

MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
MARINA HILLS PLANNED COMMUNITY
ORANGE COUNTY, CALIFORNIA

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR MARINA HILLS PLANNED COMMUNITY is made this 1st day of September, 1987, by TAYLOR WOODROW HOMES CALIFORNIA LIMITED, a California corporation ("TAYLOR WOODROW"), with regard to the following facts:

P R E A M B L E

A. TAYLOR WOODROW (the "Declarant") is the owner of that certain real property located in the County of Orange, State of California, defined in Article I below as the First Subdivision and the Annexable Area.

B. Declarant proposes to develop the First Subdivision and other properties to be later annexed for residential and commercial use and in furtherance thereof desires to establish a general plan for their maintenance, care, use and management.

C. This Master Declaration is designed to create equitable servitudes and covenants applicable to and running with all property made subject hereto. Declarant may cause additional property to be annexed and thereby subject to this Master Declaration by causing to be recorded a Declaration of Annexation. Such Declaration of Annexation shall not conflict with the provisions of this Master Declaration, but may impose further conditions, covenants and restrictions for the operation, protection and maintenance of the property to be annexed, taking into account the unique aspects of such property. Such Declaration of Annexation may provide for a Sub-Association of Owners (as hereinafter defined) with rights and powers reasonably necessary to control the operation and maintenance of the annexed property, including, without limitation, the right to assess the Owners within such annexed property for the cost of such operation and maintenance.

D. Declarant hereby declares that the First Subdivision and those portions of the Annexable Area hereafter becoming subject to this Master Declaration in accordance with the provisions of Article III, below, shall, from the date

declared to be subject to this Master Declaration in accordance with the provisions hereof, be owned, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions and terms hereinafter set forth for the duration hereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and perfection of the First Subdivision, and those portions of the Annexable Area which eventually become subject hereto in accordance with the provisions hereof. The provisions of this Master Declaration are expressly intended to and shall run with the land, and shall until their expiration in accordance with the terms hereof, bind, be a charge upon and inure to the benefit of all of the properties made subject hereto, Declarant and its successors or assigns, and all persons having or acquiring any right, title or interest in such properties, and their heirs, successors, executors, administrators and assigns.

E. Each Owner of any of the property made subject hereto will acknowledge, by acceptance of a deed or other conveyance, or by recordation of a notice of addition thereon, that the covenants, conditions, restrictions and reservations herein are reasonable and that Declarant has a substantial interest to be protected with regard to assuring compliance with, and the enforcement of the covenants, conditions, restrictions and reservations herein.

F. Notwithstanding the foregoing, no provision of this Master Declaration shall be construed as to prevent or limit the right of Declarant to complete development of any property made subject hereto or the construction of any improvements thereon, nor the right of Declarant to maintain model homes, construction, sales or leasing offices or similar facilities on any portion of the property owned by Declarant or the Master Association (as defined herein), nor the right of Declarant to post signs incidental to construction, sales or leasing.

ARTICLE I DEFINITIONS

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

Section 1.1. Annexable Area: "Annexable Area" shall mean the real property described in Exhibit "A", which is attached hereto and incorporated herein by this reference.

Section 1.2. Annexed Land: "Annexed Land" shall mean that portion of the Annexable Area which has been annexed into the property which is subject to this Master Declaration pursuant to Article III hereof.

Section 1.3. Architectural Committee: "Architectural Committee" shall mean the architectural and landscaping committee created pursuant to Article IX hereof.

Section 1.4. Architectural Committee Rules: "Architectural Committee Rules" shall mean the rules adopted by the Architectural Committee pursuant to Article IX hereof.

Section 1.5. Articles: "Articles" shall mean the Articles of Incorporation of the Master Association as filed in the Office of the Secretary of the State of California.

Section 1.6. Association Property: "Association Property" shall mean all Master Association Maintenance Areas and all real and personal property now or hereafter owned in fee by the Master Association.

Section 1.7. Beneficiary: "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgagee or beneficiary.

Section 1.8. Board: "Board" shall mean the Board of Directors of the Master Association, elected in accordance with the Bylaws and the Master Declaration.

Section 1.9. Bylaws: "Bylaws" shall mean the Bylaws of the Master Association, as adopted by the Board and approved by the Members of the Master Association.

Section 1.10. Capital Improvement Assessment: "Capital Improvement Assessment" shall mean a charge against each Owner and his Lot or Condominium, representing a portion of the costs of the Master Association for installation or construction of any improvements on any portion of the Master Association Maintenance Areas which the Master Association may from time to time authorize, pursuant to the provisions of this Master Declaration.

