect of Declaration. This Declaration is made for the purposes set forth in the Recitals to this Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 16.13 Personal Covenant. To the extent the acceptance of a conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to the Association.

Section 16.14 Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, or any other committees of the Association or any member of such Board or committee shall be liable to the Association or any Member for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees

or persons reasonably believed to be the scope of their duties.

Section 16.15 Enforcement of Bonded Obligations. In the event that the improvements to the Common Area have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property by the Department of Real Estate of the State of California, and the Association is obligee under a bond or other arrangement (hereinafter the "Bond") to secure performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, then on the petition in writing to the Board signed by Members of the Association representing not less than five percent (5%) of the total voting power of the Association, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the Bylaws dealing with meetings of the Members, but in any event such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of said petition.

(c) The only Members entitled to vote at such meeting of Members shall be the Owners other than Declarant. A vote at such meeting of a majority of the voting power of such Members other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

Section 16.16 Construction by Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Common Area or the Residences, or to construct such additional improvements as Declarant deems advisable prior to completion of improvements upon and sale of the entire Covered Property. Such

right shall include but shall not be limited to erecting, constructing and maintaining on the Covered Property such structures and displays as may be reasonably necessary for the conduct of the business or completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Covered Property. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Covered Property, by an express assignment incorporated in a recorded deed or lease, as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Covered Property.

Section 16.17 Amendments. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees pursuant to the Articles hereof entitled "Insurance" and "Protection of Mortgagees", or otherwise, this Declaration may be amended as follows:

(a) Until such time as there is a Class A membership, this Declaration may be cancelled or amended by Declarant. Thereafter, as long as there is a Class B membership, any amendments shall require the affirmative vote or written assent of fifty-one percent (51%) of each class of Members. After the Class B membership has been converted to Class A membership, amendments to the Declaration may be enacted by the vote or written assent of seventy-five percent (75%) of the total voting power of the Association; and a bare majority of the votes of Members other than Declarant.

(b) However, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. For example, if it is provided that seventy-five percent (75%) of the voting power must agree to an increase in the maximum annual Assessment, then seventy-five percent (75%) of the voting power is necessary to amend that provision regardless of the percentage prescribed in paragraph (a) above. Notwithstanding the foregoing, any Owner of the Association may petition the Superior Court of the County of Riverside for an order reducing the necessary percentage required under this section to amend this Declaration. The procedure for affecting this petition is set forth in

Section 1356 of the California Civil Code as same may be amended from time to time. An amendment made in accordance with the provisions set forth herein shall be effective when executed by the President and Secretary of the Association, who shall certify that the amendment has been approved by the Members, and where appropriate, by the first Mortgagees in the percentages set forth hereinabove, and recorded in the Office of the County Recorder for Riverside County.

(c) An amendment or modification that requires the vote and written assent of the Members as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and when recorded in the Official Records of Riverside County, California.

(d) Notwithstanding the foregoing, any provision of this Declaration, or the Articles, Bylaws or Association Rules which expressly requires the approval of a specified percentage of the voting power of the Association for action to be taken under said provision can be amended only with the affirmative vote or written assent of not less than the same percentage of the voting power of the Association.

(e) Anything contained in this Declaration to the contrary notwithstanding, neither the definitions of the terms, "Community Association," "Community Articles," "Community Bylaws," "Community Declaration" and "Community Assessment," nor any of the provisions contained in the Article of this Declaration entitled "Community Association," may be amended, modified or rescinded (i) without the prior written consent of the Board of Directors of the Community Association and (ii) without the recording of said written consent in the Office of the County Recorder of Riverside County, California. In addition, any written instrument amending this Declaration shall bear, or have attached thereto, the written consent of such other persons as may be required by the Community Declaration.

Section 16.18 Conflict. In the event of any conflict between this Declaration and the Articles, the Bylaws or the Association Rules and Regulations, if any, this Declaration shall control.



## ARTICLE XVII

### AUTOMATIC AMENDMENTS AND OTHER EFFECTS OF FEDERAL PROGRAMS

Section 17.1 Amendments to Conform with Mortgagee Requirements. It is the intent of Declarant that this Declaration and the Articles and Bylaws of the Association, and the Development in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure or subsidize any Mortgage of a Residence in the Development by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Veterans' Administration. In furtherance of that intent, Declarant expressly reserves the right and shall be entitled by unilateral amendment of the Declaration so long as Declarant owns more than twenty-five percent (25%) of the Lots in the Development to amend this Declaration in order to incorporate any provisions or to enter into any agreement on behalf and in the name of the Association that are, in the opinion of any of the cited entities or governmental agencies, required to conform the Declaration, the Articles, the Bylaws or the Development to the requirements of any of the entities or governmental agencies, including without limitation, the execution on behalf of and in the name of the Association of a regulatory agreement between the Association and the Federal Housing Commissioner and any other agreement sufficient to satisfy the requirements for Mortgage purchase, guarantee or insurance by any of said entities or agencies. Declarant is hereby granted an irrevocable power of attorney to execute any such amendment or agreement by and in the name of the Association. Any such provision shall first be approved by the California Department of Real Estate in connection with its issuance of a Final Subdivision Public Report or amendment to it with respect to the Development. Each Owner of a Lot and each Mortgagee of a Lot by acceptance of a deed or encumbrance of a Lot consents to the incorporation in this Declaration of any such provision and to the execution of any amendment or regulatory agreement and agrees to be bound by any such provisions as if they were incorporated in this Declaration. The Board and each Owner shall take any action or shall adopt any resolutions required by Declarant or any Mortgagee to conform this Declaration or the Development to the requirements of any of said entities or agencies.

## ARTICLE XVIII

### POST TENSION CONCRETE SYSTEM

Section 18.1 Post Tension Concrete Slab/Expansive Soil.  
Due to certain underlying expansive soil conditions, the home that Owner is purchasing has been built using a Post Tension Concrete System ("System"). The System involves placing steel cables under high tension in the concrete/ foundation located beneath the house. Any attempt to alter or pierce the foundation and/or slab (for example, saw cutting, drilling, or installation of subterranean improvements such as new plumbing or a floor safe) could damage the integrity of the System and/or cause serious personal injury or property damage. Owner, by acceptance of the Deed to his Lot, hereby agrees that Declarant shall not be responsible for any damage or injury resulting from the alteration of the slab or foundation of Owner's home by Owner or any employee, agent, family member, or representative of Owner.

Additionally, said expansive soil conditions should be taken into consideration before the construction or installation by Owner (or any of Owner's contractors or agents) of patios, pools, spas, or any improvement within Owner's Lot.

Because of said expansive soil conditions, Declarant advises Owner to consult with a soil engineer, civil engineer, or other specialist prior to commencing any construction on Owner's Lot.

## ARTICLE XIX

### VIEWS

Section 19.1 Views. As originally constructed, certain of the Lots within the Covered Property have a partial view. A view is defined as that line of sight (which may include within it Residences or other types of buildings, improvements or landscaping) within the prolongation of the side property lines of a Lot. A view does not include any diagonal or side view and is restricted to that air space directly in line with the prolongation of the side property lines of a Lot. Notwithstanding the above, after the sale of the Lots within the Covered Property by Declarant to Owners, a view may be impeded or impacted by the improvements or landscaping of another Lot. Any alteration or landscaping of a Lot after the initial construction of the Lot by Declarant, must be approved by the Architectural Committee in accordance with Article VII of the Community Declaration. No statements or assurances can be made by Declarant with respect to said construction of future improvements and landscaping that may have an impact upon the view of a Lot and which are approved by said Architectural Committee or are constructed on contiguous property not owned by Declarant.

## ARTICLE XX

### COMMUNITY ASSOCIATION

Section 20.1 Easement to Community Association. The officers, agents, employees and independent contractors of the Community Association shall have a nonexclusive easement to enter upon the Covered Property, or any portion thereof, constituting the Covered Property for the purpose of performing or satisfying the duties and obligations of the Community Association as set forth in the Community Declaration, the Community Bylaws, the Community Articles and the rules and regulations of the Community Board and the Architectural Committee.

Section 20.2 Subordination of Assessment Lien. The lien of any Assessment imposed upon any Lot pursuant to this Declaration shall be subordinate and inferior to the lien of any Assessment imposed upon such Lot pursuant to the Community Declaration.

Section 20.3 Community Association Assessments. Declarant, for each Lot which it owns within the Redhawk Community, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, does and is hereby deemed to covenant and agree to pay to the Community Association the Community Assessments imposed upon such Lots pursuant to the Community Declaration. The Community Assessments shall be levied and collected as provided in the Community Declaration.

The Association shall have responsibility for collecting Community Assessments. Such Community Assessments shall be due and payable to the Association on the same day that such Assessments would be due and payable to the Community Association. The Association shall levy late charges and upon instructions from the Community Board, interest charges against any Owner who fails to pay such Community Assessments within the time periods specified in Section 6.13.1 of the Article entitled "Late Charges" in the Community Declaration. Within three (3) business days of payment of the Community Assessments to the Association, the Association shall deliver such Community Assessments to the Community Association. The Community Board shall establish procedures for the payment by the Association to the Community Association of Community Assessments collected by the Association. Any funds collected by the Association shall be held in trust for the benefit of the Community Association. If the Association fails to pay Community Assessments to the Community Board when due, and in accordance with the provisions of any guidelines established by the Community Association in accordance with the provisions of any guidelines established by the Community Board, the Community Board may, bring any action, at law or equity, against the Association and all costs of

enforcement shall be levied as a Special Assessment against the Association. The Community Board may, upon a vote by a majority of the Community Directors, elect to terminate the obligation of any Association to collect the Community Assessments.

The Community Association, in its sole and absolute discretion, may elect to administer, levy, collect and enforce the Assessments provided for under this Declaration. All such funds collected by the Community Association shall be utilized in the manner and for the purposes specified in this Declaration and in the Community Declaration, the Community Bylaws, the Community Articles and the rules and regulations of the Community Board and the Architectural Committee.

All Community Assessments shall be payable in the amount specified by the particular Community Assessment, and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Declarant or the Community Association is not properly exercising its duties or powers as provided for in this Declaration.

Section 20.4 Enforcement. Breach of any of the limitations, restrictions, conditions and covenants set forth in this Declaration, or the continuation thereof, may be enjoined, abated or remedied by appropriate legal proceedings by the Community Association. The Community Association shall be deemed to be a person who may enforce the provisions of this Declaration. The failure of the Community Association to enforce any of said limitations, restrictions, conditions or covenants shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on, nor incurred by, the Community Association as a result of such failure. The prevailing party in any action at law or in equity instituted by the Community Association to enforce or interpret said limitations, restrictions, conditions or covenants, shall be entitled to all costs incurred in connection therewith, including without limitations, reasonable attorneys' fees.

Section 20.5 Supremacy of Community Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon this Association pursuant to this Declaration, the Bylaws or the Articles, the Association shall be entitled to exercise any of the rights conferred upon it and be subject to all of the obligations imposed upon it pursuant to the Community Declaration, the Community Bylaws or the Community Articles. The Association shall also be subject to all superior rights and powers which have been conferred upon the Community Association pursuant to the Community Declaration, the Community Bylaws and the Community Articles.

a. Each Owner and such Owner's Lot(s) shall be subject to all of the covenants, conditions, restrictions and provisions

contained in the Community Declaration.

b. In the event of any conflict between any of the covenants, conditions, restrictions or provisions of this Declaration, the Bylaws or the Articles with any of the covenants, conditions, restrictions or provisions of the Community Declaration, the Community Bylaws or the Community Articles, then, in such event, the covenants, conditions, restrictions and provisions of the Community Declaration, the Community Bylaws and the Community Articles shall govern and prevail.

Section 20.6 Delegate. The Association shall appoint a Delegate to the Community Association pursuant to the terms of the Community Declaration and the Community Bylaws.

## ARTICLE XXI

### GOLF COURSE

Section 21.1 Golf Course Liabilities. By accepting the deed to a Lot, each Owner, for himself and his invitees, personal representatives, assigns, heirs and next of kin (collectively, the "Owner's Related Parties") hereby (a) acknowledges the potential effect on his Lot and improvements of stray golf balls and other event inherent to the activities of the Golf Course within the Redhawk Community (the "Golf Course Hazards"), (b) assumes the risk of any property damage, personal injury and/or creation or maintenance of a trespass or nuisance created by or arising in connection with the Golf Course Hazards (collectively the "Assumed Risks") and (c) releases, waives, discharges, covenants not to sue, indemnifies and agrees to hold harmless Declarant, the Association, the Association Board, the Community Association, the Community Board, the other members, and each of the respective offices, directors, shareholders, affiliates, successors and assigns of the foregoing, (collectively, the "Released Parties"), and each of them, from any and all liability to the Owner or Owner's Related Parties, for any losses, costs (including, without limitation, attorneys' fees), claims, demands, suits, judgments or other obligations arising out of or connected with any of the Assumed Risks, whether caused by the negligence of the Released Parties or otherwise. Each Owner, by acceptance of a deed, acknowledges that the Golf Course is a privately owned Golf Course and the Association or Community Association has no obligation or right to regulate or control the Golf Course. Each Owner, by acceptance of a deed, further acknowledges and agrees that Declarant, in making any reference to a Golf Course herein, makes no warranties or representations that a Golf Course will be a part of the Redhawk Community or that, if installed, a Golf Course will continue to be maintained and operated within any portion of the Redhawk Community.

## ARTICLE XXII

### COUNTY APPROVAL

Section 22.1 Transfer of Common Area. The Association established herein shall manage and continuously maintain the Common Area, more particularly described on Exhibit "B" attached hereto, and all Common Area annexed to this Declaration and shall not sell or transfer the Common Area, or any part thereof, absent the prior written consent of the Planning Director of the County or the County's successor-in-interest.

Section 22.2 Amendment of Declaration. This Declaration shall not be terminated, "substantially" amended or property deannexed therefrom absent the prior written consent of the Planning Director of the County or the County's successor-in-interest. A proposed amendment shall be considered "substantial" if it affects the extent, usage or maintenance of the Common Area.



IN WITNESS WHEREOF, the undersigned has executed this Declaration as of the date first set forth above.

By: J.M. PETERS COMPANY, INC.  
a Nevada corporation

By: [Signature]

Its: VP

By: [Signature]

Its: VICE PRESIDENT

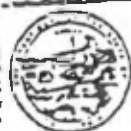
CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF ORANGE )

On MARCH 4, 1993 before me, \_\_\_\_\_  
(Date) (Name and title of officer)

C.J. Wiemann

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



OFFICIAL SEAL  
C. J. WIEMANN  
Notary Public - California  
ORANGE COUNTY  
My Commission Expires  
October 22, 1993

WITNESS my hand and official seal.

C.J. Wiemann  
Notary's Signature

CERTIFICATE OF ACKNOWLEDGEMENT

STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF ORANGE )

On MARCH 4, 1993 before me, \_\_\_\_\_  
(Date) (Name and title of officer)

C.J. Wiemann

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



OFFICIAL SEAL  
C. J. WIEMANN  
Notary Public - California  
ORANGE COUNTY  
My Commission Expires  
October 22, 1993

WITNESS my hand and official seal.

C.J. Wiemann  
Notary's Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF THE COVERED PROPERTY

Lots 10 through 15 and Lots 106 through 120,  
inclusive, of Tract 23063-7, as shown by the Map  
recorded in Book 243, Pages 63 through 71,  
Records of Riverside County, California.

EXHIBIT "B"

LEGAL DESCRIPTION OF THE COMMON AREA

NO COMMON AREA INCLUDED IN THIS PHASE.

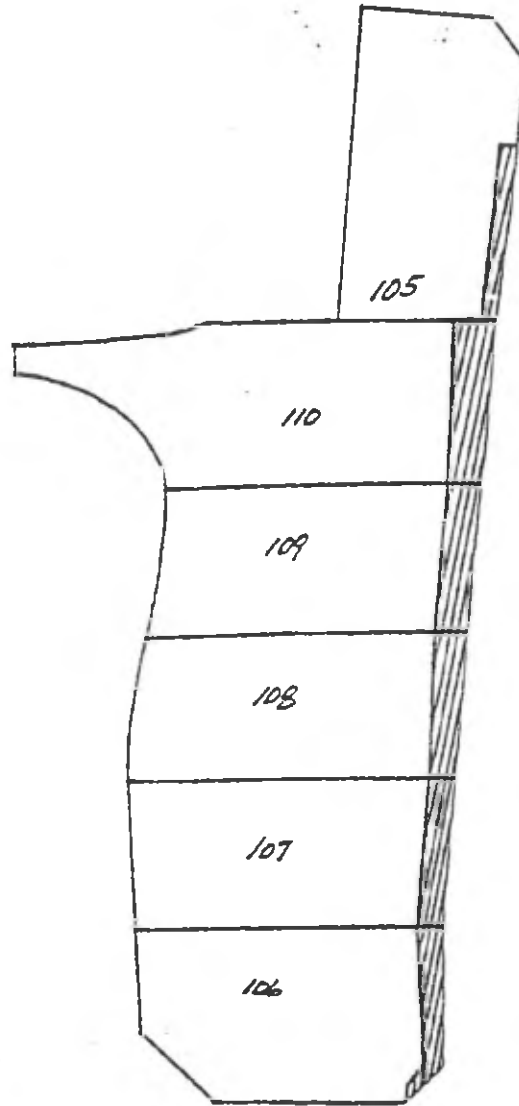
EXHIBIT "C"

PROPERTY SUBJECT TO ANNEXATION

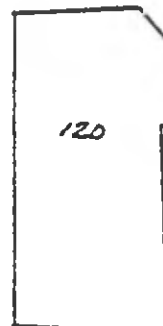
Lots 1 through 9, inclusive, and Lots 16 through 105, inclusive, and Lots 122, 123 and 128, and Lots C through N, inclusive, of Tract 23063-7, as shown by a Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

EXHIBIT "D"

DEPICTION OF LANDSCAPING MAINTENANCE AND IRRIGATION  
EASEMENT OVER LOTS 105, 106, 107, 108, 109, 110 AND 120



LANDSCAPE MAINTENANCE & IRRIGATION EASEMENT



SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

BY: 

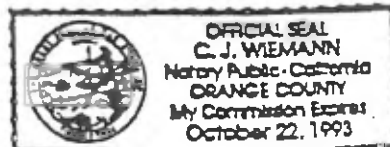
Its: President

STATE OF CALIFORNIA           )  
  ) ss.  
COUNTY OF ORANGE        )

on March 5, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowers personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C.J. Wiemann



# EXHIBIT 2

RECORDING REQUESTED BY: )  
)  
WHEN RECORDED MAIL TO: )  
RDHK VENTURES )  
c/o W. W. Dean & Associates )  
901 Mariners Island Blvd. Suite 175 )  
San Mateo, California 94404 )

COF of Document Recorded  
on MAR 18 1989 as No. 101279  
has not been compared with  
original  
WILLIAM E. CONERLY  
County Recorder  
RIVERSIDE COUNTY, CALIFORNIA

Space Above For Recorder's Use

**SUPPLEMENTARY DECLARATION  
FOR REDHAWK COMMUNITY  
ASSOCIATION**

RDHK Ventures, a California limited partnership ("Declarant" or "RDHK") makes this Supplementary Declaration for Redhawk Community Association ("Supplementary Declaration") with reference to the facts set forth in Article I below.

**ARTICLE I**

**RECITALS**

1.1 Great American Development Company, a California corporation caused to be filed for record on June 14, 1989, in the Official Records of Riverside, California, as File/Page No. 195870 that certain Declaration of Covenants, Conditions and Restrictions of Redhawk Community Association dated June 13, 1989, which Declaration was re-recorded on August 23, 1989 in the Official Records of Riverside County, California as File/Page No. 287342 (the "Declaration"). The Declaration establishes a general plan for the protection, improvement and maintenance of all of the real property which may from time to time be subject to the Declaration ("Redhawk Community").

1.2 GADCo subsequently assigned its interest as the original declarant under the Declaration to RDHK pursuant to the terms of that certain Assignment of Declarant's Rights recorded in the Official Records of the County of Riverside on September 28, 1989 as File/Page No. 334732.

