

Section 2.2. Land Classification: All that real property described above as the First Subdivision shall be and is hereby designated as the Master Association Maintenance Area.

Section 2.3. Conveyance to Master Association: Declarant hereby covenants for itself, its successors and assigns that fee simple title to the First Subdivision shall be conveyed to the Master Association prior to the Close of Escrow for the sale of the first Lot or Condominium of any Subdivision in the Annexable Area to an Owner. In the event that fee simple title to such property is conveyed to the Master Association, such title shall be conveyed free and clear of all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and except dedications, easements, conditions and reservations then of record including those set forth in this Master Declaration. For purposes of this section, easements for utilities and any easement in favor of the general public over sidewalks or bicycle pathways conveyed to the Master Association for ingress to and egress from any sales office or model home complex of Declarant, shall not constitute a lien or encumbrance, and shall not preclude the conveyance to the Master Association of such property. As each Subdivision in the Properties is developed by Declarant or by a Participating Builder, Declarant covenants for itself, its successors and assigns that it will similarly convey, or cause to be conveyed to the Master Association, an easement over, or title to, any Master Association Maintenance Areas within that Subdivision, prior to or concurrently with the Close of Escrow for the sale to an Owner of the first Lot or Condominium, as the case may be, in that Subdivision.

ARTICLE III ANNEXATION

Section 3.1. By Declarant/Consents: Declarant may, but shall not be required to, from time to time, add to the real property which is covered by this Master Declaration all or any portion of the real property described above as the Annexable Area by recording a Declaration of Annexation with respect to the real property to be annexed ("Annexed Land"). If any proposed annexation under this Section 3.1 shall not be effected prior to the third (3rd) anniversary of the original issuance of the most recently issued Final Subdivision Public Report from the California Department of Real Estate for an increment in the Annexable Area ("Third Anniversary"), then such annexation shall further require the vote or written consent of Delegates representing at least two-thirds (2/3rds) of the total voting power of the Master Association plus two-thirds (2/3rds) of the votes of Members excluding Declarant and all Participating Builders; provided, however, that if any

delay beyond such Third Anniversary is the result of causes beyond the reasonable control of Declarant, then a proposed annexation may be made by Declarant without such vote or written consent of Delegates for the period of such delay but not extending beyond one year following the Third Anniversary without such consent.

Section 3.2. Effect of Annexation: Upon the recordation of a Declaration of Annexation, this Master Declaration shall apply to the Annexed Land in the same manner as if such Annexed Land had originally been subject to this Master Declaration and had originally constituted a portion of the Properties; and thereafter the rights, privileges, duties and liabilities of the parties to this Master Declaration with respect to the Annexed Land shall be the same as with respect to the First Subdivision, and the rights, obligations, privileges, duties and liabilities of the Owners, lessees and occupants of Lots or Condominiums on or in the Annexed Land shall be the same as though the Annexed Land had originally been subject to this Master Declaration; provided, however, that membership rights in the Master Association shall not accompany ownership of property in any Commercial Area.

Section 3.3. FHA/VA Approval: For so long as and provided the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") is insuring or guaranteeing loans on any portion of the Properties, or has agreed to insure or guarantee such loans, then a condition precedent to such annexation shall be that the annexation be in accordance with and approved by the FHA or VA. Moreover, in the event that any Commercial Area is annexed to the Properties, the manner in which such areas shall participate shall be set forth with particularity in the applicable Declaration of Annexation and shall be subject to the prior approval of the FHA, VA and any other applicable agency.

Section 3.4. Declaration of Annexation: Each Declaration of Annexation shall contain at least the following provisions:

(a) A reference to this Master Declaration and any amendments hereof, which shall include the date of recordation and the book and page numbers where this Master Declaration and any amendments hereof are recorded.

(b) A statement that this Master Declaration shall apply to the Annexed Land as set forth herein.

(c) An exact description of the Annexed Land.

(d) The use classification of the Annexed Land.

The provisions of any Declaration of Annexation shall not conflict with the provisions hereof but may impose such further conditions, covenants, restrictions, land uses and limitations as Declarant may deem advisable, taking into account the particular requirements of each increment. This Master Declaration shall control in the event of any conflict between any Declaration of Annexation and the provisions of this Master Declaration, although the documents shall be construed to be consistent with one another to the extent possible.

Section 3.5. Execution of Declaration of Annexation:
For so long as Declarant has the right to annex real property without the approval of the Delegates as provided herein, each Declaration of Annexation relative to real property owned by Declarant must be signed only by Declarant. From and after the date on which any annexation shall require the approval of the Delegates as herein provided, each Declaration of Annexation must also be signed by at least two (2) officers of the Master Association, certifying that such approval has been given.

Section 3.6. Sub-Associations: A Declaration of Annexation may, but need not, provide for the establishment of a Sub-Association, to be composed of Owners of Lots or Condominiums within the real property subject to such Declaration of Annexation.

Section 3.7. Notice of Deletion: Declarant may delete all or any portion of the Annexed Land from the coverage of this Master Declaration and rescind any Declaration of Annexation, provided Declarant is the sole owner of all of the real property described in the Declaration of Annexation to be rescinded, and provided further that such deletion and rescission is in accordance with the provisions of Section 11018.7 of the California Business and Professions Code, or any similar California statute hereafter enacted. Such deletion shall be effective by the recordation of a Notice of Deletion of Territory, signed by Declarant, in the same manner as the Declaration of Annexation to be rescinded was recorded.

ARTICLE IV MASTER ASSOCIATION

Section 4.1. Organization: The Master Association is organized as a California non-profit mutual benefit corporation under the California Non-profit Corporation Law. The Master Association is charged with the duties and vested with the powers prescribed by law and as set forth in the Articles, Bylaws, and this Master Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed