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provided Declarant is the sole owner of all of the real property described in the Declaration of Annexation to be rescinded, and provided further that such deletion and rescission is in accordance with the provisions of Section 11018.7 of the California Business and Professions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of a Notice of Deletion of Territory, signed by Declarant, in the same manner as the Declaration of Annexation to be rescinded was recorded.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

so as to be inconsistent with this Master Declaration. In the event that there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be construed, to the extent possible, so that such provision shall be consistent with the provisions of this Master Declaration. Nothing in this Master Declaration shall prevent the creation, by provision therefor in Declarations of Annexation, of Sub-Associations to assess, regulate, maintain or manage the portions of the Properties subject to such Declarations of Annexation, or to own or control portions thereof for the common use or benefit of the Owners of Lots or Condominiums in the portion of the Properties subject to such Declarations of Annexation.

Section 4.2. Membership: Each Owner of one or more Lots or Condominiums in a Residential Area of the Properties shall be a Member of the Master Association and subject to this Master Declaration, the Articles, the Bylaws, and the Rules and Regulations. An Owner may be a member of a Sub-Association, as well as a Member of the Master Association. Memberships in the Master Association shall not be assignable, except to the successor-in-interest of the Owner, and all memberships in the Master Association shall be appurtenant to the Lot or Condominium owned by such Owner. The memberships in the Master Association shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot or Condominium, and then only to the transferee of title to said Lot or Condominium. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Master Association.

Section 4.3. Easement Over Association Property: An non-exclusive easement of use and enjoyment in and to all Association Property is hereby granted to all Members. Such easement shall be appurtenant to and shall pass with the title to such Lot or Condominium. A Member shall have the right to delegate his rights of use and enjoyment of the Association Property to a lessee or tenant of his Lot or Condominium.

Section 4.4. Delegate System: In order to provide a means by which the Members may vote on matters concerning the Master Association, including the election of Directors, there is hereby established a Delegate system of voting whereby a Member is elected to be a Delegate and thereby empowered to cast votes on behalf of certain Members, all in accordance with the following:

(a) Election of Delegates; Removal. The Properties shall be divided by the Declarant into Delegate Districts. Each Delegate District shall elect one (1) Delegate to the Master Association to exercise the voting power of all of the Members in such Delegate District.

Such Delegate shall serve for a period of one (1) year, or until his successor is elected, whichever is later, unless the Delegate is removed as herein provided. In the event a Delegate District fails to elect a Delegate, the Board may appoint a Delegate to serve until a Delegate is duly elected. The chairman of any meeting at which a Delegate is elected shall certify in writing to the Board the name and address of the Delegate elected, the time and place of the meeting at which the election occurred and the Delegate District which the Delegate represents. A Delegate may be removed without cause by the vote in person or by proxy at any duly constituted meeting of at least a majority of the Members in the Delegate District. Only Members of the Master Association shall be eligible for election as Delegates. Upon termination of any Delegate's membership in the Master Association, such Delegate's term of office shall immediately terminate and a new Delegate shall be elected in his place.

(b) Voting By Members. The election of a Delegate and other actions to be taken by the Members shall be so taken by Members holding a majority of the voting power in such Delegate District in accordance with the voting procedures set forth below:

(i) Voting Classes. Within any such Delegate District, there shall be two classes of voting memberships:

Class A. Initially, Class A Members shall be all Members except Declarant and any Participating Builder. Each Class A Member shall be entitled with respect to single-Family Residential Lots or Condominiums, to one (1) vote for each such Lot or Condominium which he owns within the Delegate District, and, with respect to multiple-Family Lots developed as rental apartments, one (1) vote for each three (3) apartment units included within each Lot owned by that Member in the Delegate District. In the event that there is a fraction remaining after dividing the number of apartment units located on any one Lot in such Delegate District subject to this Master Declaration by the integer three, then the Owner of such Lot shall be entitled to cash one (1) entire vote for such fraction. Declarant and any Participating Builder shall become Class A Members, with regard to Lots or Condominiums owned by Declarant or any Participating Builder upon the conversion of

Class B memberships to Class A memberships as provided below.