1.3 Pursuant to the terms of the Declaration, the real property described in Exhibit "A" attached hereto and incorporated herein (the "Annexation Property") may be annexed into the Redhawk Community and made subject to this Supplementary Declaration.

1.4 Declaration desires to annex the Annexation Property into the Redhawk Community. No amendment, addition, change or deletion in this Supplementary Declaration shall be deemed to affect the provisions of the Declaration as covenants running with the land or as equitable servitudes to be uniformly applicable to all portions of the Redhawk Community, including those portions added thereto by annexation.

First Amendment to Declaration of Covenants, Conditions and Restrictions of Redhawk Community Association dated June 13, 1989, as amended, recorded in the Official Records of Riverside County, California, as File/Page No. 287342, is hereby incorporated by reference into this Declaration.



NOW THEREFORE, Declarant declares as set forth below.

1. Annexation of Annexation Property. Upon the recordation of this Supplementary Declaration in the Office of the County Recorder of Riverside County, the annexation of the real property described in Exhibit "A" shall be and become accomplished and all of the incidents of annexation, as set forth in the Declaration, shall be in full force and effect.

2. Application of Community Restrictions. The terms and provisions of the covenants, conditions and restrictions of the Declaration shall apply to the Annexation Property as if such property were originally covered by the Declaration as a part of the Redhawk Community.

3. CSA Maintenance Area. The lots within the Annexation Property described on Exhibit "B" attached hereto and incorporated herein shall, upon conveyance and acceptance to the County, constitute CSA Maintenance Areas for purposes of the Declaration.

4. No Modification. This Supplementary Declaration shall not be terminated, "substantially amended" and no property shall be de-annexed therefrom without the prior written consent of the Planning Director of the County of Riverside or the County's successor-in-interest. For purposes of this Supplementary Declaration, an amendment shall be deemed substantive if it effects the extent, usage or maintenance of any Common Area (as defined in the Declaration).

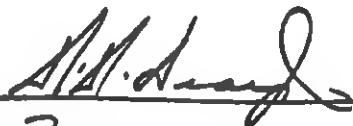
5. Interpretation. Unless the context otherwise requires, all words, terms and phrases used in this Supplementary Declaration shall have the meaning ascribed thereto in the Declaration.

IN WITNESS WHEREOF, this Supplementary Declaration has been executed as of the date set forth below.

DECLARANT:

RDHK VENTURES, a California  
limited partnership

By: W. W. Dean & Associates,  
a California corporation,  
General Partner

By:   
Its: President

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_ before me, the undersigned, a Notary Public in and for said State, personally appeared \_\_\_\_\_ personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President of W. W. DEAN & ASSOCIATES, a California corporation, the corporation that executed the within instrument on behalf of RDHK VENTURES, a California limited partnership, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

STATE OF CALIFORNIA )  
COUNTY OF San Mateo ) ss.

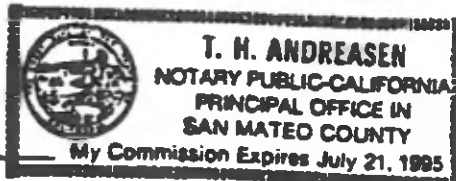
On March 3, 1993 before me, T. H. Andreasen

personally appeared W.W. Dean, Jr.

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

WITNESS my hand and official seal.

Signature T. H. Andreasen



(This area for official notarial seal)

**"EXHIBIT A"**

**Annexation Property**

Lots 1 through 120, inclusive, of Tract 23063-7 recorded in Book 243  
at pages 63 through 71, records of Riverside County.

**"EXHIBIT B"**

**CSA Maintenance Areas**

Lots 121 and 124 through 127, inclusive, of Tract 23063-7 recorded in Book  
243 at pages 63 through 71, records of Riverside County.

**SUBORDINATION**

CAPITAL PACIFIC HOMES, INC., a Delaware corporation ("Capital"), which is the holder of a First Trust Deed recorded August 22, 1989 as Instrument No. 285843 of the Official Records of Riverside County, California, which First Deed of Trust covers the property subject to the attached Supplementary Declaration for Redhawk Community Association ("Declaration") hereby acknowledges that it has read and approves said Declaration and agrees that the lien of said First Trust Deed will be subject and subordinate to said Declaration. Capital holds the beneficial interest to said First Deed of Trust pursuant to that Certain assignment recorded August 13, 1992 as Instrument No. 301908 of Official Records of Riverside County, California.

Dated: March 5, 1993

CAPITAL PACIFIC HOMES, INC.,  
a ~~Delaware~~ corporation

By: \_\_\_\_\_

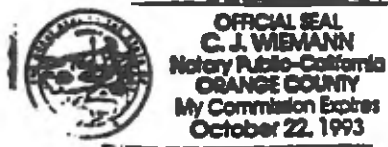
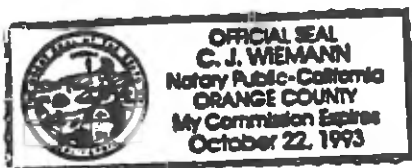
Its: President

STATE OF CALIFORNIA       )  
                                      ) ss.  
COUNTY OF ORANGE       )

on MARCH 5, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowers personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C. J. Wiemann



# EXHIBIT 3

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

COPY of Document Recorded  
on MAR 23 1993 as No. 195728  
has not been compared with  
original.  
WILLIAM E. CONERLY  
County Recorder  
RIVERSIDE COUNTY, CALIFORNIA

(Space Above for Recorder's Use Only)

FIRST SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS FIRST SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION ("First Supplementary Declaration") is made this 30 day of MARCH, 1993, by J.M. PETERS COMPANY, INC., a Nevada corporation, ("Declarant").

R E C I T A L S:

A. A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") has heretofore been recorded on March 18, 1993, as Instrument No. 101278, Official Records of Riverside County, California.

B. The Declaration has not been otherwise previously amended, or supplemented.

C. Declarant now wishes to add additional property to said Development and thereby extend the size of the Association.

NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:

1. Declarant is the owner of the real property described in Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in Exhibit "A" attached hereto, and makes it a part of the Development established in the Declaration and by virtue hereof said annexed property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the

application for a public report for the second Phase of the Covered Property.

3. The recordation of this First Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

IN WITNESS WHEREOF, the Declarant has executed this First Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Nevada Corporation

By: 

Its: 

VICE PRESIDENT

(NOTARIAL JURAT ATTACHED)



STATE OF CALIFORNIA )  
COUNTY OF ORANGE ) ss.

on MARCH 3, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared MARQUIS L. CUMMINGS, V. P., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C. J. Wiemann

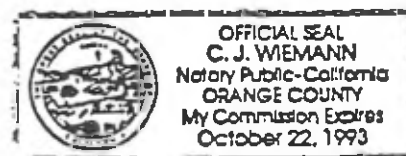


EXHIBIT "A"

THE PROPERTY

Lots 16 through 20, inclusive, 47, 48, 98 through 105, inclusive, I, J, K, L and N of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

**EXHIBIT "B"**

**COMMON AREA**

Lots I, J, K, L and N of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within First Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

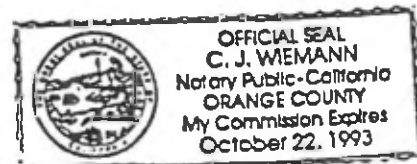
Its: President

STATE OF CALIFORNIA       )  
                                  ) ss.  
COUNTY OF Orange       )

on March 5, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Dele Dawes, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C. J. Wiemann



RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

COPY of Document Recorded  
on MAR 23 1993 as No. 105728  
has not been compared with  
original.  
WILLIAM E. CONERLY  
County Recorder  
RIVERSIDE COUNTY, CALIFORNIA

(Space Above for Recorder's Use Only)

FIRST SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS FIRST SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION ("First Supplementary Declaration") is made this 3<sup>rd</sup> day of MARCH, 1993, by J.M. PETERS COMPANY, INC., a Nevada corporation, ("Declarant").

R E C I T A L S:

A. A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") has heretofore been recorded on March 18, 1993, as Instrument No. 101278, Official Records of Riverside County, California.

B. The Declaration has not been otherwise previously amended, or supplemented.

C. Declarant now wishes to add additional property to said Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in Exhibit "A" attached hereto, and makes it a part of the Development established in the Declaration and by virtue hereof said annexed property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the

C:\WP51\CC&R\1SUPRS.JMP/GML/March 3, 1993

First American Title Company has recorded this instrument and is not a guaranty of its accuracy or of its effect upon the title to any real property that may be described herein.

application for a public report for the second Phase of the Covered Property.

3. The recordation of this First Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

IN WITNESS WHEREOF, the Declarant has executed this First Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Nevada Corporation

By:

Its:  VICE PRESIDENT

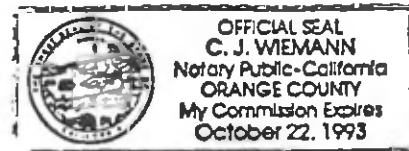
(NOTARIAL JURAT ATTACHED)

STATE OF CALIFORNIA       )  
COUNTY OF ORANGE       ) ss.

on MARCH 3, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared MARQUIS L. CUMMINGS, V.P., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C. J. Wiemann



**EXHIBIT "A"**

**THE PROPERTY**

Lots 16 through 20, inclusive, 47, 48, 98 through 105, inclusive, I, J, K, L and N of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.



EXHIBIT "B"

COMMON AREA

Lots I, J, K, L and N of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within First Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

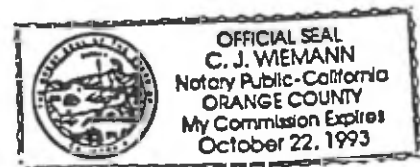
Its: President

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On March 5, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dawes, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

C. J. Wiemann



# EXHIBIT 4

Record Requested By  
First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

MAR - 4 1994

Recorded in Official Records  
of Riverside County, California

Recorder

Fees \$

093128

First American Title Company has recorded  
this instrument by request as an accom-  
modation only and has not examined it for  
regularity and sufficiency or as to its effect  
upon the title to any real property that may  
be described herein.

(Space Above for Recorder's Use Only)

SECOND SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS SECOND SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO  
SERRANO HOMEOWNERS ASSOCIATION ("Second Supplementary Declaration")  
is made this 15<sup>th</sup> day of FEBRUARY, 1994, by J.M. PETERS COMPANY,  
INC., a Delaware corporation, ("Declarant").

R E C I T A L S:

A. A Declaration of Covenants, Conditions and Restrictions  
and Reservation of Easements for Rancho Serrano Homeowners  
Association (the "Declaration") has heretofore been recorded on  
March 18, 1993, as Instrument No. 93-101278, Official Records of  
Riverside County, California.

B. A First Supplementary Declaration of Covenants,  
Conditions and Restrictions and Reservation of Easements for Rancho  
Serrano Homeowners Association (the "First Supplementary") has  
heretofore been recorded on March 23, 1993, as Instrument No. 93-  
106728, Official Records of Riverside County, California.

C. The Declaration has not been otherwise previously  
amended, or supplemented.

D. Declarant now wishes to add additional property to said  
Development and thereby extend the size of the Association.

NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:

1. Declarant is the owner of the real property described in  
Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in  
Exhibit "A" attached hereto, and makes it a part of the Development  
established in the Declaration and by virtue hereof said annexed

DKE 833

property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the application for a public report for the third Phase of the Covered Property.

3. The recordation of this Second Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE

93128

IN WITNESS WHEREOF, the Declarant has executed this Second Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Markus L. Cummings*

Its: *VICE PRESIDENT*

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On March 2, 1994, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Markus L. Cummings, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia De Grave*



**EXHIBIT "A"****THE PROPERTY**

Lots 21 through 25, inclusive, 49 through 52, inclusive, 95 through 97, inclusive, 43 through 46, inclusive and G of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

93128

**EXHIBIT "B"**

COMMON AREA

Lot G of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.



SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Second Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

Its: President

STATE OF CALIFORNIA       )  
                                  ) ss.  
COUNTY OF Orange       )

On March 2, 1994, 1993, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowers, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia DeGrave



Recorded By  
First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

MAR - 4 1994

Recorded in Official Records  
of Riverside County, California

Recorder

Fees \$25

093128

First American Title Company has recorded  
this instrument by request as an accom-  
modation only and has not examined it for  
regularity and sufficiency or as to its effect  
upon the title to any real property that may  
be described herein.

(Space Above for Recorder's Use Only)

SECOND SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS SECOND SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO  
SERRANO HOMEOWNERS ASSOCIATION ("Second Supplementary Declaration")  
is made this 25<sup>th</sup> day of FEBRUARY, 1994, by J.M. PETERS COMPANY,  
INC., a Delaware corporation, ("Declarant").

R E C I T A L S:

A. A Declaration of Covenants, Conditions and Restrictions  
and Reservation of Easements for Rancho Serrano Homeowners  
Association (the "Declaration") has heretofore been recorded on  
March 18, 1993, as Instrument No. 93-101278, Official Records of  
Riverside County, California.

B. A First Supplementary Declaration of Covenants,  
Conditions and Restrictions and Reservation of Easements for Rancho  
Serrano Homeowners Association (the "First Supplementary") has  
heretofore been recorded on March 23, 1993, as Instrument No. 93-  
106728, Official Records of Riverside County, California.

C. The Declaration has not been otherwise previously  
amended, or supplemented.

D. Declarant now wishes to add additional property to said  
Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in  
Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in  
Exhibit "A" attached hereto, and makes it a part of the Development  
established in the Declaration and by virtue hereof said annexed

DKE 833

25/5

property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the application for a public report for the third Phase of the Covered Property.

3. The recordation of this Second Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

**SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE**

IN WITNESS WHEREOF, the Declarant has executed this Second Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Margus L. Cummings*

Its: *VICE PRESIDENT*

STATE OF CALIFORNIA       )  
                                      ) ss.  
COUNTY OF Orange       )

On March 2, 1994, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Margus L. Cummings, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia DeGrave*



**EXHIBIT "A"****THE PROPERTY**

Lots 21 through 25, inclusive, 49 through 52, inclusive, 95 through 97, inclusive, 43 through 46, inclusive and G of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

**EXHIBIT "B"****COMMON AREA**

Lot G of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Second Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

Its: President

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Orange )

On March 2, 1994, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowers, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~, subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia DeGrave



# EXHIBIT 5



108428

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

MAR 15 1994

Recorded in Official Records  
of Riverside County, California

Recorder

Fees \$

(Space Above for Recorder's Use Only)

THIRD SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS THIRD SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION ("Third Supplementary Declaration") is made this 15th day of March, 1994, by J.M. PETERS COMPANY, INC., a Delaware corporation, ("Declarant").

R E C I T A L S:

A. A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") has heretofore been recorded on March 18, 1993, as Instrument No. 93-101278, Official Records of Riverside County, California.

B. A First Supplementary Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "First Supplementary") has heretofore been recorded on March 23, 1993, as Instrument No. 93-106728, Official Records of Riverside County, California. 1st 23 MAR 93

C. A Second Supplementary Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Second Supplementary") has heretofore been recorded on March 4, 1994, as Instrument No. 94-093128, Official Records of Riverside County, California. 2nd 4 MAR 94

D. The Declaration has not been otherwise previously amended, or supplemented. 3rd 9 MAR 94

E. Declarant now wishes to add additional property to said Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in Exhibit "A" attached hereto, and makes it a part of the Development established in the Declaration and by virtue hereof said annexed property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the application for a public report for the fourth Phase of the Covered Property.

3. The recordation of this Third Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

5. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

**SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE**

IN WITNESS WHEREOF, the Declarant has executed this Third Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: Marquis L. Cummings

Its: VICE PRESIDENT

STATE OF CALIFORNIA )

COUNTY OF Orange ) ss.

On March 9, 1997, before me, the undersigned, a Notary Public in and for said State, personally appeared Marquis L. Cummings personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia DeGrave



**EXHIBIT "A"****THE PROPERTY**

Lots 26 through 29, inclusive, 40 through 42, inclusive, 53 through 56, inclusive, and 91 through 94, inclusive, of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Third Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

Its: President

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On March 9, 199<sup>4</sup>, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Powers personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia De Grave



108428

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

MAR 15 1994

Recorded in Official Records  
of Riverside County, California

Recorder

Fees \$

(Space Above for Recorder's Use Only)

**THIRD SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION**

THIS THIRD SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION ("Third Supplementary Declaration") is made this 5th day of March, 1994, by J.M. PETERS COMPANY, INC., a Delaware corporation, ("Declarant").

**R E C I T A L S:**

A. A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") has heretofore been recorded on March 18, 1993, as Instrument No. 93-101278, Official Records of Riverside County, California.

B. A First Supplementary Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "First Supplementary") has heretofore been recorded on March 23, 1993, as Instrument No. 93-106728, Official Records of Riverside County, California.

C. A Second Supplementary Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Second Supplementary") has heretofore been recorded on March 4, 1994, as Instrument No. 94.093128, Official Records of Riverside County, California.

D. The Declaration has not been otherwise previously amended, or supplemented.

E. Declarant now wishes to add additional property to said Development and thereby extend the size of the Association.

C:\WP51\CC&R\3SUPRS.JMP\eb\January 13, 1994

First American Title Company has recorded this instrument by request of an accommodation only and has not guaranteed it for regularity and sufficiency or as to its effect upon the title to any real property that may be described herein.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in Exhibit "A" attached hereto, and makes it a part of the Development established in the Declaration and by virtue hereof said annexed property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the application for a public report for the fourth Phase of the Covered Property.

3. The recordation of this Third Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

5. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

**SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE**

IN WITNESS WHEREOF, the Declarant has executed this Third Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Marquis L. Cummings*

Its: *VICE PRESIDENT*

STATE OF CALIFORNIA )

COUNTY OF Orange )

ss.

On March 9, 1997, before me, the undersigned, a Notary Public in and for said State, personally appeared Marquis L. Cummings, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia DeGrave*





**EXHIBIT "A"****THE PROPERTY**

Lots 26 through 29, inclusive, 40 through 42, inclusive, 53 through 56, inclusive, and 91 through 94, inclusive, of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

SUBORDINATION

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Third Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]

Its: President

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On March 9, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Powers, personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia De Grave



# EXHIBIT 6

Recording Requested By  
First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Nate Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

JUL - 8 1994

Recorded in Official Records  
of Riverside County, California

Recorder

Page 8

(Space Above for Recorder's Use Only)

**FOURTH SUPPLEMENTARY DECLARATION OF C. A. S.**  
**CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS**  
**FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION**

THIS FOURTH SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO  
SERRANO HOMEOWNERS ASSOCIATION ("Fourth Supplementary Declaration")  
is made this 6th day of July, 1994, by J.M. PETERS COMPANY,  
INC., a Delaware corporation, ("Declarant").

**R E C I T A L S:**

A. A Declaration of Covenants, Conditions and Restrictions  
and Reservation of Easements for Rancho Serrano Homeowners  
Association (the "Declaration") has heretofore been recorded on  
March 18, 1993, as Instrument No. 93-101278, Official Records of  
Riverside County, California.

B. The Declaration has been supplemented by First, Second  
and Third Supplementary Declarations recorded by Declarant in the  
Official Records of Riverside County, California.

C. Declarant now wishes to add additional property to said  
Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in  
Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in  
Exhibit "A" attached hereto, and makes it a part of the Development  
established in the Declaration and by virtue hereof said annexed  
property shall be subject to all of the terms and provisions of  
said Declaration which, by this reference, is incorporated herein  
and made a part hereof. This annexation is being effected pursuant  
to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and  
in conformance with a detailed plan of phased development as

submitted to the California Department of Real Estate with the application for a public report for the fifth Phase of the Covered Property.

3. The recordation of this Fourth Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE

U.S. DEPARTMENT OF JUSTICE

7 8 94

THIS MICROFILM CAPTURED 1994  
BY SECURITY UNION TITLE INSURANCE  
COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

IN WITNESS WHEREOF, the Declarant has executed this Fourth Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Marquis L. Cummings*  
Its: *Vice President*

STATE OF CALIFORNIA     )  
COUNTY OF Orange     ) ss.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Marquis L. Cummings personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia De Grave*



7-20-94

7 8 94

### THE PROPERTY

76029

7682

THIS MICROFILM CAPTIONED 1994  
BY SECURITY UNION TITLE INSUR-  
ANCE COMPANY, SOURCE MICRO-  
GRAPHICS DIVISION.

COMMON AREA

76029

7687


THIS MICROFILM COPYRIGHTED 1994  
BY SPECIALTY LIBRARY TRADING  
COMPANY, OAKLAND MICRO-  
GRAPHICS DIVISION.



**SUBORDINATION**

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Fourth Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

  
Its: President

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowers, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia De Grave



U-100026

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# EXHIBIT 7

Recording Requested By  
First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

JUL - 8 1994

Recorded by Official Recorder  
of Riverside County, California

Recorder  
Page 8

(Space Above for Recorder's Use Only)

**FIFTH SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION**

THIS FIFTH SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION ("Fifth Supplementary Declaration") is made this 6th day of July, 1994, by J.M. PETERS COMPANY, INC., a Delaware corporation, ("Declarant").

**R E C I T A L S:**

A. A Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Declaration") has heretofore been recorded on March 18, 1993, as Instrument No. 93-101278, Official Records of Riverside County, California.

B. The Declaration has been supplemented by First, Second, Third and Fourth Supplementary Declarations recorded by Declarant in the Official Records of Riverside County, California.

C. Declarant now wishes to add additional property to said Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in Exhibit "A" attached hereto, and makes it a part of the Development established in the Declaration and by virtue hereof said annexed property shall be subject to all of the terms and provisions of said Declaration which, by this reference, is incorporated herein and made a part hereof. This annexation is being effected pursuant to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and in conformance with a detailed plan of phased development as

C:\WP60\REC\CC\SUPPL\JMP\7-1-94

First American Title Company has recorded this instrument by request as an accommodation only and has not examined it for sufficiency or as to its effect

THIS INSTRUMENT COPIED/PRINTED 1994  
BY SECURITY UNION TITLE INSURANCE COMPANY, ORANGE MICRO-GRAPHICS DIVISION.

30  
submitted to the California Department of Real Estate with the application for a public report for the sixth Phase of the Covered Property.

3. The recordation of this Fifth Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

5. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Declarant has executed this Fifth Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Marquis L. Cummings*  
Vice President

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Marquis L. Cummings, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia De Grave*



7-10007700  
7 8 94

THIS MICROFILM COPY DATED 1994  
BY SECURITY UNION TITLE INSUR-  
ANCE COMPANY, ORANGE HICMA-  
GRAPHICS DIVISION.

**EXHIBIT "A"**

**THE PROPERTY**

Lots 33 through 36, inclusive, 61 through 65, inclusive, 78 through 85, inclusive, of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

THIS MICROFILM COPY RIGHTS 1994  
BY SECURITY UNION TITLE INSURANCE COMPANY, OAKLAND, CALIFORNIA  
GRAPHICS DIVISION.

7 8 94

276030

784

By: [Signature]

THIS MICROFILM CONVERTED 199  
BY SECURITY UNION TITLE INSUR-  
ANCE COMPANY, DUNGE MICRO-  
GRAPHICS DIVISION.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Powers, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Patricia DeGrupe



# EXHIBIT 8



276031

Recording Requested By  
First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

JUL - 8 1994

Recorded in Official Records  
of Riverside County, California

Page 2

(Space Above for Recorder's Use Only)

**SIXTH SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS  
FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION**

THIS SIXTH SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO  
HOMEOWNERS ASSOCIATION ("Sixth Supplementary Declaration") is made  
this 6th day of July, 1994, by J.M. PETERS COMPANY, INC., a  
Delaware corporation, ("Declarant").

**RECITALS:**

A. A Declaration of Covenants, Conditions and Restrictions  
and Reservation of Easements for Rancho Serrano Homeowners  
Association (the "Declaration") has heretofore been recorded on  
March 18, 1993, as Instrument No. 93-101278, Official Records of  
Riverside County, California.

B. The Declaration has been supplemented by First, Second,  
Third, Fourth and Fifth Supplementary Declarations recorded by  
Declarant in the Official Records of Riverside County, California.

C. Declarant now wishes to add additional property to said  
Development and thereby extend the size of the Association.

**NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:**

1. Declarant is the owner of the real property described in  
Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in  
Exhibit "A" attached hereto, and makes it a part of the Development  
established in the Declaration and by virtue hereof said annexed  
property shall be subject to all of the terms and provisions of  
said Declaration which, by this reference, is incorporated herein  
and made a part hereof. This annexation is being effected pursuant  
to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and  
in conformance with a detailed plan of phased development as

C:\W7AGREDCORR\SUPPL\JULY 1, 1994

First American Title Company has recorded  
this instrument by request as an accom-  
modation only and has not examined it for  
effect

THIS INSTRUMENT COMPLETED 1994  
BY SECURITY UNION TITLE INSURANCE  
COMPANY, ORANGE BRANCH  
GRAPHICS DIVISION.

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276031-1

submitted to the California Department of Real Estate with the application for a public report for the seventh Phase of the Covered Property.

3. The recordation of this Sixth Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE

U.F. 1000 m

7 8 94

IN WITNESS WHEREOF, the Declarant has executed this Sixth Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Michael J. Cummings*  
Its: VICE PRESIDENT

STATE OF CALIFORNIA )  
COUNTY OF Orange ) ss.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Marquis L. Cummings, personally known to me (or ~~proved to me~~ on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia De Grave*



THIS INSTRUMENT RECORDED 1994  
BY SECURITY UNION TITLE INSURANCE COMPANY, ORANGE BRANCH -  
GRAPHICS DIVISION.

U.F. 100077-1  
7 8 94

**EXHIBIT "A"**

**THE PROPERTY**

Lots 66 through 77, inclusive, and Lots 128, E and F of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

THIS MICROFILM CAPTIONED 1994  
BY SECURITY INDEX TITLE INSUR-  
ANCE COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

LOC 3

7 8 94

THIS MICROFILM COPYRIGHTED 1994  
BY SECURITY UNION TITLE INSUR-  
ANCE COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

**EXHIBIT "B"**  
**COMMON AREA**

Lots 128, E and F of Tract No. 23063-7 as shown by the  
Map recorded in Book 243, Pages 63 through 71, Records of  
Riverside County, California.

U-1000M

7 8 94

THIS MICROFILM (COPYRIGHTED 1994)  
BY SECURITY UNION TITLE INSURANCE COMPANY, ORANGE MICRO-GRAPHICS DIVISION.

**SUBORDINATION**

The undersigned, beneficiary under that certain Deed of Trust recorded on August 22, 1989 as Instrument No. 89-285843 of Official Records of Riverside County, hereby consents to the within Sixth Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association (the "Supplementary Declaration") and subordinates the lien of said Deed of Trust to the provisions of such Supplementary Declaration. The undersigned was assigned all of the beneficial interest in said Deed of Trust from the Resolution Trust Corporation, as receiver for San Jacinto Savings, F.A., successor in interest to San Jacinto Savings Association, a Texas savings and loan association, pursuant to that certain Assignment of Deed of Trust dated August 11, 1992 and recorded on August 13, 1992 as Instrument No. 92-301908 of Official Records of Riverside County, California.

CAPITAL PACIFIC HOMES, INC.,  
a Delaware corporation

By: [Signature]  
Its: President

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Orange )

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Dale Dowe, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Patricia DeGrave



# EXHIBIT 9

276032

### Recording Requested By

First American Title Insurance Company

RECORDED AT THE REQUEST OF  
AND WHEN RECORDED MAIL TO:  
J.M. PETERS COMPANY, INC.  
3501 Jamboree Road, Suite 200  
Newport Beach, CA 92660  
Attn: Marc Cummings

RECEIVED FOR RECORD  
AT 2:00 O'CLOCK

JUL - 8 1994

Recorded in Office of  
Recorder of Deeds, County  
of Riverside, California

276032

7 8 94

(Space Above for Recorder's Use Only)

### SEVENTH SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO SERRANO HOMEOWNERS ASSOCIATION

THIS SEVENTH SUPPLEMENTARY DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR RANCHO  
SERRANO HOMEOWNERS ASSOCIATION ("Seventh Supplementary  
Declaration") is made this 6th day of July, 1994, by J.M.  
PETERS COMPANY, INC., a Delaware corporation, ("Declarant").

### R E C I T A L S :

A. A Declaration of Covenants, Conditions and Restrictions  
and Reservation of Easements for Rancho Serrano Homeowners  
Association (the "Declaration") has heretofore been recorded on  
March 18, 1993, as Instrument No. 93-101278, Official Records of  
Riverside County, California.

B. The Declaration has been supplemented by First, Second,  
Third, Fourth, Fifth and Sixth Supplementary Declarations recorded  
by Declarant in the Official Records of Riverside County,  
California.

C. Declarant now wishes to add additional property to said  
Development and thereby extend the size of the Association.

### NOW, THEREFORE, IT IS DECLARED AS FOLLOWS:

1. Declarant is the owner of the real property described in  
Exhibit "A" attached hereto.

2. Declarant hereby annexes the real property described in  
Exhibit "A" attached hereto, and makes it a part of the Development  
established in the Declaration and by virtue hereof said annexed  
property shall be subject to all of the terms and provisions of  
said Declaration which, by this reference, is incorporated herein  
and made a part hereof. This annexation is being effected pursuant  
to Section 14.2 of ARTICLE XIV "Annexations" of the Declaration and



in conformance with a detailed plan of phased development as submitted to the California Department of Real Estate with the application for a public report for the eighth Phase of the Covered Property.

3. The recordation of this Seventh Supplementary Declaration shall constitute and effectuate the annexation of the annexed property, described on Exhibit "A," making said property subject to the Declaration and subject to the functions, powers and jurisdiction of the Rancho Serrano Homeowners Association, a California corporation, (the "Association"), as provided in the Declaration and thereafter said real property shall be part of the Covered Property as that term is defined in the Declaration. All of the Owners of Residences in the annexed property shall automatically be Members of the Association and Owners under the Declaration and be entitled to voting rights as provided in the Declaration.

4. Additional Common Area, as that term is defined in Section 1.9 of the Declaration and described in Exhibit "B" attached hereto, is annexed to the Covered Property and shall be conveyed to the Association free and clear of all encumbrances and liens on or before the date of the first conveyance of a Lot annexed hereby to an Owner.

5. All easements reserved by Declarant in the Declaration are hereby reserved over the annexed property, together with the right to grant and transfer the same as provided in the Declaration.

6. No Assessment or voting rights called for by the Declaration shall commence as to any Residence within the annexed property until the first day of the first month following the close of escrow causing the first transfer of a Residence within the annexed property to an Owner, at which time Assessments and voting rights shall commence as to all Residences in the annexed property.

SIGNATURE AND NOTARIAL JURAT ON FOLLOWING PAGE

7 8 94

IN WITNESS WHEREOF, the Declarant has executed this Seventh Supplementary Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association on the date first above written.

"DECLARANT"

J.M. PETERS COMPANY, INC.  
A Delaware Corporation

By: *Markus L. Cummings*

Its: *Vice President*

STATE OF CALIFORNIA )

COUNTY OF Orange ) ss.

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Markus L. Cummings, personally known to me (or ~~proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*Patricia De Grave*



THIS RECEIPT IS VALIDATED 1994  
BY SECURITY UNION TITLE INSURANCE  
COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

U-1-1000777

7 8 94

**EXHIBIT "A"**

**THE PROPERTY**

Lots 1 through 9, inclusive, and Lot C of Tract No. 23063-7 as shown by the Map recorded in Book 243, Pages 63 through 71, Records of Riverside County, California.

UNCOMMON

7 8 94

THIS MICROFILM CAPTIONED 1994  
BY SECURITY UNION TITLE INSUR-  
ANCE COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

EXHIBIT "B"

COMMON AREA

Lot C of Tract No. 23063-7 as shown by the Map recorded  
in Book 243, Pages 63 through 71, Records of Riverside  
County, California.

THIS MICROFILM COPY RIGHTS 1994  
BY SECURITY MEDIA TITLE INSUR-  
ANCE COMPANY, ORANGE MICRO-  
GRAPHICS DIVISION.

27632

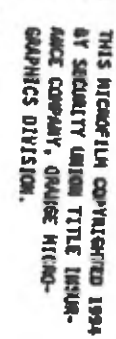
9682

By: [Signature]

Perist

On July 6, 1994, before me, the undersigned, a Notary Public in and for said State, personally appeared Orle Dowers, personally known to me (or ~~proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Patricia Polgove



# EXHIBIT 10

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RANCHO SERRANO HOMEOWNERS ASSOCIATION

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BYLAWS  
OF  
RANCHO SERRANO HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Rancho Serrano Homeowners Association hereinafter referred to as the ("Association"). The principal office of the corporation shall be located within the Development (as hereinafter defined) or as close thereto as practicable, in the County of Riverside, State of California.

ARTICLE II

DEFINITIONS

Section 2.1 Declaration. The "Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association, and any amendments thereto.

Section 2.2 Other Definitions. Each and every definition set forth in Article I of the Declaration shall have the same meaning herein.

ARTICLE III

MEMBERSHIP; VOTING RIGHTS

The qualification for membership, the classes of membership and the voting rights of Members shall be as set forth in Article II of the Declaration.

ARTICLE IV

MEETINGS OF MEMBERS

Section 4.1 Annual Meetings. Annual meetings of the Members shall be held on such date and at such time as the Board of Directors shall determine from time to time; provided, however, that the first of said annual meetings shall not commence until subsequent to the organizational meeting as set forth in Section 4.3 of this Article IV.

Section 4.2 Special Meetings. A special meeting of the Members shall be promptly called by the Board upon:

(a) The vote for such a meeting by a majority of a quorum of the Board; or

(b) Receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association. A special meeting called in accordance with this Section 4.2 (b) must be held not less than thirty-five (35) nor more than ninety (90) days after receipt of said written request and a notice of such special meeting should be given to Members entitled to vote within twenty (20) days of the receipt of the request.

If the notice is not given within twenty (20) days after receipt of the request, the persons entitled to call the meeting may give the notice or the Superior Court of the County of Riverside shall summarily order the giving of the notice, after notice to the Association giving it an opportunity to be heard. The Court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of Members entitled to vote, and the form of notice.

Section 4.3 Organizational Meeting of Members. The organizational meeting of the Members shall be deemed to be a special meeting, and shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first percentile (51%) interest authorized for sale under the first public report for any portion of the Development, but in no event shall the meeting be held later than six (6) months after the close of escrow for the first Lot in the Development.

Section 4.4 Place of Meetings. Meetings of the Members shall be held within the Development or a meeting place as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside Riverside County.

Section 4.5 Notice of Meetings. Written notice of regular and special meetings shall be given to Members of the Board by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than ninety (90) days before the date of any meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of such notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the nature of the business to be undertaken.

Section 4.6 Quorum. The presence at any meeting in person or by proxy of Members entitled to cast at least fifty-one percent (51%) of the total votes of all Members of the Association shall constitute a quorum. In the absence of a quorum, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum of those in attendance shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be twenty-five percent (25%) of the total voting power of the Association. If a time and a place for the adjourned meeting are not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Section 4.7 Proxies. Every Member entitled to vote shall have the right to do so either in person, or by a written proxy executed by such Member, and filed with the secretary of the Association; provided, that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. All proxies must satisfy the requirements of Section 7613 of the California Corporations Code or any successor statute thereof. If the Association has one hundred (100) or more Members, any form of proxy distributed to ten (10) or more Members must comply with the requirements of Section 7514 of the California Corporations Code or any successor statute thereof. Every proxy shall be revocable and shall automatically cease when the ownership interest or interests of such Member entitling him to membership in the Association ceases. Any revocable proxy concerning certain matters which require a vote of the Members is not valid as to such matters unless it sets forth the general nature of the matters to be voted on. These certain matters are as follows: (a) Removal of a director without cause; (b) Filling vacancies on the Board created by removal of a director; (c) Approval of transactions involving directors; (d) Amendment to the Articles; (e) Sale, lease conveyance, exchange, transfer, or other disposition of all or substantially all of the assets of the Association; (f) Merger of the Association with another corporation; (g) Amendment of an agreement of merger; (h) Voluntary dissolution of the Association and (i) Distribution of the Association's assets upon dissolution. Any form of proxy or written ballot distributed to the Membership of the Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy or written ballot was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, that proxy shall also identify the person or persons authorized to exercise the proxy and

the length of time it shall be valid.

Section 4.8 Order of Business. The order of business of all meetings of the Members shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of Board and officers;
- (e) Election of directors, if any are to be elected;
- (f) Unfinished business; and
- (g) New business

Section 4.9 Parliamentary Procedure. All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order.

Section 4.10 Action Without Meeting. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of directors whose cumulative voting is allowable, may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code.

## ARTICLE V

### SELECTION AND TERM OF OFFICE OF BOARD

Section 5.1 Number. The affairs of this Association shall be managed by a Board of five (5) directors, who are required to be Members of the Association except for those directors elected by Declarant who need not be Members.

Section 5.2 Term of Office. Until the holding of the organizational meeting of the Members, the Board shall consist of the incorporator of this Association. At the organizational meeting of Members, the Members shall elect three (3) directors to serve for a term commencing at the close of the organizational meeting and continuing until the following first annual meeting, and two (2) directors to serve a term commencing at the close of the organizational meeting and continuing until the following second annual meeting. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of two (2) years, commencing immediately following the annual meeting of Members, and expiring two (2) annual meetings thereafter.

Section 5.3 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.4 Indemnification of Directors, Delegate Officers and Employees. Except to the extent prohibited by then applicable law, this Association shall reimburse, indemnify and hold harmless each present and future director, delegate officer and employee of this Association from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a director, delegate officer or employee of this Association or such other Association, or by reason of any action alleged to have been taken or omitted by him in such capacity. If a disinterested majority of the Board of this Association (or, if a majority of the Board is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he reasonably believed to be the scope of his authority or employment, and (b) for a purpose which he reasonably believed to be in the best interests of the Association then said person shall be reimbursed, indemnified and held harmless by the Association.

The right of indemnification provided in this Section shall inure to each person referred to in this Section, and in the event of his death shall extend to his legal representatives. The right of indemnification provided in this Section shall not be exclusive of any other rights to which any such person, or any other individual, may be entitled as a matter of law (including, without limitation, his rights under Section 7237 of the California Corporations Code), or under any agreement, vote of directors or stockholders or otherwise.

## ARTICLE VI

### NOMINATION, ELECTION AND REMOVAL OF DIRECTORS

Section 6.1 Nomination. Nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting of Members. The nominating committee shall consist of a chairman, who shall be a Member of the Board, and two (2) or more Members of the Association. The nominating committee shall be appointed by the Board subsequent to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. All such nominations must be made from among Members.

Section 6.2 Initial Homeowner Representation. Not less than twenty percent (20%) of the representatives on the Board shall be elected solely by the votes of owners other than the Declarant at

any election in which the Declarant retains a majority of the voting power of the Association and as long as there are two (2) outstanding classes of membership.

Section 6.3 Election. Election to the Board and removal therefrom shall be by secret written ballot. At any such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected, except as is otherwise provided in Section 6.2.

Section 6.4 Cumulative Voting. The election and removal of directors shall be by cumulative voting in accordance with California Corporations Code, Section 7615, and pursuant to subsection (b) of California Corporations Code, Section 7615, no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

Section 6.5 Removal. Any director may be removed from the Board with or without cause by a majority vote of the Members of the Association; provided, however, that unless the entire Board is removed, an individual director shall not be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Board Member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the Board Members were then being elected.

Notwithstanding the foregoing provisions, any director appointed pursuant to Section 6.2 may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.

Section 6.6 Vacancies. In the event of death, or resignation, of a director, his successor shall be elected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor. The remaining Members of the Board shall not, however, have the power to reappoint the removed director or directors.

## ARTICLE VII

### MEETINGS OF DIRECTORS

Section 7.1 Regular Meetings. Regular meetings of the Board shall be held monthly, at such time as may be fixed from time to time by resolution of the Board. In no event shall regular meetings of the Board be held less than once every six (6) months. The meeting place shall ordinarily be within the Development itself unless in the judgment of the Board a larger meeting place exists than is available within the Development in which case the meeting place selected shall be as close to the Development as possible. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Notice of the time and place of a regular meeting shall be posted at a prominent place or places and shall be communicated to Board Members not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any Board Member who has signed a waiver of notice or a written consent to holding of the meeting.