Section 1.11. Close of Escrow: "Close of Escrow" shall mean the date on which a deed or long-term ground lease conveying any portion of the Properties is recorded in the Office of the County Recorder.

Section 1.12. Commercial Area: "Commercial Area" shall mean all of the real property which may be classified from time to time as commercial under a Declaration of Annexation

covering such property. Owners in any such Commercial Area shall be subject to those provisions of this Master Declaration as specifically referred to in such Declaration of Annexation, and such other provisions as may be included in such Declaration of Annexation covering such Commercial Area.

Section 1.13. Common Area: "Common Area" shall mean any portion of the Properties designated as a Common Area for the primary benefit of the Owners of Lots within a particular Planned Development, or the Owners of Condominiums within a Condominium Project, to be owned (a) in common by such Owners (within a Condominium Project) or (b) by a Sub-Association in which all such Owners shall be entitled to membership.

Section 1.14. Common Assessment: "Common Assessment" shall mean the annual charge against each Owner and his Lot or Condominium, representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Association Property and for other Common Expenses, which charge is to be paid by each Owner to the Master Association, as provided herein.

Section 1.15. Common Expenses: "Common Expenses" shall mean and refer to the actual and estimated costs of maintenance, management, operation, repair, replacement and improvement of the Association Property (including unpaid Special Assessments, Common Assessments, Reconstruction Assessments, and Capital Improvement Assessments); costs of any gardening, utilities and other services benefiting the Association Property and any recreational facilities which may be constructed thereon; costs of management and administration of the Master Association, including, without limitation, compensation paid by the Master Association to managers, recreational directors, accountants, attorneys and other employees; costs of bonding Members of the Board; taxes paid by the Master Association; amounts paid by the Master Association for discharge of any lien or encumbrance levied against the Association Property, or any portion thereof; and the costs of any other item designated by the Master Association for any reason whatsoever in connection with the Properties, for the benefit of all of the Owners.

Section 1.16. Condominium: "Condominium" shall mean a condominium located in the Properties as defined in Section 783 of the California Civil Code, or any similar California statute hereafter enacted.

Section 1.17. Condominium Project: "Condominium Project" shall mean a project located in the Properties as defined in Section 1351(f) of the California Civil Code, or any similar California statute hereafter enacted.

Section 1.18. Declarant: "Declarant" shall mean TAYLOR WOODROW HOMES CALIFORNIA LIMITED, a California corporation, its successors, and any other Person to which it shall have assigned any rights hereunder by an express written assignment.

Section 1.19. Declaration of Annexation: "Declaration of Annexation" shall mean any declaration of covenants, conditions and restrictions, or similar document, which may in the future be imposed by Declarant or a Participating Builder or which may have been imposed upon any of the real property included in the Annexable Area and which subjects such property to this Declaration and the jurisdiction of the Master Association.

Section 1.20. Deed of Trust: "Deed of Trust" shall mean a mortgage or a deed of trust, as the case may be.

Section 1.21. Delegate: "Delegate" shall mean a person selected by the Owners within any Planned Development or Condominium Project to represent all of the Owners within such Planned Development or Condominium Project to vote on their behalf, as further provided in this Master Declaration and in the Bylaws.

Section 1.22. Delegate District: "Delegate District" shall mean a geographical area in the Properties in which all of the Members owning Lots or Condominiums shall elect a single Delegate to represent their collective voting power in the Master Association, all as provided herein.

Section 1.23. Family: "Family" shall mean (a) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or (b) a group of not more than five (5) persons not all so related, inclusive of their domestic servants, who maintain a common household in a Residence on a Lot or in a Condominium Unit.

Section 1.24. First Subdivision: "First Subdivision" shall mean the real property described in Section 2.1, below.

Section 1.25. Improvements: "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, walls, fences, walkways, bicycle trails, sprinkler pipes, garages, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment.

Section 1.26. Lot: "Lot" shall mean any lot or parcel of land shown upon any recorded subdivision map or recorded

parcel map of the Properties, including, without limitation, a residential lot or parcel of land and a lot or parcel of land developed as a rental apartment project containing one or more apartment buildings, but excepting any Common Areas, the Master Association Maintenance Areas, Sub-Association Maintenance Areas and any Condominiums.

Section 1.27. Manager: "Manager" shall mean the Person employed by the Master Association, pursuant to the provisions hereof, and delegated the duties, power or functions of the Master Association as limited by the terms hereof.

Section 1.28. Master Association: "Master Association" shall mean the MARINA HILLS PLANNED COMMUNITY ASSOCIATION, a California non-profit mutual benefit corporation, its successors and assigns.