Class B. Declarant and the Participating Builders shall be the sole Class B Members. The Class B Members shall be entitled to three (3) times the number of votes to which the Class B Members would have been entitled as a Class A Member. The Class B Members shall cease as to that Delegate District and be converted to Class A Members on the happening of either of the following events, whichever occurs earlier:

(aa) When the total votes outstanding in the Class A memberships for that Delegate District equal the total votes outstanding in the Class B memberships for that Delegate District, or

(bb) Two (2) years from the date of the original issuance of the most recent Public Report by the California Department of Real Estate for any portion of that Delegate District, or

(cc) The tenth (10th) anniversary of the original issuance of the Final Public Report for the first phase of the Properties.

(ii) Record Owners. Those Members appearing, in the Official Records of the County Recorder at 8:00 a.m. on a date fifteen (15) business days prior to the date of any meeting of the Members required or permitted to be held under this subsection (b), as record Owners of Lots or Condominiums located in Delegate District shall be entitled to attend any such meeting, either in person or by proxy. If there is more than one record Owner of any Lot or Condominium, any and all of the Members owning such Lot or Condominium may attend any meeting of the Members, but the vote attributable to the Lot or Condominium so owned shall not be increased by reason thereof. The vote attributable to such Lot or Condominium, and to the Members owning such Lot or Condominium, shall be cast only by the Member holding a majority interest in such Lot or Condominium. No vote may be cast or counted for a Lot or Condominium without a majority Owner until notice has been filed with the Board prior to such meeting indicating who shall be entitled to cast the

vote attributable to such Lot or Condominium. In the event that no such notice has been filed for any Lot or Condominium without a majority Owner, then no vote with respect to such Lot or Condominium shall be cast or counted. In all instances in which the Members owning a Lot or Condominium are husband and wife, unless written notice to the contrary signed by either spouse is given to the Board prior to the meeting, then either one spouse attending in person or by proxy shall be entitled to cast the entire vote attributable to both spouses, but if both spouses attend in person or by proxy and attempt to vote separately, then no vote shall be counted for such Lot or Condominium. In the event of any dispute as to entitlement of any Member to vote or the results thereof, the Board shall act as arbitrators and a decision of a disinterested majority of the Board shall, if rendered in writing, be final and binding as an arbitration award and shall be acted upon in accordance with the California Arbitration Act; provided, however, that the Board shall have no jurisdiction to determine any matters relating to the entitlement of Declarant to vote or the manner of its exercise thereof.

(iii) 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 Board prior to the meeting to which it is applicable. Any designation of a representative to act for a Member may be revoked at any time by written notice to the Board or by attendance in person by said Member at the meeting for which such designation was given. 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 said property is subject to administration in his estate.

(iv) Appurtenant to Lot. The right to vote in any such Delegate District may not be severed or separated from the ownership of the Lot or Condominium 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

Condominium or to a Mortgagee of the Lot or Condominium concerned, for the term of the lease or mortgage, and any sale, transfer or conveyance of such Lot or Condominium to a new Owner 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.

(c) Meetings of Members.

(i) Annual Meeting. There shall be an annual meeting of the Members in any such Delegate District to elect a Delegate to serve for the succeeding year and to vote on such other matters as are properly before the Members, which meeting shall be held not less than ten (10) days nor more than sixty (60) days prior to every annual meeting of the Master Association. The first meeting of the Members in such Delegate District, whether annual or special, shall be held no later than forty-five (45) days after escrow shall have closed for the sale of a majority of the Lots or Condominiums authorized for sale under the first Public Report issued by the California Department of Real Estate for such Delegate District, and in no event shall the first meeting be held later than six (6) months after the Close of Escrow for the sale of the first Lot or Condominium in such Delegate District. Such meeting shall be held in the Delegate District or at such other convenient location on or near the Properties and within the County of Orange, California, as may be designated in the notice of the meeting. Written notice of the time, place and purpose of each annual meeting shall be sent by the Board by first-class mail no later than ten (10) days prior to the meeting to each Member of record within the Delegate District as shown upon the records of such Delegate District upon the date which is twenty (20) days prior to the meeting date.

(ii) Special Meeting. A special meeting of the Members in such Delegate District may be called at any reasonable time and place by written notice (aa) by the Participating Builder, for so long as it is a Class B Member, (bb) by Declarant, for so long as Declarant is the sole Class B Member, (cc) by the Delegate representing Members in such Delegate District, (dd) by the Members in the Delegate District having five percent (5) of the total votes within such Delegate District, or (ee) so long as Declarant or any Participating Builder owns any Lot

or Condominium in such Delegate District, by Members in the Delegate District representing fifteen percent (15%) of the voting power residing in Members other than Declarant. Such notice must be sent by first-class mail to all Members not less than ten (10) days prior to the date fixed for such special meeting, specifying the date, time and place thereof and the nature of the business to be undertaken.