Section 7.2 Special Meetings. Special meetings of the Board may be called by written notice signed by the president of the Association or by any two Members of the Board other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

Notice shall be posted in a manner prescribed for notice of regular meetings and shall be sent to all Board Members not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Board Member who signed a waiver of notice or a written consent to holding of the meeting.

Section 7.3 Organizational Meeting of Board. The first meeting of a newly elected Board shall be an organizational meeting and shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the directors at the meeting at which such directors were elected for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present when the time and place are announced.

Section 7.4 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless a greater number be

required by law or by the Articles of Incorporation or by the Declaration.

Section 7.5 Board Action Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the unanimous written consent of all the directors to the action to be taken. Any action so approved shall have the same effect as though taken at a meeting of the directors. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area or the Development within three (3) days after the written consent of all directors have been obtained.

Section 7.6 Adjournment - Notice. A quorum of the directors may adjourn any director's meeting to meet again at a stated day and hour. If a meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given immediately by telephone or hand-delivery to the directors who were not present at the time of adjournment. In the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 7.7 Conduct of Meetings. The president, or in his absence, any director selected by the directors present, shall preside at meetings of the Board. The secretary of the Association, or in his absence any person appointed by the presiding officer, shall act as secretary of the Board.

Section 7.8 Right of Members to Attend. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

Section 7.9 Executive Sessions. The Board may, with the approval of a majority of a quorum of its Members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, matters that relate to the formation of contracts with third parties, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

## ARTICLE VIII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Powers. The Board shall have all powers conferred upon the Association as set forth herein and in the



Declaration, subject to those general limitations and restrictions as contained in the Declaration and excepting only those powers expressly reserved to Members.

Section 8.2 Duties. It shall be the duty of the Board to:

- (a) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (b) Delegate its powers as provided in the Declaration.
- (c) Enforce the provisions of this Declaration, the Articles, the Bylaws and the Association Rules by appropriate means and carry out the obligations of the Association hereunder;
- (d) Maintain and otherwise manage the following:
  - (i) all Common Area, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;
  - (ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and
  - (iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration, including, without limitation, the Article of the Declaration entitled "Repair and Maintenance".
- (e) Pay any real and personal property taxes and other charges, or other charges assessed to or payable by the Association;
- (f) Obtain, for the benefit of the Common Area, all necessary utility services and other services as required;
- (g) Prepare budgets and financial statements for the Association as prescribed in the Bylaws;
- (h) Formulate rules of operation of the Common Area, and facilities owned or controlled by the Association;
- (i) Initiate and execute disciplinary proceedings against Members for violations of provisions of the Articles, Bylaws, Declaration and Association Rules in accordance

with procedures set forth in such documents;

- (j) Elect officers of the Board;
- (k) Fill vacancies on the Board, except vacancies created by the removal of a Director;
- (l) Subject to the limitations imposed in the Declaration, contract for casualty, liability and other insurance on behalf of the Association;
- (m) Subject to the limitations imposed in the Declaration, contract for goods and/or services for the property owned or controlled by the Association;
- (n) Grant easements where necessary for utilities over the Common Area.
- (o) Review a current reconciliation of the Association's operating accounts and reserve accounts on at least a quarterly basis. On at least a quarterly basis, the Board shall also review the current year's actual reserve revenues and expenses compared to the current year's budget. The Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts and the Board shall also review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis. The Board shall prepare and distribute a copy of the review of the financial statement of the Association, which has been prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). A copy of the review of said financial statement shall be distributed within One Hundred Twenty (120) days after the close of each fiscal year. The Board shall also annually distribute to the Members a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its Assessments against its Members. Said statement shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.
- (p) Join with the Declarant in the execution of any lot line adjustment and to accept title to additional property or to quit claim all right, title, and interest in and to any Association property as necessary to transfer title in accordance with any lot line adjustment; provided that

such lot line adjustment and the resulting conveyance (i) are made for the purpose of eliminating encroachments due to engineering errors or errors in construction of any improvements upon any of the affected property, (ii) are made to permit changes in the development plan in circumstances when such changes are the result of topography, obstruction, hardship, aesthetic, or other environmental conditions, (iii) are the requirement of a regulatory agency, (iv) do not have a significant negative impact upon the Association or the Owners, or (v) are made to transfer the burden of management and maintenance of any Association property, which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of any particular use or benefit to the Owners.

- (q) Withdrawal of funds from the Association's reserve account shall require signatures of either two (2) members of the Board or one (1) member of the Board and an officer of the Association who is not also a member of the Board.
- (r) The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of the Common Area 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. The transferred funds shall be restored to the reserve fund within three (3) years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Development, delay the restoration until the time which the Board reasonably determines to be necessary. 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 section as set forth hereinbelow. This Special Assessment is not subject to the limitation imposed by Section 1366 of the Civil Code.
- (s) At least once every three (3) years the Board shall cause a study of the reserve account requirements of the Development to be conducted if the current replacement value of the Common Area which the Association is

obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required shall at a minimum include:

Identification of the Common Area which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.

Identification of the probable remaining useful life of the Common Area as of the date of the study.

An estimate of the cost of repair, replacement, restoration, or maintenance of each major component of the Common Area during and at the end of its useful life.

An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component of the Common Area during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

As used in this section, "reserve accounts" means moneys that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, the Common Area which the Association is obligated to maintain.

As used in this section, "reserve account requirements" means the estimated funds which the Association's Board has determined are required to be available at a specified point in time to repair, replace, or restore the Common Area which the Association is obligated to maintain.

The Board shall have all other duties conferred upon it as set forth in the Declaration.

Section 8.3 Budgets and Financial Statements. The Board shall cause to be regularly prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Association as follows:

- (a) A budget consisting of at least the following information for each fiscal year shall be distributed not less than forty-five (45) days and not more than sixty (60) days

prior to the beginning of the fiscal year:

- (i) Estimated revenue and expenses on an accrual basis.
- (ii) A summary of the Association's reserves based upon the most recent review or study to be conducted as referenced hereinbelow, which shall be printed in bold type and include all of the following:
  - (1) The current estimated replacement cost, estimated remaining life, and estimated useful life of the Common Area.
  - (2) As of the end of the fiscal year for which the study was prepared:
    - (aa) The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the Common Area.
    - (bb) The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the Common Area.
  - (3) The percentage that the amount determined for clause (bb) of paragraph (a)(ii)(2) above is of the amount determined for purposes of clause (aa) of paragraph (a)(ii)(2) above.
- (b) A statement as to whether the Board of the Association has determined or anticipates that a levy of one or more Special Assessments will be required to repair, replace or restore the Common Area or to provide adequate reserves therefor. The summary of the Association's reserves disclosed pursuant to this paragraph (b) shall not be admissible in evidence to show improper financial management of an Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.
- (iii) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and facilities for which the Association is responsible.

A copy of the budget shall be located in the business office of the Association or at another suitable location within the boundaries

of the Development.

- (b) A balance sheet--as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Development--and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the address of the Residence and the name of the individual or entity assessed.
- (c) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:
  - (i) A balance sheet as of the end of the fiscal year.
  - (ii) An operating (income) statement for the fiscal year.
  - (iii) A statement of changes in financial position for the fiscal year.

For any fiscal year in which the gross income to the Association exceeds Seventy Five Thousand Dollars (\$75,000), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy shall also be distributed. If the report referred to in (c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without independent audit or review from the books and records of the Association.

In addition to financial statements, the Association shall annually distribute a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Assessments including the recording and foreclosing of liens against Members' Residences. This statement shall be distributed within sixty (60) days prior to the beginning of each fiscal year.

Not more than sixty (60) days nor less than forty-five (45) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the budget, any written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, without a vote of the

Members of the Association, shall establish the Regular Assessment for the forthcoming fiscal year. However, annual increases in Regular Assessments for any fiscal year, as set forth hereinbelow, shall not be imposed unless the Board has prepared the budget as referenced hereinabove in this Section 8.3 with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For purposes of the preceding sentence, "quorum" means more than fifty percent (50%) of the Owners of an Association. Provided, however, notwithstanding more restrictive limitations placed on the Board by the Governing Instruments, the Board may not establish a Regular Assessment for any fiscal year of the Association which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year, or impose Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the Common Expenses of the Association for that fiscal year, without the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code except that any Assessments imposed pursuant to Section 8.2(r) hereinabove are not subject to said five percent (5%) limitation imposed pursuant to this Section. For purposes of this Section, "Quorum" means more than fifty percent (50%) of the Owners in the Association. Provided, however, the foregoing does not limit Assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following: (i) an extraordinary expense required by an order of a Court; (ii) an extraordinary expense necessary to repair or maintain the Development or any part of it for which the Association is responsible when a threat to personal safety within the Development is discovered; and (iii) an extraordinary expense necessary to repair or maintain the Development or any part of it for which the Association is responsible that cannot have been reasonably foreseen by the Board in preparing and distributing the budget, as referenced hereinabove. However, prior to the imposition or collection of an Assessment under this section, 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, and the resolution shall be distributed to the Members with the Notice of Assessment.

(h) The Association shall provide notice by first class mail to each Owner of any increase in the Regular or Special Assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

(i) In lieu of the distribution of the budget required by Subdivision (a) hereinabove, the Board may elect to distribute a summary of the statement to all its Members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the budget required by Subdivision (a) hereinabove to be mailed to the Member, the Association shall provide the copy to the Member by First Class United States Mail at the expense of the Association and deliver the same within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the statement.

(j) Unless the Association or its Assessment income shall be exempt from federal or state income taxes, to the extent possible, all reserves shall be accounted for and handled as contribution to the capital of the Association and as trust funds segregated from the regular income of the Association or in such other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board as will prevent such funds from being taxed as income of the Association. A reserve fund shall be expressly established to cover the deductibles under Association insurance policies.

## ARTICLE IX

### OFFICERS AND THEIR DUTIES

Section 9.1 Enumeration of Officers. The officers of the Association shall be a president and vice president, who shall at all times be Members of the Board, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 9.2 Election of Officers. The election of officers shall take place at the organizational meeting of the Board following each annual meeting of the Members.

Section 9.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve.

Section 9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any



officer may resign at any time after giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 9.7 Multiple Offices. The offices of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.4.

Section 9.8 Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and shall co-sign all promissory notes.

(b) Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall perform such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Members, shall keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall be responsible for receiving and depositing in appropriate bank accounts all monies of the Association and shall be responsible for disbursing such funds as directed by resolution of the Board, shall co-sign all promissory notes of the Association, shall keep proper books of account, shall prepare budgets and financial statements on behalf of the Association, and shall perform such other duties as required by the Board.

Section 9.9 Appointment of Delegate. The president of the Association shall automatically be appointed the Delegate to represent the Members of Delegate District No. \_\_\_\_\_.

The vice president of the Association shall perform all duties of the Delegate in the event the president is removed from office or otherwise resigns pursuant to these Bylaws, until such time as a successor president is appointed. Immediately upon the appointment of a successor to fill any vacancy in the office of the president, such successor shall automatically become the appointed Delegate of said Delegate District.

## ARTICLE X

### COMMITTEES

The Association shall appoint a nominating committee as provided in these Bylaws. In addition, the Board shall appoint such other committees as it deems appropriate in order to carry out its purpose.

## ARTICLE XI

### BOOKS AND RECORDS

Section 11.1 Inspection and Copying. The membership register, (including mailing addresses and telephone numbers), books of account and Articles and Bylaws, as amended to date shall be made available for inspection and copying by any Member of the Association--or by his duly appointed representative--at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Development as the Board shall prescribe.

Section 11.2 Rules and Regulations. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of records by the Member desiring to make the inspection.
- (b) Hours and days of the week when such an inspection may be made.
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 11.3 Rights of Directors. Every director of the Association and every Director of Redhawk Community Association, a California nonprofit mutual benefit corporation, shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The foregoing right of inspection includes the right to make extracts and copies of documents, and, when such right is exercised by a Director of Redhawk Community Association, all extracts and copies of documents requested by such Director shall be at his or her expense.

## ARTICLE XII

### ASSESSMENTS

As more fully provided in the Declaration, each Member is obliged to pay to the Association Regular, Reconstruction and Special Assessments. Regular and Special Assessments shall be secured by a continuing lien upon the property against which the Assessment is made. Assessments which are not paid when due shall be delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each delinquent Assessment a late charge not exceeding ten percent (10%) of the delinquent Assessment, or Ten Dollars (\$10.00) whichever is greater. The Association may also charge interest at the rate of twelve percent (12%) per annum commencing thirty (30) days after the Assessments become due. At any rate, said charge and interest shall not exceed the maximum amount permitted under the laws of the State of California, as said laws are changed from time to time. Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees, and interest on all sums imposed in accordance with this Section, may be charged by the Association. The Association shall have the right to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Governing Instruments provided that the procedures for notice and hearing, satisfying the minimum requirements of Section 7341 of the Corporation's Code, are followed with respect to the accused Member before a decision to impose discipline is reached. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and actual attorneys' fees of any such action shall be added to the amount of such Assessment. However, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas for which the Member was allegedly responsible or in bringing the Member and his Residence into compliance with the Governing Instruments (Compliance Assessment) may not be characterized nor treated as an Assessment which may become a lien against the Member's Residence enforceable by a sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code. The above statement does not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments. No Owner may waive, or otherwise be relieved of liability for the Assessments provided for herein.

## ARTICLE XIII

### AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, by the vote or written assent of a majority of each class of Members during the time of the two-class voting structure; and after termination of the two-class voting structure, any amendment will require the approval of a majority of the voting powers of the Association and a majority of Members other than the Declarant.

Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of Members other than the Declarant necessary to amend a specific clause or provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Anything contained in these Bylaws to the contrary notwithstanding, the rights of each Director of Redhawk Community Association set forth in Section 11.3 hereinabove of these Bylaws may not be amended, modified nor rescinded at any time without the prior written consent of the Board of Directors of Redhawk Community Association.

## ARTICLE XIV

### MISCELLANEOUS

Section 14.1 Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors, from time to time, except that the first fiscal year shall begin on the date of incorporation of the Association.

Section 14.2 Corporate Seal. The Association shall have a seal in the circular form, containing the name of the Association, and "Incorporated \_\_\_\_\_, 19\_\_\_\_", and "California."

Section 14.3 Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

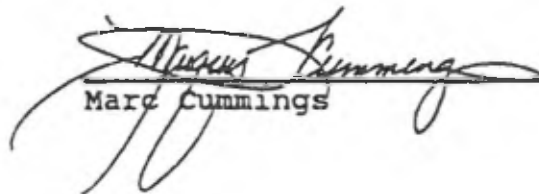
Section 14.4 Proof of Membership. No person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the secretary. Such proof may consist of either a copy of recorded deed or title insurance policy showing said person to be the Owner of a Lot in the Development entitling him to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

Section 14.5 Absentee Ballots. The Board may take such provisions as it may consider necessary or desirable for absentee ballots.

CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned person appointed in the Articles to act as the incorporator of the above named Association hereby adopts the foregoing Bylaws as the Bylaws of said corporation.

Executed this 18<sup>th</sup> day of March, 1993.

  
\_\_\_\_\_  
Marc Cummings

# EXHIBIT 11



# State of California

OFFICE OF THE SECRETARY OF STATE

## CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

OCT 26 1989



*March Fong Eu*

Secretary of State



OCT 25 1989

## ARTICLES OF INCORPORATION

OF

MARCH FONG EU, Secretary of State

## RANCHO SERRANO HOMEOWNERS ASSOCIATION

FIRST: The name of this corporation is RANCHO SERRANO HOMEOWNERS ASSOCIATION.

SECOND: This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

THIRD: The specific and primary purposes for which this corporation is formed are to provide for the maintenance, preservation and architectural control of a detached single family housing Project located in the County of Riverside, State of California.

FOURTH: The name and business address in the State of California of this corporation's initial agent for service of process is:

Mr. Karl Kreutzer  
J.M. PETERS COMPANY, INC.  
12526 High Bluff Drive, Suite 280  
San Diego, California 92130

FIFTH: The number and manner in which directors shall be chosen and removed from office, their qualifications, powers, duties, compensation, and tenure of office, the manner of filling vacancies on the Board, and the manner of calling and holding meetings of directors, shall be as stated in the Bylaws.

SIXTH: The authorized number, if any, and qualifications of Members of this corporation, the different classes of membership, if any, the property, voting and other rights and privileges of Members, liability for dues and Assessments and the method of collecting same, and the transfer of membership shall be as stated in the Bylaws.

SEVENTH: The directors shall serve without compensation, and no director shall receive any pecuniary benefit as a direct result of being a director of this corporation.

EIGHTH: The powers of this corporation shall be exercised, its property controlled, and its affairs conducted by the Board of Directors, as set forth in the Bylaws.

NINTH: Neither the directors nor the Members of this corporation shall be personally liable for the debts, liabilities, or obligations of the corporation.

TENTH: Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

ELEVENTH Amendment of these Articles shall require the vote or written consent of a bare majority of the Board of Directors, a bare majority of the voting power of the corporation, and a bare majority of the voting power of Members of this corporation other than the Declarant; provided, however, if the two-class voting structure is still in effect as provided in the Bylaws, these Articles may not be amended without the vote or written assent of a majority of each class of membership.

DATED:

November 11

, 1989

  
Karl Kreutzer

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

  
Karl Kreutzer

# EXHIBIT 12

December 10, 2014

**To: Members of Rancho Serrano Homeowners Association**  
**From: Board of Directors**  
**Re: Proposed Bylaw Amendments**

Dear Members of Rancho Serrano Homeowners Association:

As you may know, all of the Lots within Rancho Serrano are governed by the Declaration of Covenants, Conditions and Restrictions for Rancho Serrano (the "CC&Rs") and the Bylaws of Rancho Serrano Homeowners Association (the "Bylaws"). The CC&Rs were first recorded on March 3, 1993, 21 years ago. The CC&Rs primarily address property related issues and the Bylaws primarily address corporate issues such as meetings and elections.

The Board has been working with the Association's legal counsel to prepare draft updates and amendments to our Bylaws. The Bylaws were first adopted on July 9, 1993. The First Amendments to the Bylaws (Article V, Section 5.1, Article VI, and Section 6.1, Article VI, Section 6.6) were addressed and approved by a majority of Association members on August 15, 1999.

One of the reasons for the revision of the Bylaws is to incorporate changes as a result of the reorganization and relocation of the "Davis-Stirling Common Interest Development Act" (Civil Code 4000-6150) effective January 1, 2014. While the law does not require any association to immediately update all statutory requirements in Bylaws, updating the citations to the law will help to clarify and make the document more user friendly.

**The Board will be sending the draft amendments to you for your review and comment within a few weeks. Then after reviewing any members' comments, the Board will finalize the amendments and conduct the membership vote at the same time as the Board election. Ballots will go out in February and will be opened at the annual meeting on March 24<sup>th</sup>.**

The proposed amendments include the following:

1. Legal updates to comply with the secret ballot voting requirements and the current legal requirements for Board meetings. In the last 5 to 6 years, there have been many changes to the laws addressing ballot requirements and Board meetings.
2. Updates to remove language that only applied at the time of the initial development of our community in 1993.
3. Reducing the quorum requirement for membership meetings. Currently, the quorum requirement for membership meetings demands the presence in person or by proxy of members entitled to cast at least fifty-one percent (51%) of the total votes of all Members, with a reduced quorum of twenty-five percent (25%) for adjourned meetings if a quorum cannot be established at the initial meeting. Historically, the Association is often unable to achieve this quorum. The Board is proposing to reduce the quorum requirement to one-third.



One-third is the current default quorum requirement in the Corporations Code for associations that do not have a quorum requirement in their own Bylaws. By way of background, the quorum requirement in the restated Bylaws for Redhawk Community Association is 20%.

4. Eliminating the requirement for a nominating committee and addressing nominations in the election rules. The primary method of nomination is and will continue to be self-nomination by those members willing to serve on the Board.
5. Updating members' right to inspect the Association's books and records to comply with current law.

