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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN

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FOR
ORCHARD GLEN

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS is made by CENTEX HOMES, a Nevada general partnership. The capitalized terms used in the Preamble below are defined in Article I.

PREAMBLE:

A. Declarant is the owner of real property (*"Phase 1"*) located in the City of Corona, Riverside County, California, described as follows:

> Lots 100 to 109, inclusive, and 130 to 138, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Filed on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

B. Declarant intends to create a "planned development," as defined in Section 1351(k) of the California Civil Code, which is also a "common interest subdivision," which is within the meaning of California Civil Code Section 1351(c), and a "subdivision" as defined in Section 11000 of the California Business and Professions Code. Declarant intends to impose mutually beneficial restrictions under a general plan for subdividing, maintaining, improving and selling the Lots in the Properties for the benefit of all the Lots pursuant to the Davis-Stirling Common Interest Development Act. The general plan of development will include forming an owners association under the California Non-Profit Mutual Benefit Corporations Law to which will be assigned the powers of (1) owning, maintaining and administering the Common Property, (2) administering and enforcing the Governing Documents, and (3) collecting and disbursing the Assessments and charges hereinafter created. Declarant will cause such corporation to be formed to exercise such powers, as required by Section 1363 of the California Civil Code. The Members of the Association will be the Owners in the Properties, as further provided in Article IV herein.

C. The Properties are to be held, conveyed, encumbered, leased, used and improved subject to covenants, conditions, restrictions and easements in this Declaration, all of which are in furtherance of a plan for subdividing, maintaining, improving and selling the Lots in the Properties. All provisions of this Declaration are imposed as equitable servitudes on the Properties. All covenants, conditions, restrictions and easements in this Declaration shall run with and burden the Properties, and be binding on and for the benefit of all of the Properties and all Persons acquiring any interest in the Properties.

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ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 **DEFINITIONS.** Unless otherwise expressly provided, the following words and phrases when used in this Declaration have the following meanings.

1.1.1 **Annexable Territory.** Annexable Territory means the real property described in ***Exhibit A*** which may be made subject to this Declaration pursuant to Article XVI. Any references in this Declaration to Annexable Territory are references to the Annexable Territory as a whole and to portions thereof.

1.1.2 **Annual Assessment.** Annual Assessment means a charge against the Owners and their Lots representing their share of the Common Expenses. The Annual Assessment is a regular assessment as described in California Civil Code Section 1366.

1.1.3 **Articles.** Articles means the Articles of Incorporation of the Association currently in effect. A copy of the Articles is attached as ***Exhibit B***.

1.1.4 **Assessment.** Assessment means any Annual Assessment, Capital Improvement Assessment, Reconstruction Assessment and Special Assessment.

1.1.5 **Association.** Association means Orchard Glen Community Association, a California nonprofit corporation (formed pursuant to the California Nonprofit Mutual Benefit Corporation Law or successor statutes), and its successors-in-interest. The Association is an "association" as defined in Section 1351(a) of the California Civil Code or its successor statutes.

1.1.6 **Association Maintenance Area.** Association Maintenance Area means those Improvements in residential Lots or other real property which are not owned in fee by the Association but which are designated for maintenance by the Association.

(a) ***Generally.*** The Association Maintenance Areas in a Phase may include one or more of the following:

(i) The structural components (including pilasters, caissons, footing and cap) and any surface of the Community Walls that face away from the Lot it encloses or on which it is constructed;

(ii) Landscaping, consisting of softscape and irrigation equipment located on portions of residential Lots, including any parkways located on portions of residential Lots in each phase;

(iii) Any on or off-site easement areas or public property within or adjacent to the Properties required to be maintained by the Association, including any off-site Fuel Modification Zones, as shown on ***Exhibit E*** attached hereto; and

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(iv) The Fuel Modification Zones located on portions of residential Lots, as shown on ***Exhibit F*** attached hereto. There are no Fuel Modification Areas in Phase 1.

(b) ***Association Maintenance Areas in Phase 1.*** The Association Maintenance Areas in Phase 1 include (i) the yard and slope landscaping located on Lots 100 and 138 in Phase 1, as depicted on ***Exhibit D*** attached hereto, (ii) portions of the Community Wall located on Lots 100 and 138 in Phase 1, as depicted on ***Exhibit G*** attached hereto, and (iii) Lots T, U and V of Tract No. 31995 until conveyance of such lettered lots by Declarant to adjacent homeowners by deed, lot line adjustment or other recorded instrument and the adjacent homeowners have assumed maintenance of Lots T, U and V.

(c) ***Association Maintenance Areas in Future Phases.*** Association Maintenance Areas in each future Phase shall include the items listed in subparagraph (a) above as applicable to the Lots in such Phase. Declarant may designate additional Association Maintenance Areas in a Notice of Addition or Supplemental Declaration.

1.1.7 **Association Maintenance Funds.** Association Maintenance Funds means the accounts created for Association receipts and disbursements pursuant to Article VII.

1.1.8 **Board or Board of Directors.** Board or Board of Directors means the Association's Board of Directors.

1.1.9 **Budget.** Budget means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.1.10 **Bylaws.** Bylaws means the Bylaws of the Association as currently in effect. A copy of the Bylaws as initially adopted by the Board is attached as ***Exhibit C***.

1.1.11 **Capital Improvement Assessment.** Capital Improvement Assessment means a charge against the Owners and their Lots representing their share of the Association's cost for installing or constructing capital Improvements on the Common Area. Capital Improvements Assessments shall be levied in the same proportion as Annual Assessments. Capital Improvement Assessments are special assessments as described in California Civil Code Section 1366.

1.1.12 **City.** City means the City of Corona, California, and its various departments, divisions, employees and representatives.

1.1.13 **Close of Escrow.** Close of Escrow means the date on which a deed is Recorded conveying a Lot pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the DRE.

1.1.14 **Common Area.** Common Area means real or personal property owned in fee by the Association (including the private access roads located over Lots P and Q of Tract No. 31955) and therefore made subject to the restrictions on Common Area established in this Declaration. Any references in this Declaration to Common Area are references to the Common Area as a whole and to portions thereof. The Common Area is "common area" as defined in

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Section 1351(b) of the California Civil Code. Additional Common Area may be annexed to the Properties pursuant to Article XVI. There is no Common Area in Phase 1.

1.1.15 **Common Expenses**. Common Expenses means those expenses for which the Association is responsible under this Declaration. Common Expenses include the actual and estimated costs of and reserves for maintaining, managing and operating the Common Property (including amounts incurred for maintenance imposed on the Association by this Declaration), including:

(a) Common Area and Improvements thereon, including clustered mailboxes; address identification signs; landscaped and irrigated areas, including manufactured and natural slopes exceeding twenty(20) feet in height; private walls; fences; drive approaches and landscaping; private access roads located over Lots P and Q of Tract No. 31955; natural open space areas and Fuel Modification Zones owned in fee by the Association; portions of the Community Wall that are constructed in the Common Area and do not enclose a Lot; and gardening and other services benefiting the Common Area;

(b) The Association Maintenance Areas, including the cost of gardening services; irrigation water and maintenance of landscaping; Fuel Modification Zones not owned by the Association; and the maintenance of portions of the Community wall that are Association Maintenance Areas;

(c) The cost of all utilities (including sewer and water) and mechanical and electrical equipment serving the Common Property;

(d) The costs and fees attributable to managing and administering the Association, compensating the Manager, accountants, attorneys and employees, all insurance covering the Properties and the Directors, officers and agents of the Association, and bonding the members of the Board;

(e) The cost to repair damage to public utility Improvements if caused by the Association during installation, maintenance or repair of private utility Improvements;

(f) Unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments;

(g) Taxes paid by the Association;

(h) Amounts paid by the Association for discharge of any lien or encumbrance levied against the Properties, and

(i) All other expenses incurred by the Association for the Properties, for the common benefit of the Owners.

1.1.16 **Common Property**. Common Property means the Common Area, the Association Maintenance Areas and the Improvements constructed thereon. Any references to the Common Property are references to the Common Property as a whole and to portions thereof.

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1.1.17 **Community Wall**. Community Wall means any wall, sound wall, retaining wall, or fence in the Properties that is maintained entirely or partially by the Association. Party Walls and other fences or walls that are maintained entirely by the Owners are not Community Walls. The Community Walls in Phase 1 are depicted on ***Exhibit G***; however, the obligation to maintain the Community Walls in a particular Phase will not arise until the commencement of Annual Assessments in that Phase or as otherwise directed in this Declaration, or in a Notice of Addition or Supplemental Declaration. Declarant may designate additional Community Walls in a Notice of Addition or Supplemental Declaration. Community Walls in the Properties in general (a) are constructed on or along a tract boundary; or (b) separate a Lot from Common Area or public property; or (c) are constructed entirely within Common Area, or (d) are designated as a Community Wall by Declarant in this Declaration, or in a Notice of Addition or Supplemental Declaration. Party Walls are not Community Walls.

1.1.18 **County**. County means Riverside County, California, and its various departments, divisions, employees and representatives.

1.1.19 **Declarant**. Declarant means Centex Homes, a Nevada general partnership, its successors and any Person to which it shall have assigned any of its rights by an express written assignment. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of Declarant's assets by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise. Declarant shall determine in its sole discretion the time, place and manner in which it discharges its obligations and exercises the rights reserved to it under this Declaration. Declarant is a "builder" as described in California Civil Code Section 1375.

1.1.20 **Declaration**. Declaration means this instrument as currently in effect.

1.1.21 **Design Guidelines**. Design Guidelines mean the rules or guidelines setting forth procedures and standards for submission of plans for Design Review Committee approval.

1.1.22 **Design Review Committee or Committee**. Design Review Committee or Committee means the Design Review Committee created in accordance with Article V.

1.1.23 **DRE**. DRE means the California Department of Real Estate and any department or agency of the California state government which succeeds to the DRE's functions.

1.1.24 **Family**. Family means natural individuals, related or not, who live as a single household in a Residence.

1.1.25 **Fannie Mae**. Fannie Mae means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968 and its successors.

1.1.26 **FHA**. FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

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1.1.27 **Fiscal Year**. Fiscal Year means the fiscal accounting and reporting period of the Association.

1.1.28 **Freddie Mac**. Freddie Mac means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970 and its successors.

1.1.29 **Fuel Modification Plan**. Fuel Modification Plan means the Fuel Modification Plan for the Centex Homes – Orchard Glen Estates – Tract 31955 – Corona, California, prepared by FireWise 2000, Inc., and dated as of March 3, 2006.

1.1.30 **Ginnie Mae**. Ginnie Mae means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development and its successors.

1.1.31 **Governing Documents**. Governing Documents means this Declaration, the Articles, Bylaws, Design Guidelines, Rules and Regulations, Supplemental Declarations and Notices of Addition.

1.1.32 **Improvement**. Improvement means all structures and buildings and any appurtenance thereto and all components thereof, landscaping improvements and plantings, fences and walls, private driveways, private access roads located on Lots P and Q, garages, lighting, signs, irrigation and drainage facilities. The Design Review Committee may identify additional items that are Improvements.

1.1.33 **Include, Including**. Whether capitalized or not, include and including means "includes without limitation" and "including without limitation," respectively.

1.1.34 **Lot**. Lot means any residential Lot or parcel of land shown on any Recorded subdivision map or Recorded parcel map of the Properties, except the Common Area owned in fee simple by the Association.

1.1.35 **Maintain, Maintenance**. Whether capitalized or not, maintain and maintenance mean "maintain, repair and replace" and "maintenance, repair and replacement," respectively; provided however, that maintain or maintenance shall not include repair and replace(ment) where the context or specific language of this Declaration provides another meaning.

1.1.36 **Maintenance Guidelines**. Maintenance Guidelines means any current written guidelines, setting forth procedures and standards for the maintenance and operation of Common Property or the Lots. Maintenance Guidelines may be provided by Declarant, by the Association, or by any governmental agency. Maintenance Guidelines include any maintenance manual initially prepared at Declarant's direction and containing recommended frequency of inspections and maintenance activities for components of the Common Property or pertaining to a Residence or Lot.

1.1.37 **Manager**. Manager means the Person retained by the Association to perform management functions of the Association as limited by the Governing Documents and the terms of the agreement between the Association and the Person.

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1.1.38 **Membership**. Membership means the voting and other rights, privileges, and duties established in the Governing Documents for members of the Association.

1.1.39 **Model Lot**. Model Lot means a Lot that is being used by Declarant as a sales model, office, design center, or for a similar purpose under a model leaseback agreement.

1.1.40 **Model Lot Sale**. Model Lot Sale means the initial sale of a Model Lot by Declarant to a buyer subject to a model leaseback agreement with the buyer, under which Declarant has the right to use and occupy the Model Lot as a sales model during the marketing of the Properties.

1.1.41 **Model Phase**. Model Phase means a Phase that contains one or more Model Lots. A Model Phase may include one or more Production Lots in addition to the Model Lots.

1.1.42 **Mortgage**. Mortgage means any Recorded document, including a deed of trust, by which a Lot, Lots, or Common Area is hypothecated to secure performance of an obligation.

1.1.43 **Mortgagee**. Mortgagee means a Person to whom a Mortgage is made, or the assignee of the Mortgagee's rights under the Mortgage by a recorded instrument. For purposes of this Declaration, the term Mortgagee shall include a beneficiary under a deed of trust.

1.1.44 **Mortgagor**. Mortgagor means a person who has mortgaged his property. For purposes of this Declaration, the term Mortgagor shall include a trustor under a deed of trust.

1.1.45 **Notice and Hearing**. Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws.

1.1.46 **Notice of Addition**. Notice of Addition means an instrument Recorded pursuant to Article XVI to annex additional real property to the Properties.

1.1.47 **Official Records**. Official Records means the Official Records of the County.

1.1.48 **Operating Fund**. Operating Fund means that portion of the Common Expenses allocated for the daily operation of the Association.

1.1.49 **Operations & Maintenance Plan**. Operations & Maintenance Plan means the Operations & Maintenance Plan for the Properties dated as of October 25, 2005 and prepared by Gonzales Environmental Consulting, LLC. The Operations & Maintenance Plan sets forth a routine maintenance schedule, procedures and standards for the maintenance of the so-called Best Management Practices that are intended to mitigate runoff of silt and pollutants from the Properties into storm drains. The Operations & Maintenance Plan contains recommended frequency of inspections and maintenance activities for the routine maintenance of the debris and water quality basins consisting of vegetation management, including sweeping,

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mowing, trimming and thinning, sediment, litter, trash and debris removal, and vector control. A copy of the Operations & Maintenance Plan is attached as ***Exhibit H***.

1.1.50 **Owner**. Owner means the Person or Persons, including Declarant, holding fee simple interest to a Lot. Each Owner has a Membership in the Association. The term "Owner" includes sellers under executory contracts of sale but excludes Mortgagees. The term "Owner" may be expanded in a Supplemental Declaration to include other Persons.

1.1.51 **Party Wall**. Party Wall means any wall or fence that separates adjacent Lots.

1.1.52 **Person**. Person means a natural individual or any legal entity recognized under California law. When the word "person" is not capitalized, the word refers only to natural persons.

1.1.53 **Phase**. Phase means each of the following: (a) Phase 1, (b) all the real property covered by a Notice of Addition for which a Final Subdivision Public Report has been issued by the DRE, and (c) real property consisting solely of Common Area as described in a Notice of Addition. Declarant may otherwise define the term "Phase" in a Notice of Addition or Supplemental Declaration.

1.1.54 **Phase 1**. Phase 1 means all of the real property described in Paragraph A of the Preamble of this Declaration.

1.1.55 **Production Lot**. Production Lot means a Lot that is not a Model Lot.

1.1.56 **Properties**. Properties means (a) Phase 1, and (b) each Phase described in a Notice of Addition. The Properties are a "common interest development" and a "planned development" as defined in Sections 1351(c) and 1351(k) of the California Civil Code. Any references in this Declaration to the Properties are references to the Properties as a whole and to portions thereof.

1.1.57 **Reconstruction Assessment**. Reconstruction Assessment means a charge against the Owners and their Lots representing their share of the Association's cost to reconstruct any Improvements on the Common Area. Such charge shall be levied among all Owners and their Lots in the same proportions as Annual Assessments. Reconstruction Assessments are "special assessments" as described in California Civil Code Section 1366.

1.1.58 **Record or File**. Record or File means, with respect to any document, the entry of such document in Official Records.

1.1.59 **Reserve Fund**. Reserve Fund means that portion of the Common Expenses allocated (a) for the future repair and replacement of, or additions to, structural elements, mechanical equipment and other major components of Association-maintained Improvements, and (b) amounts necessary to cover the deductibles under all insurance policies maintained by the Association.

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1.1.60 **Residence**. Residence means the dwelling unit constructed on a Lot, excluding the garage area, which is designed and intended for use and occupancy as a residence by a single Family.

1.1.61 **Right to Repair Law**. Right to Repair Law means Division 2, Part 2, Title 7 (commencing with Section 895) of the California Civil Code.

1.1.62 **Rules and Regulations**. Rules and Regulations or "Rules" means the current rules and regulations for the Properties.

1.1.63 **Special Assessment**. Special Assessment means (a) a reasonable monetary penalty imposed against an Owner and the Owner's Lot in accordance with California Civil Code Section 1367.1(e), as a disciplinary measure for the failure of an Owner to comply with the Governing Documents, or (b) a monetary charge imposed against an Owner and the Owner's Lot in accordance with California Civil Code Section 1367.1(d) to recover costs incurred by the Association for reimbursement of costs incurred in the repair of damage to Common Property, all as further described in this Declaration.

1.1.64 **Supplemental Declaration**. Supplemental Declaration means an instrument Recorded by Declarant against all or a portion of the Properties in order to supplement, modify, or clarify conditions, covenants, restrictions or easements established under this Declaration. A Supplemental Declaration may affect one or more Lots and Common Area, and it may annex additional real property to the coverage of the Declaration so long as it satisfies the requirements of a Notice of Addition in Article XVI. A Supplemental Declaration may modify this Declaration only as it applies to the property encumbered by the Supplemental Declaration.

1.1.65 **Telecommunications Facilities**. Telecommunications Facilities means Improvements constructed in the Properties, including cables, conduits, ducts, vaults, connecting hardware, wires, poles, transmitters, towers, antennae and other devices now existing or that may be developed in the future to provide Telecommunication Services to the Properties.

1.1.66 **Telecommunications Services**. Telecommunications Services means the reception, distribution or transmission of video, audio, data, telephony, all related vertical services, and any other similar services now existing or that may be developed in the future. Declarant may expand this definition in any Supplemental Declaration.

1.1.67 **VA**. VA means the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to the VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

1.2 INTERPRETATION.

1.2.1 **General Rules**. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for subdividing, maintaining, improving and selling the Properties. As used in this Declaration, the singular includes the plural and the plural

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the singular. The masculine, feminine and neuter each includes the other, unless the context dictates otherwise.

1.2.2 **Articles, Sections and Exhibits**. The Article and Section headings are inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, any references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration. ***Exhibits A*** and ***D*** through ***I*** attached to this Declaration are incorporated in this Declaration by this reference. The locations and dimensions of any Improvements depicted on the Exhibits attached hereto and to any Notice of Addition are approximate only and the as-built location and dimension of any such Improvements shall control.

1.2.3 **Priorities and Inconsistencies**. If there are conflicts or inconsistencies between this Declaration and the Articles, Bylaws, or Rules and Regulations, then the provisions of this Declaration shall prevail; however, the conflicting documents shall be construed to be consistent with the Declaration to the extent possible.

1.2.4 **Supplemental Declarations**. As each Phase of the Properties is developed, Declarant may, concerning that Phase, Record one (1) or more Supplemental Declarations, which shall designate the use classifications within the areas affected and which may supplement this Declaration with such additional covenants, conditions, restrictions and land uses as Declarant may deem appropriate for the real property being annexed thereby. The provisions of any Supplemental Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, land uses and limitations as Declarant may deem advisable, taking into account the particular requirements of each Phase. If there is any conflict between any Supplemental Declaration and the Declaration, the Supplemental Declaration shall control concerning the real property annexed by such Supplemental Declaration.

1.2.5 **Severability**. The provisions of this Declaration are independent and severable. A determination of invalidity, partial invalidity or unenforceability of any one (1) provision of this Declaration by a court of competent jurisdiction does not affect the validity or enforceability of any other provisions of this Declaration.

1.2.6 **Statutory References**. All references made in this Declaration to statutes are to those statutes as currently in effect or to subsequently enacted replacement statutes.

ARTICLE II
MAINTENANCE COVENANTS AND USE RESTRICTIONS

The Properties shall be held, used and enjoyed subject to the following restrictions and subject to the exemptions of Declarant set forth in the Governing Documents.

2.1 REPAIR AND MAINTENANCE.

2.1.1 **Maintenance Standards**. The Association, at all times, shall maintain everything it is obligated to maintain under this Declaration in good repair, condition and appearance, and in a neat, clean and sanitary condition, free from any accumulation of debris or

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waste materials, reasonably consistent with the level of maintenance reflected in the most current Budget, and in conformity with any Maintenance Guidelines and applicable City codes and regulations. Unless specifically provided in any Maintenance Guidelines, the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Property and Improvements thereon. Each Owner shall maintain everything the Owner is obligated to maintain under this Declaration in good repair, condition and appearance, and in a neat, clean and sanitary condition free from any accumulation of debris or waste materials and in conformity with any Maintenance Guidelines and applicable City codes and regulations. Notwithstanding the foregoing, the maintenance standards shall not fall below the City's maintenance standards set forth in Sections 2.1.2 through 2.1.7 below. If there is any conflict between the provisions of the Maintenance Guidelines and this Declaration, the terms of this Declaration shall supercede the Maintenance Guidelines.

2.1.2 **By Owners.**

(a) ***The Lot.*** Each Owner shall maintain at all times, at his sole expense, all of the Owner's Lot, and the Residence and all other Improvements on the Owner's Lot in good repair, condition and appearance, and in a neat, clean and sanitary condition, free from any accumulation of debris or waste materials, and in conformity with any Maintenance Guidelines and applicable City codes and regulations. Such maintenance shall include the entirety of any wall or fence that is not a Community Wall or Party Wall. Each Owner shall pay when due all charges for any utility service separately metered to his Lot. All Owner-maintained landscaping that is visible from other Lots or from the Common Area shall be properly maintained, evenly cut, evenly edged, free of bare or brown spots, debris and weeds above the level of the lawn. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic and root-pruned to prevent root damage to sidewalks, driveways and structures. All Owner-maintained Improvements shall be maintained in accordance with applicable Maintenance Recommendations.

(b) ***Party Walls.*** To the extent not inconsistent with the provisions of this Section, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply.

(i) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing the Owner's Lot.

(ii) Destruction by Fire or Other Casualty. Unless covered by a blanket insurance policy maintained by the Association under Section 8.1, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot affected thereby shall contribute equally to the cost of restoration thereof, without prejudice. However, such an Owner may call for a larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions.

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(iii) Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligence or willful act causes a Party Wall to be exposed to the elements, to deteriorate, or to require repair or replacement shall bear the whole cost of furnishing the necessary protection against such elements or the necessary repairs or replacement.

(iv) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article is appurtenant to the land and passes to such Owner's successors in title.

(c) ***Community Walls.*** The Owner of any Lot that is partially or completely enclosed by a portion of the Community Wall (whether constructed on the Lot or adjacent to the Lot) is responsible for maintaining all interior surfaces of those portions of the Community Wall that enclose the Lot.

(d) ***Other Responsibilities.***

(i) Each Owner shall regularly inspect the Improvements on the Lot for wood-destroying pests, and if such pests are found, the Owner shall be responsible for the costs of eradication and future prevention.

(ii) Each Owner of a Lot with Irrigated Zone 1 "firewise" landscaping fuel treatment measures and/or Thinning Zone 2 areas on such Lot shall be personally responsible for maintaining such areas on their Lot in accordance with City requirements.

(iii) The landscaping located on any Lot must comply with the Recommended Plants for High Fire Hazard Areas. Each Owner must install landscaping on such Owner's Lot in accordance with the Fuel Modification Plan and all other regulations imposed by the City or other governmental agency having jurisdiction over the Properties.

2.1.3 **By Association.**

(a) ***Commencement of Obligations.*** The Association's obligation to maintain the Common Property in a Phase composed solely of Common Property shall commence on conveyance of such Common Property to the Association. The Association's obligation to maintain the Common Property in any Phase that includes Lots commences on the date on which Annual Assessments commence on the Lots in the Phase, unless the terms of the Governing Documents applicable to the real property on which the Common Property is located provide otherwise. Until the Association is responsible for maintaining the Common Property in a particular Phase, Declarant shall maintain such Common Property. The Association must accept ownership of and maintenance responsibility for each portion of Common Property when title and maintenance responsibility are tendered by Declarant, whether in fee simple, by easement or otherwise, and the Association shall execute each deed and any accompanying escrow instructions if requested to do so by Declarant, and it shall execute any bond exonerations when presented if the bonded obligations are satisfied. No Owner shall interfere with the exercise of the foregoing obligations by the Association, or with the rights or obligations of Declarant.

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(b) ***Maintenance Requirements for Certain Improvements.*** Unless specifically provided in the Operations & Maintenance Plan or any Maintenance Guidelines, the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Property. The Association shall be responsible for maintaining the Common Property and for all other maintenance not provided by the Owners pursuant to Section 2.1.1 above or by a governmental entity. All Association-maintained landscaping that is visible from Lots or from the Common Area shall be properly maintained, evenly cut, evenly edged, free of bare or brown spots, debris and weeds above the level of the lawn. All trees and shrubs shall be trimmed so they do not impede pedestrian traffic along the walkways. All trees shall also be root-pruned to eliminate exposed surface roots and damage to sidewalks, driveways and structures. The Association shall maintain all Common Property and all Improvements located thereon, including all walks, private driveways, the private access roads located over Lots P and Q of Tract No. 31955 and other means of private ingress and egress in the Properties. In addition, the Association shall maintain, from and after the first Close of Escrow for the sale of a Lot in the Properties, Lots T, U and V unless such Lots have been conveyed to adjacent homeowners by deed, lot line adjustment or other recorded instrument, and such adjacent homeowners have assumed maintenance of Lots T, U and V.

(c) ***Fuel Modification Zones.*** The Association is responsible for maintaining, in accordance with the Fuel Modification Plan and City requirements, those portions of the Properties, Common Area and off-site or public property that are identified as Fuel Modification Zones in any Supplemental Declaration, Notice of Addition, or in the Fuel Modification Plan. In accordance with the Fuel Modification Plan for the Properties, no combustible structures (e.g., gazebos, patio overhangs, playhouses, room additions, tool sheds or wood fences) or devices that produce flames or sparks (e.g., fire pits, barbecues, outdoor fireplaces or gas heaters for pools or spas) may be placed or constructed on, in or above the combustible restricted zone. The Association shall ensure that only plant materials that are specified in the Fuel Modification Plan shall be installed and maintained in the Fuel Modification Zones and shall not allow trash dumping or disposal of yard trimmings in any Fuel Modification Zones. The Association has the authority to enforce the requirements of the Fuel Modification Plan. The Riverside Resource Conservation District (the ***"Conservation District"***) is responsible for monitoring and overseeing the Association's maintenance of the Fuel Modification Zones along Hagador Canyon Creek and Tin Mine Canyon Creek. In connection therewith, the Association shall be responsible for financial support to the Conservation District so that long-term maintenance of the Low Fuel Volume Wetland Riparian Area is maintained according to the established management direction for this zone. Lastly, the City's Fire Department will hold the Association accountable for all wildland fire protection issues discussed in the Fuel Modification Plan.

(d) ***Community Wall.*** The Association is responsible for maintaining the structural integrity, cap and exterior surfaces of the Community Wall that face away from the Lot as designated in ***Exhibit G*** and any portions designated for Association maintenance in a Notice of Addition or Supplemental Declaration. The Association is also responsible for all portions of the Community Wall that are constructed entirely in the Common Area, or that separate Common Area from public property, or from other real property lying outside the Properties.

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(e) ***Additional Items***. The Association shall also be responsible for maintaining any Improvements that a majority of the voting power of the Association designates for maintenance by the Association. Such Improvements shall be deemed Common Property and subject to provisions of the Governing Documents that are applicable to the Common Property.

2.1.4 **Landscape Maintenance**. All landscaping in the Properties, including, without limitation, trees, shrubs and other vegetation, drainage and irrigation systems, shall be installed as provided in the landscape plan as approved by the City and shall be permanently maintained in good, first class condition, healthy, without deterioration, free of waste and debris, and in conformity with the landscaping maintenance standards of the City. Dead or diseased plants shall be promptly replaced with landscaping similar in type, size and quality. Automatic irrigation systems shall be properly maintained and other reasonable and adequate landscape maintenance facilities and procedures shall be provided to fulfill the foregoing requirements.

2.1.5 **Driveways/Access Roads**. All private driveways and the private access roads located on Lots P and Q in the Properties shall be regularly swept and cleaned. All asphalt and concrete paved areas shall be repaired, replaced, and re-striped, as necessary, to maintain said pavement at all times in a level and smooth condition. Any traffic or parking signage will be properly maintained.

2.1.6 **Inspections**. The Board shall periodically cause a compliance inspection of the Properties to be conducted by the Design Review Committee to report any violations thereof. The Board shall also cause condition inspections of the Common Property and all Improvements thereon to be conducted in conformity with the Operations & Maintenance Plan and any applicable Maintenance Guidelines, and in the absence of inspection frequency recommendations in the Operations & Maintenance Plan or any applicable Maintenance Guidelines, at least once every three (3) years, in conjunction with the inspection required for the reserve study to be conducted pursuant to the Bylaws, to (a) determine whether the Common Property is being maintained adequately in accordance with the standards of maintenance established in Section 2.1, (b) identify the condition of the Common Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions which may be taken to reduce potential maintenance costs to be incurred in the future. The Board shall, during its meetings, regularly determine whether the recommended inspections and maintenance activities set forth in the Operations & Maintenance Plan and any applicable Maintenance Guidelines have been followed and, if not followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Common Property. The Board shall keep a record of such determinations in the Board's minutes. The Board shall keep Declarant fully informed of the Board's activities under this Section 2.1.6. The Board shall employ, consistent with reasonable cost management, such experts, contractors and consultants as are necessary to perform the inspections and make the reports required by this Section.

2.1.7 **Reporting Requirements**. The Association shall prepare a report of the results of the inspection required by this Section. The report shall be furnished to Owners and Declarant within the time set for furnishing the Budget to the Owners. The report must include at least the following:

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(a) a description of the condition of the Common Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;

(b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;

(c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;

(d) a summary of all reports of inspections performed by any expert or consultant employed by the Association to perform inspections;

(e) a report of the status of compliance with the maintenance, replacement and repair needs identified in the inspection report for preceding years; and

(f) such other matters as the Board considers appropriate.

For a period of ten (10) years after the date of the last Close of Escrow in the Properties, the Board shall also furnish to Declarant (a) the report of each Condition Inspection performed for the Board, whenever such inspection is performed and for whatever portion of the Common Property that is inspected, within thirty (30) days after the completion of such inspection, and (b) the most recent Condition Inspection report prepared for any portion of the Common Property, no later than the date that is ten (10) days after the Association receives Declarant's written request.

2.1.8 **Damage by Owners**. Each Owner is liable to the Association for all damage to the Common Property that is sustained due to the negligence or willful act of the Owner, the Owner's Family, tenants or invitees, and any other Persons who derive their use of the Common Property from the Owner or from the Owner's Family, tenants or invitees. The Association may, after Notice and Hearing, levy a Special Assessment against the Owner representing a monetary charge imposed as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area and facilities for which the Owner or the Owner's Family, tenants or invitees were responsible. The amount of the Special Assessment may include (a) the amount of any deductible payable on the insured portion of the loss (if the Association elects to make a claim under its insurance policy), (b) all costs and expenses actually incurred by the Association to correct damage that is not covered by the Association's insurance or for which no claim has been made, and (c) the amount of the increase in premiums payable by the Association, to the extent the increase is directly caused by damage that was attributed to the Owner or the Owner's Family, tenants or invitees. In accordance with California Civil Code Section 1367.1(d), the Association shall have the power to impose a lien for the foregoing Special Assessment. If a Lot is jointly owned, the liability of its Owners for damage to Common Property is joint and several, except to the extent that the Association and the joint Owners have otherwise agreed in writing.