Section 1.29. Master Association Maintenance Area: "Master Association Maintenance Area" shall mean all of the real property, which may include, without limitation, vegetation, equestrian trails, sidewalks, bicycle pathways, the median strip within Marina Hills Drive, recreation buildings and other Improvements, which is located in the Properties to be (a) owned by the Master Association or (b) maintained by the Master Association and so classified in accordance with any Declaration of Annexation, if and after such Declaration of Annexation is recorded.

Section 1.30. Master Declaration: "Master Declaration" shall mean this Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for MARINA HILLS PLANNED COMMUNITY, as it may be amended from time to time.

Section 1.31. Member: "Member" shall mean every Person holding a membership in the Master Association.

Section 1.32. Mortgage: "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Lot, Condominium or other portion of the Properties to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage".

Section 1.33. Mortgagee: "Mortgagee" shall mean a person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. The term "Beneficiary" shall be synonymous with the term "Mortgagee".

Section 1.34. Mortgagor: "Mortgagor" shall mean a person or entity who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor

of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor".

Section 1.35. Notice and Hearing: "Notice and Hearing" shall mean written notice and a public hearing before the forum appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further provided in the Bylaws.

Section 1.36. Owner: "Owner" shall mean the Person or Persons, including Declarant and any Participating Builder, holding a fee simple or long-term leasehold interest of record to a Lot or Condominium, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of any obligation. The fee owner of a Lot on which an apartment building or buildings are or may be constructed shall be deemed to be an "Owner" subject to the terms of this Master Declaration.

Section 1.37. Participating Builder: "Participating Builder" shall mean a Person which acquires a portion of the Properties for the purpose of improving such portion for resale to Owners.

Section 1.38. Person: "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property.

Section 1.39. Planned Development: "Planned Development" shall mean an area of the Properties, other than a Condominium Project or apartment project, which may or may not be defined as a planned development in Section 1351(c) of the California Civil Code.

Section 1.40. Properties: "Properties" shall mean all property which is or may hereafter become subject to this Master Declaration and to the jurisdiction of the Master Association as provided herein.

Section 1.41. Records, Recorded, Filed and Recordation: "Records", "recorded", "filed" and "recordation" shall mean, with respect to any document, the recordation or filing of such document in the Office of the County Recorder.

Section 1.42. Reconstruction Assessment: "Reconstruction Assessment" shall mean a charge against each Owner and his Lot or Condominium, representing a portion of the cost to the Master Association for reconstruction of any portion of the improvements on the Association Property pursuant to the provisions of this Master Declaration.

Section 1.43. Residential Area: "Residential Area" shall mean those portions of the Properties which may be so classified in accordance with Article III.

Section 1.44. Residential Lot: "Residential Lot" shall mean a Lot located within a Residential Area, together with the improvements, if any, thereon intended for use as a single-family residence.

Section 1.45. Residence: "Residence" shall mean a dwelling on a Residential Lot intended for use and occupancy by a single Family.

Section 1.46. Rules and Regulations: "Rules and Regulations" shall mean such rules and regulations as adopted by the Board governing the use and occupancy of the Properties or any portion thereof.

Section 1.47. Special Assessment: "Special Assessment" shall mean a charge against a particular Owner and his Lot or Condominium, directly attributable to the Owner, equal to the cost incurred by the Master Association or those acting under its direction for corrective action, pursuant to the provisions of this Master Declaration.

Section 1.48. Sub-Association: "Sub-Association" shall mean a non-profit mutual benefit California corporation, or unincorporated association, or its successors in interest, organized and established or authorized pursuant to or in connection with a Declaration of Annexation and of which the Membership is composed of Owners of Lots or Condominiums within a portion of the Properties.

Section 1.49. Sub-Association Maintenance Areas: "Sub-Association Maintenance Areas" shall mean any portion of the Properties owned separately by individual Owners (within a Planned Development) over which a Sub-Association has an easement for maintenance purposes.

Section 1.50. Subdivision: "Subdivision" shall mean a parcel of real property which has been divided or separated into Lots, or a single Lot, as shown on a recorded Subdivision Map or recorded Parcel Map.

ARTICLE II FIRST SUBDIVISION

Section 2.1. Property Description: Declarant hereby declares that the following described real property is hereby made subject to this Master Declaration (the "First Subdivision"), and is more particularly described as follows:

Tract 12675 as shown on Map recorded in Book 572, Pages 1, 2 and 3 of Miscellaneous Maps, Official Records of Orange County, California.