This list is a highlight of the proposed amendments. The full text of the proposed amendments to the Bylaws will be sent to you prior to the voting. If you have any questions, please feel free to contact the Association through management.

Sincerely,

*Your* Board of Directors  
Rancho Serrano Homeowners Association

# EXHIBIT 13



# RANCHO SERRANO

HOMEOWNERS ASSOCIATION

December 2014 Newsletter

## Association Highlights:

**Update:** The year is coming to a close for 2014, and the Board of Directors has had another very busy year! During the last quarter and last meetings of the year, the Board appointed a new Architectural Chairman and committee member. Darlene Kuhn will be serving as the Chairman, and Janice Doman has been appointed to the Committee. Our previous Chairman Peggy Erle has selflessly devoted many years to this very important job, and now has other obligations taking her in another direction, however, she will still serve as our "welcome hostess", greeting new homeowners and providing them copies of the Rules & Regulations. Thank you Peggy!

The Board also approved other items, the management contract addendum extending services for another year, four brand new exterior paint color schemes as presented and recommended by the Architectural Committee, and of course finalizing the ByLaws draft for review by the membership prior to voting at the Annual Meeting in March of 2015. A notification letter has also been drafted advising homeowners of the need to vote next year.

**Vehicle Burglaries:** The Board would like to alert homeowners about the 'crime of opportunity' with regard to vehicle burglaries within the gated community. Usually occurring in the late evening or middle of the night, thieves appear to access the community by tailgating a property owner through the gate. They then proceed to check door handles for unlocked vehicles. Frequently, thieves will locate a vehicle either parked on a driveway or the street and access the vehicle through an unlocked door and steal any belongings left inside. To prevent the theft of your valuables (jewelry, checkbooks, computers, Ipads, cell phones etc.) from vehicles, always park two vehicles in the garage as is required and intended. If the vehicles have to be parked on the driveway (third vehicle perhaps), remember to remove all valuables and to always lock the vehicle's doors!

**Mailbox Units:** On the Board's calendar for next year; full replacement of the cluster mailbox units within the community! The existing units have been repaired many times, and have now exceeded their useful life.



## Important Meeting Dates:



The next regular Board of Directors meeting will be held on **Tuesday, January 27, 2015**, at the Temecula office of Avalon Management at 6:30 p.m. Please join us!

**During "open forum" each homeowner may address the Board for up to three minutes with questions or concerns.**

### Board of Directors:

President, *Ron Turco*

Vice President, *Ron Madison*

Secretary/Treasurer, *Darlene Kuhn*

Member, *Harry Shilvock*

Member, *Brian Main*

## Important Notes:

### Most Important Vote of 2015:

Homeowners are being asked to cast their ballots next year at the Annual Meeting and Elections, that will include the most important vote of the year, for the proposed ByLaw amendments. This very important document is part of the governing documents for Rancho Serrano Homeowners Association, and the proposed revisions are most relevant based on current law. Unless the homeowners exercise their right to vote and a quorum of yes votes obtained, it could take thousands of Association dollars to seek court action to allow these changes without a membership vote. The Board will be sending the draft amendments to each member for review and comment within a few weeks. Ballots will go out in February. Please take the time and vote!



**New Exterior Paint Colors:** After careful review and consultation, the Architectural Committee recommended four new exterior paint color schemes to be added to the existing approved color schemes for Rancho Serrano. Approved and accepted by the Board of Directors at their October 2014 meeting, the adopted color schemes have been added to the paint book, and are available for viewing at the management office or on-line. New colors were selected for wood trim/fascia, garage doors, front doors and shutters.





Notes from the Board:

**Bicycle/Skateboard Safety:** Just a reminder that all persons under the age of 18 are required to wear a helmet when riding a bicycle or skateboarding, per the California Vehicle Code section 21212. Persons have been observed riding bicycles, even tricycles and skateboards on Rancho Serrano streets without safety helmets, and after sunset without any light or reflective material on their clothing. The Board is also asking that everyone be mindful of damage to sidewalks when riding skateboards, believed to be ruining many of the concrete curbs.

**Gate Openers:** Both the single-function and the two-function transmitters ("clickers") manufactured by 'Chamberlain Lift-Master' are available and can be purchased from Anaheim Door. You may contact the Parts Department @ (714) 779-1919. Assistance with programming the code or dip switches may be done through Avalon Management's office. Remember to change the transmitter's battery annually. Use of the gate transmitter facilitates your entry into the community from either the front or rear gates, and eliminates the need to access the community through the front entrance using the key pad.

**Common Area Maintenance:** Maintaining a gated community means that the Association has many more responsibilities and expenses associated with keeping things functioning and aesthetically appealing for all its members. Members are asked to help out and keep those costs down. A few things to think about; vehicles that leak oil onto the streets. Remember this year the streets were just newly slurry sealed! A huge expense. Also, please explain to family members that they should not be climbing over pedestrian and vehicle gates. Repair for these items is very costly and creates a problem for homeowners when entering and exiting the community. The keys for the pedestrian gates are free and available at Avalon Management. Also worth mentioning, the common area slopes are not for play. Too many trip hazards with vegetation and irrigation, as well as another costly affair when having to replace damaged shrubs and broken irrigation.

**City of Temecula December Calendar of Events**

December 25th-Jazz at the Merc  
December 27-Comedy at the Merc  
December 31-New Year's Eve Grape Drop

Visit [www.cityoftemecula.org](http://www.cityoftemecula.org) for more information.

**Helpful Contact Information:**

**Avalon Management:**

Sheryl Whitaker, email: [sheryl@avalonweb.com](mailto:sheryl@avalonweb.com)  
43529 Ridge Park Drive  
Temecula, CA 92590  
Web site: [www.avalonweb.com](http://www.avalonweb.com)  
(951) 699-2918 ext. 102

**For Architectural Assistance:**

Dena Zorotovich ..... (951) 699-2918 ext. 104  
email: [dena@avalonweb.com](mailto:dena@avalonweb.com)

**For Accounting Assistance:**

Member Services..... (951) 244-0048 ext. 109  
email: [ar@avalonweb.com](mailto:ar@avalonweb.com)

**Temecula Police:**

Parking Violations:..... (951) 776-1099 x 5  
Non-Emergency:..... (951) 696-4357

**Sheriff's Department:**

(951) 696-3000 or 1(800) 950-2444

**Street Light Repair:**

So. Cal. Edison..... (800) 611-1911

**Reporting Graffiti:**

Graffiti Hotline .....(951) 240-4201 or  
[www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti](http://www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti)

**Architectural Guidelines**

**Remember, you may not begin** any project to the exterior of your home without written formal approval from the Rancho Serrano Architectural Committee. Please refer to Rancho Serrano's Rules & Regulations, 2014 edition, pages 26-30, for details. Rancho Serrano's Rules & Regulations are accessible on the internet at [www.myranchoserrano.com](http://www.myranchoserrano.com). This includes projects such as; exterior paint color changes, front yard landscaping, concrete work, fencing, **any construction**, etc. Once an application is submitted, the Rancho Serrano Committee has thirty days to review. You will receive written notification by mail of either approval or disapproval. Conditions may apply.



# EXHIBIT 14

January 26, 2015

**PROPOSED REVISIONS OF THE  
RANCHO SERRANO HOMEOWNERS ASSOCIATION  
BYLAWS NOW POSTED TO THE WEBSITE**

**Visit: [www.myranchoserrano.com](http://www.myranchoserrano.com)  
Click On: Governing Documents**

The proposed revisions of the Rancho Serrano ByLaws has been posted to your website for members to review and provide written comment to the Board of Directors prior to the meeting and vote. Please return your written comments to Avalon Management no later than February 10, 2015.

**Mail to:** 43529 Ridge Park Drive, Temecula, CA 92590 or  
**Email to:** [sheryl@avalonweb.com](mailto:sheryl@avalonweb.com)

In a few weeks you will be receiving a ballot to vote on the ByLaws. A formal vote is being conducted in conjunction with the Annual Meeting and Elections for Rancho Serrano. **Your VOTE is most urgently needed and requested.** The purpose of the proposed revisions for the ByLaws is to provide the Association and its members with a clarified and current document.

**VOTE OF THE MEMBERSHIP  
SCHEDULED FOR  
March 24, 2015 @ 6:00 p.m.**

**To be held at: Avalon Management Group, Inc.  
43529 Ridge Park Drive, Temecula, California 92590**

# EXHIBIT 15

**RANCHO SERRANO HOMEOWNERS ASSOCIATION**

**A California nonprofit, mutual benefit corporation.**

**NOTICE OF THE ANNUAL MEETING OF MEMBERS AND  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
MARCH 24, 2015**

	Annual Meeting and Election of the Rancho Serrano Homeowners Association
When:	Tuesday, March 24, 2015
Where:	Avalon Management, 43529 Ridge Park Drive, Temecula, CA
Time:	6:00 p.m.
Purpose:	To elect three (3) Directors to the Board for a two (2) year term each, and to vote for the restatement of the ByLaws

Dear Rancho Serrano Homeowner:

You are cordially invited to attend the Annual Meeting of the Members and Election of Directors for the Rancho Serrano Homeowners Association, which will be held on Tuesday, March 24, 2015, at 6:00 p.m. at the Temecula office of Avalon Management, 43529 Ridge Park Drive, Temecula, California. ("Meeting") Registration begins at 5:30 p.m. The polls will open for voting at approximately at 5:30 p.m. The purpose of the Meeting is to elect three (3) Directors to the Board for a two (2) year term each, and to vote for the restatement of the ByLaws. Voting will be by Secret Ballot for this Meeting.

There are **two actions for vote**. Election of Directors, and the approval of the restatement of the ByLaws. Enclosed you will find a hard copy draft of the ByLaws with proposed revisions for your review. The quorum requirement for an action by the Owners is a majority of the voting power, Owners of 61 lots (**61 homes out of 120 homes**). When you specify a choice on the ballot, your vote will be cast in accordance with that choice. A "yes" vote of the majority of the membership is required to successfully pass the restatement of the ByLaws.

The Inspectors of Election will extend the deadline for voting from one Board meeting to the next as needed to obtain ballots from as many Owners s possible. The Inspectors of Election will determine when the ballots will be opened. If you own more than one lot, please fill out a separate ballot for each lot. All homeowners are encouraged to participate!

A Special Meeting of the Board will be during the Annual Meeting for the Board to vote any proxies the Board may have received, and after the Annual Meeting for the Board to elect officers and to take such other actions and make such determinations as may be needed after the election.

The Election Inspector, HOA Elections, has provided Rancho Serrano with its own election website. On this site you will be able to review and print your election materials, look-up information about the meeting, and review the resumes of known candidates and information about ballot issues.

Please visit: [www.MyHoaVote.com](http://www.MyHoaVote.com), select your community and enter the username and password below:

Username: **rserrano** Password: **rs0324**

**\*\*Please note username and password are case-sensitive\*\***

Should you, for whatever reason, be unable to attend the Annual Meeting, please exercise your voting rights by completing your ballot and delivering it to HOA Elections by the following options:

- **Drop** your ballot off at HOA Elections office, 26043 Jefferson Ave., Ste A, Murrieta, CA *(There is a drop box for after hours if needed)*
- **Mail** your ballot with the return envelopes provided, **but do not forget to sign your outer envelope.**

This Notice is given at the direction of the Board by its Secretary on February 20, 2015.

*Please note: If quorum is not achieved, the Adjourned Annual Meeting is scheduled to be held on Monday, April 6, 2015, 6:00 p.m., at the Temecula office of Avalon Management.*

**RANCHO SERRANO  
HOMEOWNERS ASSOCIATION**

**IRREVOCABLE SECRET BALLOT**

March 24, 2015, or any adjournment thereof

Like This: ●

Not Like This: ✓



(Blue/Black Ballpoint Pen Only)

**I. ABSTAIN-"Quorum Purposes Only":** Your ballot will be counted for quorum only; any votes for ANY measure will NOT be counted.

Shade in circle for quorum purposes only: ○  
(If quorum only, do not mark any votes below).

**II. ELECTION OF DIRECTORS:** There are three (3) Board Seats to be filled. Cumulative voting is permitted. You may cast all votes for one candidate or distribute the votes among the candidates. **(1 shade circle = 1 vote)**

*\* Denotes Incumbent*

**The total number of shaded circle(s)  
may NOT exceed three.**

Darlene Kuhn\*

○ ○ ○

Harry Shilvock\*

○ ○ ○

Ron Turco\*

○ ○ ○

\_\_\_\_\_  
(Write In)

○ ○ ○

\_\_\_\_\_  
(Write In)

○ ○ ○

**III. Restatement of Bylaws:** See full text on the Annual Meeting Notice.

**Shade in 1 Vote Here**

○

YES: APPROVE

○

NO: DISAPPROVE

Do **NOT** identify yourself in any way on this ballot.

HOA Elections of California, Inc.  
26043-A Jefferson Avenue  
Murrieta, California 92562  
Phone: (888) 589-VOTE (8683)  
Fax: (800) 809-4535  
[www.HoaElections.com](http://www.HoaElections.com)

## **VOTING** **INSTRUCTIONS**

«Names»  
«Mailing\_Address», «Mailing\_City\_State\_Zip»

**2015 Election Materials Enclosed!**  
**Rancho Serrano Homeowners Association**  
HOA: «HOA»

---

### **MANDATORY VOTING PROCEDURES**

**\*PLEASE NOTE THAT THERE ARE TWO ACTIONS FOR VOTE. ELECTION OF DIRECTORS, AND APPROVAL OF THE RESTATEMENT OF THE BYLAWS.**

1. **IN BLUE OR BLACK BALLPOINT PEN ONLY**, mark your vote(s).

**You can either ABSTAIN for quorum only OR you can vote on presented voting measures.** Should you decide not to cast your vote(s) for ANY measure, we urge you to mark your ballot "ABSTAIN: QUORUM ONLY," which will indicate your ballot as establishing quorum only. If you mark ABSTAIN, no votes will be counted.

2. Do NOT sign or identify yourself in any way on the Irrevocable Secret Ballot or the "Secret Ballot Envelope (#1)".
3. Once you have voted, place your Irrevocable Secret Ballot into the "Secret Ballot Envelope (#1)", and seal it.
4. Place the sealed "Secret Ballot Envelope (#1)" into the return window envelope, "Election Materials (#2)".
5. **Detach your "Owner Information" insert below, and place inside "Election Materials (#2)".** (If the detachable Owner Information insert does not appear in the window, your ballot will NOT be counted.)
6. In the upper left-hand corner of the return window envelope, "Election Materials (#2)", you must sign your name in your own handwriting. **\*\*If you do not sign your name on the indicated line, your vote will NOT be counted.\*\***

**IMPORTANT! Please be advised, we use the below form to identify what association you belong to, and which homeowner you are.**



**\*\*DETACH BELOW HERE\*\***



«Names»  
«Prop\_Address», «Prop\_City\_State\_Zip»  
«barcode» Rancho Serrano (Annual 2015)

**(Owner Information Insert)**

**YOU MUST do the following OR**  
**your ballot WILL BE INVALID:**

1. You **MUST** insert this portion into the Return Window Envelope.
2. You (legal owner) **MUST** sign your name, on indicated line of the Return Window Envelope.



Detachable Owner Information insert is required to appear above.

Avalon Provided Postage Only  
on Return Envelopes

**Signature:** If not signed, your ballot  
will NOT be counted.

HOA Elections of California, Inc.  
26043 Jefferson Ave. Suite A  
Murrieta, CA 92562

**ELECTION MATERIALS (#2)**

### SECRET BALLOT ENVELOPE (#1)

Place **ONLY** the Ballot in this envelope and seal.  
Do not include any other material in this envelope.

Place this sealed envelope into the #2 envelope,  
sign that envelope in upper left hand corner and return.



Dear Rancho Serrano Homeowners Association Owner,

In order to assist you in making your selection for the upcoming election, we have listed below each candidate's name, along with a statement of information or brief biography.

**DARLENE KUHN (Incumbent):**

"I have served on the RSHOA Board for the past two years. It's been an invaluable experience. My business and people background have helped in evaluating, budgeting and decision making, which is needed to keep our 20-year old neighborhood beautiful and functioning. With your votes I would like to continue to represent you by serving again. Thank you!"

**HARRY SHILVOCK (Incumbent):**

"Since becoming a board member in 2013, the collective board has been able to begin the re-vitalization of our community, streets, trees, and now mail boxes. All designed to maintain the financial integrity of "Rancho Serrano". I would like the opportunity to continue on as a board member, and "maintain the positive momentum" achieved over the past two years."

**RON TURCO (Incumbent):**

"I am a retired Navy officer and businessman. During my military and business career, I served in a wide variety of key leadership, staff, management and volunteer positions. My most significant education is a Master of Business Administration degree. My primary interest includes family, church and community.

I feel strongly that the Rancho Serrano Homeowner's Association (HOA) provides continuity to our community, by enhancing and protecting individual property and common area community values. The Rancho Serrano HOA also aims to preserve, for every property owner's benefit, the architectural integrity of the exterior of our property and homes, and, when adequately funded, maintenance of the common area property, including sidewalks, curbs, gutters, gate operating systems, walls, wrought-iron fences, irrigation systems, vegetation, and 141,000 square feet of paved streets."

These statements are from the candidates themselves, and not the Association. Neither the Association nor the Board of Directors is responsible or necessarily endorses any of the views expressed in these statements.

# EXHIBIT 16

**2014 AMENDED AND RESTATED BYLAWS  
OF  
RANCHO SERRANO HOMEOWNERS ASSOCIATION**

***An Association for a Residential Planned Development Community***

**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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**2014 AMENDED AND RESTATED BYLAWS**  
**OF**  
**RANCHO SERRANO HOMEOWNERS ASSOCIATION**

**ARTICLE 1 - NAME; AND LOCATION; AND APPROVAL**

**1.1** *Name; Principal Office.* The name of the corporation is Rancho Serrano Homeowners Association hereinafter referred to as the ("Association"). The principal office of the corporation shall be located within the Development (as hereinafter defined) or as close thereto as practicable, in the County of Riverside, State of California.

**1.2** *Documents Being Replaced; Approvals.* These Restated Bylaws amend and restate, in their entirety, the Bylaws of Rancho Serrano Homeowners Association, approved March 18, 1993 ("Original Bylaws"). In accordance with Article XIII of the Original Bylaws, these Restated Bylaws have received the approval of at least a majority of the voting power.

**ARTICLE 2 - DEFINITIONS**

**2.1** *Declaration.* The "Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Rancho Serrano Homeowners Association and any amendments thereto.

**2.2** *Other Definitions.* Each and every definition set forth in Article I of the Declaration shall have the same meaning herein.

**ARTICLE 3 - MEMBERSHIP; VOTING RIGHTS**

The qualification for membership, the classes of membership and the voting rights of Members shall be as set forth in Article II of the Declaration.

**ARTICLE 4 - MEETINGS OF MEMBERS**

**4.1** *Annual Meetings.* Annual meetings of the Members shall be held on such date and at such time as the Board of Directors shall determine from time to time; provided, however, that the first of said annual meetings shall be held in the month of March not commence until subsequent to the organizational meeting as set forth in Section 4.3 of this Article 4.

**4.2 Special Meetings.** A special meeting of the Members shall be promptly called by the Board upon:

4.2.1 The vote for such a meeting by a majority of a quorum of the Board; or

4.2.2 Receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association. A special meeting called in accordance with this Section 4.2.2 must be held not less than thirty-five (35) nor more than ninety (90) days after receipt of said written request and a notice of such special meeting shall ~~should be~~ given to Members entitled to vote within twenty (20) days of the receipt of the request.

If the notice is not given within twenty (20) days after receipt of the request, the persons entitled to call the meeting may give the notice or the Superior Court of the County of Riverside shall summarily order the giving of the notice, after notice to the Association giving it an opportunity to be heard. The Court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of Members entitled to vote, and the form of notice.