2.1.9 **Public Nuisance**. The Properties shall be maintained in such manner as to, at a minimum, avoid the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be

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detrimental to public health, safety or general welfare, or such condition or deterioration or disrepair causes appreciable harm or has been truly detrimental to the Properties or improvements within one thousand (1000) feet of any portion of the Properties.

2.1.10 **Enforcement by the City**. In the exercise of its general police power, the City regulates land uses and subdivisions within the City, including certain requirements for the Properties as reflected in the provisions of Section 2.1 of this Declaration. Each Owner acknowledges by acceptance of the deed or other conveyance therefor, whether or not it shall be expressed in any such deed or other instrument, that each of the covenants, conditions and restrictions set forth in this Section 2.1 benefit the City, and that the City has a substantial interest to be protected with regard to assuring compliance with, and enforcement of, these covenants, conditions and restrictions and any amendments thereto. All such covenants, conditions and restrictions shall therefore be enforceable by the City by proceedings at law or in equity or in the following manner:

If in the opinion of the City Manager of the City (or his authorized representative), the Association at any time fails to maintain the Common Property and the Improvements located thereon, in accordance with specified standards of repair, maintenance and cleanliness in accordance with this Section 2.1, the City shall give written notice to the Association (by certified mail, return receipt requested, or by an express mail or delivery service which provides confirmation of delivery date and receipt therefor) specifying the nature of such deficiency (the ***"Notice of Deficiency"***). Such Notice of Deficiency from the City shall be addressed to the Association and shall require that the Association take appropriate corrective action within thirty (30) days of receipt of such Notice of Deficiency unless there exists a hazardous condition creating an immediate possibility of serious injury to persons or property, in which case the time for commencement of correction may be reduced to a minimum of five (5) days. Notwithstanding the foregoing, in the event any corrective action cannot be completed within the time periods set forth in this Section 2.1.10, the Association shall commence such corrective action within the time periods set forth herein and shall diligently pursue such corrective action to completion. The Association shall have the right, within ten (10) days of receipt of such Notice of Deficiency, to file an appeal with the City Council of the City for public hearing before the City Council to consider the reasonableness of the City's requirements as set forth in the Notice of Deficiency. The decision of the City Council on such appeal shall be binding upon all parties but may be appealed by the Association through an appropriate action in any court having jurisdiction. The Notice of Deficiency from the City shall state the anticipated costs that the City would assess against the Association for corrective work to be accomplished, which costs shall be no more than those charged by competitive private industry for similar work. If the Association, within the time set forth in the Notice of Deficiency (subject to extension for such time as may be required to appeal the Notice of Deficiency to the City Council) does not undertake and complete the corrective work required as described in the Notice of Deficiency, the City may (but will not be obligated to) undertake and complete such corrective measures as are set forth in the Notice of Deficiency and assess the costs thereof against the Association. The City may elect to enforce payment of such costs through the procedures set forth in this Declaration for the establishment of assessment liens or through an action at law (which action may be brought without foreclosing or waiving any lien securing such amount).

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2.1.11 **Agreement Between the City and Declarant.** The Declarant, in exchange for granting of the City's approval of this Declaration, hereby agrees to hold, sell and convey the Properties subject to the covenants, conditions, restrictions and reservations contained in this Section 2.1. Declarant also grants to the City the right and power to enforce the covenants, conditions, restrictions and reservations contained in this Section 2.1 against Declarant for violations by Declarant so long as Declarant has an interest in the Properties.

2.1.12 **Other Rights and Remedies of the City.**

(a) In the event of any violation or threatened violation of any of the provisions of this Declaration, then in addition to, but not in lieu of, any of the rights or remedies the City may have to enforce the provisions hereof, the City shall have the right to withhold or revoke, after giving notice of said violation, any building permits, occupancy permits, certificates of occupancy, business licenses and similar matters or approvals pertaining to the Properties or any part thereof or interests therein only as to the violating person or entity or one threatening violation.

(b) Any enforcement rights of the City as described in this Section 2.1 are in addition to and not instead of rights of the City regarding enforcement of City codes and regulations, and the City may use any enforcement vehicle available to it to insure that the Properties do not become a nuisance.

2.1.13 **No Liability of the City.** The failure or refusal of the City to exercise any of the rights or powers conferred by this Section 2.1 will not result in any liability to the City and shall not give rise to a cause of action against the City, its officers and employees, on the part of any person. No officer or employee of the City shall be personally liable to the Declarant, the Association or any Owner, for any default or breach by the City, its officers and employees, under this Declaration.

2.1.14 **Amendments/Termination.** Any termination of this Declaration, and any amendment to any provision of this Section 2.1 or to any other provisions of this Declaration enforceable by the City shall require the prior written consent of the City Manager (or his authorized representative) prior to recording any amendment to this Declaration, which (a) affects the rights of the City under this Section 2.1; (b) affects the Association's obligation to maintain the Common Property as described in this Declaration; (c) redefines or changes the description and/or boundaries of the Common Property as described in this Declaration, or (d) terminates this Declaration. The City's prior written approval shall be recorded concurrently with any such amendment or termination. Any such amendment or termination recorded without the City's written approval shall be null and void.

2.1.15 **Attorney's Fees.** In any action brought by the City to enforce the provisions of Section 2.1 of this Declaration, the prevailing party will be entitled to receive its attorney's fees and costs, in addition to such other relief as may be granted. In addition, the City shall be entitled to receive its attorney's fees and costs expended in connection with (a) enforcement of this Section 2.1 in a court of law or alternative dispute resolution process, and (b) any settlement procedure as may be ordered by the court where the City is the prevailing party.

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2.1.16 **Stormwater Pollutant Control.**

(a) ***Stormwater Pollutant Control.*** The Properties are subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System (***"NPDES"***), adopted in accordance with the Federal Clean Water Act. In 1999, the California State Water Resources Control Board (***"SWRCB"***) enacted a new statewide General Permit for Storm Water Discharges Associated with Construction Activity (***"General Permit"***). The General Permit imposes a comprehensive series of requirements on developers and builders to file a Storm Water Pollution Prevention Plan (***"SWPPP"***) with the Regional Water Quality Control Board. The SWPPP includes so-called Best Management Practices (***"BMPs"***) that are intended to mitigate runoff of silt and pollutants from the Properties into storm drains. Some BMPs apply to activities undertaken by the Association and Owners, and the Association and the Owners are required to comply with the applicable BMPs. The SWPPP includes specific maintenance schedules for post-construction operation of the BMPs that may impose long-term maintenance obligations on the Association and each Owner in the Properties. The BMPs are in addition to any local ordinances established by the City and any rules and regulations imposed by the Association with regard to discharge of non-storm water into storm drains.

(b) ***Duties and Obligations of the Association.*** To reduce and/or eliminate negative effects on the environment within the Properties, and in order to comply with federal, state and local requirements, the Association shall:

(i) Ensure that (A) irrigation equipment in the Common Property shall include water sensors and programmable irrigation times allowing for short cycles, (B) replacement plants installed by the Association in the Common Property are the same as or similar to those plants that were originally installed by Declarant, (C) water-permeable surfaces originally installed by Declarant in according with the approved landscape plans are maintained free of debris and in good working order to promote surface filtration of storm water and irrigation runoff, and (D) maintenance of native and drought-tolerant plants originally installed on permanent slopes in accordance with the approved landscaping plans. The Association shall ensure the maintenance of the Common Property drainage facilities, including the routine maintenance of debris and water quality basins, retention basins, litter removal, sedimentation removal and vegetation removal, in accordance with the terms and routine maintenance schedule in the Operations & Maintenance Plan and any maintenance covenant and declaration approved by the City;

(ii) Contract with a contractor to periodically perform all required activities to minimize the pollution of storm drain water and comply with the BMPs and NPDES requirements, which generally shall include the following: (A) maintain stenciling on all on-site storm drain inlets, "ONLY RAIN DOWN THE STORM DRAIN," if applicable; (B) minimize irrigation runoff by using controllers to provide several short watering cycles; (C) immediately correct any irrigation design or maintenance deficiencies which cause excessive runoff; (D) prohibit application of fertilizers within three (3) days prior to an anticipated rain; (E) follow all fertilizer applications with light irrigation to permit fertilizer to soak into the landscaped area; and (F) dispose of waste properly;

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(iii) Clean out all low-flow storm drains at least twice each year, once prior to October 1 (i.e., before the rainy season) and once in January, and conduct any additional cleanings, as may be required by the City Engineer; and repair any damage to storm drains within the Properties.

(iv) Enforce, to the maximum extent practicable, compliance by Owners with the duties and obligations described in subsection (i) above, including implementation of fines or other penalties for confirmed violations by Owners;

(v) Keep available for review and distribution to Owners (if requested) copies of all NPDES requirements, BMPs, and any other permits or requirements specifically applicable to the Properties; and

(vi) The Association will assure that the retention basins, catch basins, debris basins and water quality basins are inspected and maintained in accordance with City requirements, the Operations and Maintenance Plan, any NPDES permit or other storm water permits, SWPPP and/or applicable post-construction BMPs. The Association acknowledges that the existence of catch basins may create impacts including the potential for odors, storm runoff overflow and water hazards.

The cost of the Association's portion of such maintenance, if any, shall be treated as a Common Expense.

(c) ***Duties and Obligations of the Owners.*** To reduce and/or eliminate negative effects on the environment within the Properties and in order to comply with federal, state and local requirements, all Owners and occupants shall:

(i) Coordinate efforts to establish or work with established disposal programs to remove and properly dispose of toxic and hazardous waste products;

(ii) Not discharge toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservatives, and other such fluids into any streets, public or private, or into drainage, storm drain or storm water conveyance systems. Use and disposal of pesticides, fungicides, herbicides, insecticides, fertilizers and other such chemical treatments shall meet federal, state, City and County requirements as prescribed on their respective containers;

(iii) Use applicable post-construction BMPs to eliminate or reduce surface pollutants when planning any changes to the landscaping and surface improvements to the Properties;

(iv) Comply with any NPDES requirements; and

(v) Owners will not alter, obstruct or otherwise interfere with the storm water system, drains, basins or any other storm water related improvements within the Properties.

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(d) ***Rights of the City.*** The City has the following rights with respect to storm water improvements located within the Properties:

(i) The City may inspect all storm water improvements within the Properties (including any located upon portions of the Properties owned by Owners) during reasonable daylight hours (or at any time in the event of emergency) in order to assure that such improvements are being properly maintained as set forth herein and as required by any permits or approvals, rules, regulations or guidelines applicable to the Properties. The Association and the Owners hereby grant in favor of the City an easement for access, ingress and egress with respect to the rights contained in this Section 2.1.16(d)(i).

(ii) The Association will defend, indemnify and hold the City free and harmless with respect to any failure by the Association or individual Owners/occupants with respect to maintenance of the storm water improvements as set forth herein. The Association's responsibility to indemnify the City shall be limited as follows:

(1) The Association shall have no indemnity obligation concerning the City, its officers, officials, employees, agents and volunteers (the ***"City Indemnitees"***) for any liability, costs, claims, damages, demands, actions, judgments, causes of action, losses, expenses, and any and all damage to any property or injuries to or death of any person(s) (collectively, the ***"Liabilities"***) arising out of that City Indemnitees' negligence or willful misconduct;

(2) The Association shall have no indemnity obligation concerning any Liability after the Association no longer owns any part of the Properties except for any Liability arising out of or incurred in connection with the actions, inaction, negligence or willful misconduct of the Association during the time when the Association owned any part of the Properties; and

(3) Declarant shall have no indemnity obligation concerning any Liability arising out of an act of the Association.

2.2 **SINGLE FAMILY RESIDENCE.** The Residence shall be used as a dwelling for a single Family and for no other purpose.

2.3 **FURTHER SUBDIVISION.** Except as otherwise provided in this Declaration, no Owner may physically or legally subdivide the Owner's Lot in any manner, including dividing such Owner's Lot into time-share estates or time-share uses. This provision does not limit the right of an Owner to (a) rent or lease his entire Lot by a written lease or rental agreement subject to this Declaration, (b) sell such Owner's Lot, or (c) transfer or sell any Lot to more than one (1) Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. Any failure by the tenant of the Lot to comply with the Governing Documents constitutes a default under the lease or rental agreement.

2.4 **RESALE AND RENTAL.** Nothing in this Declaration shall be deemed to (a) prevent an Owner from selling the Lot (subject to any Owner occupancy or anti-speculation requirements that may be separately imposed by Declarant), or (b) prevent an Owner from entering a written lease or rental agreement for occupancy of the Residence and the Lot by a

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single Family, provided that the lease or rental agreement is made expressly subject to this Declaration. Owners may also rent Lots to Declarant for use as sales offices, model homes and parking areas. All lessees, tenants, and their Families, agents and invitees are bound by the Governing Documents when present in the Properties, and any violation of the Governing Documents constitutes a default under the lease or rental agreement. Declarant may not lease any portion of the Common Property to the Owners or the Association.

2.5 BUSINESS AND COMMERCIAL ACTIVITIES.

2.5.1 **Generally.** No Owner or other occupant of the Properties may undertake any activity on any Lot or on any portion of the Common Area for business, commercial or non-residential purposes nor for any other purpose that is inconsistent with the Governing Documents, including manufacturing, storage, vending, auctions, vehicle or equipment repair, any lease or rental agreement under which the Residence would be occupied by numbers of persons in excess of the maximum occupancy permitted under applicable law, and transient occupancy purposes (such as vacation rental, hotel, motel, inn, or similar temporary lodging). Any lease or rental agreement for a term of fewer than thirty (30) days or pursuant to which the lessor provides any services normally associated with transient occupancy shall be deemed to be for transient purposes and prohibited under this Declaration. All of the foregoing activities are prohibited whether they are engaged in full- or part-time, whether they are for-profit or non-profit, and whether they are licensed or unlicensed.

2.5.2 **Exceptions.** This Section shall not be interpreted to prohibit any of the following:

(a) The hiring of employees or contractors to provide maintenance, construction or repair services that are consistent with the Governing Documents;

(b) Rental or leasing of a Residence to Declarant for use as a sales office, model homes or parking area for any period of time;

(c) Exercise by Declarant of any rights reserved to it under Article XV;

(d) The provision of in-home health care or assisted-living services to any resident of the Properties;

(e) The provision of family home child care services as defined in California Health and Safety Code Section 1597.40, *et seq.*, so long as such services comply with all applicable state and local laws, including licensing, inspection and zoning requirements;

(f) The operation of small home-based service businesses that comply with all of the following:

(i) The operator of the business lives in the Residence on a permanent, full-time basis;

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(ii) When conducted in the Properties, business activities take place solely inside the Residence;

(iii) The activity does not generate in-person visits by suppliers or clientele;

(iv) The activity complies with all laws, regulations and ordinances applicable to the Properties, including zoning, health and licensing requirements;

(v) The activity otherwise complies with the Declaration and is consistent with the residential character of the Properties;

(vi) The operator of the business posts no signage anywhere in the Properties;

(vii) There is no visible evidence in the Properties of the activity;

(viii) The activity does not generate noise or odors that are apparent outside the Residence; and

(ix) The business does not increase the Association's liability or casualty insurance obligation or premium; or

(g) Other activities that have been determined by governmental authorities to be consistent with the single-family residential uses in the Properties, including, for example, residential care facilities that are operated in accordance with California Health and Safety Code Section 1566.5.

2.6 **NUISANCES.** Noxious or offensive activities are prohibited in the Properties and on any street abutting or visible from the Properties. The Board is entitled to determine if any device, noise, odor, or activity constitutes a nuisance.

2.6.1 **Nuisance Devices.** Nuisance devices may not be kept or operated in the Properties or on any public street abutting the Properties, or exposed to the view of other Lots or Common Area. Nuisance devices include the following:

(a) All horns, whistles, bells or other sound devices (except security devices used exclusively to protect the security of a Residence or a vehicle and its contents)

(b) Noisy or smoky vehicles, power equipment (excluding lawn mowers and other equipment used in connection with ordinary landscape maintenance), and Restricted Vehicles (defined below);

(c) Devices that create or emit loud noises or noxious odors;

(d) Construction or demolition waste containers (except as permitted in writing by the Committee);

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(e) Devices that unreasonably interfere with television or radio reception to a Lot;

(f) Plants or seeds infected with noxious insects or plant diseases; and

(g) The presence of any other thing in the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners or the Association, (iv) violate any law or provisions of this Declaration or the Rules and Regulations, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.6.2 **Nuisance Activities**. Nuisance activities may not be undertaken in the Properties or on any street abutting the Properties, or exposed to the view of other Lots or Common Area without the Board's prior written approval. Nuisance activities include the following:

(a) Hanging, drying or airing clothing, fabrics or unsightly articles in any place that is visible from other Lots, Common Area or public streets;

(b) The creation of unreasonable levels of noise from parties, recorded music, radios, television or related devices, or live music performance;

(c) The creation of unreasonable levels noise from a barking dog or other animal kept in the Properties (*e.g.*, chronic daily nuisance barking by a dog over extended periods of time);

(d) Repair or maintenance of vehicles or mechanical equipment, except in a closed garage or rear yard screened from view by other Lots or Common Area;

(e) Outdoor fires, except in barbecue grills and fire pits designed and used in such a manner that they do not create a fire hazard;

(f) Outdoor storage of bulk materials or waste materials except in temporary storage areas designated by the Committee;

(g) The failure to maintain any portion of the Properties as set forth in Section 2.1.9 above; and

(h) Any activity which may (i) increase the rate of insurance in the Properties, (ii) result in cancellation of the insurance, (iii) obstruct or interfere with the rights of other Owners, (iv) violate any law or provisions of this Declaration or the Rules and Regulations, or (v) constitute a nuisance or other threat to health or safety under applicable law or ordinance.

2.7 **SIGNS**. Subject to California Civil Code Sections 712, 713 and 1353.6, no sign, advertising device or other display of any kind shall be displayed in the Properties or on any public street in or abutting the Properties except for the following signs:

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2.7.1 entry monuments, community identification signs, and traffic or parking control signs maintained by the Association;

2.7.2 for each Lot, one (1) nameplate or address identification sign which complies with Design Review Committee rules;

2.7.3 for each Lot, one (1) sign advising of the existence of security services protecting a Lot which complies with Design Review Committee rules;

2.7.4 for each Lot, one (1) sign advertising the Lot for sale or lease that complies with the following requirements:

(a) the sign has reasonable design and dimensions (which shall not exceed eighteen (18) inches by thirty (30) inches in size), provided the sign is promptly removed at the close of the resale escrow or the lease, or upon the Owner's withdrawal of the Lot from the resale or lease market;

(b) the sign is of a color, style and location authorized by the Design Review Committee;

2.7.5 for each Lot, a noncommercial sign, poster, flag or banner must comply with the following requirements:

(a) a noncommercial sign or poster must not be more than 9 square feet in size and a noncommercial flag or banner must not be more than 15 square feet in size; and

(b) a noncommercial sign, poster, flag or banner may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces.

2.7.6 other signs or displays authorized by the Design Review Committee.

2.8 PARKING AND VEHICULAR RESTRICTIONS.

2.8.1 **Definitions**. The following definitions shall apply to parking and vehicular restrictions set forth in this Declaration:

2.8.2 **Authorized Vehicle**. An "Authorized Vehicle" is an automobile, a passenger van designed to accommodate ten (10) or fewer people, a motorcycle, or a pickup truck having a manufacturer's rating or payload capacity of one (1) ton or less. The Association has the power to identify additional vehicles as Authorized Vehicles in the Rules and Regulations in order to adapt this restriction to other types of vehicles that are not listed above.

2.8.3 **Restricted Vehicles**. The following vehicles are "Restricted Vehicles:" (a) large commercial-type vehicles (*e.g.*, stake bed trucks, tank trucks, dump trucks, step vans, and concrete trucks), (b) buses, limousines or vans designed to accommodate more than ten (10) people, (c) inoperable vehicles or parts of vehicles, (d) aircraft, (e) boats, jet skis and other water craft, (f) trailers (*e.g.*, trailers designed for horses, boats, motorcycles or other

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equipment or materials), (g) motor homes and recreational vehicles (*e.g.*, fifth-wheels, folding camping trailers, travel trailers, but not including van conversions and truck campers), (g) any vehicle or vehicular equipment deemed a nuisance by the Association, and (h) any other vehicle that is not classified as an Authorized Vehicle. If a vehicle qualifies as both an Authorized Vehicle and a Restricted Vehicle, then the vehicle is presumed to be a Restricted Vehicle, unless the vehicle is expressly authorized in writing by the Association. The Association has the power to identify additional vehicles as Restricted Vehicles in the Rules and Regulations to adapt this restriction to other types of vehicles that are not listed above.

2.8.4 **Parking Restrictions.**

(a) ***Driveways***. If an Authorized Vehicle will not fit in a garage it may be parked in the driveway, provided that the vehicle does not encroach onto the sidewalk or other public or private right-of-way. Driveways and traffic aisles in the Properties shall be kept clear and unobstructed at all times. No vehicles or other obstructions shall project onto such driveways or traffic aisles.

(b) ***Restricted Vehicles***. No Restricted Vehicle may be parked, stored or kept in the Properties except for periods of two (2) hours or less in any 24-hour period during loading, unloading, or emergency repairs. However, a resident may park a Restricted Vehicle in a fenced sideyard if the Restricted Vehicle is screened from view by other Lots and Common Area, or in the garage so long as the garage is kept closed and the presence of the Restricted Vehicle does not prevent any Authorized Vehicle from being parked in the garage or driveway at the same time.

(c) ***Garage Parking***. Each Owner shall at all times ensure that the garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant. The garages shall be used for parking of vehicles and storage of personal property only. No garage may be used for any dwelling, commercial, recreational, or other purpose. Garage doors must be kept closed except as necessary for entry or exit of vehicles or Persons. No vehicle may be parked, stored or left unattended in any common driveway except as reasonably necessary for loading and unloading of passengers or property, or as necessary for emergency repairs.

(d) ***Guest Parking***. Guest parking spaces are for temporary use, not to exceed forty-eight (48) hours, by invitees of residents only. No resident of the Properties may park any vehicle or leave any other property in any guest space. Guest parking spaces are unreserved and unassigned, and they are available on a first-come-first-served basis.

2.8.5 **Repair, Maintenance and Restoration**. No Person may repair, maintain or restore any vehicle in the Properties, unless the work is conducted in the garage with the garage door closed. However, no Person may carry on in any portion of the Properties any vehicle repair, maintenance or restoration business.

2.8.6 **Enforcement**. The Board has the right and power to enforce all parking and vehicle use regulations applicable to the Properties, including the removal of violating vehicles from streets and other portions of the Properties in accordance with California

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Vehicle Code Section 22658.2 or other applicable laws. The City may, but is not required to, enforce such restrictions, rules and regulations, in addition to applicable laws and ordinances.

2.8.7 **Regulation and Restriction by Board.** The Board has the power to: (a) establish additional rules and regulations concerning parking in the Common Area, including designating "parking," "guest parking," and "no parking" areas; (b) prohibit any vehicle parking, operation, repair, maintenance or restoration activity in the Properties if it determines in its sole discretion that the activity is a nuisance; and (c) promulgate rules and regulations concerning vehicles and parking in the Properties as it deems necessary and desirable.

2.9 **ANIMAL REGULATIONS.** No commercial or farm livestock, including poultry, may be kept in the Properties. However, up to two (2) dogs or cats or other common domestic pets may be kept in each Residence, subject to local ordinances and such rules and regulations as may be adopted by the Board. No Person may keep any animal that is determined by the Board to be a nuisance to other residents in the Properties. The Board has the power and discretion to determine whether the types or numbers of animals kept on a Lot are a nuisance, and the Board shall have the power to abate the nuisance through any legal procedure that is available to the Association. Small household pets such as fish and caged birds may be kept in reasonable numbers so long as there is no external evidence of their presence in the Properties. Animals belonging to residents or guests in the Properties must be kept in the Residence or in fenced areas of the Lot. If an animal is taken outside the Lot, it must be kept under the control of a Person capable of controlling the animal, either on a leash or other appropriate restraint. Each Owner shall be absolutely liable to each and all remaining Owners, their families, tenants, residents and guests for damages or injuries caused by any animals brought or kept in the Properties by an Owner, by members of the Owner's Family, or by the Owner's guests, tenants or invitees. Each Owner shall immediately remove any excrement or clean other unsanitary conditions left by the Owner's animals on any portion of the Properties.

2.10 **ANTENNA RESTRICTIONS.** No Person may install on the exterior of any Residence, rooftops, balcony railings or in a yard any antenna or over-the-air receiving device except for an "Authorized Antenna." An Authorized Antenna is (a) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one (1) meter or less in diameter, (b) an antenna designed to receive video programming service, including multi-channel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and is one (1) meter or less in diameter or diagonal measurement, (c) an antenna designed to receive television broadcast signals, or (d) an antenna used to receive and transmit fixed wireless signals. An Authorized Antenna may be mounted on a mast to reach the height needed to receive an acceptable quality signal, subject to local governmental agency permitting requirements for safety purposes. The foregoing definition is not intended to prohibit cordless or wireless telephones, PDAs, computers or other portable wireless data or telephony devices.

2.10.1 **Restrictions on Installation.** The Committee may adopt reasonable restrictions on installation and use of an Authorized Antenna as part of its Design Guidelines in order to minimize visibility of the Authorized Antenna from other Lots. Such restrictions may designate one (1) or more preferred installation locations, or require camouflage such as paint (subject to the antenna manufacturer's recommendations) or screening vegetation or other

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Improvements. However, no restriction imposed by the Committee may (a) unreasonably delay or prevent the installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of the installation, maintenance or use of an Authorized Antenna, or (c) preclude acceptable quality reception.

2.10.2 **Prohibitions on Installation.** The Committee may prohibit the installation of an Authorized Antenna in a particular location if, in the Committee's opinion, the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Committee. The Committee may also prohibit an Owner from installing an Authorized Antenna on any real property which such Owner does not own or is not entitled to exclusively use or control under the Governing Documents. The Committee also has the power to prohibit or restrict the installation of any antenna or other over-the-air receiving device that does not meet the definition of an Authorized Antenna as set forth above.

2.10.3 **Review after Installation.** The Committee may review the location and installation of an Authorized Antenna after it is installed. After its review, the Committee may require that the Authorized Antenna be moved to a preferred location (if one has been designated) for safety reasons or to comply with reasonable restrictions subject to this Section and applicable law.

2.10.4 **Restatement of Applicable Law.** This Section is intended to be a restatement of the authority granted to the Committee under the law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna or over-the-air receiving device shall be interpreted to amend, modify, restate or interpret this Section.

2.11 **TRASH.** Trash must be stored in sanitary trash containers. No trash, trash containers or recyclable materials may be stored in view of other Lots or Common Area. However, trash containers may be set out at curbside for a reasonable period of time on trash collection days (not to exceed twelve (12) hours before and after scheduled trash collection hours). At all other times, Owners must store closed trash containers in the garage or in a fenced yard area, out of sight of other Lots and Common Area, until scheduled collection times. In no event shall any Owner be permitted to dispose of trash or yard trimmings of any kind in any Fuel Modification Zone in or adjacent to the Properties.

2.12 **OWNER-INSTALLED IMPROVEMENTS.**

2.12.1 **Outdoors.** No Person shall install any permanent outdoor Improvements on a Lot if the Improvements are visible from other Lots, or from the streets or the Common Area, without the prior written approval of the Design Review Committee obtained in accordance with Article V and the Rules and Regulations. Examples of outdoor Improvements that require prior Committee approval include the following:

(a) Roof-mounted equipment, including heating, ventilation and air conditioning equipment, vents or ducts;

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(b) Screening structures that are intended to hide roof-mounted Improvements (such Improvements may be hidden from view only by extension of the main structure);

(c) Modifications to the building exteriors including room additions, second-story additions or other cosmetic or structural changes in the architectural elements of the Residence;

(d) Permanently installed athletic equipment, including freestanding basketball standards, backboards attached to a Residence or any other Improvement on a Lot, soccer goals, hockey goals, skate ramps or other such Improvements. However, portable athletic equipment (such as movable basketball standards, soccer goals, hockey goals and skate ramps) may be used in yards or driveways, but when not in use they must be brought indoors or stored out of the view of streets, other Lots and Common Area);

(e) Sunshades, awnings or patio covers, if visible from other Lots, Common Area, or streets;

(f) Accessory structures such as sheds, barns and casitas;

(g) Paint or other surface finishes (unless the paint or finish used is the same as originally used by Declarant on the Improvement or the same as previously approved in writing by the Committee);

(h) Front yard or parkway landscaping and hardscape, including flatwork, fences or walls, or statuary, if visible from other Lots, Common Area or streets; and

(i) Rear yard landscaping and hardscape, including flatwork and fences or walls.

The foregoing list is provided for guidance but it is not intended to be an exhaustive list. The Committee has the power to require prior review and approval of other Improvements that are not listed above. Outdoor patio or lounge furniture, potted plants and portable barbecue equipment may be kept pursuant to the Rules and Regulations.

Persons who intend to install or construct outdoor Improvements on their Lots must consult the Design Review Committee prior to installation to determine if prior review and approval are required. This Section shall not apply to any Improvements installed by Declarant or by the Association, nor shall it apply to maintenance, repair, replacement or reconstruction of existing Improvements by Declarant or by the Association.

2.12.2 **Installation of Rear Yard Landscaping**. Each Owner shall complete the installation of landscaping on the rear yard of the Lot in accordance with a plan approved by the Design Review Committee no later than six (6) months after the Close of Escrow. Each Owner shall obtain all permits necessary and shall comply with all requirements of the City.

2.12.3 **Indoors**. No Owner or other resident of the Properties may apply paint, foil, film, or other reflective material to the glass portion of any window in the Residence.

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2.12.4 **No Liability**. Neither the Declarant nor the Association shall be liable or responsible for any damage that results from Improvements installed, constructed or modified by or at the direction of an Owner. Owners are advised to consult and use qualified consultants and contractors when installing, constructing or modifying Improvements on the Owner's Lot.

2.13 **MECHANICS' LIENS**. No Owner may cause or permit any mechanic's lien to be filed against the Common Property or another Owner's Lot for labor or materials alleged to have been furnished or delivered to such Owner. Any Owner who permits a mechanics' lien to be so filed shall cause the lien to be discharged no later than five (5) days after receipt of written notice to discharge the lien is received from the Board. If the Owner fails to remove a mechanic's lien after written notice from the Board, the Board may discharge the lien and levy a Special Assessment against the violating Owner's Lot to recover the cost of discharge.

2.14 **DRAINAGE**. There shall be no interference with or obstruction of the established surface drainage pattern(s) over any Lot in the Properties, unless an adequate alternative provision is made for proper drainage.

2.14.1 **Established Drainage**. Any alteration of the established drainage pattern must at all times comply with all applicable local governmental requirements. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time of the first Close of Escrow for the sale of the Lot by Declarant, or as shown on any plan approved by the Committee. Established drainage includes drainage from Lot to Lot and to and from property lying outside the Properties.

2.14.2 **Surface Drainage Improvements**. The established drainage system on a Lot may consist of any or all of the following: earthen or concrete drainage swales, concrete channels, catch basins with underground drainage pipelines, roof-mounted gutters or downspouts (collectively, ***"Surface Drainage Improvements"***). Each Owner shall maintain, repair, and replace and keep free from debris or obstructions all Surface Drainage Improvements, if any, located on the Owner's Lot, except those for which a public authority or utility is responsible.

2.14.3 **Sub-Drains**. Owners are advised that Declarant may have installed one or more drain lines beneath the surface of the Lot (each, a ***"Sub-Drain"***). Sub-Drains and appurtenant Improvements constructed or installed by Declarant (if any) provide for collection and drainage of surface waters from each Lot and from elsewhere in the Properties to proper points of disposal.

2.14.4 **Maintenance of Drainage Improvements**. Each Owner must maintain, repair, replace and keep free of debris and obstructions all Surface Drainage Improvements and Sub-Drains located on the Lot, except those for which the Association or a public authority or utility are responsible. To ensure adequate drainage within the Properties, it is essential that the Surface Drainage Improvements and the Sub-Drains, if any, not be modified, removed or blocked without having first made alternative drainage arrangements. Therefore, no Owner may install, alter, modify, remove or replace any Surface Drainage Improvements or Sub-Drains on the Owner's Lot without first making alternative drainage arrangements approved in writing by the Committee and by applicable governmental agencies. Owner-installed irrigation

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systems must be installed and maintained to prevent excess runoff and accumulation of surface water.