(iii) 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 such Delegate District shall constitute a quorum. If any meeting cannot be held because a quorum is not present, 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. 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 regular meetings.

(iv) Vote Required. Except as provided in Subsection 4.4(c)(v), below, any action authorized hereunder may only be taken at any meeting of such Members in which a quorum is present.

(v) Actions Without a Meeting. The Members may take actions authorized hereunder without a meeting if the Members consent in writing to the action to be taken in accordance with the procedures for actions without a meeting as set forth in the Bylaws.

(d) Voting By Delegates. Each Delegate will be entitled to cast the total number of votes entitled to be cast by the Members within the Delegate District represented by such Delegate, including Declarant and any Participating Builder, after giving effect to the provisions of Subsection 4.4(b)(i) regarding two-class voting and those provisions of the Bylaws regarding cumulative voting. Each Delegate shall cast all of the votes in his or her District in the same proportion, as nearly as possible without counting fractional votes, as the Members actually voting in such Delegate District have voted "for" and "against" such issue. Each Delegate shall be entitled to cast the votes representing each

Member in his Delegate District only during such periods as such Member may be entitled to cast votes for the election of a Delegate as provided herein.

(e) Representation of Owners. Whenever a matter is to be acted upon by the Members, written notice of the substance of the matter shall be given to the Delegates at least sixty (60) days prior to the date on which the matter shall be discussed at a meeting of the Delegates or the date on which the matter shall become effective if adopted without a meeting by written consent of the Delegates. During the 60-day period prior to the meeting of the Delegates called to consider a proposition or the effective date of any unanimous written consent without a meeting, the Delegates shall submit the proposition to a vote of the Members within their respective Delegate Districts.

(f) Presumption of Authority. It will be presumed for all purposes of Master Association business that any Delegate casting votes on behalf of the Members owning Lots or Condominiums in his Delegate District will have acted with the authority and consent of all such Members. All agreements and determinations lawfully made by the Master Association in accordance with the voting procedures established herein, and in the Bylaws, shall be deemed to be binding on all Members, Owners and their respective successors and assigns.

(g) Notice of Votes Cast By Delegate. Each Delegate shall deliver to the chairman of the meeting of the Delegates, or to the Secretary of the Master Association in the case of action to be taken by written consent, a written notice listing (i) the total number of votes belonging to his or her Delegate District, (ii) the total number of votes actually being cast in such Delegate District, (iii) the number of votes in such Delegate District not attributable to Lots or Condominiums owned by Declarant and any and all Participating Builders, and (iv) the total number of votes cast by such Delegate in favor of the matter being voted upon that are attributable to Members other than Declarant and all Participating Builders.

(h) Delegate Appointed by Declarant. Declarant shall have the right to appoint one (1) Delegate to the Master Association, which Delegate shall have only one (1) vote, until the earliest to occur of the following:

(i) At such time as the Close of Escrow to the public shall have occurred for the sale by Declarant and any Participating Builders of at least one

thousand four hundred ninety (1,490) Lots or Condominiums (for purposes of this subsection (i) each apartment unit located on any Lot in the Properties shall count as the sale of one (1) Lot upon the rental or lease of such apartment unit); or

(ii) At such time as neither Declarant nor any Participating Builder has any authority to annex real property in the Annexable Area to the Properties without the consent of the Delegates as provided in Article III; or

(iii) December 31, 2000.

(i) Suspension of Voting Rights. The Board shall have the authority to suspend the voting rights of any Member to vote in any meeting of the Members in any Delegate District, for any period during which the payment of any Common, Capital Improvement or Reconstruction Assessments against such Member and the real property owned by such member remains delinquent, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay Assessments provided for herein.

ARTICLE V

FUNCTIONS OF MASTER ASSOCIATION

Section 5.1. Powers and Duties: The Master Association shall have all of the powers of a California non-profit mutual benefit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws or this Master Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Master Association under and by virtue of this Master Declaration, the Articles, and the Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Master Association. Without in any way limiting the generality of the foregoing provisions, the Master Association shall have the power and obligation at any time:

(a) Meetings; Appointment of Delegates. To take such actions as necessary to notice and conduct meetings of the Members and to appoint Delegates in accordance with Section 4.4, above.