**4.3 Organizational Meeting of Members.** ~~The organizational meeting of the Members shall be deemed to be a special meeting, and shall be held within forty-five (45) days after the closing of the sale of the Lot which represents the fifty-first percentile (51%) interest authorized for sale under the first public report for any portion of the Development, but in no event shall the meeting be held later than six (6) months after the close of escrow for the first Lot in the Development.~~

**4.44.3 Place of Meetings.** Meetings of the Members shall be held within the Development or a meeting place as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside Riverside County.

**4.54.4 Notice of Meetings.** Written notice of regular and special meetings shall be given to Members of by the Board by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than ninety (90) days before the date of any meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of such notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the nature of the business to be undertaken.

**4.64.5 Quorum.** The presence at any meeting in person, by submission of a ballot or by proxy of Members entitled to cast at least fifty-one percent (51%) one-third

of the total votes of all Members of the Association shall constitute a quorum. In the absence of a quorum, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum of those in attendance shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be twenty-five percent (25%) of the total voting power of the Association. If a time and a place for the adjourned meeting are not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

**4.74.6 Proxies.** Every Member entitled to vote shall have the right to do so either in person, or by a written proxy executed by such Member, and filed with the secretary of the Association; provided, that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution. All proxies must satisfy the applicable requirements of section 5130 of the California Civil Code, section 7613 of the California Corporations Code or any successor statutes thereof. If the Association has one hundred (100) or more Members, any form of proxy distributed to ten (10) or more Members must comply with the requirements of section 7514 of the California Corporations Code or any successor statute thereof. Every proxy shall be revocable and shall automatically cease when the ownership interest or interests of such Member entitling him to membership in the Association ceases. Any revocable proxy concerning certain matters which require a vote of the Members is not valid as to such matters unless it sets forth the general nature of the matters to be voted on. These certain matters are as follows: (a) removal of a director without cause; (b) filling vacancies on the Board created by removal of a director; (c) approval of transactions involving directors; (d) amendment to the Articles; (e) sale, lease conveyance, exchange, transfer, or other disposition of all or substantially all of the assets of the Association; (f) merger of the Association with another corporation; (g) amendment of an agreement of merger; (h) voluntary dissolution of the Association and (i) distribution of the Association's assets upon dissolution. Any form of proxy or written ballot distributed to the Membership of the Association shall afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy or written ballot was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy or written ballot. The proxy or written ballot shall provide that, where the Owner specifies a choice, the vote shall be cast in accordance with that choice. In addition, that proxy shall also identify the Member person or persons authorized to exercise the proxy and the length of time it shall be valid.

**4.84 7 Order of Business.** The order of business of all meetings of the Members shall be as follows:

4.8.14.7.1 Roll call;

4.8.24 7.2 Proof of notice of meeting or waiver of notice;



4.8.34.7.3 Reading of minutes of preceding meeting;

4.8.44.7.4 Reports of Board and officers;

4.8.54.7.5 Election of directors, if any are to be elected;

4.8.64.7.6 Unfinished business; and

4.8.74.7.7 New business

**4.94.8 Parliamentary Procedure.** All questions of parliamentary procedure shall be decided in accordance with Roberts Rules of Order.

**4.104.9 Action Without Meeting.** Any action which may be taken by the vote of Members at a regular or special meeting, ~~except the election of directors whose cumulative voting is allowable,~~ may be taken without a meeting if done in compliance with the provisions of section 5115 of the Civil Code and section 7513 of the Corporations Code, if applicable.

## ARTICLE 5 - SELECTION AND TERM OF OFFICE OF BOARD

**5.1 Number.** The affairs of this Association shall be managed by a Board of five (5) directors, who are required to be Members of the Association ~~except for those directors elected by Declarant who need not be Members.~~ No more than one Owner of any Lot may serve on the Board at the same time.

**5.2 Term of Office.** ~~Until the holding of the organizational meeting of the Members, the Board shall consist of the incorporator of this Association. At the organizational meeting of Members, the Members shall elect three (3) directors to serve for a term commencing at the close of the organizational meeting and continuing until the following first annual meeting, and two (2) directors to serve a term commencing at the close of the organizational meeting and continuing until the following second annual meeting. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of two (2) years, commencing immediately following the annual meeting of Members, and expiring two (2) annual meetings thereafter. The terms of office of all members of the Board shall be staggered two year terms, with two terms expiring in even-numbered years, and three terms expiring in odd-numbered years.~~

**5.3 Compensation.** No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties. Any expenses for travel outside of Riverside County must have prior approval of the Board.

**5.4 Indemnification of Directors, Delegate Officers and Employees.** Except to the extent prohibited by then applicable law, this Association shall reimburse, indemnify and hold harmless each present and future director, delegate officer and

employee of this Association from and against all loss, cost, liability and expense which may be imposed upon or reasonably incurred by him, including reasonable settlement payments, in connection with any claim, action, suit or proceeding, or threat thereof, made or instituted, in which he may be involved or be made a party by reason of his being or having been a director, delegate officer or employee of this Association or such other Association, or by reason of any action alleged to have been taken or omitted by him in such capacity. If a disinterested majority of the Board of this Association (or, if a majority of the Board is not disinterested, then independent legal counsel) determines in good faith that such person was acting in good faith (a) within what he reasonably believed to be the scope of his authority or employment, and (b) for a purpose which he reasonably believed to be in the best interests of the Association then said person shall be reimbursed, indemnified and held harmless by the Association.

The right of indemnification provided in this Section shall inure to each person referred to in this Section, and in the event of his death shall extend to his legal representatives. The right of indemnification provided in this Section shall not be exclusive of any other rights to which any such person, or any other individual, may be entitled as a matter of law (including, without limitation, his rights under section 7237 of the California Corporations Code), or under any agreement, vote of directors or stockholders or otherwise.

## **ARTICLE 6 - NOMINATION. ELECTION AND REMOVAL OF DIRECTORS**

**6.1 *Nomination.*** The Board of Directors shall establish reasonable nomination procedures for election to the Board. The election rules may provide whether and to what extent nominations must be received before the secret ballots are prepared and mailed to Owners. Nomination for election to the Board shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting of Members. The nominating committee shall consist of a chairman, who shall be a Member of the Board, and two (2) or more Members of the Association. The nominating committee shall be appointed by the Board, subsequent to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. All such nominations must be made from among Members.

**6.2 *Initial Homeowner Representation.*** Not less than twenty percent (20%) of the representatives on the Board shall be elected solely by the votes of owners other than the Declarant at any election in which the Declarant retains a majority of the voting power of the Association and as long as there are two (2) outstanding classes of membership.

**6.36 *Election.*** Election to the Board and removal therefrom shall be by secret written ballot. At any such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of

the Declaration. The persons receiving the largest number of votes shall be elected, except as is otherwise provided in Section 6.2.

**6.46.3 Cumulative Voting.** The election and removal of directors shall be by cumulative voting in accordance with California Corporations Code section 7615, and pursuant to subsection (b) of California Corporations Code section 7615, no Member shall be entitled to cumulate votes for a candidate or candidates unless such candidate's name or candidates' names have been placed in nomination prior to the voting and the Member has given notice at the meeting prior to the voting of the Member's intention to cumulate votes. If anyone Member has given such notice, all Members may cumulate their votes for candidates in nomination.

**6.56.4 Removal.** Any director may be removed from the Board with or without cause by a majority vote of the cast when a quorum of the Members of the Association; is represented provided, however, that unless the entire Board is removed, an individual director shall not be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Board Member if voted cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the Board Members were then being elected.

~~Notwithstanding the foregoing provisions, any director appointed pursuant to Section 6.2 may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.~~

**6.66.5 Vacancies.** In the event of death, or resignation, of a director, his successor shall be elected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor. The remaining Members of the Board shall not, however, have the power to reappoint the removed director or directors. Vacancies may be declared, or Directors may be removed as follows:

6.5.1 The Board may declare vacant the office of a Director on the occurrence of any of the following events:

- (a) The Director is declared of unsound mind by a final order of a court.
- (b) The Director is convicted of a felony.
- (c) The Director has failed to attend three consecutive regular meetings of the Board.
- (d) The Director ceases to be an Association Member.
- (e) The Director is more than ninety days delinquent in the payment of any assessments, fees, charges or monetary penalties due the Association.

6.5.2 [Corp. Code § 7222(f)] By a majority vote, the Board may remove any Director who was appointed by the Board to fill a vacancy on the Board.

## ARTICLE 7 - MEETINGS OF DIRECTORS

**7.1 Regular Meetings.** Regular meetings of the Board shall be held monthly, at such time as may be fixed from time to time by resolution of the Board. In no event shall regular meetings of the Board be held less than once every six (6) months. The meeting place shall ordinarily be within the Development itself unless in the judgment of the Board a larger meeting place exists than is available within the Development in which case the meeting place selected shall be as close to the Development as possible. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

~~Notice of the time and place of a regular meeting shall be posted at a prominent place or places and shall be communicated to Board Members not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any Board Member who has signed a waiver of notice or a written consent to holding of the meeting.~~

**7.2 Board Meeting Notice to Board Members.** [Corp. Code § 7211(a)(2)] Regular meetings of the Board may be held without notice to Board members if the time and place of the meetings are fixed by the Board. Regular meetings, if the time and place are not fixed by the Board, and special meetings of the Board shall be held upon four days' notice by first-class mail or forty-eight hours' notice delivered personally or by telephone, including a voice messaging system or by Electronic Transmission to Board members. Notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

**7.27.3 Special Meetings.** Special meetings of the Board may be called by written notice signed by the president of the Association or by any two Members of the Board other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

~~Notice shall be posted in a manner prescribed for notice of regular meetings and shall be sent to all Board Members not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, that notice of the meeting need not be given to any Board Member who signed a waiver of notice or a written consent to holding of the meeting.~~

**7.4 Emergency Board Meetings** [Civ. Code § 4923] An emergency meeting of the Board, either in open session or executive session, may be called by the

President, or by any two Board members if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board, and which of necessity make it impracticable to provide notice as required herein. Electronic Transmissions may be used as a method of conducting an emergency meeting if all Board members agree in writing or Electronic Transmission to conducting the emergency meeting by Electronic Transmission. The consent of each Board member must be filed with the minutes of the emergency meeting. If all the Board members consent to conducting the emergency meeting by Electronic Transmission, a decision by a majority of the Directors voting on the item of business shall be the act of the Board as long as a quorum of the Board votes.

**7.37.5 Organizational Meeting of Board.** The first meeting of a newly elected Board shall be an organizational meeting and shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the directors at the meeting at which such directors were elected for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present when the time and place are announced.

**7.47.6 Quorum.** A majority of the number of directors then in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by law or by the Articles of Incorporation or by the Declaration.

~~**7.5 Board Action without a Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the unanimous written consent of all the directors to the action to be taken. Any action so approved shall have the same effect as though taken at a meeting of the directors. If the Board resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area or the Development within three (3) days after the written consent of all directors have been obtained.~~

~~**7.6 Adjournment Notice.** A quorum of the directors may adjourn any director's meeting to meet again at a stated day and hour. If a meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given immediately by telephone or hand delivery to the directors who were not present at the time of adjournment. In the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.~~

**7.7 Conduct of Meetings.** The president, or in his absence, any director selected by the directors present, shall preside at meetings of the Board. The secretary

of the Association, or in his absence any person appointed by the presiding officer, shall act as secretary of the Board.

**7.8 *Right of Members to Attend.*** Regular and special meetings of the Board shall be open to all Members of the Association except when the Board adjourns to executive session. Members who are not on the Board may speak at any meeting, except executive sessions, subject to reasonable limitations established by the Board of Directors. Notice of the time and place of a Board meeting, except for emergency meetings and executive sessions, shall be communicated to Members not less than four days prior to the meeting. Notice of the time and place of executive session Board meetings, except for emergency meetings, shall be communicated to Members not less than two days prior to the meeting. Notice shall be given by any means allowed by applicable law. Any Member may request and receive the notice by mail or Electronic Transmission, at the address requested by the Member provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

**7.9 *Executive Sessions.*** The Board may, with the approval of a majority of a quorum of the Board, meet in executive session with its legal counsel, or meet to discuss and vote upon (1) litigation in which the Association is or may become involved, (2) matters that relate to the formation of contracts with third parties, (3) personnel matters, (4) Member disciplinary matters, (5) orders of business of a similar nature, and (6) to meet with a Member upon the Member's request regarding the Member's payment of assessments. An executive session which does not follow an open meeting may be called and noticed to the Board members in the same manner as a special meeting or as an emergency meeting if required by the circumstances. Any matter discussed in executive session shall be generally noted in the minutes of the next meeting of the Board of Directors which is not an executive session. The Board may, with the approval of a majority of a quorum of its Members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, matters that relate to the formation of contracts with third parties, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

**7.10 *Board Meeting Minutes; Availability to Owners.*** [Civ. Code §§ 4950 & 5200; Corp. Code § 8320] The Board shall keep accurate written minutes of its meetings, and shall retain them in the permanent records of the Association. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any Board meeting, other than executive session, shall be available to Members within thirty days after the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement for the costs in making that distribution. Members shall be notified in writing at the time that the budget is distributed, or at the time of any general mailing to the entire membership, of their right to have copies of the minutes of meetings of the Board, and how and where those minutes may be obtained.

## ARTICLE 8 - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 **Powers.** The Board shall have all powers conferred upon the Association as set forth herein, ~~and in the Declaration and the California Corporations Code governing nonprofit mutual benefit corporations, and the Davis-Stirling Common Interest Development Act,~~ subject to those general limitations and restrictions as contained in the Declaration and excepting only those powers expressly reserved to Members.

8.2 **Duties.** It shall be the duty of the Board to:

- 8.2.1 Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- 8.2.2 Delegate its powers as provided in the Declaration;
- 8.2.3 Enforce the provisions of this Declaration, the Articles, the Bylaws and the Association Rules by appropriate means and carry out the obligations of the Association hereunder;
- 8.2.4 Maintain and otherwise manage the following:
  - (a) All Common Area improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;
  - (b) All personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and
  - (c) All property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration, including, without limitation, the Article of the Declaration entitled "Repair and Maintenance."
- 8.2.5 Pay any real and personal property taxes and other charges, or other charges assessed to or payable by the Association;
- 8.2.6 Obtain, for the benefit of the Common Area, all necessary utility services and other services as required;
- 8.2.7 Prepare budgets and financial statements for the Association as prescribed in the Bylaws;

8.2.8 Formulate rules of operation of the Common Area, and facilities owned or controlled by the Association;

8.2.9 Initiate and execute disciplinary proceedings against Members for violations of provisions of the Articles, Bylaws, Declaration and Association Rules in accordance with procedures set forth in such documents;

8.2.10 Elect officers of the Board;

8.2.11 Formulate rules to regulate membership meetings, elections, appointment of inspector(s) of election, and voting procedures.

8.2.12 Appoint inspectors of election for any membership vote.

~~8.2.10~~ 8.2.13 The Association shall have the right to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Governing Instruments provided that the procedures for notice and hearing, satisfying the minimum requirements of section 5855 of the Civil Code, are followed with respect to the accused Member before a decision to impose discipline is reached.

~~8.2.11~~ 8.2.14 Fill vacancies on the Board, except vacancies created by the removal of a Director by the Members;

~~8.2.12~~ 8.2.15 Subject to the limitations imposed in the Declaration, contract for casualty, liability and other insurance on behalf of the Association;

~~8.2.13~~ 8.2.16 Subject to the limitations imposed in the Declaration, contract for goods and/or services for the property owned or controlled by the Association;

~~8.2.14~~ 8.2.17 Grant easements where necessary for utilities over the Common Area;

~~8.2.15~~ Review a current reconciliation of the Association's operating accounts and reserve accounts on at least a quarterly basis. On at least a quarterly basis, the Board shall also review the current year's actual reserve revenues and expenses compared to the current year's budget. The Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts and the Board shall also review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis. The Board shall prepare and distribute a copy



of the review of the financial statement of the Association, which has been prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). A copy of the review of said financial statement shall be distributed within one hundred twenty (120) days after the close of each fiscal year. The Board shall also annually distribute to the Members a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its Assessments against its Members. Said statement shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

8.2.16 Join with the Declarant in the execution of any lot line adjustment and to accept title to additional property or to quit claim all right, title, and interest in and to any Association property as necessary to transfer title in accordance with any lot line adjustment; provided that such lot line adjustment and the resulting conveyance (i) are made for the purpose of eliminating encroachments due to engineering errors or errors in construction of any improvements upon any of the affected property, (ii) are made to permit changes in the development plan in circumstances when such changes are the result of topography, obstruction, hardship, aesthetic, or other environmental conditions, (iii) are the requirement of a regulatory agency, (iv) do not have a significant negative impact upon the Association or the Owners, or (v) are made to transfer the burden of management and maintenance of any Association property, which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of any particular use or benefit to the Owners.

8.2.178 2.18 Withdrawal of funds from the Association's reserve account shall require signatures of either two (2) members of the Board or one (1) member of the Board and an officer of the Association who is not also a member of the Board.

8.2.188 2.19 The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of the Common Area 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. The transferred funds shall be restored to the reserve fund within three (3) years of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Development, delay the restoration until the time which the Board reasonably determines to be necessary. 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 section as set forth hereinbelow. This Special Assessment is not subject to the limitation imposed by section 56051366 of the Civil Code.

8 2.198 2.20 At least once every three (3) years the Board shall cause a study of the reserve account requirements of the Development to be conducted if the current replacement value of the Common Area which the Association is obligated to repair, replace, restore, or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review.

The study required shall at comply with Applicable Laws, a minimum include:

~~Identification of the Common Area which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than 30 years.~~

~~Identification of the probable remaining useful life of the Common Area as of the date of the study.~~

~~An estimate of the cost of repair, replacement, restoration, or maintenance of each major component of the Common Area during and at the end of its useful life.~~

~~An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component of the Common Area during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.~~

~~As used in this section, "reserve accounts" means moneys that the Association's Board has identified for use to defray the future repair~~

or replacement of, or additions to, the Common Area which the Association is obligated to maintain.

As used in this section, "reserve account requirements" means the estimated funds which the Association's Board has determined are required to be available at a specified point in time to repair, replace, or restore the Common Area which the Association is obligated to maintain.

8.2.208.2.21 The Board shall have all other duties conferred upon it as set forth in the Declaration.

**8.3 Budgets and Financial Statements.** The Board shall cause to be regularly prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Association as follows:

8.3.1 A budget consisting of at least the following information for each fiscal year shall be distributed not less than thirty (30) ~~forty-five (45)~~ days and not more than ninety (90) ~~sixty (60)~~ days prior to the beginning of the fiscal year:

- (a) Estimated revenue and expenses on an accrual basis.
- (b) A summary of the Association's reserves based upon the most recent review or study to be conducted as referenced hereinbelow, which shall be printed in bold type and include all of the following:
  - (i) The current estimated replacement cost, estimated remaining life, and estimated useful life of the Common Area.
  - (ii) As of the end of the fiscal year for which the study was prepared:
    - i. The current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the Common Area.
    - ii. The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain the Common Area.
- (c) The percentage that the amount determined for clause i of paragraph (ii) above is of the amount determined for purposes of clause ii of paragraph (ii) above.

8.3.2 A statement as to whether the Board of the Association has determined or anticipates that a levy of one or more Special Assessments will be required to repair, replace or restore the Common Area or to provide adequate reserves therefor. The summary of the Association's reserves disclosed pursuant to this paragraph shall not be admissible in evidence to show improper financial management of an Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

8.3.3 A general statement setting forth the procedures used by the Board governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and facilities for which the Association is responsible.

A copy of the budget shall be located in the business office of the Association or at another suitable location within the boundaries of the Development.

~~8.3.4 A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Development and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the address of the Residence and the name of the individual or entity assessed.~~

8.3.58.3.4A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- (a) A balance sheet as of the end of the fiscal year.
- (b) An operating (income) statement for the fiscal year.
- (c) A statement of changes in financial position for the fiscal year.

8.3.68.3.5—For any fiscal year in which the gross income to the Association exceeds Seventy Five Thousand Dollars (\$75,000), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy shall also be distributed. If this report referred to in (c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the

Association that the statement was prepared without independent audit or review from the books and records of the Association.

8.3.78.3.6 In addition to financial statements, the Association shall annually distribute a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Assessments including the recording and foreclosing of liens against Members' Residences. This statement shall be distributed with the operating budget in sixty (60) days prior to the beginning of each fiscal year.

~~Not more than sixty (60) days nor less than forty-five (45) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the budget, any written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, without a vote of the Members of the Association, shall establish the Regular Assessment for the forthcoming fiscal year. However, annual increases in Regular Assessments for any fiscal year, as set forth hereinbelow, shall not be imposed unless the Board has prepared the budget as referenced hereinabove in this Section with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and section 7613 of the Corporations Code. For purposes of the preceding sentence, "quorum" means more than fifty percent (50%) of the Owners of an Association. Provided, however, notwithstanding more restrictive limitations placed on the Board by the Governing Instruments, the Board may not establish a Regular Assessment for any fiscal year of the Association which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year, or impose Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the Common Expenses of the Association for that fiscal year, without the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code except that any Assessments imposed pursuant to Section 8.2.18 hereinabove are not subject to said five percent (5%) limitation imposed pursuant to this section. For purposes of this Section, "Quorum" means more than fifty percent (50%) of the Owners in the Association. Provided, however, the foregoing does not limit Assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is anyone of the following: (i) an extraordinary expense required by an order of a court; (ii) an extraordinary expense necessary to repair or maintain the Development or any part of it for which the Association is responsible when a threat to personal safety within the Development is discovered; and (iii) an~~

~~extraordinary expense necessary to repair or maintain the Development or any part of it for which the Association is responsible that cannot have been reasonably foreseen by the Board in preparing and distributing the budget, as referenced hereinabove. However, prior to the imposition or collection of an Assessment under this Section, 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, and the resolution shall be distributed to the Members with the Notice of Assessment.~~

8.3.88 3.7 The Association shall provide notice by first class mail to each Owner of any increase in the Regular or Special Assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased Assessment becoming due.

8.3.98 3.8 In lieu of the distribution of the budget required by Subdivision 8.3.1 hereinabove, the Board may elect to distribute a summary of the statement to all its Members with a written notice that the statement is available at the business office of the Association or at another suitable location within the boundaries of the Development and that copies will be provided upon request and at the expense of the Association. If any Member requests a copy of the budget required by Subdivision 8.3.1 hereinabove to be mailed to the Member, the Association shall provide the copy to the Member by First Class United States Mail at the expense of the Association and deliver the same within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the statement.

8.3.108 3.9 Unless the Association or its Assessment income shall be exempt from federal or state income taxes, to the extent possible, all reserves shall be accounted for and handled as contribution to the capital of the Association and as trust funds segregated from the regular income of the Association or in such other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board as will prevent such funds from being taxed as income of the Association. A reserve fund shall be expressly established to cover the deductibles under Association insurance policies.

## ARTICLE 9 - OFFICERS AND THEIR DUTIES

9.1 **Enumeration of Officers.** The officers of the Association shall be a president and vice president, who shall at all times be Members of the Board, a

secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

9.2 **Election of Officers.** The election of officers shall take place at the organizational meeting of the Board following each annual meeting of the Members.

9.3 **Term.** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve.

9.4 **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

9.5 **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time after giving written notice to the Board, the president or the secretary or by giving verbal notice at an open Board meeting or executive session. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.6 **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 **Multiple Offices.** The offices of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9.4.

9.8 **Duties.** The duties of the officers are as follows:

9.8.1 President. The president shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and shall co-sign all promissory notes.

9.8.2 Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall perform such other duties as may be required of him by the Board.

9.8.3 Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Members, shall keep

appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

- 9.8.4 **Treasurer.** The treasurer shall be responsible for receiving and depositing in appropriate bank accounts all monies of the Association and shall be responsible for disbursing such funds as directed by resolution of the Board, shall co-sign all promissory notes of the Association, shall keep proper books of account, shall prepare budgets and financial statements on behalf of the Association, and shall perform such other duties as required by the Board.

~~9.9 **Appointment of Delegate.** The president of the Association shall automatically be appointed the Delegate to represent the Members of Delegate District No. \_\_\_\_\_. The vice president of the Association shall perform all duties of the Delegate in the event the president is removed from office or otherwise resigns pursuant to these Bylaws, until such time as a successor president is appointed. Immediately upon the appointment of a successor to fill any vacancy in the office of the president, such successor shall automatically become the appointed Delegate of said Delegate District.~~

9.9 **Delegation of Officers' Duties.** With Board approval, an Officer may delegate his or her powers and duties to any committee, employee or agent of the Association, including, but not limited to, a community association manager.

9.10 **Limitation of Officer's Powers.** No Officer may enter into any contract or incur any debt or other obligation for the Association without authorization of the Board of Directors.

## ARTICLE 10 - COMMITTEES

~~The Association shall appoint a nominating committee as provided in these Bylaws. In addition, tThe Board shall appoint such other committees as it deems appropriate in order to carry out the Association's its purpose.~~

## ARTICLE 11 - BOOKS AND RECORDS

11.1 **Member Inspection of Association Records.** [Civ. Code § 5200 et seq.] "Association Records" and "Enhanced Association Records," defined in Civil Code section 5200 or any successor statutes, shall be open to inspection upon the written demand on the Association by any Member for a purpose reasonably related to such Member's interests as a Member in accordance with the terms and conditions of Civil



Code section 5200 and any successor statutes. Members may not inspect the minutes of executive meetings, information related to disciplinary matters, individual Lot files (except their personal Lot file), or any other records except those specifically allowed herein or as allowed by the Board or by applicable law. The Association may withhold or redact information if the release of the information is reasonably likely to lead to fraud in connection with the Association or identity theft or the information is privileged by applicable law, all as more specifically set forth in Civil Code section 5215 and any successor statutes.

**11.111.2 *Inspection and Copying.*** The membership register, (including mailing addresses and telephone numbers), books of account and Articles and Bylaws, as amended to date shall be made available for inspection and copying by any Member of the Association—or by his duly appointed representative—within ten days upon a written demand and payment of a reasonable charge for copying and mailing costs at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Development as the Board shall prescribe.

**11.211.3 *Rules and Regulations.*** The Board shall establish reasonable rules with respect to:

~~11.2.111.3.1~~ Notice to be given to the custodian of records by the Member desiring to make the inspection.

~~11.2.211.3.2~~ Hours and days of the week when such an inspection may be made.

~~11.2.311.3.3~~ Payment of the cost of reproducing copies of documents requested by a Member.

**11.311.4 *Rights of Directors.*** Subject to any limitations imposed by applicable law, E every director of the Association and every Director of Redhawk Community Association, a California nonprofit mutual benefit corporation, shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The foregoing right of inspection includes the right to make extracts and copies of documents, and, when such right is exercised by a Director of Redhawk Community Association, all extracts and copies of documents requested by such Director shall be at his or her expense.

## ARTICLE 12 - ASSESSMENTS

~~As more fully provided in the Declaration, each Member is obliged to pay to the Association Regular, Reconstruction and Special Assessments. Regular and Special Assessments shall be secured by a continuing lien upon the property against which the Assessment is made. Assessments which are not paid when due shall be delinquent if not paid within fifteen (15) days after its due date. There shall accrue with each~~

~~delinquent Assessment a late charge not exceeding ten percent (10%) of the delinquent Assessment, or Ten Dollars (\$10.00) whichever is greater. The Association may also charge interest at the rate of twelve percent (12%) per annum commencing thirty (30) days after the Assessments become due. At any rate, said charge and interest shall not exceed the maximum amount permitted under the laws of the State of California, as said laws are changed from time to time. Reasonable costs incurred in collecting the delinquent Assessment, including reasonable attorneys' fees, and interest on all sums imposed in accordance with this Section, may be charged by the Association. The Association shall have the right to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Governing Instruments provided that the procedures for notice and hearing, satisfying the minimum requirements of section 7341 of the Corporation's Code, are followed with respect to the accused Member before a decision to impose discipline is reached. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and actual attorneys' fees of any such action shall be added to the amount of such Assessment. However, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas for which the Member was allegedly responsible or in bringing the Member and his Residence into compliance with the Governing Instruments (Compliance Assessment) may not be characterized nor treated as an Assessment which may become a lien against the Member's Residence enforceable by a sale of the interest in accordance with the provisions of sections 2924, 2924(b) and 2924(c) of the Civil Code. The above statement does not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments. No Owner may waive, or otherwise be relieved of liability for the Assessments provided for herein.~~

### ARTICLE 13 - AMENDMENTS

~~These Bylaws may be amended, at a regular or special meeting of the Members, by the vote or written assent of a majority of each class of Members during the time of the two-class voting structure; and after termination of the two-class voting structure, any amendment will require with the approval of a majority of the voting powers of the Association and a majority of Members other than the Declarant. Notwithstanding the above, the percentage of a quorum or of the voting power of the Association or of Members other than the Declarant necessary to amend a specific clause or provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Anything contained in these Bylaws to the contrary notwithstanding, the rights of each Director of Redhawk Community Association set forth in Section 11.3 hereinabove of these Bylaws may not be amended, modified nor rescinded at any time without the prior written consent of the Board of Directors of Redhawk Community Association.~~

## ARTICLE 14 - MISCELLANEOUS

**14.1 Fiscal Year.** The fiscal year of the Association shall be determined by the Board of Directors, from time to time, except that the first fiscal year shall begin on the date of incorporation of the Association.

~~14.2 Corporate Seal.~~ The Association shall have a seal in the circular form, containing the name of the Association, and "Incorporated \_\_\_\_\_, 19\_\_\_\_", and "California."

~~14.3~~**14.2 Conflict.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

~~14.4~~**14.3 Proof of Membership.** No person shall exercise the rights of membership in the Association until satisfactory proof thereof has been furnished to the secretary. Such proof may consist of either a copy of recorded deed or title insurance policy showing said person to be the Owner of a Lot in the Development entitling him to membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

## CERTIFICATE OF SECRETARY

OF

### RANCHO SERRANO HOMEOWNERS ASSOCIATION

a California Nonprofit Mutual Benefit Corporation

I, the undersigned, do hereby certify that I am the duly elected Secretary of the Rancho Serrano Homeowners Association, a California corporation. The foregoing Amended and Restated Bylaws of said Association constitute the fully amended and restated Bylaws as approved by the membership of the Association.

DATED: \_\_\_\_\_, 20 \_\_\_\_

\_\_\_\_\_  
Secretary

# EXHIBIT 17

## • Important Notice Regarding Adjourned Meeting •

Dear Rancho Serrano Homeowner,

**PLEASE VOTE NOW!** We have not received a ballot for your property, for the Annual Meeting to elect three (3) directors to the Board of Directors and to vote for the restatement of the Bylaws. For your convenience, new voting materials have been enclosed with this notice.

**As of March 24**, we have received only received 45 ballots. In order for the Restated Bylaws to be passed, 51% (61 out of the 120 homes) need to be in favor.

Please remember that every time the Annual Meeting is reconvened it costs the Association additional funds for every meeting and printing. Therefore, please take the time to fill out your ballot and return it within the time required.

*This will be the second attempt to hold the Annual Meeting.*

The Annual Meeting has been adjourned until 6:00 p.m. on **Monday, April 6, 2015**, due to lack of quorum on March 24th. The meeting will be held at the Avalon Management Office, 43529 Ridge Park Drive, Temecula, CA.

Please mail your ballot with the postage-paid, pre-addressed envelope, but do not forget to sign your outer envelope.

**Voting Deadline:** Mailed ballots to HOA Elections' office must be received no later than: Friday, April 3, 2015, at 12:00 p.m. You may also deliver your ballot, or obtain new materials at the meeting.

**\*\*DETACH HERE\*\***

**RANCHO SERRANO  
HOMEOWNERS ASSOCIATION  
IRREVOCABLE SECRET BALLOT  
March 24, 2015, or any adjournment thereof**

Like This: ☒ Not Like This: ☐ ☐  
(Blue/Black Ballpoint Pen Only)

**I. ABSTAIN-"Quorum Purposes Only":** Your ballot will be counted for quorum only; any votes for ANY measure will NOT be counted.

Shade in circle for quorum purposes only: ☐  
*(If quorum only, do not mark any votes below).*

**II. ELECTION OF DIRECTORS:** There are three (3) Board Seats to be filled. Cumulative voting is permitted. You may cast all votes for one candidate or distribute the votes among the candidates. (1 shade circle = 1 vote)  
\* Denotes Incumbent

The total number of shaded circle(s) may NOT exceed three.

Darlene Kuhn\* ☐ ☐ ☐

Harry Shillock\* ☐ ☐ ☐

Ron Turco\* ☐ ☐ ☐

(Write In) ☐ ☐ ☐

(Write In) ☐ ☐ ☐

**III. Restatement of Bylaws:** See full text on the Annual Meeting Notice.

Shade in 1 Vote Here

☐ YES: APPROVE

☐ NO: DISAPPROVE

Do NOT identify yourself in any way on this ballot.

# EXHIBIT 18





# RANCHO SERRANO

HOMEOWNERS ASSOCIATION

March 2015 Newsletter

## Association Highlights:

**Update:** The Board ended the year 2014 reviewing and authorizing proposed changes for the ByLaws, approving the changes to be brought to the membership for consideration and voting in conjunction with the Annual Meeting and Elections for 2015. An advance notification was mailed to the members in December.

At their first meeting of the year in January, the Board of Directors eagerly approved the proposal submitted by Hillcrest Construction Company for replacement of all the mailbox units within the community. The units have been slowly deteriorating even with regular maintenance. The actual replacement project was completed in March in coordination with the U.S. Postal Service. The transition went very well. Other items for Board approval; the Board selected their Inspector of Elections for the upcoming Annual Meeting and Elections scheduled for March 24, 2015; HOA Elections of California, Inc., and accepted a proposal submitted by Tri County Lighting for replacement of all the lighting fixtures in the common area planters (compact fluorescent fixtures) due to aging and breakage (total 15 fixtures).

The Board is now primarily focused on a recommendation by the Association landscape company, to consider turf removal for water conservation purposes, and rebates being offered by Rancho Water.

### Most Important Vote of 2015:

Homeowners have been asked to cast their ballots for this year's Annual Meeting and Elections that includes the most important vote of the year, for the proposed ByLaw amendments. This very important document is part of the governing documents for Rancho Serrano Homeowners Association, and the proposed revisions are most relevant based on current law.

ByLaws may be amended by the vote or written assent of a majority of the voting members of the Association, or 51%.

Unfortunately quorum was not met at the Annual Meeting held Tuesday, March 24th. There will be one more opportunity to vote, since the Adjourned Annual Meeting and Elections has now been scheduled for Monday, April 6, 2015 @ 6:00 p.m. Please vote!



## Important Meeting Dates:



The next regular Board of Directors meeting will be held on **Tuesday, April 28, 2015**, at the Temecula office of Avalon Management at 6:30 p.m. Please join us!

During "open forum" each homeowner may address the Board for up to three minutes with questions or concerns.

### Board of Directors:

President, *Ron Turco*

Vice President, *Ron Madison*

Secretary/Treasurer, *Darlene Kuhn*

Member, *Harry Shilvock*

Member, *Brian Main*

## Important Notes:

### Don't Forget Instant Access:

Visit your Association's website for instant access to the latest news, governing documents, architectural forms, volunteer forms, newsletters, and your personal assessment account information @ [www.myranchoserrano.com](http://www.myranchoserrano.com). You may view the meeting calendar, obtain contact information, and you'll find a 'welcome home video' to assist new owners. You may take a survey, offer suggestions, and there are community links to assist you with City information, including information with regard to schools, utilities and so much more. On the private side, homeowners can log on to view account information, or to change personal information. The website is also mobile aware!



### Options Available for Payment of Assessments:

Avalon offers free auto debit (ACH) to all homeowners, or you are able to log on to the website to pay your assessments. Walk-in at either the Canyon Lake or Temecula office if you prefer to pay in person. For anyone who is behind in assessments, payment plans are an option to assist in bringing accounts current before additional late and collection fees accrue, or any legal action begins.

Notes from the Board:

**Home Security:** Based on recent events involving two properties within the Rancho Serrano community, homeowners are being advised to take important precaution to take care of their property and personal belongings. Aside considering a security system for your home, here are nine suggestions;

1. Prune shrubs (potential hiding places).
2. Draw your blinds.
3. Don't advertise your purchases (don't leave boxes by the trash cans showing your newly purchased items, TV's, computers, etc.)
4. Install motion sensors.
5. Set indoor timers (for lights, TV's, radios, to come on at different times when you re away).
6. Reinforce entry points (ground floor doors and windows).
7. Shield your windows near front doors (install 1/4" plexiglass over the existing glass).
8. Install deadbolts (front doors, side doors).
9. Common sense (lock your doors and windows!)

**Severity of the Drought:** State Water Board Chairman Felicia Marcus has stated that if the drought continues through next winter, and we do not conserve more, that the consequences could be even more catastrophic than they already are. The State Water Resources Control Board has adopted an expanded emergency regulation to safeguard the state's remaining water supplies. Local agencies will be able to fine property owners up to \$500 a day for failure to implement conservation requirements. Everyone needs to be concerned about the drought and take whatever steps necessary to conserve. Check the Rancho Water website [www.bewaterwise.com](http://www.bewaterwise.com) for additional information and ideas on water conservation, including available rebates. New rules being voted on by state officials include 'no watering for 48 hours after a rain storm'.

**Exterior Maintenance:** A fresh coat of paint is the most cost effective method to protect and maintain the exterior wood trim, front doors, garage doors, metal and other wood surfaces. A paint schedule is helpful. Temecula's climate can and does adversely impact paint coatings on any type of exterior surface. Heat and moisture will cause paint degradation. Current standards; stucco 7-10 years, wood 5-7 years, metal 2-3 years. Homeowners should periodically check for fading, cracking and peeling. In addition, if your 'mature trees' present a hazard to you or your neighbor's property, or overhangs the public right-of-way, it may be time to contact a professional tree trimmer, or have the tree removed.

Helpful Contact Information:

**Avalon Management:**

Sheryl Whitaker, email: [sheryl@avalonweb.com](mailto:sheryl@avalonweb.com)  
43529 Ridge Park Drive  
Temecula, CA 92590  
Web site: [www.avalonweb.com](http://www.avalonweb.com)  
(951) 699-2918 ext. 102

**For Architectural Assistance:**

Dena Zorotovich ..... (951) 699-2918 ext. 104  
email: [dena@avalonweb.com](mailto:dena@avalonweb.com)

**For Accounting Assistance:**

Member Services..... (951) 244-0048 ext. 109  
email: [ar@avalonweb.com](mailto:ar@avalonweb.com)

**Temecula Police:**

Parking Violations:..... (951) 776-1099 x 5  
Non-Emergency:..... (951) 696-4357

**Sheriff's Department:**

(951) 696-3000 or 1(800) 950-2444

**Street Light Repair:**

So. Cal. Edison..... (800) 611-1911

**Reporting Graffiti:**

Graffiti Hotline .....(951) 240-4201 or  
[www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti](http://www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti)

Architectural Guidelines

**Remember, you may not begin** any project to the exterior of your home without written formal approval from the Rancho Serrano Architectural Committee. Please refer to Rancho Serrano's Rules & Regulations, 2014 edition, pages 26-30, for details. Rancho Serrano's Rules & Regulations are accessible on the internet at [www.myranchoserrano.com](http://www.myranchoserrano.com). This includes projects such as; exterior paint color changes, front yard landscaping, concrete work, fencing, **any construction**, etc. Once an application is submitted, the Rancho Serrano Committee has thirty days to review. You will receive written notification by mail of either approval or disapproval. Conditions may apply. Per the Rules & Regulations; "all homes shall be kept clean and attractive, and maintained in good condition, repair and regularly painted..." Your home/lot refers to front, sides and back, irrespective of visibility from Redhawk Parkway or Redhawk Golf Course.





# EXHIBIT 19

## • Important Notice Regarding Adjourned Meeting •

Dear Rancho Serrano Homeowner,

**PLEASE VOTE NOW!** We have not received a ballot for your property, for the Annual Meeting to elect three (3) directors to the Board and to vote for the restatement of the Bylaws. For your convenience, new voting materials have been enclosed with this notice.