2.14.5 **Grading**. The grading design in the Properties should not be altered to redirect surface water flow toward the Lots or onto adjacent property, or to trap water so that it ponds or floods. Grading modifications are subject to law, approval by the Board, and the terms of any Recorded drainage easements.

2.15 **WATER SUPPLY SYSTEM**. No individual water supply, sewage disposal or water softener system is permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any water district having jurisdiction, the City, the Design Review Committee and all other applicable governmental authorities with jurisdiction.

2.16 **VIEW OBSTRUCTIONS**. Each Owner acknowledges that (a) there are no protected views in the Properties, and no Lot is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping (including the growth of landscaping) or other installation of Improvements by Declarant or other Owners may impair the view from any Lot, and each Owner hereby consents to such view impairment.

2.17 **SOLAR ENERGY SYSTEMS**. In accordance with Civil Code Sections 714 and 714.1, each Owner may install a solar energy system (as defined in California Civil Code Section 801.5), on the Owner's Lot to serve his domestic needs, so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances, and (b) the design and location receive the prior written approval of the Design Review Committee.

2.18 **RIGHTS OF DISABLED**. Subject to Article V, each Owner may modify his Residence and the route over the Lot leading to the front door of his Residence, at his sole expense to facilitate access to his Residence by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions which could be hazardous to such persons, in accordance with California Civil Code Section 1360 or any other applicable law.

2.19 **TEMPORARY BUILDINGS**. No outbuilding, tent, shack, shed or other temporary building or Improvement may be placed upon any portion of the Properties either temporarily or permanently, without the prior written consent of the Design Review Committee. No garage, carport, trailer, camper, motor home, recreational vehicle or other vehicle may be used as a residence in the Properties, either temporarily or permanently.

2.20 **COMMON PROPERTY**. The Common Property may not be altered without the Board's prior written consent.

2.21 **MINERAL EXPLORATION AND EXTRACTION**. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted on the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or within five hundred (500) feet of the surface of the Properties. No derrick or other structure designed for use

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in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted on any Lot.

2.22 **POST-TENSION CONCRETE SLABS.** Concrete slabs for Residences constructed in the Properties may be reinforced with a grid of steel cable installed in the concrete slab and then tightened to create extremely high tension. This type of slab is commonly known as a "Post-Tension Slab." Cutting into a Post-Tension Slab for any reason (*e.g.*, to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence, personal injury, or both. Each Owner shall determine if his Residence has been constructed with a Post-Tension Slab and, if so agrees: (a) Owner shall not cut into or otherwise tamper with the Post-Tension Slab; (b) Owner shall not permit or allow any other Person to cut into or tamper with the Post-Tension Slab so long as Owner owns any interest in the Residence; (c) Owner shall disclose the existence of the Post-Tension Slab to any Person who rents, leases or purchases the Residence from Owner; and (d) Owner shall indemnify and hold Declarant and Declarant's agents, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees and costs of court) arising from any breach of this covenant by Owner.

2.23 **FUEL MODIFICATION ZONES.** Fuel modification zones (***"Fuel Modification Zones"***) are areas where combustible vegetation must be cleared or modified in accordance with applicable law. Fuel Modification Zones in future Phases shall be depicted in a Notice of Addition or a Supplemental Declaration. In addition to the foregoing, Lots 1 to 10, inclusive, 26, 31 to 40, inclusive, and Lots 51 to 77, inclusive, are located within two hundred feet (200) of flammable native vegetation and require special fire protection measures, such as fire sprinklers. The Association is responsible for maintaining, in accordance with City requirements, those portions of the Common Area and Association Maintenance Areas identified as Fuel Modification Zones. Construction or maintenance of structural Improvements within or adjacent to Fuel Modification Zones, and installation, maintenance or modification of any landscaping Improvements in Fuel Modification Zones which are inconsistent with any landscape palette required by the City are prohibited. In addition, all landscaping and Improvement plans for any Lots located within a Fuel Modification Zone must be submitted to and approved by the City's Fire Department prior to the installation of such landscaping and/or construction of such Improvements. City setback requirements with respect to the Fuel Modification Zones must be complied with. All Common Area and Association Maintenance Areas over which Fuel Modification Zones are located must conform to fire protection policies and requirements designed to reduce fire danger to structures adjacent to natural areas adopted by the City of Corona Fire Department (***"Guidelines"***). Landscaping, irrigation, structures and other Improvements within or adjacent to Fuel Modification Zones shall be installed and maintained in conformity with the Guidelines. In the event any Common Area Lots are developed in the future, such Lots shall also be subject to any requirements imposed by the Fuel Modification Plan or the City regarding any Fuel Modification Zones.

2.24 **COMBUSTIBLE RESTRICTED ZONE.** Lots 63 to 70, inclusive, of Tract No. 31955 include a combustible restricted zone as described in the Fuel Modification Plan. The Owners shall be responsible for maintenance of the combustible restricted zones that are located on Lots. In accordance with the Fuel Modification Plan, no combustible structures (e.g., gazebos, patio overhangs, playhouses, room additions, tool sheds or wood fences) or devices that

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produce flames or sparks (e.g., barbecues or gas heaters for pools or spas) may be constructed on, in or above the combustible restricted zone.

ARTICLE III
DISCLOSURES

This Article discloses information that was obtained from third-party sources such as consultants, government and public records. No Person should rely on the ongoing accuracy or completeness of the information discussed in this Article because many of the matters discussed below are outside the control of Declarant and the Association. Accordingly, Declarant does not make any guarantee as to the accuracy or completeness of the matters disclosed below. Furthermore, Declarant is under no obligation to update or revise any matter disclosed in this Article. This Article is intended to provide Owners with information known or provided to Declarant as of the date this Declaration was Recorded, to be used as a starting point for further independent investigation.

3.1 **NO REPRESENTATIONS OR WARRANTIES.** No representations or warranties, express or implied, have been given by Declarant, the Association or their agents, in connection with the Properties, its physical condition, zoning, compliance with law, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation of the Properties as a planned unit development, except as expressly provided in this Declaration, as submitted by Declarant to the DRE, as provided by Declarant to the first Owner of each Lot.

3.2 **NATURAL HAZARD ZONE DISCLOSURES.**

3.2.1 **Earthquake Fault Zones.** California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. Declarant has been advised that the Properties are located within an Earthquake Fault Zone as defined by California Public Resources Code Section 2621.9. In addition, Declarant has been advised that the Properties are located within a few hundred feet of the Tin Mine and Main Street segments of the Whittier-Elsinore fault zone, and approximately 22 miles southwest of the San Jacinto fault zone. Owner must evaluate the potential for future seismic activity that might seriously damage an Owner's Lot. A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to Residences, located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an undiscovered fault, could also cause substantial damage.

Declarant makes no representations or warranties as to the degree of earthquake risk within the Properties. Please read "The Homeowner's Guide to Earthquake Safety," and consult with the City, other public agencies, and appropriate experts to evaluate the potential risk.

3.2.2 **Seismic Hazard Zone.** Many portions of California are subject to risks associated with seismic activity. Areas that meet the definition of "Seismic Hazard Zone" in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690, et seq.) are shown on maps that are prepared and released by the California Department of Conservation, Division of Mines and Geology. Such zones may pose an increased risk of damage to property

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from earthquakes and liquefaction. As of the date this Declaration is Recorded, Declarant has been informed that the State of California has not yet produced any seismic hazard zone maps for the Properties. When such maps are released, they will be available for inspection at the offices of the County. Declarant makes no representations or warranties as to whether the Properties are in a Seismic Hazard Zone, or whether seismic activity poses any elevated degree of risk to the Properties. Owners are advised to consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk. For more information concerning seismic activity and risks, read "The Homeowner's Guide to Earthquake Safety."

3.2.3 **State Responsibility Area.** State Responsibility Areas are usually wildland areas that may contain substantial risk of forest fire and hazards. Declarant has been informed that the Properties are located within a State Responsibility Area due to wildland exposure. Government regulations may impose restrictions and requirements on building that could substantially limit or otherwise impact the Owner's right to construct and modify Improvements pursuant to Public Resources Code Section 4125. An Owner's Lot is subject to the maintenance requirements of Public Resources Code Section 4291. It is not the state's responsibility to provide fire protection services to any building or structure located within the State Responsibility Area, unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Public Resources Code Section 4142. These maps are updated periodically, and Declarant makes no representations, guarantees or warranties with respect to any future state responsibility area determinations.

3.2.4 **Supplemental Geologic Hazard Zone.** The Properties are located in a Supplemental Geologic Hazard Zone, as designated by the County of Riverside due to the close proximity of the Chino fault to the Properties. A Supplemental Geologic Hazard Zone is an area that has a high to very high propensity for debris flows during seismic and/or natural conditions. A typical debris flow avalanche begins as a shallow landslide, and during periods of intense rainfall, the landslide material may mobilize as a slurry. If mobilized, the debris flow moves rapidly down slope. The debris is deposited when the flow slows, usually when gentler slopes are reached.

3.3 SOIL CONDITIONS.

3.3.1 **Expansive Soil.** Soil in the Properties are highly expansive in nature. Expansive soil will expand when it becomes wet and contract when it dries out. This expansion and contraction may cause movement, lifting, cracking and distress in slabs, porches, courtyards, sidewalks and other flatwork Improvements. Over-watering the soil or ponding of water adjacent to the foundation of the Residence may cause additional damage to the structures or accelerate the time period over which damage occurs. Imbalances in soil moisture from one Lot to adjacent Lots will contribute to horizontal and vertical movement of the soil. By its very nature, concrete will crack. Since movement of Improvements constructed on expansive soil is normal and will occur, Owners should take this into account in the design of the landscaping and other permitted Improvements installed on the Lots. Contractors, engineers or architects should be advised of the presence of these expansive soils so that their effect may be mitigated by appropriate design and construction techniques.

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3.3.2 **Fill Soil.** Some of the Residences in the Properties are constructed on fill soil in accordance with the recommendations and inspection of licensed civil and soils engineers. Buildings constructed on fill soil will demonstrate some post-placement settlement. A soils report certifying the compaction of fill soil is available for review at the City.

3.3.3 **Corrosive Soil.** Soils in the Neighborhood may be highly corrosive in nature. The corrosive nature of the soil should be taken into account when installing landscaping and other permitted Improvements on the Lot. Corrosive soil may damage buried metals and concrete and should be taken into account in the construction of below grade structures and hardscape. Overwatering soil will exacerbate its corrosivity.

3.3.4 **Soils Experts.** Before installing landscaping and other permitted Improvements on the Lot, Owners must consult with a licensed soils engineer to ensure that such work is constructed correctly in light of current soils conditions. Although consulting with a soils expert may add substantially to the cost of installation of Improvements, failure to do so may result in significant breaking, lifting, separating, tilting or cracking in Improvements.

3.3.5 **Undesired Gases and Other Contaminants.** The aging process of soil and other elements created by nature, as well as building materials developed by man, may create unwanted and undesired gases and other contaminants in homes, both new and previously occupied. In addition, a lower air exchange between outdoor and indoor environments has resulted from construction assemblies built in accordance with energy conservation laws and standards enacted by the State of California. A lower air exchange can result in the build-up of unwanted gases and other contaminants in varying degrees. As the quality of the air we breathe can affect our health, Declarant recommends that Owners frequently air out their Residence by opening the windows.

3.4 **PRIOR AGRICULTURAL USE.** The Properties are located on or near lands that are or were previously used for agricultural purposes, specifically citrus and avocado orchards. By reason of such agricultural use, Owners may be subject to dust, noise and odors and may be exposed to pesticides, herbicides, insecticides and other chemicals. By acceptance of a deed to a Lot, each Owner (for and on their behalf, and the members of their family, tenants, lessees, guests and invitees) expressly acknowledge and accept these existing and future impacts and forever waive any and all causes of actions against Declarant and its respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks.

3.5 **DEBRIS AND WATER QUALITY BASINS.** Debris and water quality basins in the Properties are depicted on ***Exhibit H***. The Association is required to maintain the basins in accordance with the routine maintenance schedule set forth in the Operations & Maintenance Plan as well as any other City or County requirements. The basins are intended to treat and direct pollutant and storm water runoff and are not a recreation area. Owners and other residents are advised to keep children and animals away from the basins and other water quality Improvements at all times. Similar facilities may also be constructed in or near the Properties in the future. Except for Association maintenance personnel or representatives of governmental agencies, no Person may enter the debris and water quality basins for any purpose.

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3.6 **STORM WATER RETENTION BASINS**. Storm water retention basins are planned to be located within the Properties and are part of the storm drainage system. The storm water retention basins are intended to collect storm water and other surface runoff from the Properties. The Association will own and maintain the retention basins, including the landscaping therein in accordance with the Operations & Maintenance Plan as well as any City or County requirements. During periods of heavy rain, the retention basins may fill rapidly with water and debris, and may be hazardous to people and pets. Residents must closely watch children and small animals to prevent accidental drownings and other such injuries around the retention basins. Except for Association maintenance personnel or representatives of governmental agencies, no Person may enter the retention basins for any purpose.

3.7 **SOUND ATTENUATION**. Pursuant to a noise analysis conducted by or on behalf of Declarant, certain lots in the Properties will be constructed with sound attenuation measures. These measures include (i) construction of (A) a minimum six (6) foot high plexiglass noise barrier along the perimeter of the Properties adjacent to Lots located along Foothill Parkway (Lots 41, 49, 50 and 51 of Tract No. 31955), and (B) a minimum five (5) foot high plexiglass noise barrier along the perimeter of any balconies proposed on those Lots located along Foothill Parkway (Lots 41, 49, 50 and 51 of Tract No. 31955), and (ii) and upgraded second floor windows in some homes. In addition, sound attenuation measures may also include the installation of dual glazed windows and the use of air conditioning or mechanical ventilation to circulate air while maintaining windows in a closed condition. Owners shall not alter or modify any sound attenuation measures. Owners acknowledge and understand that the indoor sound attenuation measures will only work as intended if the windows and doors remain closed. Owners further acknowledge that individuals have varying sensitivity to noise, and the sound attenuation measured installed by Declarant may not reduce noise to a level that will satisfy every Owners' expectation.

3.8 **SIGHT DISTANCE RESTRICTIONS**. As required by the City, no structure, fence, wall, sign or other object may be placed or permitted to encroach within those portions of Lots 1, 15, 16, 22, 25, 30, 47, 48, 77, 99, 100, 119, 120 and 157 of Tract No. 31955, designated as a Limited Use Area, as more particularly described on ***Exhibit I*** attached hereto. In addition, trees, shrubs or other plants shall be permitted in those areas designated as a Limited Use Area, provided such trees, shrubs or plants will grow no higher than twelve (12) inches above the ground. The respective Owners of each affected Lot are responsible for ensuring that this condition is satisfied with respect to their Lot, and any violations thereof shall be subject to disciplinary action by the Association.

3.9 **ELECTRIC POWER LINES**. Underground or overhead electric transmission and distribution lines and transformers are located in and around the Properties. The lines and transformers are owned, operated and maintained by Southern California Edison Company. Power lines and transformers produce extremely low-frequency electromagnetic fields ("***ELF-EMF***") when operating. For some time, there has been speculation in the scientific community about health risks associated with living near ELF-EMF sources. In 1992, the United States Congress authorized the Electric and Magnetic Fields Research and Public Information Dissemination Program ("***EMF-RAPID PROGRAM***") to perform research on these issues and to analyze the existing scientific evidence in order to clarify the potential for health risks from exposure to ELF-EMF. In May of 1999, the National Institute of Environmental Health Sciences

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("*NIEHS*") issued a report to Congress summarizing its review of scientific data from over three hundred (300) studies on ELF-EMF health risks. The ELF-EMF studies consist of both epidemiological studies (studies of exposure in human populations) and controlled laboratory experiments on animal and cell models. While some epidemiological studies suggested some link between certain health effects and exposure to ELF-EMF, the laboratory experiments did not support such a link. According to the NIEHS report, the scientific evidence shows no clear pattern of health hazards from ELF-EMF exposure, and the NIEHS report did not find evidence of any link sufficient to recommend widespread changes in the design or use of electrical transmission equipment. However, because the evidence does not clearly rule out any effect, NIEHS advocated continuing inexpensive and safe reductions in exposure to ELF-EMF and endorsed current utility practices regarding design and siting of new transmission and distribution lines. Further information on this subject is available from the Regional EMF Manager, Southern California Edison Company, 1851 West Valencia Drive, Fullerton, California 92833. Additional information on ELF-EMF and copies of the NIEHS report are available from the EMF-RAPID website at http://www.niehs.nih.gov/ emfrapid/home.htm.

3.10 **UTILITY IMPROVEMENTS.** There may be above-ground and subterranean utility Improvements such as transformers, lift stations, water or sewer facilities, telecommunications vaults and other visible Improvements necessary for the delivery of utilities or other services either on or adjacent to each Lot. Each Owner understands that the placement of such Improvements is dictated by the needs of the applicable utility or service provider, and the presence of such Improvements in the Properties is in accordance with easements created prior to or during the development of the Properties. Each Owner, by accepting a deed to a Lot in the Properties, understands that each Lot and portions of the Common Property are subject to one or more such easements for placement of utility Improvements. No Owner may modify, remove or otherwise interfere with utility Improvements on any Lot or other portion of the Properties.

3.11 **MOLD.** Molds are simple, microscopic organisms, present virtually everywhere, indoors and outdoors. Mold can be any color, but is usually green, gray, brown or black. Mold requires a food source (such as paper, wood, leaves or dirt), a source of moisture and a suitable temperature (generally 40-100 degrees Fahrenheit) to grow.

Individuals are exposed to molds on a daily basis, and in most instances there are no harmful effects. However, the buildup of molds in the indoor environment may contribute to serious health problems for some individuals. Due to a variety of factors, including the fact that sensitivities to various types of molds and other potential contaminants vary from person to person, there are currently no state or federal standards concerning acceptable levels of exposure to mold. Sources of indoor moisture that may lead to mold problems include, but are not limited to flooding, leaks, seepage, sprinkler spray hitting the Residence, overflow from sinks or sewers, damp basement or crawl space, steam from shower or cooking, humidifiers, wet clothes drying indoors, watering house plants, and clothes dryers exhausting indoors.

Each Owner should take precautions to prevent the growth of mold in the Residence from these and other sources. Preventative measures include, but are not limited to the following: (1) regularly cleaning the Residence; (2) regularly checking for accumulated moisture in corners and unventilated areas; (3) running fans, dehumidifiers and air conditioners to reduce indoor

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humidity; (4) stopping the source of any leak or flooding; (5) removing excess water with mops or a wet vacuum; (6) moving wet items to a dry, well ventilated area; (7) regularly cleaning and disinfecting indoor and outdoor surfaces that may contain mold; (8) having major appliances, such as furnaces, heat pumps, central air conditioners, ventilation systems and furnace-attached humidifiers inspected, cleaned and serviced regularly by a qualified professional; (9) cleaning the refrigerator, air conditioner and dehumidifier drip pans and filters regularly and ensuring that refrigerator and freezer doors seal properly; and (10) avoiding over-watering of landscaping.

It is the Owner's responsibility to monitor the Residence and Lot on a continual basis for excessive moisture, water and mold accumulation. For additional information regarding mold, please refer to the following websites: California Department of Health Services – http://www.dhs.ca.gov; Centers for Disease Control and Prevention – http://www.cdc.gov/nceh; U.S. Environmental Protection Agency – http://www.epa.gov; Illinois Department of Public Health – http://www.idph.state.il.us; and Washington State Department of Health – http://www.doh.wa.gov.

3.12 **COMMERCIAL PROPERTY**. The Properties are located within the vicinity of property zoned for commercial or industrial uses. The commercial property may be developed to include retail, grocery and other commercial businesses and the industrial property may be developed to include warehouses and other industrial businesses. Potential impacts on Owners and other residents living near these commercial or industrial properties include noise, vibration and traffic from delivery trucks and the public's use of these businesses and light spillage from parking lot lights, lighted signs and other sources. This noise may include noises associated with delivery truck operations and noise generated from parking lot activities, such as car door slamming, brake squealing, alarm activation sounds, engine start-up and other noises typically made by vehicles. These commercial and industrial properties may also generate more traffic and other effects, both during the day and at night, which are not expected to be experienced in a residential community. Declarant has no control over the existing or potential uses of these properties.

3.13 **SPECIAL TAX ASSESSMENT OR MELLO-ROOS COMMUNITY FACILITIES DISTRICTS**. The Properties lies within the boundaries of special tax assessment districts and Mello-Roos Community Facilities Districts which require the levy of a special tax for repayment of bonds issued for the purpose of paying the cost of services or Capital Improvements. The amount of the special tax and any other information pertaining to any such district can be obtained from the County Assessor's office.

3.14 **SUPPLEMENTAL REAL PROPERTY TAXES**. The County Assessor has the authority to reassess new homes after the Close of Escrow based on the difference between its appraised value and the home's unimproved value for the period after escrow closes. The Assessor will issue a supplemental tax bill to Owners for the difference in the taxes due based upon the reassessment. Declarant has no control over the valuation, timing or the amount of the supplemental bill resulting from the reassessment. Owner is solely responsible for the payment of the supplemental tax bill.

The following notice is given pursuant to Section 1102.6c of the California Civil Code:

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"California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any question concerning this matter, please call your local Tax Collector's Office."

Neither Declarant, nor any of its authorized agents, representatives, employees or sales people have made any representations or warranties.

3.15 **HAGADOR CANYON CREEK AND TIN MINE CREEK.** Hagador Canyon Creek and Tin Mine Creek (collectively, the ***"Creeks"***) are located adjacent to the Properties. Owners are advised that the Creeks are public property and they are part of the regional drainage system. It is not suitable for any recreational use. During periods of storm flow, the Creeks will carry fast-moving water. Children and animals must be closely supervised when near the Creeks to prevent accidental drownings and other such injuries.

3.16 **ACCESS FOR ADJACENT PROPERTIES.** Future development may occur along the southern boundary of Tract No. 31955. Adjacent landowners abutting the southern boundary of Tract No. 31955 shall have access to the Properties over Lots H and I of Tract No. 31955. In addition, future development may also occur along a portion of the western boundary of Tract No. 31955. Adjacent landowners abutting the western boundary of Tract No. 31955 shall have access to the Properties over Lot D of Tract No. 31955.

3.17 **EXTENSION OF FOOTHILL PARKWAY.** It is currently anticipated that Foothill Parkway will be extended at some point in the future. Any extension or other construction along Foothill Parkway will increase the number of vehicles traveling on the street and it may increase the level of noise from such vehicles. Declarant has no control over the use, maintenance, operation or extension of or other alterations to Foothill Parkway.

3.18 **PROPERTY LINES.** The boundaries of each Lot in the Properties and the Common Area owned in fee simple by the Association are delineated on subdivision (tract) maps, lot line adjustments or parcel maps that are public records and are available at the County Recorder's office.

3.19 **OFFERS OF DEDICATION.** Portions of the Common Area are subject to irrevocable offers of dedication as shown on the Recorded tract maps for the Properties. The City may accept the offer of dedication and assume responsibility for maintaining these portions of the Common Area at any time. If accepted by the City at a later time, the level of maintenance provided by the City may not be the same as that provided by the Association.

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3.20 **CHANGE IN PLANS.** Declarant has the right to develop the Annexable Territory with Improvements that may be different in design, size, character, style and price from those in Phase 1 or any other Phase.

3.21 **NO ENHANCED PROTECTION AGREEMENT.** No language contained in this Declaration, any Notice of Addition or any Supplemental Declaration shall constitute, or be interpreted to constitute, an enhanced protection agreement (***"EPA"***), as defined in Section 901 of the California Civil Code. Further, no express or implied representations or warranties made by Declarant in any other writing are intended to constitute, or to be interpreted to constitute, an EPA.

3.22 **ADDITIONAL PROVISIONS.** There may be provisions of various laws, including the Davis-Stirling Common Interest Development Act codified at Sections 1350, *et seq.* of the California Civil Code and the Federal Fair Housing Act codified at Title 42 United States Code, Section 3601 *et seq.*, which may supplement or override the Governing Documents. Declarant makes no representations or warranties regarding the future enforceability of any portion of the Governing Documents.

ARTICLE IV
THE ASSOCIATION

4.1 **GENERAL DUTIES AND POWERS.** The Association has the duties and powers enumerated and described in the Governing Documents, in addition to the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the general welfare of the Owners, subject only to the limits on the exercise of such powers listed in the Governing Documents. Unless otherwise indicated in the Articles, Bylaws, this Declaration, or the Supplemental Declarations, the powers of the Association may be exercised by the Board.

4.2 **SPECIFIC DUTIES AND POWERS.** In addition to its general powers and duties, the Association has the following specific powers and duties.

4.2.1 **Common Property.** The power and duty to accept, maintain and manage the Common Property in accordance with the Governing Documents. The Association may install or remove capital Improvements on the Common Property. The Association may reconstruct, replace or refinish any Improvement on the Common Property.

4.2.2 **Utilities.** The power and duty to obtain, for the benefit of the Properties, all water, gas and electric services necessary for the Common Property.

4.2.3 **Granting Rights.** The power to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in the Common Area owned in fee simple by the Association, to the extent any such grant is reasonably required (a) for Improvements to serve the Properties, (b) for purposes of conformity with the as-built location of Improvements installed or authorized by Declarant or the Association, (c) in connection with any lawful lot line adjustment, or (d) for other purposes consistent with the intended use of the Properties. This power includes the right to create and convey easements for one or more Owners over portions

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of the Common Area. The Association may de-annex any portion of the Properties from the encumbrance of the Declaration in connection with any lawful lot line adjustment.

After the Association acquires fee title to or any easement right over Common Area, the affirmative vote of members owning at least sixty-seven percent (67%) of the separate interests in the Lots shall be required before the Board may grant exclusive use of any portion of that Common Area to any member, except as provided in California Civil Code Section 1363.07, as it may be amended. Any measure placed before the members requesting that the Board grant exclusive use of any portion of the Common Area shall specify whether the Association will receive any monetary consideration for the grant and whether the Association or the transferee will be responsible for providing any insurance coverage for exclusive use of the Common Area.

4.2.4 **Employ Personnel**. The power to employ Persons necessary for the effective operation and maintenance of the Common Property, including legal, management and accounting services.

4.2.5 **Insurance**. The power and duty to keep insurance for the Common Area in accordance with this Declaration.

4.2.6 **Sewers and Storm Drains**. The power and duty to maintain any private sewer systems, private storm drains, or private drainage facilities in the Common Area in accordance with the Governing Documents.

4.2.7 **Operations & Maintenance Plan**. The power and duty to operate, maintain and inspect the Common Property, including debris and water quality basins and its various components, in conformity with the Operations & Maintenance Plan and in accordance with City standards and applicable BMPs.

4.2.8 **Maintenance Guidelines**. The power and duty to (a) operate, maintain and inspect the Common Property and its various components in conformity with any Maintenance Guidelines and any maintenance manual, and (b) review any maintenance manual for necessary or appropriate revisions no less than annually after the Board has prepared the Budget.

4.2.9 **Rules and Regulations**. The power, but not the duty, to adopt, amend, repeal and create exceptions to, the Rules and Regulations.

(a) ***Standards for Enforceability***. To be valid and enforceable, a Rule must satisfy all the following requirements:

(i) The Rule must be in writing;

(ii) The Rule is within the authority of the Board conferred by law or by this Declaration, the Articles or the Bylaws;

(iii) The Rule is not inconsistent with governing law, this Declaration, the Articles or the Bylaws;

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(iv) The Rule is adopted, amended or repealed in good faith and in substantial compliance with the requirements of Article 4 of Title 6 of Part 4 of Division 2 of the California Civil Code;

(v) The Rule is reasonable; and

(vi) The Rule complies with the requirements of California Civil Code Section 1357.110 (as amended from time to time).

(b) ***Areas of Regulation***. The Rules and Regulations may concern use of the Properties, signs, parking restrictions, minimum standards of property maintenance, and any other matter under the Association's jurisdiction.

(c) ***Limits on Regulation***. The Rules and Regulations must apply uniformly to all Owners and must comply with this Declaration and all applicable state and local laws. The rights of Owners to display in or on their Residences religious, holiday and political signs, symbols and decorations of the kinds normally displayed in single family residential neighborhoods shall not be abridged. However, the Association may adopt time, place and manner restrictions for such displays if they are visible outside the Residence. No modification to the Rules and Regulations may require an Owner to dispose of personal property that was in compliance with all rules previously in force; however, this exemption shall apply only during the period of such Owner's ownership of the Lot and it shall not apply to: (i) subsequent Owners who take title to a Lot after the modification is adopted; or (ii) clarifications to the Rules and Regulations.

(d) ***Procedure for Adoption, Amendment and Repeal***. Rules or procedures concerning (i) the use of Common Property, (ii) the use of a Lot, including any aesthetic standards or Design Guidelines that affect Lots, (iii) Owner discipline, including any schedule of monetary penalties for violation of the Governing Documents, (iv) any procedure for the imposition of penalties, (v) any standards for delinquent assessment payment plans, and (vi) any procedures adopted by the Association for resolution of assessment disputes (each, a "***Covered Rule***") may only be adopted, amended or repealed in accordance with the following procedure:

(i) The Board must provide written notice ("***Notice***") of a proposed change in a Covered Rule to the members at least thirty (30) days before making the change, except for an Emergency Rule Change (defined below). The Notice must include the text of the proposed change and a description of the purpose and effect of the proposed change (Notice is not required if the Board determines that an immediate change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association);

(ii) The decision on a proposed change shall be made at a Board meeting after consideration of comments made by the members of the Association;

(iii) The Board shall deliver Notice of the adopted change to every member of the Association within fifteen (15) days of adoption. If the change was an

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Emergency Rule Change, the notice shall include the text of the Emergency Rule Change, and the date on which the Emergency Rule Change expires;

(iv) If the Board determines that an immediate Rule change is required to address an imminent threat to public health or safety, or an imminent risk of substantial economic loss to the Association, it may make the change on an emergency basis (***"Emergency Rule Change"***) and no Notice will be required. An Emergency Rule Change is effective for one hundred-twenty (120) days, unless the adopted change provides for a shorter effective period. Any change that is adopted as an Emergency Rule Change may not be re-adopted under authority of this subpart;

(v) A Notice required by this Section 4.2.9(d) is subject to California Civil Code Section 1350.7;

(vi) A Rule change made pursuant to this Section 4.2.9(d) may be reversed as provided in California Civil Code Section 1357.140.

The foregoing procedure does not apply to Rules that do not meet the definition of Covered Rules above, nor to decisions of the Board regarding maintenance of Common Property, a decision on a specific matter that is not intended to apply generally, a decision setting the amount of an Annual Assessment or a Special Assessment, a Rule change that is required by law if the Board has no discretion as to the substantive effect of the changes, or issuance of a document that merely repeats existing law or the Governing Documents.

4.2.10 **Borrowings**. The power, but not the duty, to borrow money for purposes authorized by the Articles, Bylaws, Declaration, any Supplemental Declarations or any Notice of Addition, and to use the Common Area owned in fee simple by the Association as security for the borrowing.

4.2.11 **Contracts**. The power, but not the duty, to enter into contracts. This includes contracts with Owners or other Persons to provide services or to maintain Improvements in the Properties and elsewhere which the Association is not otherwise required to provide or maintain by this Declaration.

4.2.12 **Telecommunications Contract**. Notwithstanding anything in the Governing Documents to the contrary, the Board shall have the power to enter into, accept an assignment of, or otherwise cause the Association to comply with the terms and provisions of an exclusive telecommunications services contract (***"Telecommunications Contract"***) with a telecommunications service provider (***"Service Provider"***), pursuant to which the Service Provider shall serve as the exclusive provider of Telecommunications Services to each Lot in the Properties. The Board shall only enter into, accept an assignment of, or otherwise cause the Association to comply with the terms of the Telecommunications Contract if the Board determines that the Telecommunications Contract is in the best interests of the Association. Although not exhaustive, the Board shall consider the following factors in making such a determination:

(a) ***Initial Term and Extensions.*** The initial term of the Telecommunications Contract should not exceed five (5) years, and, if the Telecommunications

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Contract provides for automatic extensions, the length of each such extension should also not exceed five (5) years.

(b) ***Termination.*** The Telecommunications Contract should provide that: (i) at least six (6) months prior to the expiration of either the initial or any extended term of the Telecommunications Contract, the entire Membership of the Association may, with the vote or written approval of at least sixty percent (60%) of all Members other than Declarant, prevent any automatic extension that the Telecommunications Contract may provide for (with or without cause), and thereby cause the Telecommunications Contract to expire, and (ii) at any time, the Board may terminate the Telecommunications Contract if, in the sole discretion of the Board, the Service Provider fails to provide quality, state-of-the-art Telecommunications Services.

(c) ***Fees.*** Whether the monthly fee charged to the Association by the Service Provider for the provision of the Telecommunications Services to all of the Lots represents a discount from the comparable retail fees charged by the Service Provider in the general geographic area in which the Properties are located, and, if so, the amount of such discount.

(d) ***Installation of Telecommunications Facilities.*** Whether the Service Provider is solely responsible for the installation, and the cost thereof, of all of the Telecommunications Facilities necessary to provide Telecommunications Services to each Lot.

(e) ***Removal of Telecommunications Facilities.*** Whether the Service Provider has the right to remove the Telecommunications Facilities upon expiration or termination of the Telecommunications Contract.

4.2.13 **Indemnification.**

(a) ***For Association Representatives.*** To the fullest extent authorized by law, the Association has the power and duty to indemnify Board members, Association officers, Design Review Committee members, and all other Association committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such person reasonably believed to be the scope of the Person's Association duties (***"Official Act"***). Board members, Association officers, Design Review Committee members, and all other Association committee members are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section. The entitlement to indemnification under this Declaration inures to the benefit of the estate, executor, administrator and heirs of any person entitled to such indemnification.

(b) ***For Other Agents of the Association.*** To the fullest extent authorized by law, the Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

(c) ***Provided by Contract.*** The Association also has the power, but not the duty, to contract with any Person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Association may impose.

4.2.14 **Annexing Additional Property.** The power, but not the duty, to annex, pursuant to Section 16.2, additional property to the Properties encumbered by this Declaration.

4.2.15 **Vehicle and Parking Restrictions.** The power granted in Section 2.8 to identify Authorized Vehicles or Restricted Vehicles and to modify the vehicle and parking restrictions in the Governing Documents.

4.2.16 **License and Use Agreements.** The Association may enter into agreements with Declarant or any homeowners association having jurisdiction over the Annexable Territory to share facilities located on the Common Area (***"Facility"***) with the Owners of Residences in the Annexable Territory that is not annexed to the Properties. Any such agreement shall be in form and content acceptable to Declarant, the Board of Directors (without the approval of Owners) and Declarant or the board of directors of any adjacent homeowners association and shall include provisions regarding use and sharing of maintenance costs for the Facility.

4.2.17 **Landscaping.** The Board has the power, but not the duty, to grant Owners revocable licenses that allow Owners to replace and/or add landscaping Improvements to any portion of the Common Area, subject to the prior written approval of the Board, any reasonable restrictions or conditions the Board may impose, and the right of the Board to revoke such license, remove the Improvements and charge the Owner for the cost of such removal.

4.2.18 **Prohibited Functions.**

(a) ***Off-site Nuisances.*** The Association shall not use any Association funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Properties.

(b) ***Political Activities.*** The Association shall not conduct, sponsor, participate in or expend funds or resources toward any activity, campaign or event, including any social or political campaign, event or activity which does not directly and exclusively pertain to the authorized activities of the Association. Furthermore, the Association shall not participate in federal, state or local activities or activities intended to influence a governmental action affecting areas outside the Properties (e.g. endorsement or support of legislative or administrative actions by a local governmental authority), nor shall it support or campaign for or against candidates for elected or appointed office or ballot proposals. There shall be no amendment of this Section so long as Declarant owns any portions of the Properties.

4.2.19 **Standing to Resolve Disputes.** The Association shall have standing to institute, defend, settle or intervene in litigation, alternative dispute resolution or administrative proceedings (each, an ***"Action"***) in its own name as the real party in interest and without joining the Owners, in matters pertaining to (a) damage to the Common Area, (b) damage to portions of

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the Lots which the Association is obligated to maintain or repair, and (c) damage to portions of the Lots which arises out of, or is integrally related to, damage to the Common Area or portions of the Lots that the Association is obligated to maintain or repair (each, a ***"Claim"***). However, the Association shall not have standing to institute, defend, settle or intervene in any Action in any matter pertaining only to an individual Lot and not included in subsections (b) and (c) above.

The Association may, in its sole discretion, elect to institute, intervene in, continue, settle or dismiss an Action at any time. If the Association institutes or intervenes in an Action on a Claim, the Association's standing shall be exclusive, and the Owners shall thereafter be barred from instituting a new Action or maintaining a pending Action on the same Claim. The Association's election to institute or intervene in an Action on a particular Claim shall not create any affirmative obligation on the part of the Association to maintain, settle or dismiss the Action, except in the Association's sole discretion. If the Association elects to settle an Action, the terms of the settlement shall be binding on the Owners, and the Owners shall be barred from instituting or continuing any other Action on the same Claim. If the Association elects to dismiss an Action, the dismissal shall be with prejudice to the institution or continuation by one or more Owners of any Action on the same Claim.

4.3 STANDARD OF CARE, NON-LIABILITY.

4.3.1 Scope of Powers and Standard of Care.

(a) ***General Scope of Powers.*** Rights and powers conferred on the Board, the Design Review Committee or other committees or representatives of the Association by the Governing Documents are not duties, obligations or disabilities charged upon those Persons unless the rights and powers are explicitly identified as including duties or obligations in the Governing Documents or law. Unless a duty to act is imposed on the Board, the Design Review Committee or other committees or representatives of the Association by the Governing Documents or law, the Board, the Design Review Committee and the committees have the right to decide to act or not act. Any decision not to act is not a waiver of the right to act in the future.

(b) ***Business Affairs.*** This Section 4.3.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances, and Design Review Committee member actions. Each Board member shall perform the duties of a Board member in good faith, in a manner the Board member believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. When performing his duties, a Board member is entitled to rely on information, opinions, reports or statements, including financial data prepared or presented by:

(i) One (1) or more officers or employees of the Association whom the Board member believes to be reliable and competent in the matters presented;

(ii) Counsel, independent accountants or other Persons as to matters which the Board member believes to be within such Person's professional or expert competence; or

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(iii) A committee of the Board upon which the Board member does not serve, as to matters under its designated authority, which committee the Board member believes to merit confidence, so long as, in any such case, the Board member acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This Section 4.3.1(b) is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association. All modifications and interpretations of the business judgment rule applicable to the Association shall be interpreted to modify and interpret this Section 4.3.1(b).

(c) ***Association Governance.*** This Section 4.3 applies to Board actions and Design Review Committee decisions in connection with interpretation and enforcement of the Governing Documents, architectural and landscaping control, regulation of uses within the Properties, rule making and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

4.3.2 **Non-liability.**

(a) ***General Rule.*** No Person is liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from the Person's willful or malicious misconduct. No Person is liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Association is not liable for damage to property in the Properties unless caused by the negligence of the Association, the Board, the Association's officers, the Manager or the Manager's staff.

(b) ***Nonliability of Volunteer Board Members and Officers.*** A volunteer Board member or volunteer Association officer shall not be personally liable to any Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of the volunteer officer or Board member if all applicable conditions specified in Section 1365.7 of the California Civil Code are met.

(c) ***Nonliability of Owners.*** Pursuant to California Civil Code Section 1365.9, no Owner shall be liable for any cause of action in tort which can be brought against the Owner solely because of the Owner's undivided interest in the Common Area so long as the Association keeps one (1) or more policies of insurance which include coverage for general liability of the Association in the amount required by California Civil Code Section 1365.9 and that insurance is in effect for the cause of action being brought.

4.4 **MEMBERSHIP.**

4.4.1 **Generally.** Every Owner shall automatically acquire a Membership in the Association and retain the Membership until such Owner's Lot ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot is the sole

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qualification for Membership. Memberships are not assignable except to the Person to whom title to the Lot is transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of the Lot. The rights, duties, privileges and obligations of all Owners are as provided in the Governing Documents.

4.4.2 **Transfer**. The Membership of any Owner may not be transferred, pledged or alienated in any way, except on the transfer or encumbrance of such Owner's Lot, and then only to the transferee or Mortgagee of the Owner's Lot. A prohibited transfer is void and will not be reflected in the records of the Association. Any Owner who has sold the Owner's Lot to a contract purchaser under an agreement to purchase may delegate the Owner's Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Association before the contract purchaser may vote. The contract seller shall remain liable for all Assessments attributable to the contract seller's Lot which accrue before title to the Lot is transferred. If the contract seller fails or refuses to delegate his Membership rights to the contract purchaser before the Close of Escrow, the Association may record the transfer to the contract purchaser in the Association's records. However, no contract purchaser will be entitled to vote at Association meetings during the term of a purchase contract without satisfactory evidence of the delegation of the contract seller's Membership rights to the contract purchaser. The Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot (which fee shall be paid through escrow or added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the Membership to the new Owner on the Association's records. Such fee may not exceed the Association's actual cost involved in changing its records.

4.4.3 **Classes of Membership**. The Association classes of voting Membership are as follows:

(a) ***Class A***. Class A members are all Owners except Declarant for so long as a Class B Membership exists. Class A members are entitled to one (1) vote for each Lot owned by such Class A members which is subject to Assessment. Declarant shall become a Class A member on conversion of Declarant's Class B Membership as provided below. The vote for each Lot shall be exercised in accordance with Section 4.5.1, but no more than one (1) Class A vote may be cast for any Lot.

(b) ***Class B***. The Class B member is Declarant. The Class B member is entitled to three (3) votes for each Lot owned by Declarant which is subject to Assessment. The Class B Membership shall convert to Class A Membership on the earlier to occur of the following events:

(i) The second (2^{nd}) anniversary of the first Close of Escrow in the most recent Phase; or

(ii) The fourth (4^{th}) anniversary of the first Close of Escrow in Phase 1.

4.5 **VOTING RIGHTS**. Voting rights attributable to the Lots in a Phase shall be exercised only after Annual Assessments have commenced in the Phase.

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4.5.1 **Limits Generally**. All voting rights are subject to the Governing Documents. Except as provided in Sections 4.5.2 and 12.3 of this Declaration and the Bylaws, as long as there is a Class B Membership, any provision of the Governing Documents which expressly requires the vote or written consent of a specified percentage (instead of a majority of a quorum) of the Association's voting power before action may be undertaken shall require the approval of such specified percentage of the voting power of both the Class A and the Class B Memberships. Except as provided in Section 12.3 of this Declaration and the Bylaws, on termination of the Class B Membership, any provision of the Governing Documents which expressly requires the vote or written consent of Owners representing a specified percentage (instead of a majority of a quorum) of the Association's voting power before action may be undertaken shall then require the vote or written consent of Owners representing such specified percentage of both (a) the Association's total Class A voting power, and (b) the Association's Class A voting power represented by Owners other than Declarant.

4.5.2 **Vote to Initiate Right to Repair Law Claim**. Commencing on the date of the first annual meeting of Owners, Declarant relinquishes control over the Association's ability to decide whether to initiate a Right to Repair Law Claim. This means that Declarant, current employees and agents of Declarant, Board members who are appointed by Declarant, Board members elected by a majority of votes cast by Declarant, and all other Persons whose vote or written consent is inconsistent with the intent of the preceding sentence, are prohibited from participating and voting in any decision of the Association or Owners to initiate a Right to Repair Law Claim.

4.5.3 **Joint Ownership**. When more than one (1) Person holds an interest in any Lot (***"co-owners"***), each co-owner may attend any Association meeting, but only one (1) co-owner shall be entitled to exercise the single vote to which the Lot is entitled. Co-owners owning the majority interests in a Lot may designate in writing one (1) 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 if the designation is revoked, the vote for the Lot shall be exercised as the co-owners owning the majority interests in the Lot agree. Unless the Association receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with his co-owners' consent. No vote may be cast for any Lot if the co-owners present in person or by proxy owning the majority interests in such Lot fail to agree to the vote or other action. The nonvoting co-owner or co-owners are jointly and severally responsible for all obligations imposed on the jointly-owned Lot and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents are binding on all Owners and their successors in interest.

ARTICLE V
DESIGN REVIEW COMMITTEE

5.1 **MEMBERS OF COMMITTEE**. The Design Review Committee shall be composed of three (3) members. The initial members of the Design Review Committee shall be representatives of Declarant until one (1) year after the original issuance of the Final Subdivision Public Report (***"Public Report"***) for Phase 1 (***"First Anniversary"***). After the First Anniversary, the Board may appoint and remove one (1) member of the Design Review Committee, and

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Declarant may, but is not obligated to, appoint and remove a majority of the members of the Design Review Committee and fill any vacancy of such majority, until the earlier to occur of (a) Close of Escrow for the sale of ninety percent (90%) of all the Lots in the Properties and the Annexable Territory, or (b) the fifth (5^{th}) anniversary of the original issuance of the Public Report for Phase 1, after which the Board may appoint and remove all members of the Design Review Committee. Design Review Committee members appointed by the Board must be Owners, but Design Review Committee members appointed by Declarant need not be Owners. Members of the Board of Directors may serve as Design Review Committee members.

5.2 POWERS AND DUTIES.

5.2.1 **General Powers and Duties.** The Design Review Committee shall consider and act upon all plans and specifications submitted for its approval, including inspection of work in progress to assure conformity with plans approved by the Design Review Committee, and shall perform such other duties as the Board assigns to it.

5.2.2 **Issuance of Standards.** The Design Review Committee shall annually issue and update its Design Guidelines and provide notice of any requirements for Committee approval of proposed Improvements. The notice shall describe the types of proposed Improvements that require Committee approval, and it shall include a copy of the procedure used to review and approve or disapprove such proposed Improvements. The Design Guidelines may require a fee to accompany each application for approval, and may identify additional factors which the Design Review Committee will consider in reviewing submissions. The Design Review Committee may provide that fees it imposes be uniform, or that fees be determined in any other reasonable manner. The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including landscape plans, floor plans, site plans, drainage plans, elevation drawings and descriptions or samples of exterior materials and colors.

5.2.3 **Retaining Consultants.** The Design Review Committee has the power, but not the duty, to retain licensed architects, contractors and other professionals to advise its members in connection with decisions.

5.3 REVIEW OF PLANS AND SPECIFICATIONS.

5.3.1 **Improvements Requiring Approval.** No construction, reconstruction, installation, removal or alteration of any outdoor Improvement on a Lot, including landscaping, grading, excavation, filling or other alteration to the grade or level of the land, may be commenced by any Owner without prior Design Review Committee approval. However, a Residence may be repainted or refinished without prior Design Review Committee approval so long as the Residence is repainted or refinished with materials that are identical to the materials originally used by Declarant or last applied to the Improvement with Committee approval (as applicable). The provisions of this Article apply to construction, installation and alteration of solar energy systems, as defined in Section 801.5 of the California Civil Code, subject to the provisions of California Civil Code Sections 714 and 714.1, the applicable Building Code, zoning regulations, and other laws.

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5.3.2 **Application Procedure**. Owners who seek Committee approval shall submit plans and specifications showing the dimensions, exterior elevation, color, materials used and location of the proposed Improvements, along with an initial review fee of Fifty Dollars ($50.00) or other amount set in writing from time to time by the Committee, along with all other review materials required under this Article (collectively, an ***"Application"***). Until changed by the Board, the address for the submission of the Application is the Association's principal office. The form of Application used by the Design Review Committee may include spaces allowing "Adjacent Owners" to sign or initial the Application confirming that they have been notified of the application. The Design Review Committee may establish a definition of "Adjacent Owners" in its Design Guidelines. Applications will be complete and may be approved or disapproved by the Design Review Committee even if all of the Adjacent Owners do not initial the Applications so long as the Owner submitting plans and specifications (***"Applicant"***) certifies that the Applicant has asked the Adjacent Owners to sign the Applications. The requirement that the Applicant attempt to obtain the signatures of Adjacent Owners is intended only to provide notice of the pending application to the Adjacent Owners. It does not create in the Adjacent Owners any power to approve or disapprove the Application by signing or withholding a signature. Only the Committee may approve or disapprove an Application.

The Design Review Committee shall deliver its written approval, disapproval, or request for additional information or materials to the Applicant at the address listed in the Application no later than the date that is forty-five (45) calendar days after the date on which the Design Review Committee has received the complete Application (***"Review Deadline"***). If, on the Review Deadline, the Committee has failed to deliver to the Applicant its written approval, disapproval, or request for additional information or materials, then the Application shall be deemed approved, and the Manager or a representative of the Board or Committee shall at the written request of the Applicant execute a written approval therefor within fifteen (15) days of receipt of the written request. A decision on a proposed Improvement shall be consistent with California law, made in good faith and may not be unreasonable, arbitrary or capricious. If disapproved, the written decision shall include both an explanation of why the proposed Improvement is disapproved and a description of the procedure for reconsideration by the Board.

5.3.3 **Standard for Approval**. The Design Review Committee shall approve an application only if it determines that (a) installation, construction or alterations of the Improvements in the locations proposed will not be detrimental to the appearance of the Properties as a whole, (b) the appearance of the proposed Improvements will be in harmony with the existing Improvements and the overall design theme in the Properties, (c) installation, construction or alteration of the proposed Improvements will not detract from the beauty, wholesomeness and attractiveness of the Properties or the enjoyment of the Properties by the Owners, (d) maintenance of the proposed Improvements will not become a burden on the Association, (e) the proposed Improvements are consistent with the Governing Documents, and (f) the proposed change does not violate any governing provision of law, including the Fair Employment and Housing Act, or a building code or other applicable law governing land use or public safety. The Committee may consider the impact of views from other Residences or Lot, reasonable privacy right claims, passage of light and air, beneficial shading and other aesthetic factors in reviewing, approving or disapproving any Application. However, neither the Declarant nor the Association warrants that any views in the Properties are protected. No Residence or Lot is guaranteed the existence or unobstructed continuation of any particular view.

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In review of an application, the Committee shall not make any determination as to non-aesthetic factors such as general safety, fire protection, noise mitigation or compliance with building codes or applicable industry building standards.

5.3.4 **Conditions of Approval.** The Design Review Committee may condition its approval of an Application for any Improvement on any one (1) or more of the following: (a) the Applicant's agreement to furnish the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Common Area or another Owner's Lot as a result of such work; (b) such changes to the Application as the Design Review Committee considers appropriate; (c) the Applicant's agreement to grant to the Association or other Owners such easements as are made reasonably necessary by the existence of the Improvement; (d) the Applicant's agreement to install water, gas, electrical or other utility meters to measure any increased utility consumption; (e) the Applicant's agreement to reimburse the Association for the cost of maintaining the Improvement (should the Association agree to accept maintenance responsibility for the Improvement as built); or (f) the Applicant's agreement to complete the proposed work within a stated period of time. The Committee may also require the Applicant, prior to commencing work, to deposit with the Association adequate funds to repair or restore any Common Property that may be damaged by the Applicant or the Applicant's contractors. The Design Review Committee will determine the actual amount of the deposit in each case, but the amount shall be at least enough to cover the cost of repairing or restoring damage that is reasonably foreseeable to the Design Review Committee. The deposit shall be refundable to the extent the Design Review Committee finds that the work of Improvement is complete, and that the Association Common Property was not damaged or was restored at least to the condition it was in prior to the commencement of work.

The Design Review Committee has the right to require a reasonable security deposit with each Application. The security deposit will be applied to the cost of repairing damage to Common Area as a result of the Application. The amount of the security deposit shall be specified in the Design Guidelines. The security deposit may be increased or decreased from time to time at the discretion of the Design Review Committee. The Design Review Committee may also require submission of additional plans and specifications or other information before approving or disapproving material submitted. The Applicant shall meet any review or permit requirements of the City and/or County before making any construction, installation or alterations permitted under this Declaration.

5.3.5 **Matters Outside Scope of Approval.** The Design Review Committee's approval or disapproval of each Application shall be based solely on the aesthetic considerations listed in this Article. Approval of any Application does not constitute a finding by the Design Review Committee that the Application or any portion of the Application (a) incorporates good engineering practices, (b) complies with applicable law, ordinance, code, or regulation, including zoning laws, building and safety codes or fire codes, (c) complies with the requirements of any utility provider, or (d) is permissible under the terms of any easement, license, permit, mortgage, deed of trust, or other recorded or unrecorded instrument (other than the Governing Documents) that affects the land. Nothing in this Declaration shall be construed to require Design Committee approval of any construction, reconstruction, installation, removal or alteration of an Improvement by Declarant or by the Association.

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5.3.6 **Exculpation of Committee.** By submitting an Application, each Applicant is deemed to agree that neither the Design Review Committee, nor the members thereof, nor Declarant, nor their respective agents, employees, attorneys or consultants shall be liable to any Person for:

(a) Any matter outside the Committee's scope of approval as discussed in Section 5.3.5 above;

(b) Any defect in any Improvement constructed by or on behalf of the Applicant pursuant to an approved Application;

(c) Any loss, damage, or injury to Persons or property arising out of or in any way connected with work performed by or on behalf of the Applicant pursuant to an approved Application; or

(d) Any loss, damage, or injury to Persons or property arising out of or in any way connected with the performance of the Design Review Committee's duties hereunder, unless due to willful misconduct or gross negligence.

5.4 **MEETINGS AND ACTIONS OF THE DESIGN REVIEW COMMITTEE.** The Design Review Committee shall meet as necessary to perform its duties. So long as a majority of the members of the Design Review Committee are Declarant representatives, the Design Review Committee may, by resolution unanimously adopted in writing, designate an Owner or a Declarant representative to serve as a Design Review Committee Representative to take any action or perform any duties for and on behalf of the Design Review Committee except the granting of variances. The Design Review Committee Representative need not be a current member of the Design Review Committee. In the absence of such designation, the vote or written consent of a majority of the Design Review Committee constitutes an act of the Design Review Committee. All approvals issued by the Design Review Committee must be in writing. Verbal approvals issued by the Design Review Committee, any individual Design Review Committee member or any other representative of the Association are not valid, are not binding on the Association and may not be relied on by any Person. If within six (6) months of issuance of the approval, an Owner either does not commence work pursuant to approved plans or obtain an extension of time to commence work, the approval shall be automatically revoked and a new approval must be obtained before work can be commenced.

5.5 **NO WAIVER OF FUTURE APPROVALS.** The Design Review Committee's approval of any proposals, plans and specifications or drawings for any work done or proposed in connection with any matter requiring the Design Review Committee's approval does not waive the right to withhold approval of any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval.

5.6 **COMPENSATION OF MEMBERS.** The Design Review Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

5.7 **INSPECTION OF WORK.** The Design Review Committee or its duly authorized representative may inspect any work for which approval of plans is required under

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this Article (*"Work"*). The right to inspect includes the right to require any Owner to take such action as may be necessary to remedy (including removal of) any noncompliance with the Design Review Committee-approved plans for the Work or with the requirements of this Declaration (*"Noncompliance"*).

5.7.1 **Time Limit for Inspections.** When the Work is complete, the Applicant shall immediately provide the Committee with written notice of completion on the form prescribed by the Committee. The Design Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate on the date that is sixty (60) calendar days after the date on which the Committee has received written notice from the Applicant on a form provided by the Committee that the Work is complete. If the Design Review Committee fails to send a written notice of Noncompliance to an Applicant before this time limit expires, the Work shall be deemed to comply with the approved Application.

5.7.2 **Noncompliance.** If an Improvement that requires the prior approval of the Design Review Committee is (a) commenced or completed without prior written approval by the Committee, or (b) an Improvement is not completed within the time limit established by the Committee in its approval, or (c) an Improvement is not completed in substantial conformity with the approved Application, or (d) if no time limit is established by the Committee, the Applicant fails to complete the Work within one (1) year of the date on which the Application was approved, then a Noncompliance is deemed to exist, and then the Committee has the right, but not the obligation, to deliver a written notice of Noncompliance to the violating Owner, and the Association may, but is not required to, pursue the remedies set forth in this Section.

5.7.3 **Remedy for Noncompliance.** The Committee shall notify the Board in writing when an Owner fails to remedy any Noncompliance within sixty (60) days after the date of the notice of Noncompliance. After Notice and Hearing, the Board shall determine whether there is Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days after the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Association may record a Notice of Noncompliance (if allowed by law), correct the Noncompliance and charge the Owner for the Association's costs, or commence an action for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

5.8 **VARIANCES.** The Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or the Design Guidelines including restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration require. Variances must be evidenced in writing, must be signed by a majority of the Board, and become effective on Recordation. After Declarant's right to appoint a majority of the Design Review Committee's members expires, the Board must approve any variance recommended by the Design Review Committee before any such variance becomes effective. If variances are granted, no violation of the covenants, conditions and restrictions in this Declaration shall be deemed to have occurred with respect to the matter for which the variances were granted. The granting of a variance does not waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision of this

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Declaration covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of the Owner's Lot. The Committee's written variance shall be Recorded against the Applicant's Lot in the Official Records. The cost of Recording the variance shall be borne solely by the Applicant. No variance shall conflict with local ordinances or any specific plan for the Properties without the prior written approval of the City.

5.9 **PRE-APPROVALS.** The Design Review Committee may authorize pre-approval of specified types of construction activities if, in the exercise of the Design Review Committee's judgment, a pre-approval is appropriate to carry out the purposes of the Governing Documents.

5.10 **APPEALS.** If a proposed Improvement is disapproved, the Applicant is entitled to reconsideration by the Board of Directors at an open meeting that satisfies the requirements of Civil Code Section 1363.05. This paragraph does not require reconsideration of a decision that is made by the Board, or the Design Review Committee if the Committee has the same membership as the Board.

ARTICLE VI
PROPERTY EASEMENTS AND RIGHTS

6.1 **EASEMENTS.**

6.1.1 **Maintenance and Repair.** Declarant reserves for the benefit of the Association and all Association agents, officers and employees, nonexclusive easements over the Common Property as necessary to fulfill the obligations and perform the duties of the Association.

6.1.2 **Utility Easements.** Declarant reserves easements to install and maintain utilities over the Common Area for the benefit of the Owners and their Lots. Declarant reserves the right to grant additional easements and rights-of-way throughout the Properties to utility companies and public agencies as it deems necessary for the proper development and disposal of the Properties. Such right of Declarant shall expire on the Close of Escrow for the sale of the last Lot in the Properties and the Annexable Territory.

6.1.3 **Encroachments.** Declarant reserves, for its benefit and for the benefit of all Owners and their Lots, a reciprocal easement appurtenant to each Lot over the other Lots and the Common Area to accommodate (a) any existing encroachment of any wall or any other Improvement installed by Declarant or approved by the Design Review Committee, and (b) shifting, movement or natural settling of the Residences or other Improvements. Use of the easements may not unreasonably interfere with each Owner's use and enjoyment of the burdened Residences.

6.1.4 **Easements for Public Service Use.** Declarant reserves easements over the Properties for public services of the local government agencies, including but not limited to, the right of law enforcement and fire protection personnel to enter upon the Properties to carry out their official duties.

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6.1.5 **Easements for Water and Utility Purposes**. Declarant reserves easements over the Properties for public and private utility purposes, including but not limited to, the right of any public utility or mutual water district of ingress and egress over the Properties to read and maintain meters, and use and maintain fire hydrants.

6.1.6 **Completion of Improvements**. Declarant reserves the right and easement to enter the Properties to complete any Improvement which Declarant considers desirable to implement Declarant's development plan.

6.1.7 **Owners' Easements in Common Area**. Declarant reserves, for the benefit of every Owner, and each Owner's Family, tenants and invitees, nonexclusive easements for pedestrian and vehicular access (all as applicable) over the Common Area in the Properties as reasonably necessary for the use and enjoyment of each Lot in the Properties. This easement is appurtenant to and passes with title to every Lot in the Properties.

6.1.8 **Community Wall Easements**. Declarant reserves for the benefit of the Association the following easements:

(a) An easement over all Lots abutting a tract boundary or Common Area, consisting of a three (3) foot wide strip of land bounded by the tract boundary or the property line separating the Lot from the Common Area (as applicable), to accommodate the footings and other structural components of any Community Wall located on or immediately adjacent to such property line, including any encroachments thereof onto the Lot; and

(b) An easement for access over such Lots as reasonably necessary for maintaining the Community Walls and related Improvements.

6.1.9 **Easements for Maintenance of Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, the following nonexclusive easements over each Lot in Phase 1 as necessary for access and maintenance of Association Maintenance Areas described herein or depicted on ***Exhibit D, E, F*** and ***G***. No owner may interfere with the Association's exercise of its rights under the easements reserved in this Section.

6.1.10 **Easement to the City**. In the event the City elects to undertake and complete the corrective measures as set forth in the Notice of Deficiency (defined in Section 2.1 above), Declarant hereby reserves for the benefit of the City and its authorized representatives, employees and contractors, a non-exclusive easement for access, ingress and egress upon and across the Properties as may be necessary to complete such maintenance.

6.1.11 **Easement for Law Enforcement and Emergency Vehicles and Personnel**. Declarant hereby reserves a non-exclusive easement for access, ingress and egress upon and across the Properties as may be necessary for law enforcement and for the provision of emergency services in the Properties by the City and state law enforcement officers and vehicles, City Fire Department and other emergency services vehicles and personnel.

6.1.12 **Telecommunications Easement**. Declarant reserves blanket easements (collectively, ***"Telecommunications Easements"***) over the Properties for access and for purposes of constructing, installing, locating, altering, operating, maintaining, inspecting,

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upgrading, removing and enhancing Telecommunications Facilities (collectively, "***Telecommunications Purposes***") for the benefit of Declarant. Such easements are freely transferable by Declarant to any other Person and their successors and assigns. No one, except for Declarant and Declarant's transferees, may use the Properties for Telecommunications Purposes. All Telecommunications Facilities shall be owned, leased or licensed by Declarant, as determined by Declarant, in its sole discretion and business judgment. Transfer of the Properties does not imply transfer of any Telecommunications Easements or Telecommunications Facilities. The holders of the Telecommunications Easements may not exercise the rights reserved hereunder in any manner which will unreasonably interfere with the reasonable use and enjoyment of the Properties by any Owner. If the exercise of any Telecommunications Easement results in damage to the Properties, then the easement holder who caused the damage shall, within a reasonable period of time, repair such damage. If Declarant has not conveyed the Telecommunications Easements in a Phase to another Person before the last Close of Escrow in the Properties and the Annexable Territory, then Declarant grants the Telecommunications Easements to the Association effective as of the last Close of Escrow in the Properties and the Annexable Territory.

6.2 **RIGHT TO GRANT EASEMENTS.** Declarant reserves easements over the Common Area owned in fee simple by the Association for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and landscaping area. Any such easement may be conveyed by the Declarant before the last Close of Escrow for sale of a Lot in the Properties and the Annexable Territory. Such conveyance must be approved by the Board, which approval must not be unreasonably withheld. The purpose of the easement, the portion of the Common Area affected, the Lot to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in a Recorded grant of easement.

6.3 **DELEGATION OF USE.** Any Owner may delegate his right to use the Common Area owned in fee simple by the Association in writing to his tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to regulation by the Board.

6.4 **RIGHT OF ENTRY.**

6.4.1 **Association.** The Association has the right to enter the Lots to inspect the Properties, and may take whatever corrective action it determines to be necessary or proper. Entry onto any Lot under this Subsection may be made after at least three (3) days' advance written notice to the Owner of the Lot except for emergency situations, which shall not require notice. Nothing in this Subsection limits the right of an Owner to exclusive occupancy and control over the portion of the Owner's Lot that is not Common Property. Any damage to a Residence or Lot caused by entry under this Subsection shall be repaired by the Association.

6.4.2 **Declarant.** The Declarant has the right to enter the Lots and the Common Area (a) to comply with requirements for the recordation of subdivision maps or lot line adjustments in the Properties or Annexable Territory, (b) for repair of Improvements in accordance with the provisions of the Right to Repair Law, (c) to accommodate grading or construction activities, and (d) to comply with requirements of applicable governmental agencies. Declarant shall provide the applicable Owner reasonable notice before such entry,

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except for emergency situations, which shall not require notice. Any damage to the Properties that is caused by entry under this Subsection shall be repaired by the Declarant. Unless otherwise specified in the applicable initial grant deed by which Declarant has transferred ownership of the subject Lot or subject Common Property, this right of entry shall automatically expire on the later of the date that is twelve (12) years after the date of Recordation of this Declaration in the Official Records, or the date that is twelve (12) years after the date of Recordation of the grant deed by which Declarant first conveyed fee title to the subject real property under authority of a final subdivision public report issued by the DRE.