As of April 6, we have only received 61 ballots. In order for the Restated Bylaws to be passed, 51% (61 out of the 120 homes) need to be in favor.

Please remember that every time the Annual Meeting is reconvened it costs the Association additional funds for every meeting and additional printing. Therefore, please take the time to fill out your ballot and return it within the time required.

*This will be the third attempt to hold the Annual Meeting.*

The Annual Meeting has been adjourned until 5:00 p.m. on **Tuesday, April 28, 2015**. The meeting will be held at Avalon Management's Office, 43529 Ridge Park Dr., Temecula, CA.

Please mail your ballot with the **postage-paid**, pre-addressed envelope, but do not forget to sign your outer envelope.

**Voting Deadline:** Mailed ballots to HOA Elections' office must be received no later than: Monday, April 27, 2015, at 5:00 p.m. You may also deliver your ballot, or obtain new materials at the meeting.

**\*\*DETACH HERE\*\***

**RANCHO SERRANO  
HOMEOWNERS ASSOCIATION**  
IRREVOCABLE SECRET BALLOT  
March 24, 2015, or any adjournment thereof

Like This: ☒ Not Like This: ☐ ☐  
(Blue/Black Ballpoint Pen Only)

**I. ABSTAIN-"Quorum Purposes Only":** Your ballot will be counted for quorum only; any votes for ANY measure will NOT be counted.

Shade in circle for quorum purposes only: ☐  
(If quorum only, do not mark any votes below).

**II. ELECTION OF DIRECTORS:** There are three (3) Board Seats to be filled. Cumulative voting is permitted. You may cast all votes for one candidate or distribute the votes among the candidates. (1 shade circle = 1 vote)

\* Denotes Incumbent

The total number of shaded circle(s) may NOT exceed three.

Darlene Kuhn\* ☐ ☐ ☐

Harry Shillock\* ☐ ☐ ☐

Ron Turco\* ☐ ☐ ☐

(Write In) ☐ ☐ ☐

(Write In) ☐ ☐ ☐

**III. Restatement of Bylaws:** See full text on the Annual Meeting Notice.

Shade in 1 Vote Here

☐ YES: APPROVE

☐ NO: DISAPPROVE

Do **NOT** identify yourself in any way on this ballot.

# EXHIBIT 20



Sheryl Whitaker &lt;sheryl@avalonweb.com&gt;

## Elections

1 message



Peggy &lt;perle@verizon.net&gt;

Wed, Jul 29, 2015 at 2:21 PM

To: Ron Turco &lt;rturco1@verizon.net&gt;

Cc: Sheryl Whitaker &lt;sheryl@avalonweb.com&gt;

Here was the extent of my efforts in all of the past elections:

I called everyone on the negative list, which included the names of those owners who had not voted. I made it a point with each owner I spoke with to explain why I was calling and why it was important to vote in order to meet the 61% minimum required to avoid the expense of another mailing. I explained the rules required for filling out the ballot, but never told them who to vote for, even if they asked me, which some did.

In some cases I had old out-of-use phone numbers, or no phone numbers and made attempts to get new ones. Sometimes to no avail. In some cases, we had owners with two homes in Rancho Serrano and I explained they could complete two ballots. Many times I left messages on machines which were not returned. Occasionally, I called a second time but never a third.

In some cases, owners failed to sign the second (outer) envelope which made their ballot invalid and their name stayed on the negative list. In those instances I explained the two methods for voting; either come to the HOA mtg on election night or go to the voting inspector's office and get a new ballot.

Peggy

Sent from my iPad

Homeowner: ex Board  
Member Peggy Erle

# EXHIBIT 21

**Avalon Management Group, Inc.**  
**Attn: Sheryl Whitaker**  
43529 Ridge Park Dr.  
Temecula, CA 92590

**July 29, 2015**

**Subject: Bylaws – Petition the Court**

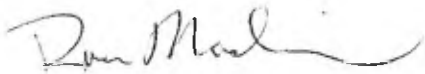
Re: Statements from any Board members or homeowners who made telephone calls or canvassed the community to solicit votes about what you did to encourage homeowners to vote.

I made telephone calls to the following homeowners within Rancho Serrano:

- **Evalyn Flake**            45555 Corte Narbonne  
  (Left a message on Evalyn's phone. Her daughter, Valerie, returned the call)
- **Anthony Hidalgo**    45500 Via Jaca
- **Orin Knowlton**        45508 Via Jaca
- **Marigene Balogh**     45532 Via Jaca
- **Douglas Schulte**      45556 Via Jaca (left message)

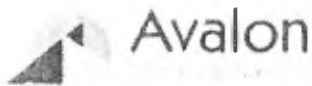
I reminded each of the above of the importance to vote on the Bylaws.

Respectfully submitted,



Ron Madison  
45516 Via Jaca  
Temecula, CA 92592

# EXHIBIT 22



Sheryl Whitaker &lt;sheryl@avalonweb.com&gt;

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**Rancho Serrano ByLaws Revision Issue**

2 messages

**Ron Turco** <rturco1@verizon.net>

Tue, Aug 4, 2015 at 11:25 PM

To: Sheryl Whitaker &lt;sheryl@avalonweb.com&gt;

Sheryl:

Based on Rancho Serrano HOA official records, the HOA Board has, for past five years, addressed (Agenda item), beginning at the April, 2010 Board Meeting, proposed revisions to ByLaws on 14 separate occasions.

The Board first approved an amendment to the ByLaws at November, 2010 meeting. The membership voted on the proposed amendment. The proposed amendment failed by ballot count of 53 for and 13 against. Total: 66 ballots, 55%, were cast. However, only 44% voted for revision.

Next, because of the proposed change to the Davis-Sterling Act on January 1, 2014, the Board recommended that the outdated Rancho Serrano's ByLaws be updated and provided to membership for approval. In February, 2015 the membership was provided with a draft copy of the proposed revision to the ByLaws. In addition, a copy was posted to the web-site. Also, a hard copy was provided with ballot mailer. The Board then authorized a second round of ballots to all property owners who had not voted. Results: 55 for and 7 against. Total: 62 ballots, 52%, were cast. However, only 46% voted for revision.

Rancho Serrano membership consist, at the time of elections, approximately 29 absentee landlords, or 24% of membership eligible to vote. Thirteen of absentee landlords voted. An additional 25% of property owners suffer from apathy and do not routinely vote. A review of local and national elections makes it unrealistic to assume that members of a Homeowner's association will vote more frequently in an HOA election than a national or local election.

For the record, an attempt was made to contact the following property owners during 2015 elections cycle, by either a Board Member or Peggy Erfle:

Lots: 002, 003, 004, 013, 016, 017, 022, 028, 030, 034, 036, 039, 045, 046, 050, 053, 056, 057, 058, 063, 064, 067, 068, 073, 074, 080, 083, 084, 086, 087, 090, 093, 095, 099, 101, 103, 105, 109, 110, 117. Total: 40. A total of 6 subsequently cast a ballot.

The following property owners are absentee landlords and did not vote: Lots: 015, 031, 032, 035, 047, 059, 061, 066, 072, 082, 085, 092, 102, 104, 106, 112. Total: 16.

Hope the above information helps to support our case.

Ron

---

**Ron Turco** <rturco1@verizon.net>

Wed, Aug 5, 2015 at 7:51 AM

To: Sheryl Whitaker &lt;sheryl@avalonweb.com&gt;

Sheryl:



This is in follow-up to my report, same subject, of August 4, 2015.

The most important issue that justifies the revision to the Rancho Serrano HOA ByLaws is the lack of participation by property owners of record in the Rancho Serrano HOA's annual elections. To the best of my knowledge, the property owners, who have a duty to vote in Rancho Serrano HOA annual elections, have not, during the past 12 years, ever cast their vote in sufficient numbers (51%) to achieve a quorum.

Ron

# EXHIBIT 23

RANCHO SERRANO  
HOMEOWNERS ASSOCIATION

Adjourned Annual Meeting ~ April 28, 2015

**Ballot Total Sheet**

Candidates	Totals
Darlene Kuhn*	73
Harry Shilvock	50
Ron Turco*	66
anyone else Write In:	1
happy pholt Write In:	1
Write In:	
Write In:	
<b>Bylaw Restatement</b>	<b>Totals</b>
Yes: Approve	55
No: Disapprove	7

# EXHIBIT 24

RANCHO SERRANO HOMEOWNERS ASSOCIATION  
BOARD OF DIRECTORS  
ADJOURNED ANNUAL MEETING  
April 28, 2015  
MINUTES

RECEIVED JUL 30 2015

Meeting Location: The Avalon Management Group, 43529 Ridge Park Drive, Temecula, California.

Directors in Attendance:

Ron Turco, President  
Ron Madison, Vice-President  
Darlene Kuhn, Secretary/Treasurer  
Brian Main, Member

Directors not in Attendance:

Harry Shilvock, Member

Also in attendance: Nicole Ganz Jamal of HOA Elections of California, Inc., and Sheryl Whitaker, AMS, of Avalon Management Group.

President Ron Turco called the meeting to order.

Nicole Ganz Jamal of HOA Elections of California, Inc. reported that a quorum was confirmed and exceeded the 25% necessary to hold the elections, and majority necessary for the vote for the ByLaws.

Management showed proof of Notice of Meeting.

Upon a motion made properly, seconded and unanimously carried, the reading of the April 2, 2014 Adjourned Annual Meeting Minutes was dispensed of and they were approved as written.

The Board acknowledged the Inspector of Elections: Nicole Ganz Jamal of HOA Elections of California, Inc.

Management announced the following Board candidates: Darlene Kuhn, Harry Shilvock, and Ron Turco.

Nominations were open to the floor by the Inspector of Elections, with no nominations.

A motion was made, seconded and unanimously approved to close nominations from the floor.

HOA Elections reviewed the voting procedures.

There was no unfinished business requiring action.

There was no new business requiring action.

Open forum of the membership was held.

*Adjourned Annual Meeting Minutes cont., April 28th, 2015*

The results of the election were announced as follows: Darlene Kuhn, Harry Shilvock, and Ron Turco; noted that terms are for two years.


The Inspector of Elections announced the vote for the restatement of the ByLaws; an affirmative majority of the voting power was needed and not obtained, thus the measure failed.


The Board properly made a motion, discussed, and approved to adjourn the meeting at 5:35 p.m.

The new Board tabled the organization meeting, and signing of bank signature cards, for a full board of Directors to be present at the May 2015 Board of Directors meeting.

Respectfully submitted,

Sheryl Whitaker, AMS  
Recording Secretary

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary/Treasurer

# EXHIBIT 25

## Official Results of the Election

### **RANCHO SERRANO HOMEOWNERS ASSOCIATION ADJOURNED ANNUAL MEETING OF THE MEMBERS**

The Association has selected HOA Elections of California, Inc. ("HOA Elections") to act as Inspector of Election. HOA Elections' objective is to conduct the election process professionally and as efficiently as possible on your behalf.

Pursuant to Civil Code 5110, below is the tabulated result of the Adjourned Annual Meeting of the Membership:

1. The Adjourned Annual Meeting was held at the Avalon Management Office, 43529 Ridge Park Drive, Temecula, California, at 5:00 p.m. on April 28, 2015.
2. The number of members in good standing and entitled to vote on matters reported below at the Adjourned Annual Meeting was 120.
3. There were present, in person, by Secret Ballot or by proxy, at said meeting 72 members. A quorum of at least 25% of the voting power was obtained.
4. Registered and received all Proxies and Secret Ballots.
5. Determined the authenticity, validity, and effect of each of the Proxies and Secret Ballots.

Not counted towards quorum: One envelope that was submitted without signature, four envelopes that were duplicates and did not contain a signature and one duplicate envelope.

Not counted were the following: One ballot where votes could not be determined.

6. Determined all challenges and questions in anyway arising in connection with the vote.
7. We were able to tabulate the votes received as set forth below and certify the results of the election to be as follows:

#### Election of Directors

*\*Indicates not properly placed into nomination.*

Darlene Kuhn	73	Anyone Else*	1
Harry Shilvock	50	Harry Pfohl*	1
Ron Turco	66		

#### Restatement of the Bylaws

Yes: Approve	55
No: Disapprove	7

This year there were three (3) positions available for re-election. The three (3) candidates who received the highest votes shall serve a two (2) year term each.

In order for the proposed Restatement of the Bylaws to be successful, an affirmative majority of the voting power was needed, which was not obtained, thus the measure has failed.

Certified: April 29, 2015



# EXHIBIT 26



# RANCHO SERRANO

HOMEOWNERS ASSOCIATION

July 2015 Newsletter

## Association Highlights:

**Update:** Since the Board's April and May meetings, the Board has conducted the Adjourned Annual Meeting and Elections, reviewed the gate maintenance contract, selected Reserve Data Analysis for this year's full on-site reserve study to be conducted, performed a reorganization of the Board, and most importantly, approved the installation of a new Weathertrak System, irrigation controllers with satellite and rain sensors, including flow meters to alert landscapers of irrigation breaks and leaks.

At their June meeting, the Board reviewed the "mandatory drought restrictions" letter issued by Rancho Water for residential and commercial entities. Although the State issued a 25% mandate in water conservation, Temecula Valley received a more restrictive cut back of 36%. Homeowners can see this reflected in the new water bills due out this month, showing a 10% cutback in Tier One for indoor water usage, and a 30% reduction in Tier Two for outdoor water usage. Tier Three is gone, and Tier Four will be billed at a considerably higher rate. Due to this more restrictive mandate, the Board will still be identifying and considering areas within the community common area for landscape renovation.

Also at their June meeting, the Board reviewed and accepted a "Code of Ethics" for Directors of the Board, and approved distribution of a 'Security Handbook' to all Rancho Serrano members. The focus for the July meeting will be a discussion for proceeding with the proposed revisions of the By-Laws. The measure failed after a membership vote. The next step is to decide whether to spend the money to petition the court to allow revisions to be adopted without member vote.

**Security Handbooks:** The Board encourages all residents to read the security handbook distributed in June, and to implement ideas to protect your property, especially given the two recent burglaries within the community. Aside common sense, get to know your neighbors, don't open your doors to strangers, be careful what you post on social media sites, pick up your mail daily, and report any suspicious activity to the Police immediately at (951) 776-1099 ext. 5. Visit [www.riversidesheriff.org](http://www.riversidesheriff.org), click on "crime".



## Important Meeting Dates:



The next regular Board of Directors meeting will be held on **Tuesday, July 28, 2015**, at the Temecula office of Avalon Management at 6:30 p.m. Please join us!

**During "open forum" each homeowner may address the Board for up to three minutes with questions or concerns.**

### Board of Directors:

President, *Ron Turco*

Vice President, *Ron Madison*

Secretary/Treasurer, *Darlene Kuhn*

Member, *Harry Shilvock*

Member, *Brian Main*

## Important Notes:

**Serious Drought:** California Governor Jerry Brown has ordered mandatory water restrictions as the drought continues. He signed an executive order requiring the State Water Resources Control Board to implement measures in cities and towns to cut water usage by 25 percent compared with prior year levels. This move will affect residents, businesses, farmers and other users. The order will also require significant reductions on the part of campuses, golf courses, cemeteries and other large landscapes. In addition, the watering of decorative grasses on public street medians is banned. The restrictions are due to the unprecedented lack of snowpack, as it is way below records. The pressure is on to be more aggressive as the state enters its fourth year of drought.

**Reduce Water Usage:** The Rancho Water tiered rates for outdoor use has been cut for all residents by 30%. There are options to consider in meeting that goal; plant drought-resistant trees and plants, add a layer of mulch around trees and plants to reduce evaporation, consider replacing turf with water efficient plants and shrubs, take advantage of programs currently being offered through Rancho Water for turf removal or free sprinklers/nozzles program (each nozzle saves up to 1,400 gallons per year), use a broom instead of a hose to clean your driveway, install a 'smart' irrigation controller. Remember that any and all changes to front yard landscape require prior approval of the Architectural Committee. See "Drought page" [www.ranchowater.com](http://www.ranchowater.com).





## Helpful Contact Information:

### Avalon Management:

Sheryl Whitaker, email: [sheryl@avalonweb.com](mailto:sheryl@avalonweb.com)  
43529 Ridge Park Drive  
Temecula, CA 92590  
Web site: [www.avalonweb.com](http://www.avalonweb.com)  
(951) 699-2918 ext. 102

### For Architectural Assistance:

Dena Zorotovich ..... (951) 699-2918 ext. 104  
email: [dena@avalonweb.com](mailto:dena@avalonweb.com)

### For Accounting Assistance:

Member Services..... (951) 244-0048 ext. 109  
email: [ar@avalonweb.com](mailto:ar@avalonweb.com)

### Temecula Police:

Parking Violations:..... (951) 776-1099 x 5  
Non-Emergency:..... (951) 696-4357

### Sheriff's Department:

(951) 696-3000 or 1(800) 950-2444

### Street Light Repair:

So. Cal. Edison..... (800) 611-1911

### Reporting Graffiti:

Graffiti Hotline .....(951) 240-4201 or  
[www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti](http://www.cityoftemecula.org/Temecula/Government/CommDev/CodeEnforcement/graffiti)

## Architectural Guidelines

**Remember, you may not begin** any project to the exterior of your home without written formal approval from the Rancho Serrano Architectural Committee. Please refer to Rancho Serrano's Rules & Regulations, 2014 edition, pages 26-30, for details. Rancho Serrano's Rules & Regulations are accessible on the internet at [www.myranchoserrano.com](http://www.myranchoserrano.com). This includes projects such as; exterior paint color changes, **front yard/drought tolerant** landscaping, concrete work, fencing, **any construction**, etc. Once an application is submitted, the Rancho Serrano Committee has thirty days to review. You will receive written notification by mail of either approval or disapproval. Conditions may apply. Per the Rules & Regulations; "all homes shall be kept clean and attractive, and maintained in good condition, repair and regularly painted..." Your home/lot refers to front, sides and back, irrespective of visibility from Redhawk Parkway or Redhawk Golf Course.



## Notes from the Board:

**Let Us Help—Options Available for Payment of Assessments:** Your Association encourages all homeowners to take advantage of Avalon's free auto debit program for payment of monthly assessments. Other options include access to the Rancho Serrano website to pay your assessments online, or payments are happily accepted at either of two locations where you may walk them in, at our Canyon Lake office or more conveniently our Temecula office if you prefer to pay in person. For anyone who is behind in assessments, payment plans are always the best option to assist homeowners in bringing accounts current before additional late and collection fees accrue, or any legal action begins. Late fees accrue at \$10.00 per month, and collection fees at \$5.00 per month after the 15th, and will include an interest penalty.

**For Safety Sake:** Residents small to tall are encouraged to use safety precautions when riding bicycles, scooters, skateboards, roller skates, motorized 'toy' vehicles, and motorcycles! Helmets are required for most by law, and of course for safety sake! Consider attaching a 'flag' to small toy type vehicles so that motorists (cars and trucks) can easily spot you! It is suggested that the streets not be used for recreational purposes.

**Speed Limit:** Rancho Serrano has a speed limit of 25 mph, and is asking for all residents who drive cars and trucks within the community to abide by this very important Rule! Residents come out late afternoons and weekends and may be riding smaller type recreational vehicles within the community. Let's all be safe!

**SPEED  
LIMIT  
25**

**Paint Discount Offer:** Avalon has recently partnered with Innovia and Sherwin Williams to offer our homeowners a discount of 15% on paint and associated paint products from Sherwin Williams! Just go to the Villa Avanti website, look under "news" and print the E-Card attached. Take it to your local Sherwin Williams store to obtain the discount. The discount only applies to full retail priced items. Visit; [www.villaavanti.com](http://www.villaavanti.com).



**Considering Artificial Turf?** Guidelines are being recommended by your Association to ensure that homeowner will obtain the highest quality product, and for the artificial turf to be installed properly. The first recommendation is to research and hire a professional licensed contractor who specializes in installing artificial turf per manufacturers specifications. The soil type, compaction, and weed control are important factors to ensure quality installation. Several companies supply various grades of synthetic turf. Not all grades of artificial turf are designed to be installed outdoors. Research the manufacturer's recommendation and select the material recommended for your conditions.