6.4.3 **Owners**. Each Owner shall permit other Owners, and their representatives, to enter the Owner's Lot to perform installations, alterations or repairs to the mechanical or electrical services to a Lot if (a) requests for entry are made in advance, (b) entry is made at a time reasonably convenient to the Owner whose Lot is to be entered; and (c) the entered Lot is left in substantially the same condition as existed immediately preceding such entry. Any damage to the Lot caused by entry under this Subsection shall be repaired by the entering Owner.

ARTICLE VII
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

7.1 **PERSONAL OBLIGATION TO PAY ASSESSMENTS**. Each Owner shall pay to the Association all Assessments established and collected pursuant to this Declaration. The Association shall not levy or collect any Assessment that exceeds the amount necessary for the purpose for which it is levied. All Assessments, together with late payment penalties, interest, costs, and reasonable attorney fees for the collection thereof, are a charge and a continuing lien on the Lot against which such Assessment is made. Each Assessment, together with late payment penalties, interest, costs and reasonable attorney fees, is also the personal obligation of the Person who was the Owner of the Lot when the Assessment accrued. The personal obligation for delinquent Assessments may not pass to any new Owner (***"Purchaser"***) unless expressly assumed by the Purchaser or unless the Purchaser has actual or constructive knowledge of such delinquent Assessments, whether by virtue of the Recordation of a Notice of Delinquent Assessment or receipt from the Association of a certificate pursuant to Section 1368(a)(4) of the California Civil Code.

7.2 **ASSOCIATION MAINTENANCE FUNDS**. The Association shall establish no fewer than two (2) separate Association Maintenance Fund accounts into which shall be deposited all money paid to the Association and from which disbursements shall be made, as provided in this Declaration. The Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (a) an Operating Fund for current Common Expenses, (b) an adequate Reserve Fund for the portion of Common Expenses allocated to (i) reserves for Improvements which the Board does not expect to repair or replace on an annual or more frequent basis, and (ii) payment of deductible amounts under the insurance policies kept in effect by the Association; and (c) any other funds which the Association may elect to establish.

7.3 **PURPOSE OF ASSESSMENTS**. The Assessments shall be used exclusively to (a) promote the Owners' welfare, (b) operate, improve and maintain the Common Property, and

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(e) discharge any other Association obligations under this Declaration. All amounts deposited into the Association Maintenance Funds must be used solely for the common benefit of all Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund generally shall be made by the Association to discharge Association responsibilities which cannot be discharged by disbursements from the Reserve Fund. However, if the Board determines that the Operating Fund contains excess funds, the Board may transfer the excess funds to any other Association Maintenance Fund. Disbursements from the Reserve Fund shall be made by the Association only for the purposes specified in this Article and in Section 1365.5(c) of the California Civil Code.

7.4 **WAIVER OF USE.** No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release such Owner's Lot from the liens and charges thereof, by waiving use and enjoyment of the Common Property or by abandoning such Owner's Lot.

7.5 **LIMITS ON ANNUAL ASSESSMENT INCREASES.** The following shall apply to the general component of Annual Assessments:

7.5.1 **Maximum Authorized Annual Assessment For Initial Year of Operations.** During the Fiscal Year in which Annual Assessments commence, the Board may levy an Annual Assessment per Lot in an amount which exceeds one hundred twenty percent (120%) of the amount of Annual Assessments disclosed for the Properties in the most current Budget filed with and approved by the DRE only if the Board first obtains the approval of Owners casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the Lots are represented (***"Increase Election"***). This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.5.

7.5.2 **Maximum Authorized Annual Assessment For Subsequent Fiscal Years.** During the Fiscal Years following the Fiscal Year in which Annual Assessments commence, the Board may levy Annual Assessments which exceed the Annual Assessments for the immediately preceding Fiscal Year only as follows:

(a) If the increase in Annual Assessments is less than or equal to twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must either (i) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code, or (ii) obtain the approval of Owners casting a majority of votes in an Increase Election; or

(b) If the increase in Annual Assessments is greater than twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must obtain the approval of Owners casting a majority of votes in an Increase Election.

This Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 7.5.5.

7.5.3 **Supplemental Annual Assessments.** If the Board determines that the Association's essential functions may be properly funded by an Annual Assessment in an

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amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses, it shall immediately determine the approximate amount of the inadequacy. Subject to the limits described in Sections 7.5.1, 7.5.2 and 7.5.5, the Board may levy a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Lot.

7.5.4 **Automatic Assessment Increases.** Despite any other provisions of this Section 7.5, on Declarant's annexation of the Annexable Territory pursuant to Article XVI, the Annual Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Common Property identified in the Notice of Addition as a part of the Phase that includes the Annexable Territory so long as (a) the annexation is permitted by the DRE, and (b) the amount of such increase does not result in the levy of an Annual Assessment which is greater than the maximum potential Annual Assessment disclosed in all Final Subdivision Public Reports for the Properties.

7.5.5 **Emergency Situations.** For purposes of Sections 7.5.1, 7.5.2 and 7.6.3, an "Emergency Situation" is any one of the following:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to maintain the portion of the Properties for which the Association is responsible where a threat to personal safety on the Properties is discovered; and

(c) An extraordinary expense necessary to maintain the portion of the Properties for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Before imposing or collecting an Assessment pursuant to this subsection (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Owners with the notice of the assessment.

7.6 **ANNUAL ASSESSMENTS.**

7.6.1 **Commencement of Annual Assessments.** Annual Assessments shall commence on all Lots in a Phase on the first day of the first calendar month following the first Close of Escrow in such Phase. However, the Close of Escrow for a Model Lot Sale shall not cause the commencement of Annual Assessments in a Model Phase. Annual Assessments in a Model Phase shall commence against all Model Lots and Production Lots in the Model Phase on the first day of the first calendar month following the first Close of Escrow for the sale of a Production Lot in the Model Phase. Annual Assessments for fractions of a month shall be prorated. Declarant shall pay its full pro rata share of the Annual Assessments on all unsold Lots for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessments shall be assessed in accordance with the most recent Budget on file with and approved by the

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DRE. Written notice of any change in the amount of any Annual Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days before the increased Assessment becomes due.

7.6.2 **Apportionment of Annual Assessments**. All Annual Assessments shall be assessed uniformly and equally against the Owners and their Lots based on the number of Lots owned by each Owner, except as may be otherwise provided in a Supplemental Declaration. The Board may determine that funds in the Operating Fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments. On dissolution of the Association incident to the abandonment or termination of the Properties as a planned development, any amounts remaining in any of the Association Maintenance Funds shall be distributed to or for the benefit of the Owners in the same proportions as such money was collected from the Owners.

(a) **Payment of Annual Assessments**. Each Owner shall pay Annual Assessments in installments at such frequency, in such amounts and by such methods as are established by the Board. If the Association incurs additional expenses because of a payment method selected by an Owner, the Association shall charge the additional expenses to the Owner. Each installment of Annual Assessments may be paid to the Association in one (1) check or in separate checks as payments attributable to specified Association Maintenance Funds. If any payment of an Annual Assessment installment (a) is less than the amount assessed and (b) does not specify the Association Maintenance Fund or Funds into which it should be deposited, then the amount received shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

7.6.3 **CAPITAL IMPROVEMENT ASSESSMENTS**. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment to defray, in whole or in part, the cost of any construction, repair or replacement of a capital Improvement or such other addition to the Common Property. No Capital Improvement Assessments in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year, may be levied without the vote or written consent of Owners casting a majority of votes at an Increase Election. The Board may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year which exceeds five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 7.5.5.

ARTICLE VIII
INSURANCE

8.1 **DUTY TO OBTAIN INSURANCE; TYPES**. The Association shall obtain and keep in effect at all times the following insurance coverages:

8.1.1 **Public Liability**. Adequate public liability insurance (including coverage for medical payments), with limits acceptable to Fannie Mae and as required by Section 1365.9 of the California Civil Code, insuring against liability for bodily injury, death and

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property damage arising from the activities of the Association and the Owners on the Common Property. The limits of such insurance shall not be less than Five Million Dollars ($5,000,000).

8.1.2 **Fire and Casualty Insurance.** Fire and casualty insurance with extended coverage, special form, without deduction for depreciation, in an amount as near as possible to the full replacement value of all insurable Improvements on the Common Property. The casualty insurance shall not include earthquake coverage unless the Board is directed to obtain earthquake coverage by a majority of the Association's voting power.

8.1.3 **Fidelity Insurance.** Fidelity insurance coverage for any Person handling funds of the Association, whether or not such persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Person during the term of the insurance. The aggregate amount of the fidelity insurance coverage may not be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Lots in the Properties, plus reserve funds.

8.1.4 **Insurance Required by Fannie Mae, Ginnie Mae and Freddie Mac.** Casualty, flood, liability and fidelity insurance meeting the insurance requirements for planned unit developments established by Fannie Mae, Ginnie Mae and Freddie Mac, so long as any of these entities is a Mortgagee or Owner of a Lot in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing by the entity requiring the insurance coverage.

8.1.5 **Other Insurance.** Such other insurance insuring other risks customarily insured by associations managing planned unit developments similar in construction, location and use. Such additional insurance may include general liability insurance and director's and officer's errors and omissions insurance in the minimum amounts established in Section 1365.9 of the California Civil Code.

8.1.6 **Beneficiaries.** The Association's insurance shall be kept for the benefit of the Association, the Owners and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements established in this Declaration.

8.2 **WAIVER OF CLAIM AGAINST ASSOCIATION.** All policies of insurance kept by or for the benefit of the Association and the Owners must provide that the Association and the Owners waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence or breach of any agreement by any of the Persons.

8.3 **RIGHT AND DUTY OF OWNERS TO INSURE.** Each Owner is responsible for insuring his personal property and all other property and Improvements on the Owner's Lot. Nothing in this Declaration precludes any Owner from carrying any public liability insurance he considers desirable; however, Owners' policies may not adversely affect or diminish any coverage under any of the Association's insurance policies. Duplicate copies of Owners' insurance policies shall be deposited with the Association on request. If any loss intended to be covered by the Association's insurance occurs and the proceeds payable are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of the Owner's insurance

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to the Association, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

8.4 **NOTICE OF EXPIRATION REQUIREMENTS.** If available, each of the Association's insurance policies must contain a provision that the policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Mortgagee, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity insurance shall provide that it may not be canceled or substantially modified without at least ten (10) days' prior written notice to any insurance trustee named pursuant to Section 8.5 and to each Fannie Mae servicer who has filed a written request with the carrier for such notice.

8.5 **TRUSTEE FOR POLICIES.** The Association is trustee of the interests of all named insureds under the Association's insurance policies. Unless an insurance policy provides for a different procedure for filing claims, all claims must be sent to the insurance carrier or agent by certified mail and be clearly identified as a claim. The Association shall keep a record of all claims made. All insurance proceeds under any Association insurance policies must be paid to the Board as trustees. The Board has the authority to negotiate loss settlements with insurance carriers, with participation, to the extent the Board desires, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Section 9.3. The Board is authorized to make a settlement with any insurer for less than full coverage for any damage, so long as the Board acts in accordance with the standard of care established in this Declaration. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures are binding on all the named insureds. A representative chosen by the Board may be named as an insured, including a trustee with whom the Association may enter into an insurance trust agreement and any successor to such trustee, who shall have exclusive authority to negotiate losses under any insurance policy and to perform such other functions necessary to accomplish this purpose.

8.6 **ACTIONS AS TRUSTEE.** Except as otherwise specifically provided in this Declaration, the Board has the exclusive right to bind the Association and the Owners to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance kept by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who requested them in writing.

8.7 **ANNUAL INSURANCE REVIEW.** The Board shall review the Association's insurance policies at least annually to determine the amount of the casualty and fire insurance referred to in Section 8.1. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Common Property, without deduction for depreciation, from a qualified independent insurance appraiser, before each such annual review.

8.8 **REQUIRED WAIVER.** All of the Association's insurance policies insuring against physical damage must provide, if reasonably possible, for waiver of:

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8.8.1 Subrogation of claims against the Owners and tenants of the Owners;

8.8.2 Any defense based on coinsurance;

8.8.3 Any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Association;

8.8.4 Any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured;

8.8.5 Any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

8.8.6 Notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot;

8.8.7 Any right to require any assignment of any Mortgage to the insurer;

8.8.8 Any denial of an Owner's claim because of negligence or willful acts by the Association or other Owners; and

8.8.9 Prejudice of the insurance by any acts or omissions of Owners that are not under the Association's control.

ARTICLE IX
DESTRUCTION OF IMPROVEMENTS

9.1 **RESTORATION OF THE PROPERTIES.** Except as otherwise authorized by the Owners, if any portion of the Properties which the Association is responsible for maintaining is destroyed, the Association shall restore the same to its former condition as promptly as practical and in accordance with applicable law and City codes and approvals, including plan checks, permits and fee payments. The Association shall use the proceeds of its insurance for reconstruction or repair of the Properties unless otherwise authorized in this Declaration or by the Owners. The Board shall commence such reconstruction promptly. The Properties shall be reconstructed or rebuilt substantially in accordance with the original construction plans if they are available, unless changes recommended by the Design Review Committee have been approved by the Owners. If the insurance proceeds amount to at least ninety percent (90%) of the estimated cost of restoration and repair, the Board shall levy a Reconstruction Assessment to provide the additional funds necessary for such reconstruction. If the insurance proceeds amount to less than ninety percent (90%) of the estimated cost of restoration and repair, the Board may levy a Reconstruction Assessment and proceed with the restoration and repair only if both of the following conditions (***"Conditions To Reconstruction"***) have been satisfied: (a) the levy of a Reconstruction Assessment to pay the costs of restoration and repair of the Properties is approved by the Owners, and (b) within one (1) year after the date on which the destruction occurred, the Board Records a certificate of the resolution authorizing the restoration and repair

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(*"Reconstruction Certificate"*). If either of the Conditions to Reconstruction does not occur following a destruction for which insurance proceeds available for restoration and repair are less than ninety percent (90%) of the estimated cost of restoration and repair, then the Board shall deposit the funds in the Operating Fund. Notwithstanding the foregoing, the Association shall obtain all required permits from the City before commencing reconstruction or restoration of the Common Area and Association Maintenance Areas, and the consent of the City when changes to the original plans are desired to the Improvements.

9.2 **DAMAGE TO RESIDENCES-RECONSTRUCTION.** If all or any portion of any Residence or other Improvements on a Lot is damaged or destroyed by fire or other casualty, the Owner of the damaged Lot shall rebuild, repair or reconstruct the Residence and Improvements in accordance with all applicable laws and codes and in a manner which will restore them substantially to their appearance and condition immediately before the casualty or as otherwise approved by the Design Review Committee. If all or any portion of an Owner's Lot is destroyed to such an extent that it would be impractical to restore the Lot or rebuild damaged Improvements, the Owner shall install landscaping Improvements on the Lot in accordance with Design Review Committee Guidelines. The Owner of any damaged Lot or Residence and the Design Review Committee shall proceed with all due diligence, and the Owner shall cause reconstruction or installation of landscape Improvements (as applicable) to commence within six (6) months after the damage occurs and to be completed within twelve (12) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. The transfer of a damaged Lot or a Lot with a damaged Residence to another Person will not extend the time allowed in this Section for commencement and completion of reconstruction or installation of landscape Improvements by the transferee. However, no such transferee will be required to commence or complete reconstruction or installation of landscape Improvements in less than thirty (30) days from the date the transferee acquired title to the Lot.

9.3 **NOTICE TO OWNERS AND LISTED MORTGAGEES.** The Board, immediately on having knowledge of any damage or destruction affecting a material portion of the Common Area owned in fee simple by the Association, shall promptly notify all Owners and Mortgagees, insurers and guarantors of first Mortgages on Lots in the Properties who have filed a written request for such notice with the Board.

ARTICLE X
EMINENT DOMAIN

The term "taking" as used in this Article means inverse condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners in any proceedings, negotiations, settlements, or agreements regarding takings. All takings proceeds shall be payable to the Association for the benefit of the Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article.

10.1 **CONDEMNATION OF COMMON AREA.** If there is a taking of the Common Area owned in fee simple by the Association, then the award in condemnation shall be paid to the Association and shall be deposited in the Operating Fund.

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10.2 **CONDEMNATION OF LOTS.** If there is a taking of a Lot, the award in condemnation shall be paid to the Owner of the Lot; however, such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Lot, in order of priority.

10.3 **NOTICE TO OWNERS AND MORTGAGEES.** The Board, on learning of any condemnation proceeding affecting a material portion of the Common Area, or any threat thereof, shall promptly notify all Owners and those Mortgagees, insurers and guarantors of Mortgages on Lots in the Properties who have filed a written request for such notice with the Association.

ARTICLE XI
RIGHTS OF MORTGAGEES

11.1 **GENERAL PROTECTIONS.** No amendment or violation of this Declaration defeats or renders invalid the rights of the Mortgagee under any Mortgage encumbering one (1) or more Lots made in good faith and for value, provided that after the foreclosure of any such Mortgage, the foreclosed Lot(s) will remain subject to this Declaration. For purposes of this Declaration, "first Mortgage" means a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" means the Mortgagee of a first Mortgage. For purposes of any provisions of the Governing Documents which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval is determined based on one (1) vote for each Lot encumbered by each such first Mortgage.

11.2 **ADDITIONAL RIGHTS.** In order to induce the VA, FHA Freddie Mac, Ginnie Mae and Fannie Mae to participate in the financing of the sale of Lots, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Governing Documents, these added provisions control):

11.2.1 **Notices.** Each Mortgagee, insurer and guarantor of a Mortgage encumbering one (1) or more Lots, upon filing a written request for notification with the Board, is entitled to written notification from the Association of: (a) any condemnation or casualty loss which affects either a material portion of the Properties or the Lot(s) securing the respective first Mortgage; (b) any delinquency of sixty (60) days or more in the performance of any obligation under the Governing Documents, including the payment of Assessments or charges owed by the Owner(s) of the Lot(s) securing the Mortgage, which notice each Owner hereby consents to and authorizes; and (c) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond kept by the Association.

11.2.2 **Right of First Refusal.** Each Owner who obtains title to a Lot (including a first Mortgagee who obtains title to a Lot pursuant to (a) the remedies provided in such Mortgage, (b) foreclosure of the Mortgage, or (c) deed or assignment in lieu of foreclosure), is exempt from any "right of first refusal" created or purported to be created by the Governing Documents.

11.2.3 **Unpaid Assessments.** If the first Mortgagee of a Lot obtains fee title to the Lot either by foreclosure or by any other remedy provided under the Mortgage, then the Mortgagee shall take title to the Lot free and clear of any claims for unpaid Assessments or

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charges against the Lot to the extent the Assessments or charges accrued before the date on which the Mortgagee acquired title to the Lot.

11.2.4 **Association Records.** All Mortgagees, insurers and guarantors of first Mortgages, on written request to the Association, shall have the right to:

(a) examine current copies of the Association's books, records and financial statements and the Governing Documents during normal business hours;

(b) receive written notice of all meetings of Owners; and

(c) designate in writing a representative who shall be authorized to attend all meetings of Owners.

11.2.5 **Payment of Taxes.** First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Area, and the Association shall immediately reimburse first Mortgagees who made such payments.

11.2.6 **Intended Improvements.** All intended Improvements in any Phase other than Phase 1 must be substantially completed or the completion of such Improvements must be secured by a bond or other arrangement acceptable to the DRE before the first Close of Escrow in such Phase. All intended Improvements in any Phase other than Phase 1 shall be substantially consistent with the Improvements in Phase 1 in structure, type and quality of construction. The requirements of this Section are for the benefit of and may be enforced only by Fannie Mae.

11.2.7 **Contracts.** The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, Freddie Mac, Ginnie Mae, Fannie Mae or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots improved with Residences. Each Owner hereby agrees that it will benefit the Association and the Owners, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

ARTICLE XII
ENFORCEMENT AND DISPUTE RESOLUTION

12.1 **ENFORCEMENT OF GOVERNING DOCUMENTS.** All violations of the Governing Documents, except for: (a) those governed by Sections 12.2 or 12.3, or (b) those subject to the Right to Repair Law and accordingly subject to resolution through the statutory non-adversarial pre-litigation process commencing at California Civil Code Section 910, or California Civil Code Section 1375, *et seq.*, shall be resolved as follows:

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12.1.1 **Right to Enforce**. The Board, the Association, the Declarant and any Owner may enforce the Governing Documents as described in this Article, subject to Sections 1363.810, *et seq.*, and 1369.510, *et seq.* of the California Civil Code. Each Owner has a right of action against the Association for the Association's failure to comply with the Governing Documents. Each remedy provided for in this Declaration is cumulative and not exclusive or exhaustive. The City shall have the right, but not the obligation, to enforce any provision of this Declaration.

12.1.2 **Violations Identified by the Association**. If the Board or the Design Review Committee determines that there is a violation of the Governing Documents, other than nonpayment of any Assessment, then the Board shall give written notice to the responsible Owner identifying (a) the condition or violation complained of, and (b) the length of time the Owner has to remedy the violation including, if appropriate, the length of time the Owner has to submit plans to the Design Review Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Design Review Committee. This requirement shall apply notwithstanding the fact that this Declaration may duplicate City ordinances or regulations. If an Owner does not perform corrective action within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. If the violation involves nonpayment of any Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures established in Section 12.2.

12.1.3 **Violations Identified by an Owner**. If an Owner alleges that another Person is violating the Governing Documents (other than nonpayment of any Assessment), the complaining Owner must first submit the matter to the Board for Notice and Hearing before the complaining Owner may resort to alternative dispute resolution, as required by Section 1369.510, *et seq.* of the California Civil Code, or litigation for relief.

12.1.4 **Legal Proceedings**. Failure to comply with any of the terms of the Governing Documents by any Person is grounds for relief which may include an action to recover damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in Sections 1363.810, *et seq.*, and 1369.510 *et seq.* of the California Civil Code and in Sections 12.1.2 and 12.1.3 must first be followed, if they apply.

12.1.5 **Additional Remedies**. After Notice and Hearing, the Board may impose any of the remedies provided for in the Bylaws. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, the Board may assess against a Person for the failure of such Person to comply with the Governing Documents. Such fines or penalties may only be assessed pursuant to Civil Code Section 1363. After Notice and Hearing, the Board may direct the officers of the Association to Record a notice of noncompliance (if allowed by law) against a Lot owned by any Owner who has violated any provision of this Declaration. The notice shall include a legal description of the Lot and shall specify the provision of this Declaration that was violated, the violation committed, and the steps required to remedy the noncompliance. Once the noncompliance is remedied or the noncomplying Owner has taken such other steps as reasonably required by the Board, the Board shall direct the officers of the Association to Record a notice that the noncompliance has been remedied.

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12.1.6 **No Waiver.** Failure to enforce any provision of this Declaration does not waive the right to enforce that provision, or any other provision of this Declaration.

12.1.7 **Limit on Expenditures.** The Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the consent of the Owners (excluding the voting power of any Owner who would be a defendant in such proceedings) and, if applicable, complies with the requirements of Sections 1363.810, *et seq.*, and 1369.510, *et seq.* of the California Civil Code. Such approval is not necessary if the legal proceedings are initiated (a) to enforce the use restrictions contained in Article II, (b) to enforce the architectural and landscaping control provisions contained in Article V, (c) to collect any unpaid Assessments levied pursuant to the Governing Documents, (d) for a claim, (other than a Right to Repair Law Claim) the total value of which is less than Five Hundred Thousand Dollars ($500,000), or (e) as a cross-complaint in litigation to which the Association is already a party. If the Association decides to use or transfer Reserve Funds or borrow funds to pay for any litigation, the Association must notify the Owners of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why Operating Funds cannot be used, how and when the Reserve Funds will be replaced or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Owners have a right to review an accounting for the litigation which will be available at the Association's office. The accounting shall be updated monthly. If the Association action to incur litigation expenses or borrow money to fund litigation concerns a Right to Repair Law Claim, then the voting requirements of both Sections 4.5.2 and 12.1.7 must be met.

12.2 **DELINQUENT ASSESSMENTS.**

12.2.1 **Delinquency.** Assessments are delinquent if not paid within fifteen (15) days after the due date established by the Association. Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges bear interest at the maximum rate permitted by law commencing thirty (30) days after the due date until paid. The Association may also require the delinquent Owner to pay a late charge in accordance with California Civil Code Section 1366(e)(2). The Association need not accept any tender of a partial payment of an Assessment and all costs and attorneys' fees attributable thereto. Acceptance of any such tender does not waive the Association's right to demand and receive full payment.

12.2.2 **Creation and Release of Lien.**

(a) ***Priority of Lien.*** All liens levied in accordance with this Declaration shall be prior and superior to (i) any declaration of homestead Recorded after the Recordation of this Declaration, and (ii) all other liens, except (1) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage with first priority or seniority over other Mortgages) made in good faith and for value and Recorded before the date on which the "Notice of Delinquent Assessment" (described in this Section) against the assessed Lot was Recorded.

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(b) ***Notice Before Creating Lien.*** Before the Association may place a lien on a Owner's Lot to collect a past due Assessment, the Association shall send written notice (***"Notice of Intent to Lien"***), at least thirty (30) days prior to recording of such lien, to the Owner by certified mail which contains the following information: (i) the Association's fee and penalty procedure, (ii) an itemized statement of the charges owed by the Owner, including the principal owed, any late charges, any interest, the method of calculation, and any attorneys' fees, (iii) the collection practices used by the Association, (iv) a statement that the Association may recover reasonable costs of collecting past due Assessments, (v) a statement that the Owner has the right to inspect the Association's records, pursuant to California Corporations Code Section 8333, (vi) the following statement in 14-point boldface type or all capital letters: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION," (vii) a statement that the Owner shall not be liable to pay the charges, interest and costs of collection if it is determined the Assessment was paid on time to the Association, (viii) a statement that the Owner has the right to request a meeting with the Board, as provided by California Civil Code Section 1367.1(c) and Section 12.2.2(g) below, and (ix) the right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program required in California Civil Code Section 1363.810, et seq., and (x) the right to request alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 1369.510 before the Association may initiate foreclosure against the Owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(c) ***Dispute Resolution Before Recording Lien.*** Prior to recording a lien for delinquent Assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's "meet and confer" program required in California Civil Code Section 1368.810.

(d) ***Dispute Resolution Before Foreclosure.*** Prior to initiating a foreclosure for delinquent Assessments, the Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Association's "meet and confer" program required in California Civil Code Section 1363.810 or alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 1369.510. The decision to pursue resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(e) ***Board Decision to Foreclose.*** The decision to record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an open meeting. The Board shall record the vote in the minutes of that meeting.

(f) ***Dispute by Owner.*** An Owner may dispute the Notice of Intent to Lien by submitting to the Board a written explanation of the reasons for the Owner's dispute. The Board shall respond in writing to Owner within fifteen (15) days of the date of the postmark of the explanation, if the explanation is mailed within fifteen (15) days of the postmark of the Notice of Intent to Lien.

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(g) ***Owner's Right to Request Meeting.*** An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed in Section 12.2.2(b) above. The Association shall provide the Owner with the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request, if the request is mailed within fifteen (15) days of the date of the postmark of the Notice of Intent to Lien, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more members to meet with the Owner.

(h) ***Notice of Delinquent Assessment.*** The lien becomes effective on Recordation by the Board or its authorized agent of a Notice of Delinquent Assessment (***"Notice of Delinquent Assessment"***) securing the payment of any Assessment or installment thereof levied by the Association against any Lot Owner, as provided in California Civil Code Section 1367 or 1367.1. The Notice of Delinquent Assessment must identify (i) the amount of the Assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Delinquent Assessment, (ii) the amount of collection costs incurred, including reasonable attorneys' fees, (iii) a sufficient description of the Lot that has been assessed, (iv) the Association's name and address, (v) the name of the Owner of the Lot that has been assessed, and (vi) if the lien is to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment must be signed by an authorized Association officer or agent and must be mailed in the manner required by California Civil Code Section 2924b to the Owner of record of the Lot no later than ten (10) calendar days after Recordation. The lien relates only to the individual Lot against which the Assessment was levied and not to the Properties as a whole.

(i) ***Service of Notice of Default.*** In addition to the requirements of Section 2924, a notice of default shall be served by the Association on the Owner's legal representative in accordance with the manner of service of summons in the California Code of Civil Procedure, commencing with Section 415.10.

(j) ***Secondary Address of Owner.*** Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices required by this Section to the secondary address provided. The Association shall notify Owners of their right to submit secondary addresses to the Association, at the time the Association issues the proforma operating budget pursuant to California Civil Code Section 1365. The Owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. The Owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

(k) ***Exceptions.*** Assessments described in California Civil Code Section 1367(c) and California Code of Regulations Section 2792.26(c) may not become a lien against an Owner's Lot enforceable by the sale of the Lot under California Civil Code Sections 2924, 2924b and 2924c.

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(l) ***Release of Lien.*** Within twenty-one (21) days of payment of the full amount claimed in the Notice of Delinquent Assessment, or other satisfaction thereof, the Board shall cause to be Recorded a Notice of Satisfaction and Release of Lien (***"Notice of Release"***) stating the satisfaction and release of the amount claimed. The Association shall provide the Owner with a copy of the Notice of Release or any other notice that the full amount claimed in the Notice of Delinquent Assessment has been satisfied. The Board may require the Owner to pay a reasonable charge for preparing and Recording the Notice of Release. Any purchaser or encumbrancer who has acted in good faith and extended value may rely on the Notice of Release as conclusive evidence of the full satisfaction of the sums identified as owed in the Notice of Delinquent Assessment.

12.2.3 **Enforcement of Liens.** The Board shall enforce the collection of amounts due under this Declaration by one (1) or more of the alternative means of relief afforded by this Declaration, subject to the restrictions in California Civil Code Section 1367.4, as amended.

(a) The lien on a Lot may be enforced by foreclosure and sale of the Lot after failure of the Owner to pay any Assessment, or installment thereof, as provided in this Declaration.

(b) The decision to initiate foreclosure of a lien for delinquent Assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all members. The Board shall maintain the confidentiality of the Owner or Owners of the separate interest by identifying the matter in the minutes by the Lot number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale.

(c) The Board shall provide notice by personal service to an Owner of a Lot who occupies the Lot or to the Owner's legal representative, if the Board votes to foreclose upon the Lot. The Board shall provide written notice to an Owner of a Lot who does not occupy the Lot by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's Lot may be treated as the Owner's mailing address.

(d) The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages, or in any manner permitted by law. The Association (or any Owner if the Association refuses to act) may sue to foreclose the lien if (i) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded, and (ii) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed to the Owner affected thereby. The Association may bid on the Lot at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. On completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Lot, and the defaulting Owner shall be required to pay the reasonable rental value for the Lot during any period of continued

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occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. A nonjudicial foreclosure to collect delinquent assessments shall be subject to the right of redemption within 90 days after the sale, as provided in California Civil Code Section 1967.4, as amended.

(e) A suit to recover a money judgment for unpaid Assessments may be brought without foreclosing or waiving any lien securing the same, subject to the provisions of California Civil Code Section 1367.1(b), but this provision or any suit to recover a money judgment does not affirm the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

12.2.4 **Priority of Assessment Lien.** Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. Sale or transfer of any Lot does not affect the Assessment lien, except that the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage extinguishes the lien of such Assessments as to payments which became due before such sale or transfer. No sale or transfer relieves such Lot from liens for any Assessments thereafter becoming due. No Person who obtains title to a Lot pursuant to a judicial or nonjudicial foreclosure of the first Mortgage is liable for the share of the Common Expenses or Assessments chargeable to such Lot which became due before the acquisition of title to the Lot by such Person. Such unpaid share of Common Expenses or Assessments is a Common Expense collectible from all Owners including such Person. The Association may take such action as is necessary to make any Assessment lien subordinate to the interests of the Department of Veterans Affairs of the State of California under its Cal-Vet loan contracts as if the Cal-Vet loan contracts were first Mortgages of record.

12.2.5 **Alternative Dispute Resolution.** An Owner may dispute the Assessments imposed by the Association as provided in this Declaration and in California Civil Code Sections 1367.1 and 1367.4. If it is determined through dispute resolution pursuant to the Association's "meet and confer" program required in this Declaration or alternative dispute resolution with a neutral third party pursuant to California Civil Code Section 1369.510, *et seq.*, that the Association has recorded a Notice of Delinquent Assessment in error, the Association shall promptly reverse all late charges, fees, interest, attorney's fees and costs of collection, costs imposed for the notice prescribed in California Civil Code Section 1367.1(a), and costs of Recordation and release of the lien authorized under California Civil Code Section 1367.4(b), and pay all costs related to the dispute resolution or alternative dispute resolution. An Owner may not use alternative dispute resolution under this Section more than two (2) times in any single calendar year, and not more than three (3) times within any five (5) calendar years unless the Owner and the Association mutually agree to use alternative dispute resolution when this limit is exceeded.

12.2.6 **Receivers.** In addition to the foreclosure and other remedies granted to the Association in this Declaration, each Owner, by acceptance of a deed to such Owner's Lot, conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from and appurtenant to such Lot, subject to the right of the Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, before any default by the Owner in the payment of

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Assessments, to collect and retain such rents, issues and profits as they may become due and payable. On any such default, the Association may, on the expiration of thirty (30) days following delivery to the Owner of the "Notice of Delinquent Assessment" described in this Declaration, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Declaration, (a) enter in or on and take possession of the Lot or any part thereof, (b) in the Association's name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquencies of the Owner, and in such order as the Association may determine. The entering upon and taking possession of the Lot, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default under this Declaration or invalidate any act done pursuant to such notice.

12.2.7 **Compliance with Law.** This Section is intended to comply with applicable law. All amendments, modifications, restatements and interpretations of the law applicable to Assessment collection shall be interpreted to amend, modify, restate or interpret this Section 12.2.

12.3 **ENFORCEMENT OF BONDED OBLIGATIONS.** If (a) the Common Property Improvements in any Phase are not completed before issuance of a Final Subdivision Public Report for such Phase by the DRE, and (b) the Association is an obligee under a bond or other arrangement (***"Bond"***) required by the DRE to secure performance of Declarant's commitment to complete such Improvements, then the following provisions of this Section will be applicable:

12.3.1 **Consideration by the Board.** 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 such Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Property Improvement, then the Board shall be directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

12.3.2 **Consideration by the Owners.** A special meeting of Owners for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a petition for such a meeting signed by Owners representing five percent (5%) of the Association's total voting power. A vote of a majority of the Association's voting power (excluding 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 Association's name.

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ARTICLE XIII
DURATION AND AMENDMENT

13.1 **DURATION.** This Declaration shall continue in full force unless a declaration of termination satisfying the requirements of an amendment to this Declaration established in Section 13.2 is Recorded.

13.2 **TERMINATION AND AMENDMENT.**

13.2.1 **Amendment Approval.** Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form must be included in the notice of any Association meeting or election at which a proposed amendment is to be considered. To be effective, a proposed amendment (other than an amendment by Declarant or by the Board, as described in Sections 13.2.7 or 13.2.8 respectively) must be adopted by the vote, in person or by proxy, or written consent of Owners representing not less than (a) sixty-seven percent (67%) of the voting power of each Class of the Association and (b) sixty-seven percent (67%) of the Association's voting power represented by Owners other than Declarant, provided that the specified percentage of the Association's voting power necessary to amend a specific provision of this Declaration may not be less than the percentage of affirmative votes prescribed for action to be taken under the provision that is the subject of the proposed amendment.

13.2.2 **Mortgagee Consent.** In addition to the consents required by Section 13.2.1, the Mortgagees of fifty-one percent (51%) of the first Mortgages on all the Lots in the Properties who have requested the Association notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration, any Notice of Addition and any Supplemental Declaration; which is of a material nature, as follows:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees, insurers or guarantors of first Mortgages.

(b) Any amendment which would require a Mortgagee after it has acquired a Lot through foreclosure to pay more than its proportionate share of any unpaid Assessment or Assessments accruing before such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot not being separately assessed for tax purposes.

(d) Any amendment relating to (i) the insurance provisions in Article VIII, (ii) the application of insurance proceeds in Article IX, or (iii) the disposition of any money received in any taking under condemnation proceedings.

(e) Any amendment which would restrict an Owner's right to sell or transfer his or her Lot.

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Lot is proposed to be transferred.

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13.2.3 **Amendment of Right to Repair Law Provisions**. Except for any amendment made by Declarant as authorized in Section 13.2.7, neither this Section 13.2.3 nor Sections 1.1.36, 1.1.61, 2.1.6, 3.19, 4.2.7, 4.5, 12.1.7, 13.2.7, 13.2.8 or 15.7 may be amended without the prior written approval of Declarant until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods).

13.2.4 **Termination Approval**. Termination of this Declaration requires approval of the Owners as provided in Section 13.2.1, and until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods), the prior written approval of Declarant.

13.2.5 **Notice to Mortgagees**. Each Mortgagee of a first Mortgage on a Lot in the Properties which receives proper written notice of a proposed amendment or termination of this Declaration, any Notice of Addition or any Supplemental Declaration with a return receipt requested is deemed to have approved the amendment or termination if the Mortgagee fails to submit a response to the notice within thirty (30) days after the Mortgagee receives the notice.

13.2.6 **Certificate**. A copy of each amendment must be certified by at least two (2) Association officers. The amendment becomes effective when a Certificate of Amendment is Recorded. The certificate, signed and sworn to by two (2) Association officers that the requisite number of Owners and Mortgagees have approved the amendment, when Recorded, is conclusive evidence of that fact. The Association shall keep in its files for at least four (4) years the record of all such approvals. The certificate reflecting any termination or amendment which requires the written consent of any of the Mortgagees of first Mortgages must include a certification that the requisite approval of such first Mortgagees was obtained.

13.2.7 **Amendment or Termination by Declarant**. Until the first Close of Escrow in the Properties, Declarant may unilaterally amend or terminate this Declaration for any purpose by Recording in the Official Records an instrument signed and acknowledged by Declarant. Nothing in this Section 13.2.7 may be amended or terminated without the prior written approval of Declarant.

(a) ***Minor Corrections***. Notwithstanding any other provisions of this Article, Declarant (for so long as Declarant owns any portion of the Properties or the Annexable Territory) may unilaterally amend this Declaration or a Supplemental Declaration by Recording a written instrument signed by Declarant in order to: (i) conform this Declaration or any Supplemental Declaration to the rules, regulations or requirements of VA, FHA, DRE, Fannie Mae, Ginnie Mae or Freddie Mac or the City, (ii) amend, replace or substitute any Exhibit to correct typographical or engineering errors, (iii) include any Exhibit that was inadvertently omitted from the Declaration or Supplemental Declaration at the time of Recording, (iv) comply with any City, County, State or Federal laws or regulations, (v) correct typographical errors, (vi) supplement this Declaration with provisions which pertain to rights and obligations of Declarant, the Association or Owners arising under the Right to Repair Law, (vii) re-Phase any portion of the Properties; and (viii) change any Exhibit or portion of an Exhibit to conform to as-built conditions.

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(b) ***Amendments Requiring City Approval.*** Proposed amendments to this Declaration or a Supplemental Declaration shall be submitted for review to the Planning/Community Development Director or designee, and shall be approved by the City Attorney and the City Council prior to the amendments being valid.

13.2.8 **Amendment by the Board.** The Board may amend this Declaration by Recording a written instrument signed by two officers of the Association certifying that the Board approved the amendment for the purposes described in Sections 13.2.7(i), (iv), (v), (vi), (vii) and (viii) above. However, until the expiration of all applicable statutes of limitation or repose for the filing of a complaint or suit or other legal remedies against Declarant or its affiliates under the Right to Repair Law (including tolling periods), the Board must obtain the prior written approval of Declarant to any amendment approved by the Board for the reasons stated in this Section or any other amendment by the Board or Association that affects the rights of Declarant under this Declaration or any Supplemental Declaration or for any amendment the Board approves pursuant to Article XV.

ARTICLE XIV
GENERAL PROVISIONS

14.1 **MERGERS OR CONSOLIDATIONS.** In a merger or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Properties, together with the covenants and restrictions established on any other property, as one (1) plan.

14.2 **NO PUBLIC RIGHT OR DEDICATION.** Nothing in this Declaration is a gift or dedication of all or any part of the Properties to the public, or for any public use.

14.3 **NOTICES.** Except as otherwise provided in this Declaration, notice to be given to an Owner must be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-Owners, or any general partner of a partnership owning a Lot, constitutes delivery to all Owners. Personal delivery of such notice to any officer or agent for the service of process on a corporation or limited liability company constitutes delivery to the corporation or limited liability company. Such notice may also be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address has been furnished, to the street address of such Owner's Lot. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Owners or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as may be fixed and circulated to all Owners.

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14.4 **CONSTRUCTIVE NOTICE AND ACCEPTANCE.** Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties consents and agrees to every limit, restriction, easement, reservation, condition and covenant contained in this Declaration, whether or not any reference to these restrictions is in the instrument by which such Person acquired an interest in the Properties. As soon as practicable before sale or transfer of title to a Lot or other separate interest in the Properties or execution of a real property sales contract therefor, the Owner of the Lot or other separate interest shall provide to the purchaser copies of the Governing Documents listed in California Civil Code Section 1368(a) and its successor statutes.

14.5 **COMPLIANCE WITH LAW.** Declarant, the Association and each Owner shall comply with state and federal law and with all ordinances, regulations and standards of the City, and any assessment district of the City, as may be applicable to the Properties.

14.6 **CITY APPROVAL.** Notwithstanding anything in this Declaration to the contrary, the City's Director of Planning shall have the right to approve all construction, repair, modification, or alteration of any buildings, equipment, structures or improvements in the Properties.

14.7 **ASSOCIATION'S MANAGEMENT COMPANY.** The Association shall be required, on January 1st of each year, to file with the City's Director of Planning the names, addresses and telephone numbers of the Association's management company and responsible Manager and each member of the Association's Board of Directors.

14.8 **COVENANTS RUNNING WITH THE LAND.** Declarant hereby declares that all of the Properties shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the restrictions, covenants, conditions and equitable servitudes set forth in this Declaration for the benefit of the City and for the purpose of uniformly enhancing or protecting the value, attractiveness and desirability of the Properties. The covenants, conditions, restrictions, reservations, equitable servitudes, liens and charges set forth herein shall run with the land and shall be binding upon all persons having any right, title or interest in the Properties, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of and be binding upon Declarant and the City, and their successors and assigns and successors-in-interest; including, without limitation, the Association and the Owners of Lots in the Properties, and may be enforced by the City.

ARTICLE XV
DECLARANT'S RIGHTS AND RESERVATIONS

If there is a conflict between any other portion of the Governing Documents and this Article, this Article shall control.

15.1 **CONSTRUCTION RIGHTS.** Declarant has the right to (a) subdivide or resubdivide the Properties, (b) complete or modify Improvements to and on the Common Area or any portion of the Properties owned or leased solely or partially by Declarant, (c) alter Improvements and Declarant's construction plans and designs, (d) modify Declarant's development plan for the Properties and the Annexable Territory, including designating and

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redesignating Phases, reshaping the Lots and Common Area, and constructing Residences of larger or smaller sizes, values, and of different types, and (e) construct such additional Improvements as Declarant considers advisable in the course of development of the Properties so long as any Lot in the Properties or the Annexable Territory remains unsold. Declarant may temporarily erect barriers, close off and restrict access to portions of the Common Area as reasonably necessary to allow Declarant to exercise the rights reserved in this Section so long as an Owner's access to his or her Lot is not eliminated or substantially impaired.

15.2 **SALES AND MARKETING RIGHTS.**

15.2.1 **Marketing and Sales Facilities.** Declarant's rights under this Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices, and the right to use any Lots, Residences or mobile homes owned or leased by Declarant in the Properties as model home complexes, real estate sales offices or leasing offices, all as may be reasonably necessary to conduct the business of completing construction and disposing of the Lots and the Annexable Territory by sale, resale, lease or otherwise.

15.2.2 **Use of Common Area.** Declarant reserves for its benefit, and for the benefit of its prospective purchasers of Lots who are entitled to the nonexclusive use of the Common Area owned in fee simple by the Association, without further cost for access, ingress, egress, use or enjoyment, the right to (a) show the Properties to prospective purchasers, (b) dispose of the Properties as provided in this Declaration, and (c) develop and sell the Annexable Territory. Neither Declarant, nor its employees, agents nor prospective purchasers shall make any use of the Common Area that will unreasonably interfere with the use and enjoyment thereof by the Owners.

15.3 **CREATING ADDITIONAL EASEMENTS.** At any time before the Close of Escrow for a Lot, Declarant reserves the right to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as Declarant determines are reasonably necessary to the proper development and disposal of the Properties and Annexable Territory.

15.4 **ARCHITECTURAL RIGHTS.** Declarant and any Person to whom Declarant may assign all or a portion of its exemption under this Declaration need not seek or obtain Design Review Committee approval of any Improvements constructed anywhere on the Properties by Declarant or such Person. Declarant may exclude portions of the Properties from jurisdiction of the Design Review Committee in the applicable Notice of Addition or Supplemental Declaration. Declarant, may, at its option, establish an additional design review committee for any area exempted from the jurisdiction of the Design Review Committee.

15.5 **USE RESTRICTION EXEMPTION.** Declarant and any Person to whom Declarant may assign all or a portion of its exemption under this Declaration is exempt from the use restrictions established in this Declaration and any other Governing Documents.

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15.6 **ASSIGNMENT OF RIGHTS.** Declarant may assign its rights under the Governing Documents to any successor in interest to any portion of Declarant's interest in the Properties by a Recorded written assignment.

15.7 **AMENDMENT.** No amendment may be made to this Article without the prior written approval of Declarant.

15.8 **POWER OF ATTORNEY.** Each Owner of a Lot in the Properties, by accepting a deed to a Lot, shall be deemed to have (a) agreed and acknowledged that the Owners own no interest in the Annexable Territory which may be developed, if at all, by Declarant in its sole and absolute discretion and (b) constituted and irrevocably appointed Declarant, for so long as Declarant owns all or any portion of the Annexable Territory, as his Attorney-in-Fact, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, and thereby to have conveyed a Power of Attorney coupled with an interest to Declarant as his Attorney in Fact to prepare, execute, acknowledge and Record any instrument for all or any portion of the Annexable Territory. However, nothing set forth herein shall be deemed or construed as an agreement by Declarant that any Owner shall be entitled to any participation in or discretion over the preparation and Recordation of an instrument for all or any portion of the Annexable Territory. The acceptance or creation of any Mortgage or other encumbrance, whether or not voluntary, created in good faith, or given for value, shall be deemed to be accepted or created subject to each of the terms and conditions of the Power of Attorney described in this Section.

15.9 **PARTICIPATION IN ASSOCIATION.** The Association shall provide Declarant with written notice of the transfer of any Lot and all notices and other documents to which a Mortgagee is entitled pursuant to this Declaration, provided that Declarant shall not be required to make written request for such notices and other documents. Commencing on the date on which Declarant no longer has a representative on the Board, the Association shall provide Declarant with written notice of all meetings of the Board that any Owner is entitled to attend (each, an ***"Open Meeting"***) as if Declarant were an Owner, and Declarant shall be entitled to have a representative (***"Declarant's Representative"***) present at all Open Meetings. However, the Board has the power to withhold information from the Declarant's Representative and to exclude the Declarant's Representative from any Open Meeting or portion thereof if, in the good faith judgment of the Board, access to such information or attendance at the Open Meeting would adversely affect the attorney-client privilege between the Association and its counsel or if, in the good faith judgment of the Board, access to such information or attendance at an Open Meeting would not be in the best interest of the Association or the Owners. The Declarant's Representative shall not be entitled to attend executive sessions of the Board. The Declarant's Representative will attend any Open Meeting it is permitted to attend in an observer capacity only, and it shall not have any right to vote on matters coming before the Board or Owners. Declarant's Representative shall be entitled to receive copies of the minutes of all Open Meetings. The Declarant's rights to receive written notice of meetings and to have a Declarant's Representative present at such meeting shall continue until the later of the date that is ten (10) years after the first Close of Escrow in the Properties, or the date of expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Declarant under the Right to Repair Law (including any tolling periods). .

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15.10 **DECLARANT APPROVAL OF ACTIONS.**

15.10.1 **General Rights.** Until Declarant no longer owns a portion of the Properties or the Annexable Territory, Declarant's prior written approval is required for any amendment to the Governing Documents which would impair or diminish Declarant's right to complete the Properties or the Annexable Territory or sell or lease dwellings therein.

15.10.2 **Limit on Actions.** Until the expiration of all applicable statutes of limitations or repose for the filing of a complaint or suit or other legal remedies against Declarant under the Right to Repair Law (including any tolling periods), the following actions, before being undertaken by the Community Association, must first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees;

(b) The annexation to the Properties of real property other than the Annexable Territory pursuant to Section 16.2;

(c) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Common Area by Declarant;

(d) Any significant reduction of Association maintenance or other services; or

(e) Any modification or termination of any provision of the Governing Documents benefiting Declarant.

15.11 **MARKETING NAME.** The Properties shall be marketed under the general name "Orchard Glen." Declarant may change the marketing name of the Properties or designate a different marketing name for any Phase at any time in Declarant's sole discretion. Declarant shall notify the DRE of any change in or addition to the marketing name or names of the Properties or any Phase.

ARTICLE XVI
ANNEXATION OF ADDITIONAL PROPERTY

Additional real property may be annexed to the Properties and become subject to this Declaration by any of the following methods:

16.1 **ADDITIONS BY DECLARANT.** Declarant may add the Annexable Territory to the Properties and bring such added territory under the general plan of this Declaration without the approval of the Association, the Board, or Owners, so long as Declarant owns any portion of the Annexable Territory. No amendment may be made to this Section 16.1 without the prior written approval of Declarant

16.2 **OTHER ADDITIONS.** Additional real property may be annexed to the Properties and brought under the general plan of this Declaration upon the approval by vote or

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written consent of Members entitled to exercise no less than two-thirds (2/3) of the Association's voting power.

16.3 **RIGHTS AND OBLIGATIONS-ADDED TERRITORY**. Subject to the provisions of Section 16.4, when a Notice of Addition containing the provisions required by Section 16.4 is Recorded, all provisions in this Declaration will apply to the real property described in such Notice of Addition (the ***"Added Territory"***) in the same manner as if the real property were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of Lots in the Added Territory, as well as in the property originally subject to this Declaration, will be the same as if the Added Territory were originally covered by this Declaration. After the first day of the month following the first Close of Escrow in the Added Territory, the Owners of Lots located in the Added Territory shall share in the payment of Assessments to the Association to meet Common Expenses of the Properties. Voting rights attributable to the Lots in the Added Territory may not be exercised until Annual Assessments have commenced on such Lots.

16.4 **NOTICE OF ADDITION**. The additions authorized under Sections 16.1 and 16.2 must be made by Recording in Official Records a Notice of Addition against the real property to be added to the coverage of this Declaration. The Notice of Addition must (a) reference by instrument number this Declaration and the date of its Recordation, (b) describe with specificity the Added Territory, (c) state that this Declaration shall apply to the Added Territory, and (d) describe the land use designations in the Added Territory. The Notice of Addition for any addition under Section 16.1 must be signed by Declarant. The Notice of Addition for any addition under Section 16.2 must be signed by at least two (2) officers of the Association to certify that the Owner approval required under Section 16.2 was obtained. On Recordation of the Notice of Addition, the Added Territory will be annexed to and constitute a part of the Properties and it will become subject to this Declaration. Subject to Section 16.3, the Owners of Lots in the Added Territory will automatically acquire Membership in the Association. No Notice of Addition or Supplemental Declaration may revoke the covenants, conditions, restrictions, reservation of easements, or equitable servitudes in this Declaration as the same pertain to the real property originally covered by this Declaration.

16.5 **DE-ANNEXATION AND AMENDMENT**. In addition to the rights to amend or terminate a Notice of Addition granted elsewhere in this Declaration or in a Notice of Addition, Declarant may also amend a Notice of Addition or delete all or a portion of a Phase from coverage of this Declaration and the Association's jurisdiction so long as Declarant is the owner of all of such Phase and provided that (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the applicable Notice of Addition was Recorded, (b) Declarant has not exercised any Association vote with respect to any portion of such Phase, (c) Assessments have not yet commenced with respect to any portion of such Phase, (d) Close of Escrow has not occurred for the sale of any Lot in such Phase, and (e) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase. No amendment may be made to this Section 16.5 without the prior written approval of Declarant.

[SIGNATURES ON FOLLOWING PAGE]

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[SIGNATURE PAGE TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS]

This Declaration is dated for identification purposes July 25, 2006.

CENTEX HOMES, a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation,
its Managing General Partner

By: [signature]
Print Name: Rick Wood
Title: VP Land Development

Declarant

STATE OF CALIFORNIA
COUNTY OF ORANGE

On July 25, 2006, ~~2006~~, before me, MICHELLE L. WEHR, NOTARY PUBLIC,
(here insert name and title of the officer)
personally appeared RICK WOOD
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: [signature]

(SEAL)

MICHELLE L. WEHR
Commission # 1481871
Notary Public - California
Orange County
My Comm. Expires Apr 9, 2008

1430-38715\FSJ037\CCRS\597345.9
5/19/06

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EXHIBIT A

LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

All that certain real property located in the City of Corona, County of Riverside, State of California, more particularly described as follows:

All of Tract No. 31955, as shown on a Subdivision Map, Filed on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder, excepting Phase 1 therefrom.

[Legal descriptions for the southerly and westerly parcels to be added]

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EXHIBIT A
LEGAL DESCRIPTION
WESTERLY PARCELS

Parcel A

THOSE PORTIONS OF SECTIONS 3, 4, 9, AND 10, TOWNSHIP 4, SOUTH RANGE 7 WEST, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED MORE PARTICULARLY AS FOLLOWS:

BEGINNING AT THE CENTER NORTH 1/16 CORNER OF SAID SECTION 4;

THENCE, ALONG THE WEST LINE OF THE NORTH EAST SECTION LINE OF SAID SECTION 4, TO THE CENTER 1/4 CORNER OF SAID SECTION 4;

THENCE, ALONG THE WEST LINE OF THE SOUTH EAST SECTION LINE OF SAID SECTION 4, TO THE CENTER SOUTH NORTH SOUTH 1/256 CORNER OF SAID SECTION 4;

THENCE, DEPARTING THE WEST LINE OF THE SOUTH EAST 1/4 LINE OF SAID SECTIN 4, AND ALONG THE MIDSECTION LINE SOUTH 1/2 NORTH EAST 1/4 SOUTH WEST 1/4 LINE OF SAID SECTION 4, TO THE CENTER SOUTH NORTH SOUTH WEST 1/256 CORNER OF SAID SECTION 4;

THENCE, DEPARTING MIDSECTION LINE SOUTH 1/2 NORTH EAST 1/4 SOUTH WEST 1/4 LINE OF SAID SECTION 4, AND ALONG THE WEST LINE EAST 1/2 SOUTH WEST 1/4 OF SAID SECTION 9, TO THE WEST 1/16 CORNER OF SAID SECTION 4;

THENCE, DEPARTING THE WEST LINE EAST 1/2 SOUTH WEST 1/4 OF SAID SECTION 9, AND ALONG THE SOUTH LINE OF SECTION 4, TO THE SOUTH 1/4 CORNER OF SAID SECTION 4;

THENCE, DEPARTING THE SOUTH LINE OF SECTION 4, AND ALONG THE WEST LINE NORTH 1/2 NORTH WEST 1/4 NORTH EAST 1/4 OF SAID SECTION 9, TO THE CENTER NORTH NORTH 1/64 CORNER OF SECTION 9;

THENCE, DEPARTING THE WEST LINE NORTH 1/2 NORTH WEST 1/4 NORTH EAST 1/4 OF SAID SECTION 9, AND ALONG THE SOUTH LINE OF NORTH 1/2 NORTH WEST 1/4 NORTH EAST 1/4 OF SAID SECTION 9, TO THE CENTER NORTH NORTH EAST 1/64 CORNER OF SAID SECTION 9;

THENCE, DEPARTING THE SOUTH LINE OF NORTH 1/2 NORTH WEST 1/4 NORTH EAST 1/4 OF SAID SECTION 9, AND ALONG THE WEST LINE EAST 1/2 NORTH EAST 1/4 NORTH EAST 1/4 OF SAID SECTION 9, TO THE CENTER SOUTH NORTH EAST 1/64 CORNER OF SAID SECTION 9;

THENCE, DEPARTING THE WEST LINE OF EAST 1/2 NORTH EAST 1/4 NORTH EAST 1/4 OF SECTION 9 AND ALONG THE SOUTH LINE OF NORTH 1/2 SOUTH EAST 1/4 NORTH EAST 1/4 OF SAID SECTION 10, TO THE CENTER EAST SOUTH WEST NORTH WEST 1/64 CORNER OF SAID SECTION 10;

THENCE, DEPARTING SAID SOUTH LINE NORTH 1/2 SOUTH EAST 1/4 NORTH EAST 1/4 OF SAID SECTION 10, AND ALONG THE NORTH SOUTH MIDSECTION OF THE EAST 1/2 WEST 1/2 NORTH

WEST 1/4 OF SAID SECTION 10 TO THE SOUTH LINE BY DEED PER INSTRUMENT 1979-000044 RECORDED ON 02/00/1979;

THENCE, ALONG THE EAST LINE BY DEED PER INSTRUMENT 1979-000044 RECORDED ON 02/00/1979;

THENCE, ALONG THE SOUTH LINE BY DEED PER INSTRUMENT 2004-0025420 RECORDED ON 01/14/2004;

THENCE, ALONG THE EAST LINE BY DEED PER INSTRUMENT 2004-0025420 RECORDED ON 01/14/2004;

THENCE, ALONG THE SOUTH LINE BY DEED PER INSTRUMENT 275078 RECORDED ON 10/31/1986;

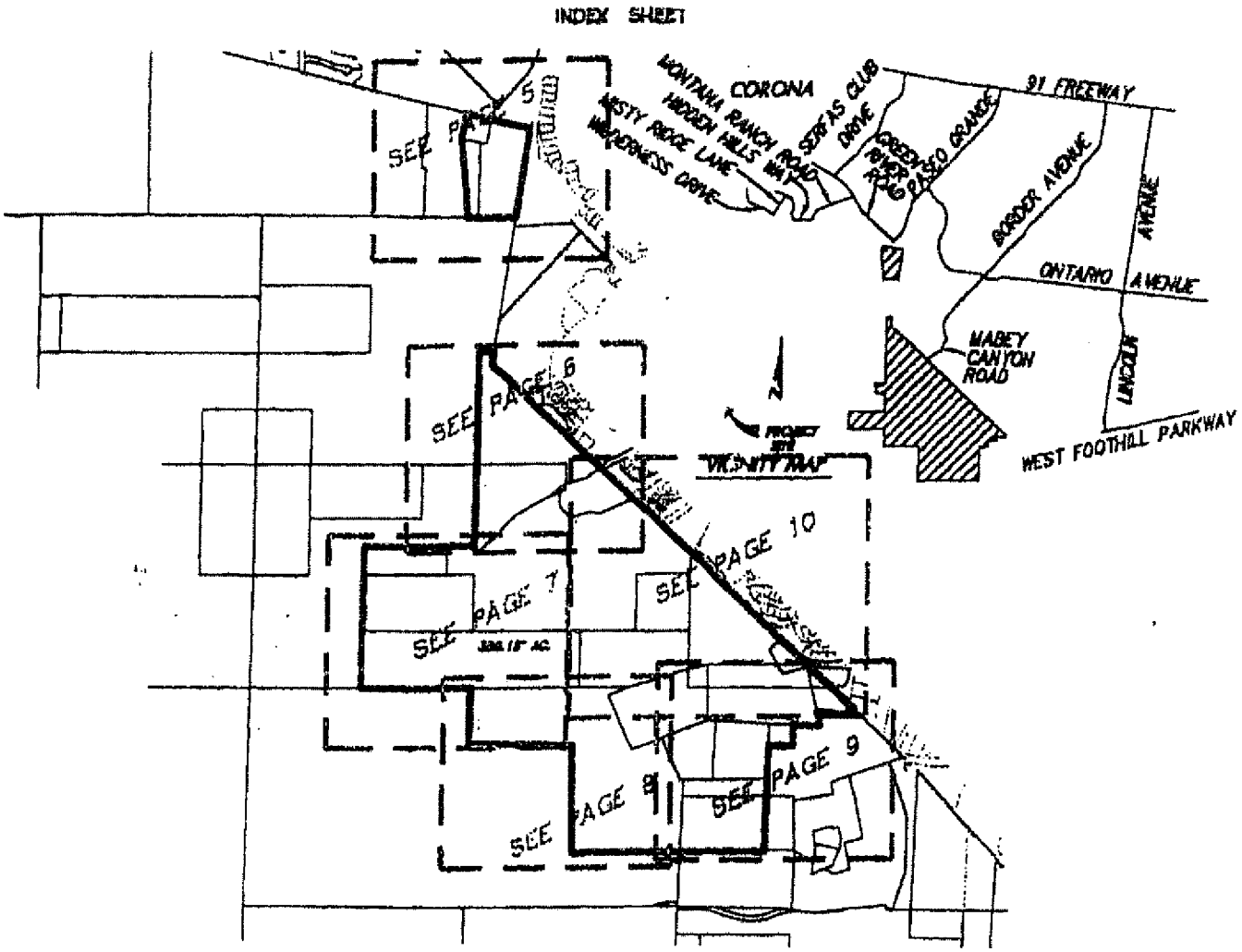
THENCE, ALONG THE SOUTH LINE BY DEED PER INSTRUMENT 2005-0128115 RECORDED ON 02/16/2005;

THENCE ALONG THE SOUTH BOUNDARY OF THE LA SIERRA YORBA RANCHO TO THE EASTERLY LINE BY DEED PER INSTRUMENT 2000-479181 RECORDED ON 12/01/2000;

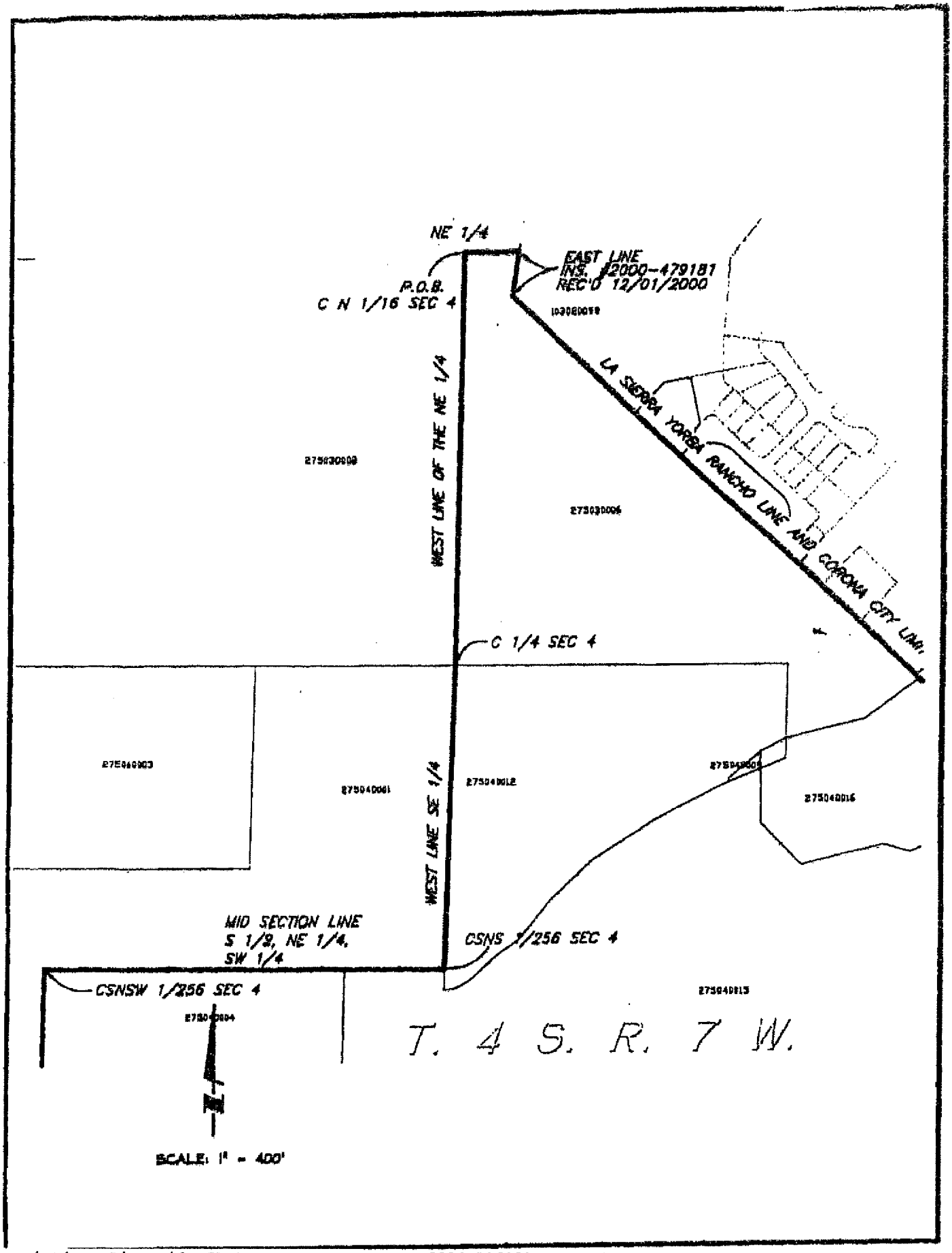
THENCE, ALONG THE BOUNDARY OF THE LA SIERRA YORBA RANCHO LINE TO THE EAST BOUNDARY LINE OF THE LA SIERRA YORBA RANCHO TO THE SOUTH LINE NORTH WEST 1/4 NORTH EAST 1/4 LINE;

THENCH DEPARTING SAID LA SIERRA YORBA RANCHO AND ALONG THE SOUTH LINE NORTH WEST 1/4 OF THE NORTH EAST 1/4 OF SAID SECTION 4 TO THE **POINT OF BEGINNING;**

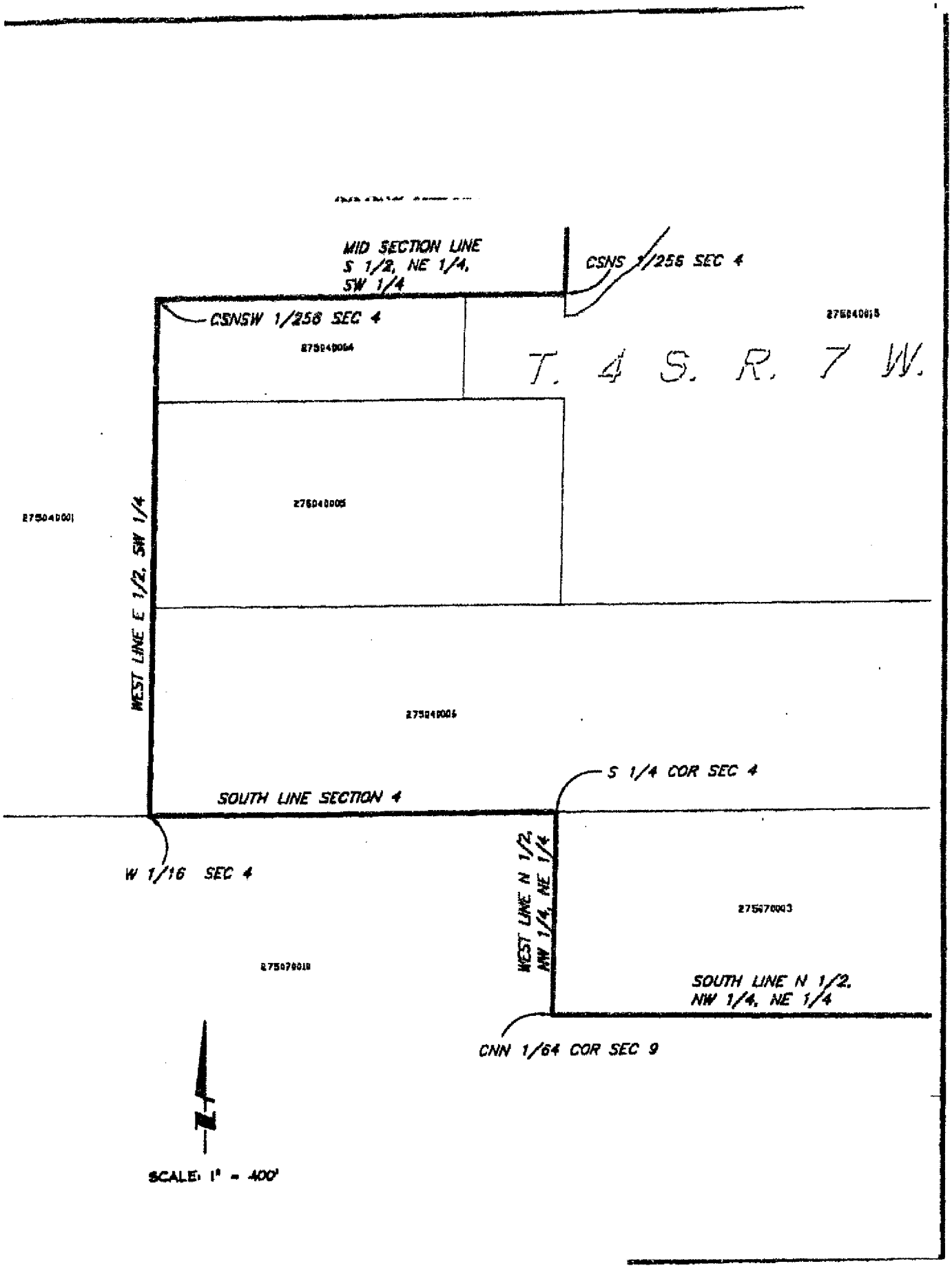
DESCRIBED PARCEL CONTAINING 398.39 ACRES MORE OR LESS AND AS SHOWN BY PLAT EXHIBIT ON PAGES 6 THROUGH 10.



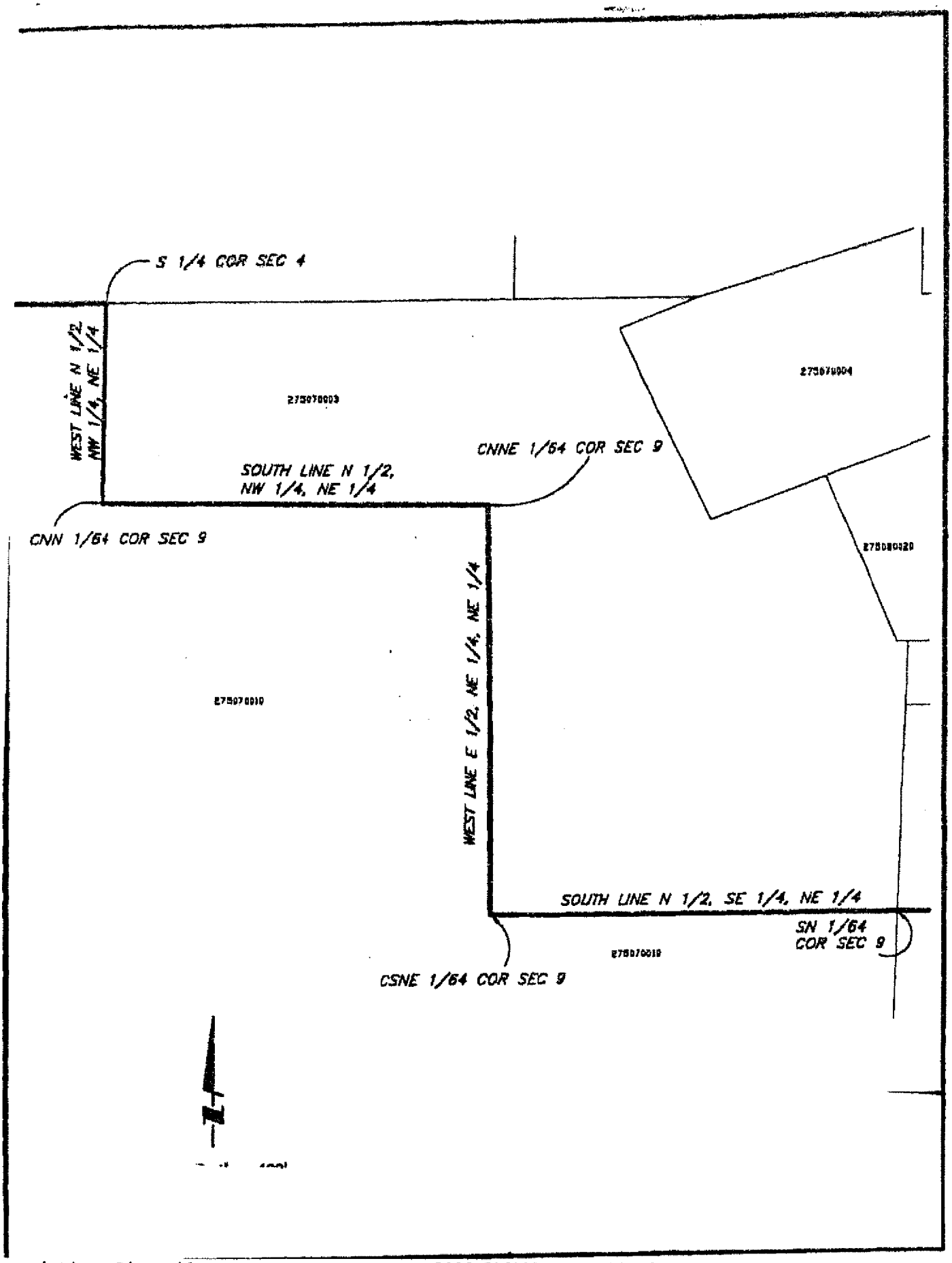
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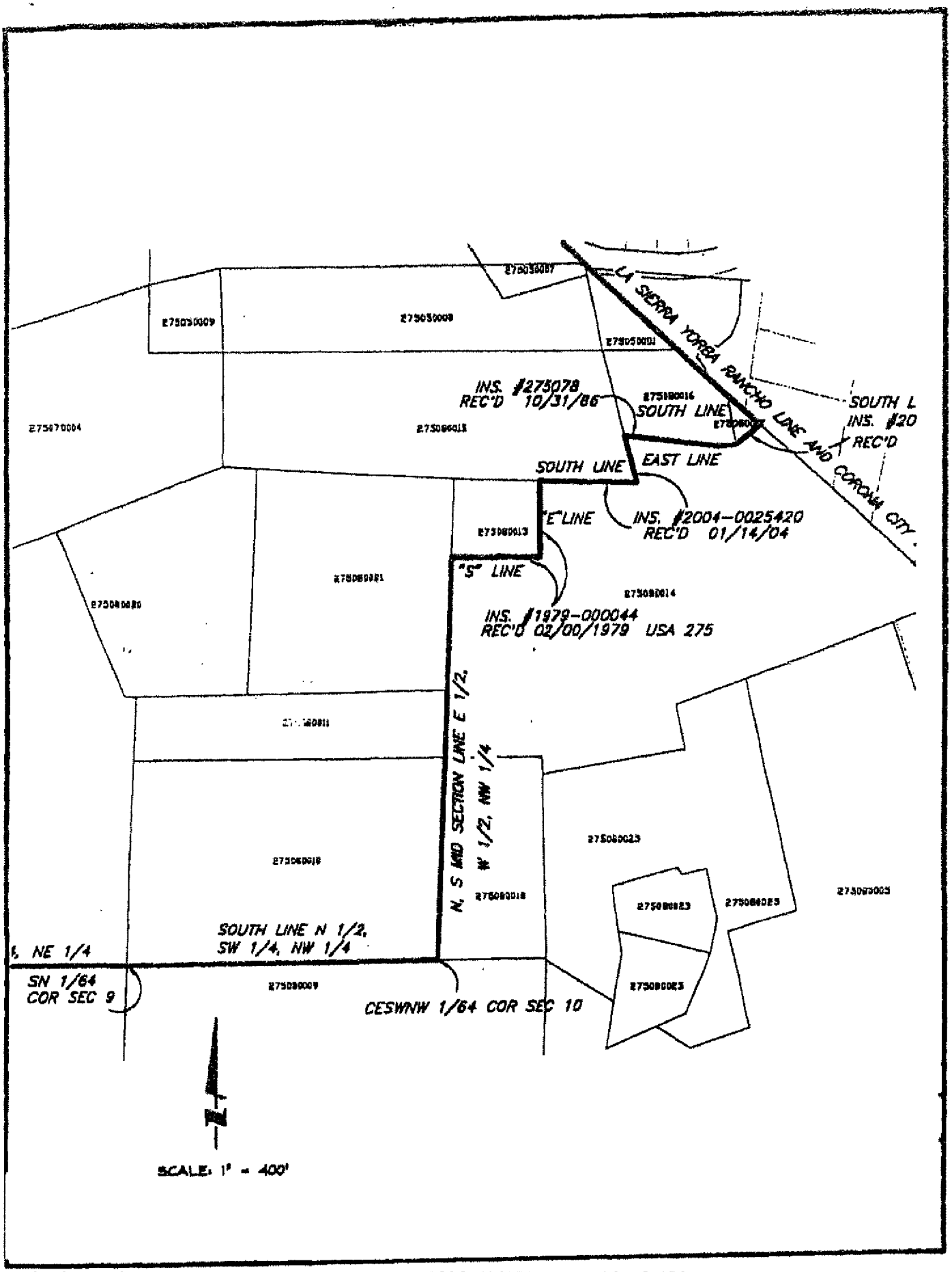
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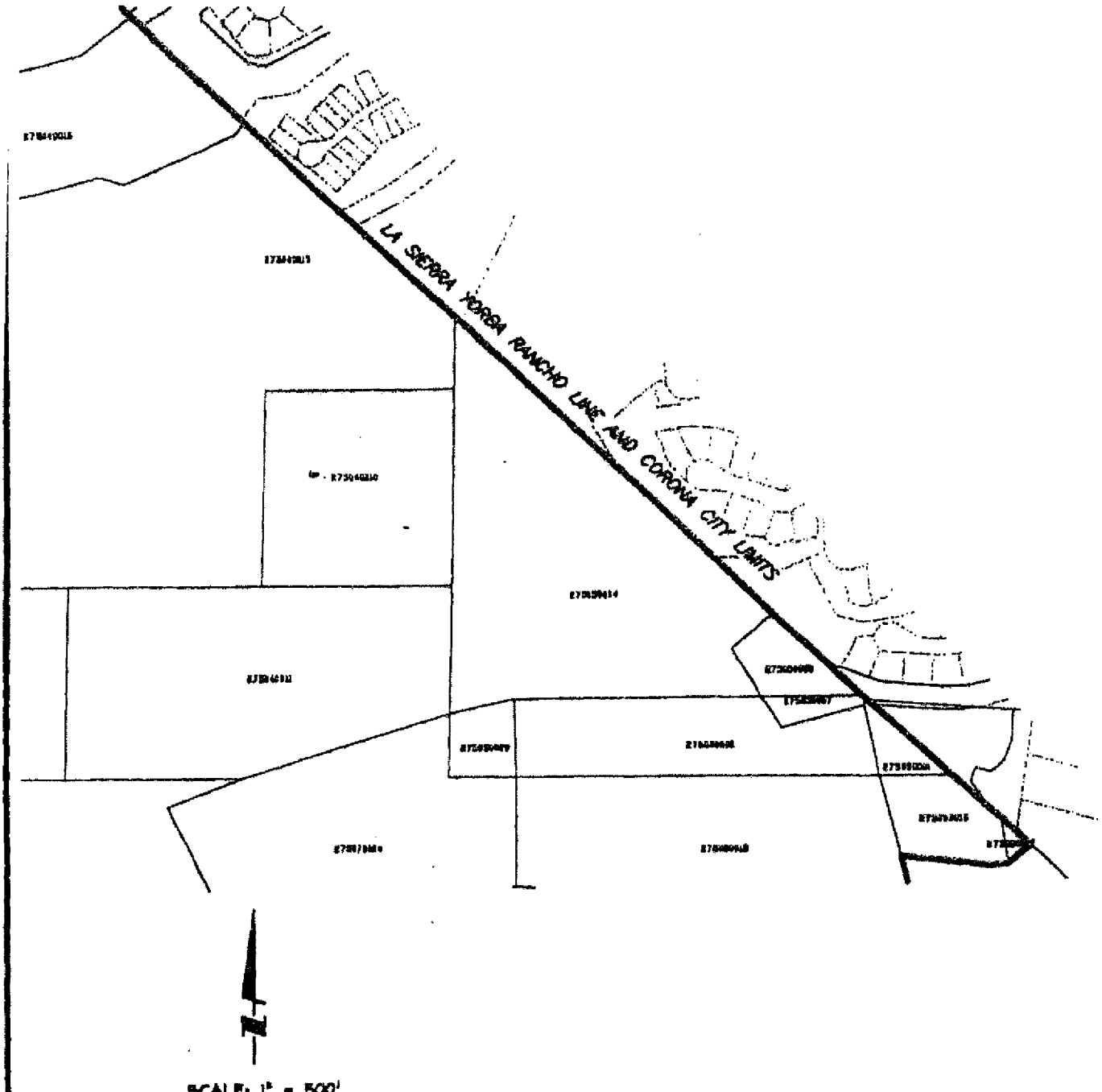
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LA SIERRA YORBA RANCHO LINE AND CORONA CITY LIMITS
SCALE: 1" = 500'

SOUTHERLY PARCELS

Being a portion of Section 10 as shown on Record of Survey filed in Book __ pages ___ through ___ and Parcel B of Lot Line Adjustment No. 3191 recorded April 27, 1990 as Instrument No. 90-154667 of Official Records of Riverside County, State of California, Township 4 South Range 7 West, San Bernardino Base and Meridian described as follows;

BEGINNING at the center corner of said section;

Thence along the southerly center line of said section South 2°37'04" West, 324.24 feet;

Thence South 89°37'43" East, 639.30 feet;

Thence South 2°26'40" West, 967.20 feet;

Thence South 89°53'21" West, 624.46 feet;

Thence North 88°54'18" West, 682.01 feet;

Thence North 2°25'20" East, 659.14 feet;

Thence North 88°00'28" West, 684.03 feet;

Thence North 89°22'55" West, 1022.12 feet;

Thence North 2°04'19" East, 330.63 feet;

Thence North 89°37'11" West, 341.06 feet to the west line of said section;

Thence along said west section line North 2°01'03" East, 274.35 feet;

Thence leaving said west section line North 69°24'19" East, 109.23 feet;

Thence North 84° 55'21" West, 178.47 feet;

Thence South 77°00'03" East, 172.06 feet;

Thence South 74°32'16" East, 82.08 feet;

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Thence South 70°39'30" East, 71.23 feet;

Thence South 66°39'51" East, 139.41 feet;

Thence South 79°10'05" East, 147.52 feet;

Thence North 88°41'04" East, 100.51 feet;

Thence North 77°53'28" East, 164.49 feet;

Thence North 63°33'12" East, 172.70 feet;

Thence North 77°42'34" East, 106.67 feet;

Thence South 87°03'08" East, 37.09 feet;

Thence North 4°57'08" East, 46.32 feet to the northerly line of said Parcel B, said point also being on a non-tangent curve concave southerly having a radius of 657.50 feet, a radial line to said non-tangent curve bears North 6°01'41" East;

Thence along said southerly line of said Parcel 2 easterly an arc length of 19.49 feet along said curve through a central angle of 3°23'48";

Thence continuing along said southerly line of said Parcel 2 South 80°34'31" East 100.00 feet to a tangent curve concave northerly having a radius of 942.50 feet;

Thence easterly an arc length of 219.91 feet along said curve through a central angle of 13°22'08";

Thence North 86°03'21" East, 603.87 feet to a tangent curve concave southerly having a radius of 318.00 feet;

Thence easterly an arc length of 98.72 feet along said curve through a central angle of 17°47'10";

Thence on a non tangent line South 27°04'15" East, 19.65 feet

Thence South 22°01'48" West, 26.38 feet to the center section line;

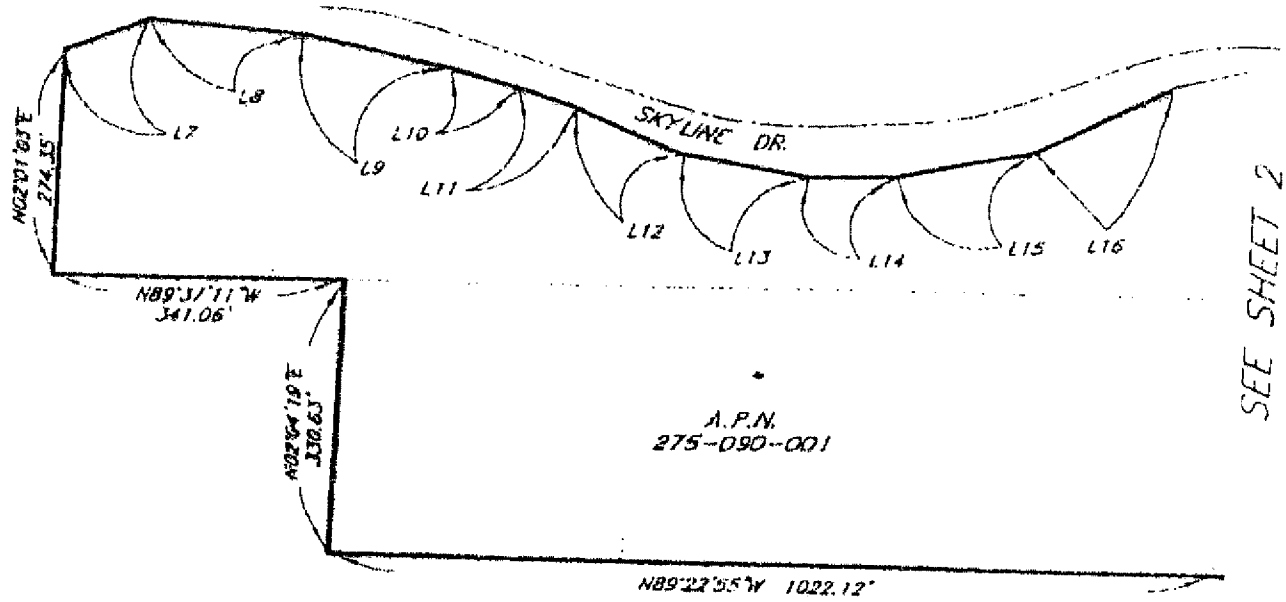
Thence along said section line South 87°06'59" East, 254.73 feet to the **POINT OF BEGINNING**.

As shown on Exhibit "B" attached hereto and made a part hereof.

The above described parcel of land contains approximately 60.01 acres to be annexed to the City of Corona.

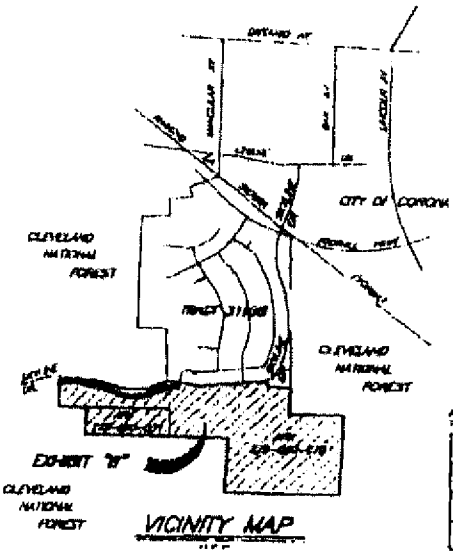
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RANDALL L. WARD
L.S. 7653

DATE
EXP: 12-31-06





CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	TANGENT
C4	20°47'34"	430.00'	156.05'	78.89'
C5	18°00'25"	372.00'	116.24'	58.63'
C6	20°38'00"	470.00'	169.26'	85.55'

LINE TABLE		
LINE	BEARING	LENGTH
L7	N89°24'19"E	109.23'
L8	N84°55'21"W	176.47'
L9	N77°00'03"W	172.06'
L10	N74°32'16"W	82.08'
L11	N70°38'30"W	71.43'
L12	N65°39'51"W	139.41'
L13	N79°10'03"W	147.92'
L14	N88°41'04"E	100.51'
L15	N17°31'36"E	164.19'
L16	N67°33'12"E	171.70'

ACREAGE SUMMARY:

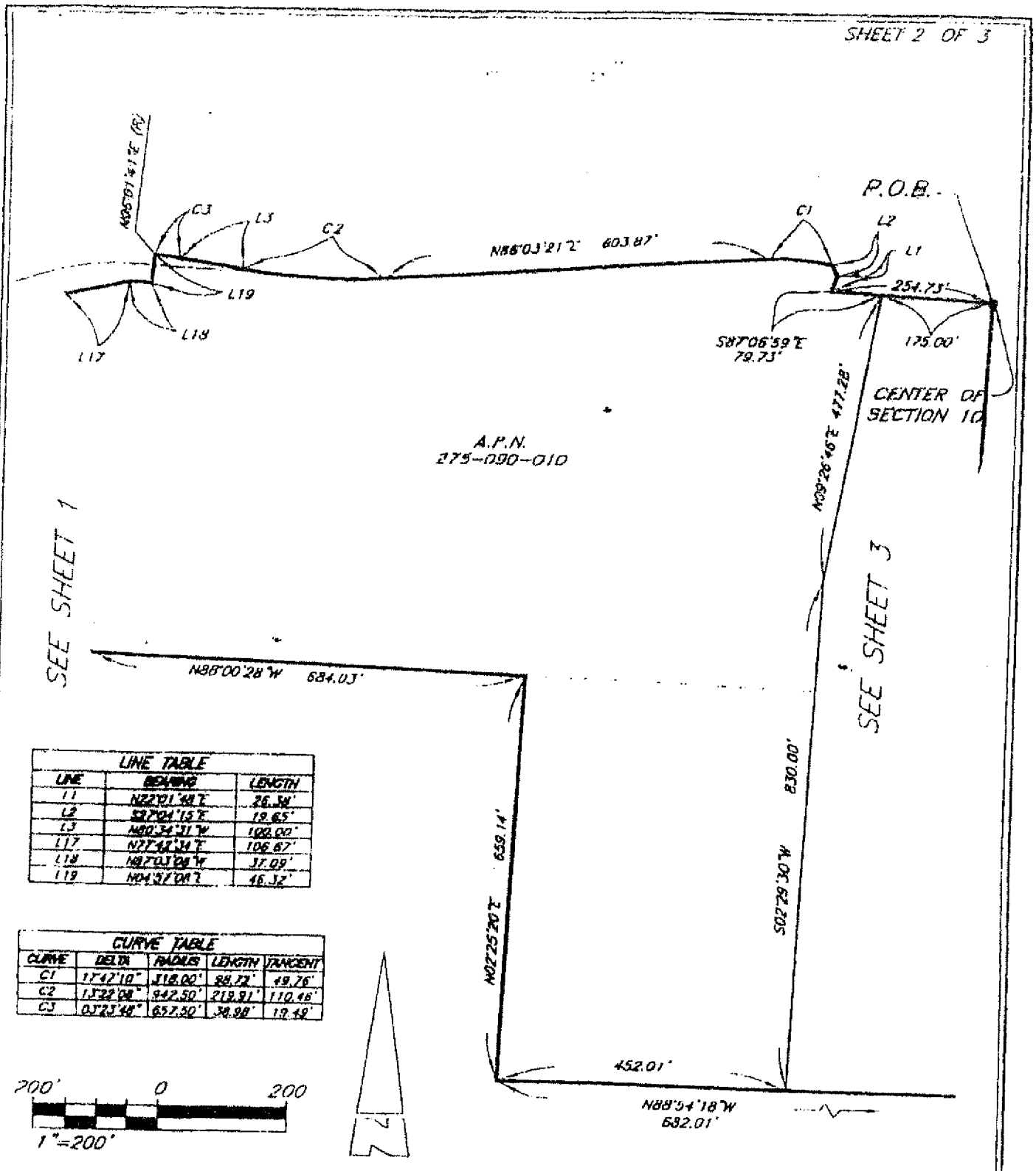
AREA	ACRES
RESIDENTIAL	39.16
OPEN SPACE	20.85
SKYLINE DR. DEDICATION	2.19
TOTAL	62.20

200' 0 200
1"=200'

EXHIBIT "B":
BEING A PORTION OF THE NORTH ½ OF THE NORTH ½ OF THE SOUTHWEST QUARTER OF SECTION 10 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK _ PAGES _ THROUGH _ AND PARCEL B OF LOT LINE ADJUSTMENT NO. 3191 RECORDED APRIL 27, 1990 AS INSTRUMENT NO. 90-134667 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, TOWNSHIP 4 SOUTH RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN.

J:\C 04 820 1 R\04\820\LP1W\AmendDwg-A8-06\Dwg4_mod Skyline - shts1&2.DWG PRINTED: 03-01-06 LM

Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 100 of 170
Order: gnfgjfj Comment:



LINE TABLE		
LINE	BEARING	LENGTH
L1	N22°01'48"E	26.34'
L2	S87°04'15"E	19.65'
L3	N80°34'21"W	100.00'
L17	N77°42'34"E	106.67'
L18	N87°03'08"W	37.09'
L19	N04°37'08"E	46.32'

CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	TANGENT
C1	17°42'10"	318.00'	98.72'	49.76'
C2	13°22'08"	942.50'	219.91'	110.46'
C3	03°23'48"	657.50'	38.98'	19.49'

200' 0 200

1"=200'

EXHIBIT "B"

BEING A PORTION OF THE NORTH ½ OF THE NORTH ½ OF THE SOUTHWEST QUARTER OF SECTION 10 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK _ PAGES _ THROUGH _ AND PARCEL B OF LOT LINE ADJUSTMENT NO. 3191 RECORDED APRIL 27, 1990 AS INSTRUMENT NO. 90-134687 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, TOWNSHIP 4 SOUTH RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN.

Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 101 of 170
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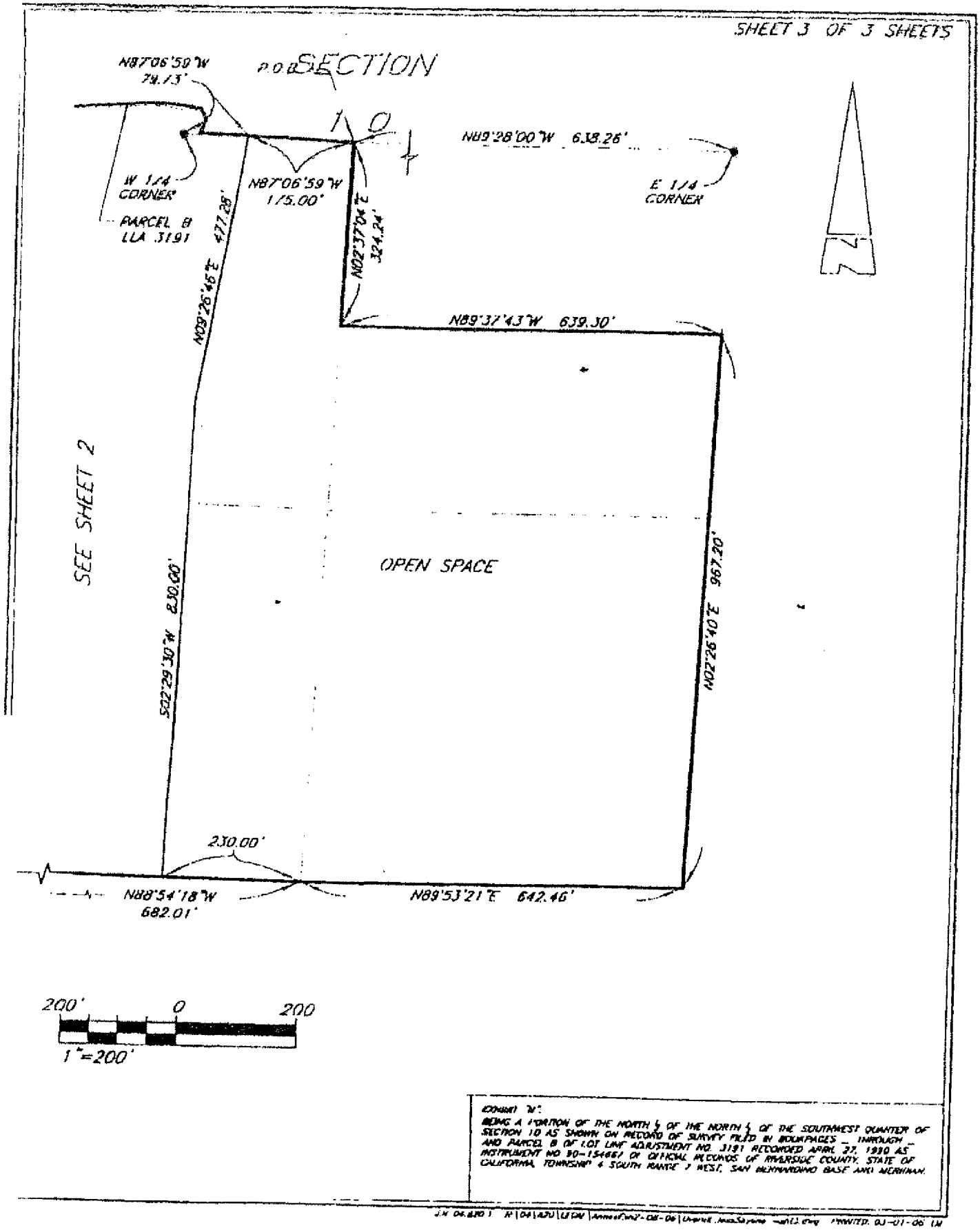


EXHIBIT "A"

BEING A PORTION OF THE NORTH ½ OF THE NORTH ½ OF THE SOUTHWEST QUARTER OF SECTION 10 AS SHOWN ON RECORD OF SURVEY FILED IN BOOK PAGES ___ THROUGH ___ AND PARCEL B OF LOT LINE ADJUSTMENT NO. 3191 RECORDED APRIL 27, 1990 AS INSTRUMENT NO 90-154661 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, TOWNSHIP 4 SOUTH RANGE 3 WEST, SAN BERNARDINO BASE AND MERIDIAN.

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EXHIBIT B

ARTICLES OF INCORPORATION OF THE ASSOCIATION

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ARTICLES OF INCORPORATION

OF

ORCHARD GLEN COMMUNITY ASSOCIATION

ONE: The name of this corporation (*"Corporation"* herein) is Orchard Glen Community Association, a California nonprofit mutual benefit corporation.

TWO: 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, other than credit union business, for which a corporation may be organized under such law.

THREE: The Corporation's initial agent for service of process is Rick Wood, whose business address is 250 Commerce, Suite 250, Irvine, California 92602.

FOUR: The Corporation shall have and exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Mutual Benefit Corporation Law may now or hereafter have or exercise, provided that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of the Corporation, which is to operate a homeowners Corporation within the meaning of Section 23701t of the California Revenue and Taxation Code and Section 528 of the Internal Revenue Code and to manage a common interest development under the Davis-Stirling Common Interest Development Act. The Corporation does not have a corporate office. The common interest development is near the intersection of Foothill Parkway and Skyline Drive, Corona, California 92882-0000.

FIVE: The classes of Membership and the voting and other rights and privileges of Members shall be as set forth in the Bylaws. So long as there are two classes of Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, and (ii) Members representing a bare majority of the voting power of each class of Members. After conversion of the Class B Membership to Class A Membership, amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a bare majority of the Board of Directors of the Corporation, (ii) Members representing a bare majority of the total voting power of the Members, and (iii) Members representing a bare majority of the voting power of the Members other than the Subdivider of the Properties.

SIX: The Corporation has no managing agent.

The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on February ___, 2006.

_____

Rick Wood, Incorporator

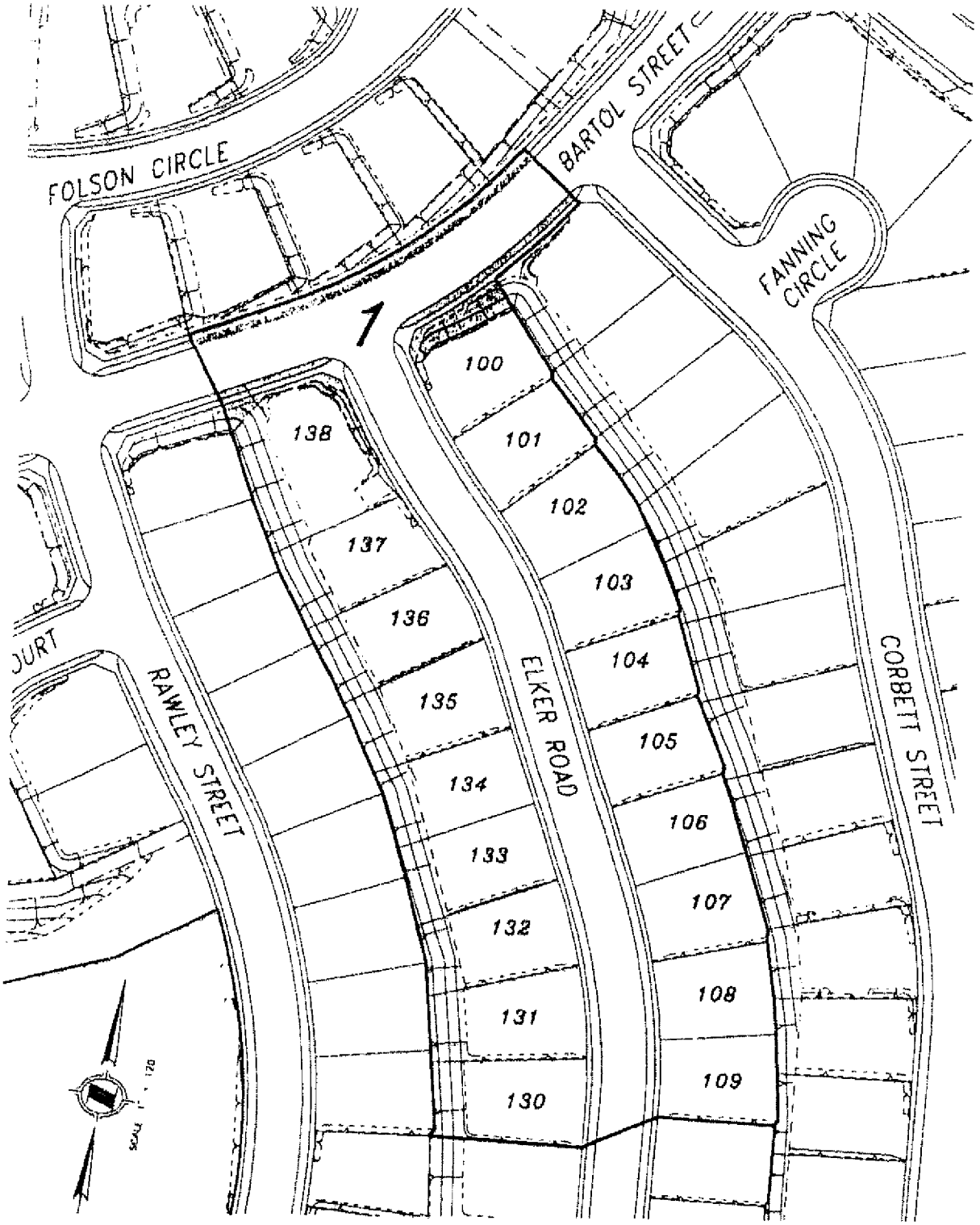
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EXHIBIT D

DRAWING SHOWING APPROXIMATE LOCATIONS OF ASSOCIATION MAINTENANCE AREAS ON CERTAIN LOTS IN PHASE 1

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EXHIBIT D
DRAWING SHOWING LOCATIONS OF ASSOCIATION MAINTENANCE AREAS ON CERTAIN LOTS IN PHASE 1



LEGEND

ASSOCIATION LANDSCAPE MAINTENANCE AREAS IN PHASE 1

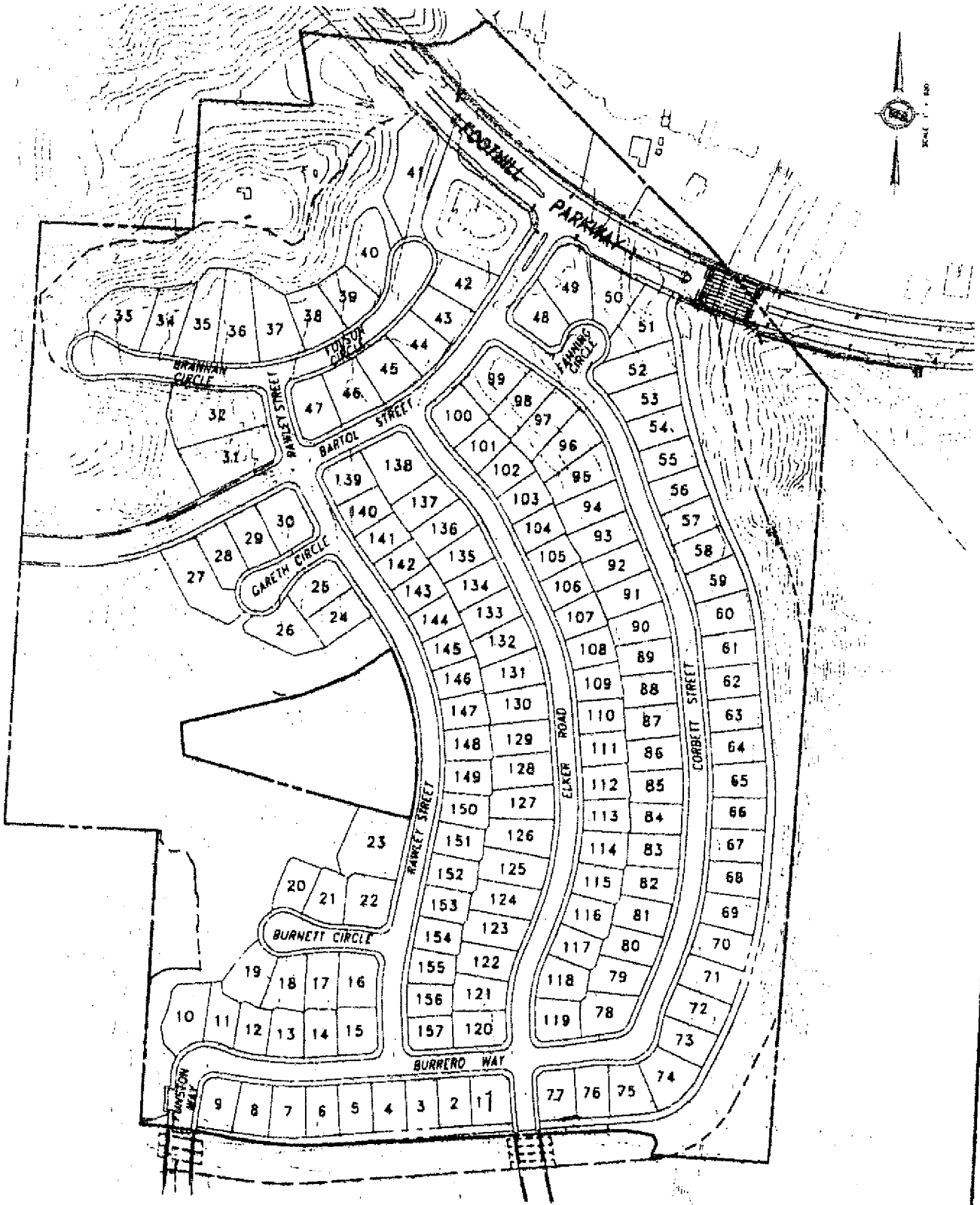
Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 134 of 170
Order: gnfgjfj Comment:

EXHIBIT E

DRAWING SHOWING APPROXIMATE LOCATIONS OF OFF-SITE EASEMENT AREAS OR PUBLIC PROPERTY TO BE MAINTAINED BY THE ASSOCIATION IN THE PROPERTIES

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Order: gnfgjfj Comment:

OFFSITE FUEL MOD EXHIBIT
TRACT 31955



PREPARED BY:

HUNSAKER & ASSOCIATES
IRVINE, INC.
PLANNING • ENGINEERING • SURVEYING
Irvine, CA 92618 • PH: (949) 583-1010 • FX: (949) 583-0759

OFF-SITE FUEL MOD ZONES

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EXHIBIT F

DRAWING SHOWING APPROXIMATE LOCATIONS OF FUEL MODIFICATION ZONES OVER RESIDENTIAL LOTS IN PHASE 1

[There are no fuel modification areas over residential lots in Phase 1.]

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Order: gnfgjfj Comment:

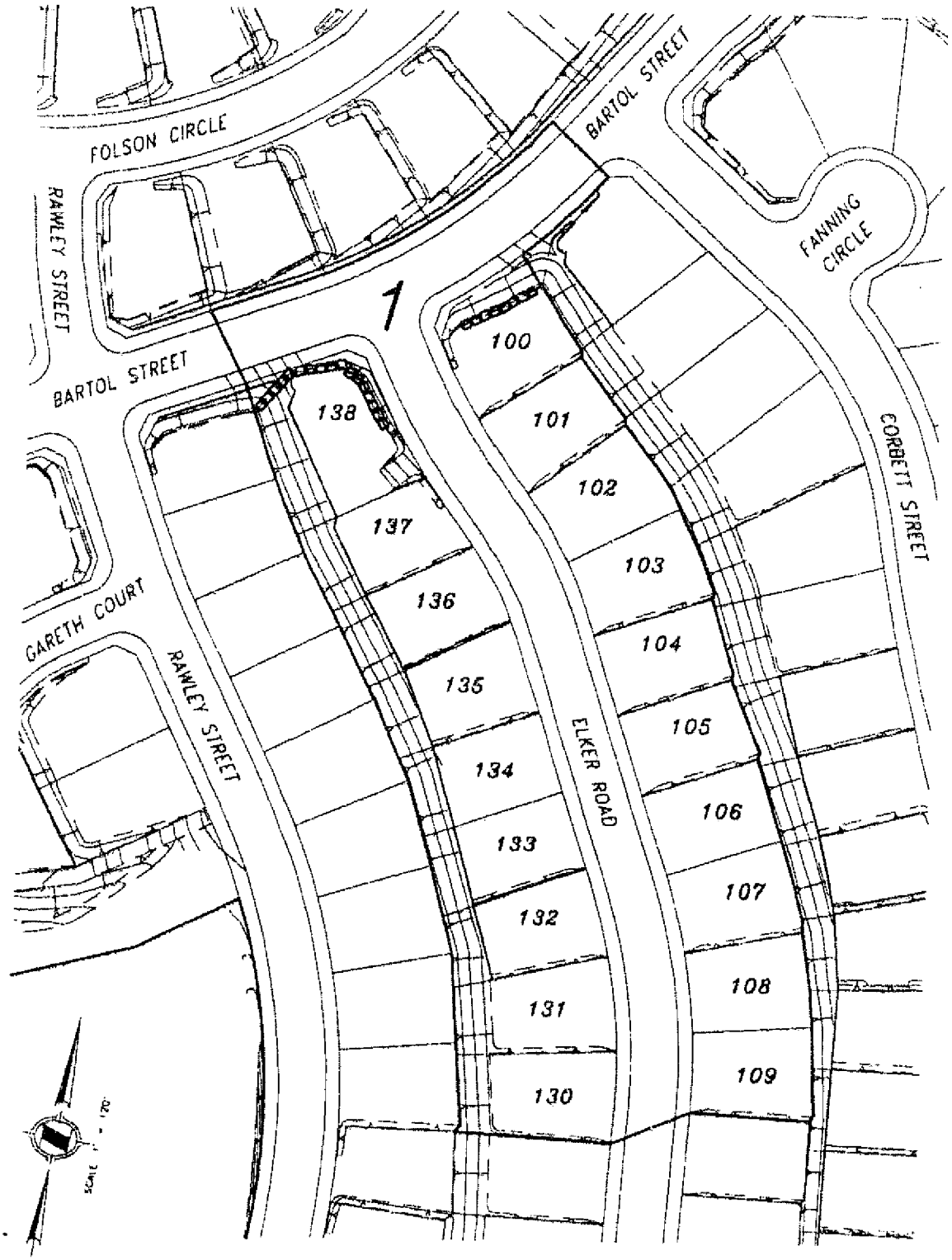
EXHIBIT G

DRAWING SHOWING APPROXIMATE LOCATIONS OF COMMUNITY WALLS IN PHASE 1

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Order: gnfgjfj Comment:

EXHIBIT G

DRAWING SHOWING LOCATIONS OF COMMUNITY WALLS IN PHASE 1



LEGEND

COMMUNITY WALLS IN PHASE 1

EXHIBIT H

OPERATIONS & MAINTENANCE PLAN

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Order: gnfgjfj Comment:

Revised Operations & Maintenance Plan for Tentative Tract No. 31955 In the City of Corona, Riverside County, California



Prepared for:
Centex Homes-South Coast Division
Ms. Janice Shackle
250 Commerce, Suite 100
Irvine, CA 92602

Prepared by:
GONZALES ENVIRONMENTAL CONSULTING LLC
Teresa Gonzales
51842 Avenida Diaz
La Quinta, Ca 92253
(760) 777-1621

November 12, 2005

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III. SITE MAPS AND LOCATIONS OF BMPS 5

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VI. MAINTENANCE CONTACT LIST 13

VII. MINIMUM QUALIFICATIONS FOR OPERATING PERSONNEL AND CONTRACTORS 15

Enclosures:

Precise Plan Tentative Tract Map

Water Quality Exhibit

BMP Design Exhibits

Checklist Appendix

Sample HOA Newsletters

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I. PURPOSE

The purpose of this report is to comply with Condition No. 5 of the Clean Water Section 401 Water Quality Standards Certification for the proposed Residential Tract No. 31955, City of Corona (ACOE Reference No. 200401866-CLM), and dated August 2, 2005. Condition No. 5 requires the preparation of a structural Best Management Practices (BMPs) operation and maintenance plan (OMP).

II. PROJECT AREA DESCRIPTION

A. DEFINE AREA OF RESPONSIBILITY USING A LOCAL AREA EXHIBIT

The project is located in Riverside County, in the City of Corona. A residential land development project will be subdivided to accommodate 157 -single family houses and three large lettered lots. The project is located on undeveloped lands that have been historically used as an orchard.

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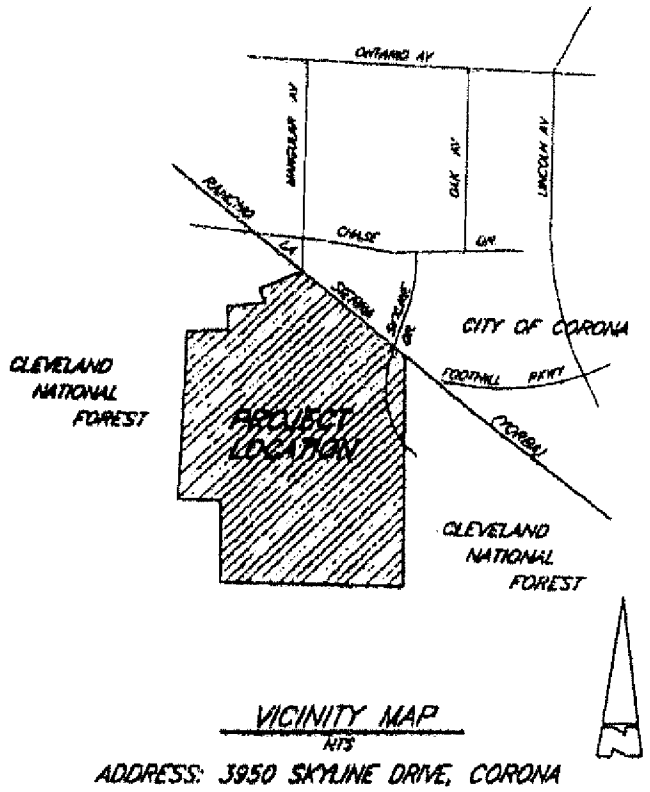


Figure 1
Local Area Exhibit

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B. WHO IS IN CHARGE OF OPERATION & MAINTENANCE PLANS

A Homeowner's Associate (HOA) or Property Owners Association (POA) will be formed for the operation and maintenance plans.

C. NAME AND ADDRESS OF THE RESPONSIBLE PARTY

Centex Homes
250 Commerce, Suite 100
Irvine, Ca 92602

D. NAME OF FIRM PREPARING THE PLAN

Gonzales Environmental Consulting, LLC
51-842 Avenida Diaz
La Quinta, CA 92253

III. SITE MAPS AND LOCATIONS OF BMPS

A. DIAGRAM AND LOCATION OF BMPS

See attached water quality exhibit and tentative tract map. The inclusion of the Precise Plan Tentative Tract Map (TTM) exhibit is included for the Homeowners Association/property owners/contractors to know the location and tributary area of the BMPs. If a problem is noted with a basin related to the quality of the discharge, the exhibit can be used to identify the extent of the tributary area that needs to be inspected in order to trace the problem source (ex: a homeowner who is not using BMPs on their landscaping remodel job).

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C. BMP PRINCIPAL OF OPERATION

Water Quality Basin

Water quality basins provide pollutant removal by capturing and detaining runoff flows. The outlet of the basin has been designed to release or infiltrate water over a 36-hour period to allow sediment and other pollutant particles sufficient time to settle within the basin. The device is not designed to contain long-term or permanent pools of water.

Basin

Stormwater runoff from three hillside drainage swells will be controlled via inlet risers prior to entering the onsite catch basins. Please see the attached details. The inlet riser is designed to detain the runoff from the drainage swells in order for the particles and associated pollutants to settle prior to entering the water quality basins.

Street Sweeping Private Streets

Streets shall be swept every other week, at a minimum. All dirt and debris shall be disposed of properly.

Site Design/Landscape Planning

All landscape vegetation shall be in compliance with the city of Corona Landscape ordinance. Landscape plans will be designed by a licensed Landscape Architect.

Efficient Irrigation

All proposed irrigation systems shall be in compliance with the City of Corona Landscape Ordinance and the Water Conservation Ordinance. Irrigation systems shall incorporate programmable/water sensors, rain shut off valves, flow reducers/shut off valves triggered by pressure decreases to control water loss in the event of broken sprinkler heads or lines.

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IV. Routine Maintenance Schedule

The following describes the routine operation and maintenance for the BMPs.

A. TYPE OF MAINTENANCE

Water Quality Basins: Routine maintenance of the basins will consist mostly of vegetation management, including mowing, trimming and thinning, sediment, trash and debris removal, and vector control.

Typical activities and frequencies are as follows:

- Semiannual inspection at the beginning and end of the rainy season (October 1st through May 1st) for standing water, slope stability, sediment, trash and debris accumulation, and presence of burrows.

- Removal of accumulated trash and debris around the riser pipe and in the basin during the annual semiannual inspections. Trash and debris can block the filtration process and cause the system to fail.

- Vegetation management at the beginning and the end of the rainy season, to prevent vegetation establishment, vectors, and aesthetic concerns. Monthly mowing, weed control, and trimming may be appropriate.

- Accumulated sediment removal and regrade approximately every 10 years or when accumulated sediment volume exceeds 10 percent of basin volume. Basin inspection each year, at the end of the rainy season (May 1st) for accumulated sediment volume.

Repair will be made to any damaged areas identified in the inspections

Vectors: The basins shall be visually inspected for signs of vector problems including mosquitoes, rodents and mammal burrows. This includes monitoring irrigation to discourage ponding water for periods longer than two weeks. The irrigation cycle and/or duration may need to be modified. The basins shall be visually inspected for evidence of rodents (i.e. burrows).

Litter removal: Litter may be picked up at any time during site visits. Regular, scheduled trash/debris removal will be performed at all basin sites on a quarterly basis and/or after storm events that result in heavy trash accumulations. The work will be accomplished by hand crews of one to ten people, using a light-duty pick up truck or a heavy-duty stakebed truck for hauling trash/debris from the sites. On rare occasions, a backhoe and dump truck may be required to remove large amounts of trash and debris. However, significant trash and debris removal is not anticipated at the sites.

Sedimentation Removal: It is expected that there will be minor amounts of sediment deposition at the inlet/outlet structures of the basins. When such deposits obstruct water flow, are found to contain

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high levels of pollutants, or otherwise decrease the performance of the affected basin, the sediment will be removed.

For minor sediment removal, hand crews using shovels and other appropriate equipment will be used. The deposits will be hauled offsite using a light-duty pick up truck or a heavy-duty stakebed truck, depending on the amount of sediment deposits accumulated.

Major sediment removal will be conducted whenever accumulated sediment within the water quality basins reaches ten percent of the basin volume, as delineated by a marker. The sediment will be removed using a backhoe or tractor and the basin will be regraded. Depending on the amount of sediment removal required, a heavy-duty stakebed truck or a dump truck will be used to haul the accumulated sediment offsite.

Vegetation Removal: Vegetation growth at inlets and outlets of the water quality basins will be inspected monthly and removed or thinned as necessary. The vegetation will be manually or mechanically removed if it is found to be clogging or otherwise affecting the operation of the basins.

Vegetation removal will generally be conducted in the summer and fall. This work will require hand crews of one to ten persons. While typically, only a stake bed truck will be required to remove the debris from the site, on rare occasions a backhoe and dump truck may be required to remove large or heavy amounts of vegetation. However, significant vegetation removal is not anticipated at the sites.

Vegetation removal is necessary for the basins to function properly. Vegetation can block the filtration process required for the basins to function. It can also cause ponding of water and algal mats.

Table 1: Period-induced maintenance

Type of Maintenance	Inspection Frequency	Inspection Timing
Removal of standing water in water quality basin	Semiannual	October 1 and May 1
Repair of slope stability in water quality basin	Semiannual	October 1 and May 1
Removal of sediment accumulation in water quality basin	Semiannual	October 1 and May 1
Removal of trash and debris accumulation in water quality basin	Semiannual	October 1 and May 1
Control of vectors indicated by the presence of burrows or standing water in water quality basin	Semiannual	October 1 and May 1
Removal of accumulated trash and debris around the stand pipe in water quality basin	Semiannual	October 1 and May 1
Vegetation removal in water quality basin	Semiannual	October 1 and May 1
Mowing, weed control, and trimming in water quality basin	Monthly	January-December
Removal of standing water in basin	Semiannual	October 1 and May 1
Removal of algal mats and dead vegetation	Semiannual	October 1 and May 1
Repair of slope stability in basin	Semiannual	October 1 and May 1
Removal of sediment accumulation in basin	Semiannual	October 1 and May 1
Removal of trash and debris accumulation in basin	Semiannual	October 1 and May 1
Control of vectors indicated by the presence of burrows or standing water in basin	Semiannual	October 1 and May 1

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Type of Maintenance	Inspection Frequency	Inspection Timing
Removal of accumulated trash and debris around the stand pipe in basin	Semiannual	October 1 and May 1
Vegetation removal in basin	Semiannual	October 1 and May 1
Mowing, weed control, and trimming in basin	Monthly	January-December
Inspection for removal of sediment accumulation volume and grading basin	Yearly	May 1
Visual checks for oil on vegetation or oily sheens	Monthly	January-December

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Table 2: Event-induced maintenance

Type of Maintenance	Operation threshold	Inspection Frequency	Inspection Timing
Removal of standing water in basin	Stagnant water, ponded water	Semiannual	October 1 and May 1
Repair of slope stability in basin	Cracking, slides, erosion	Semiannual	October 1 and May 1
Removal of sediment accumulation in basin	Sediment impeding inlets and outlets	Semiannual	October 1 and May 1
Removal of trash and debris accumulation in basin	Trash and debris in basin	Semiannual, after storm events	October 1 and May 1, after storm events
Control of vectors in basin	Presence of burrows	Semiannual	October 1 and May 1
Removal of accumulated trash and debris around the stand pipe in basin	Trash and debris around stand pipe	Semiannual, after storm events	October 1 and May 1, after storm events
Vegetation removal in basin	Vegetation over 8 inches high	Semiannual	October 1 and May 1
Mowing, weed control, and trimming in basin	Vegetation over 8 inches high. No spraying with pesticides	Monthly	January-December
Removal of standing water in basin	Stagnant water, ponded water	Semiannual	October 1 and May 1
Removal of algal mats and dead vegetation	Green/gray vegetation mats and dead vegetation	Semiannual	October 1 and May 1
Repair of slope stability in basin	Cracking, slides, erosion	Semiannual	October 1 and May 1
Removal of sediment accumulation in basin	Sediment impeding inlets and outlets	Semiannual, after storm events	October 1 and May 1, after storm events
Removal of trash and debris accumulation in basin	Trash and debris in basin and blocking inlets and outlets	Semiannual, after storm events	October 1 and May 1, after storm events
Control of vectors indicated by the presence of burrows	Presence of burrows	Semiannual	October 1 and May 1
Removal of accumulated trash and debris around the stand pipe in basin	Trash and debris blocking stand pipe	Semiannual, after storm events	October 1 and May 1, after storm events
Decomposition of stand pipe in basin	Rusting, damage to stand pipe	Semiannual	October 1 and May 1
Vegetation removal in basin	Vegetation over 6 inches high	Semiannual	October 1 and May 1
Mowing, weed control, and trimming in basin	Vegetation over 6 inches high, including grasses. No spraying with pesticides	Monthly	January-December
Inspection for removal of sediment accumulation volume and grading in the basin	Marker level at 10% of volume	Semiannual	May 1 October 1 and May 1
Visual checks for oil on vegetation or oily sheens	Check for oily sheens or oil on vegetation. Small pockets of oily sheens may be due to natural decay and not to roadway runoff or illicit discharges	Monthly	January-December

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V. TROUBLESHOOTING



A. WHAT ARE INDICATORS OF MALFUNCTION AND PROCEDURES

Table 3: Malfunctions and Procedures

Observed Conditions/Trouble	Things that Can Be Done	Contacts
Standing water beyond drain-down time	Inspect inlet structures for blockage	
Debris slope erosion, cracking	Repair slopes of debris basin	
Overtopping of the debris/water quality basin	Inspect outlet structures for blockage. Remove excess sediment from basins.	
Excessive mosquitoes/midges	Check for stagnant water	Vector control
Odors	Remove rotting organic matter; increase frequency of dead vegetation removal	
Water is pea-soup green	Ask homeowners to reduce the usage of fertilizers	
An oil sheen on the water's surface	Remind homeowners to perform maintenance and repairs on impervious surfaces such as concrete so that spills and other can be readily cleaned up. Prevent leaks and spills from contacting storm water.	
Unusual discoloration of grass, plants, and vegetation	Ask homeowners to reduce the usage of pesticides and fertilizers	
Distressed (dead or dying) vegetation and plants	Ask homeowners to reduce the usage of pesticides	
Dead or dying animal life	Ask homeowners to reduce the usage of pesticides	
A thick layer of algae on a water body	Ask homeowners to reduce the usage of fertilizers	
Algal mat in basin	Ask homeowners to reduce the usage of fertilizers and remove algal mat from basin	
Burrows	Vector concerns	Vector control

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VI. Maintenance Contact List

All maintenance and inspection records shall be kept by the appropriate homeowners association (HOA). The HOA shall retain all maintenance and inspection records for a period of three years after the recorded inspection date for the lifetime of the project. These records shall be available for review by government agencies. Please see attached sample checklist.
At minimum, the maintenance record should provide the following information:

- Date of maintenance/repair
- BMP maintained
- Repair/Maintenance performed
- Follow-up required (date)
- Personnel conducting maintenance/repair

At minimum, the inspection records should provide the following information:

- Date of inspection
- BMP inspected
- Previous date of inspection
- BMP status
- Repair/Maintenance required
- Personnel conducting inspection

Maintenance and inspection activities for the identified BMPs will be performed as indicated above. The Homeowners' Association (HOA) will be responsible for the inspection and maintenance of all structural BMPs located within their boundaries. Additionally, the HOA shall be responsible for the long-term operation and maintenance, including funding.

In the event that the structural BMPs are not properly maintained by the HOA, the City will have the right, but not the duty, to inspect and maintain the BMPs at the expense of the HOA.

escription: Riverside,CA Document-Year.DocID 2006.596259 Page: 152 of 170
rder: gnfgjfj Comment:

A. IDENTITY AND CONTACT INFORMATION ASSOCIATED WITH THE PERSON(S) RESPONSIBLE FOR OPERATIONS AND MAINTENANCE (INCLUDE CONTRACTORS)

1. Centex Homes
250 Commerce, Suite 100
Irvine, Ca 92602

2. HOA

B. WHOM TO CALL IN CASE OF EMERGENCIES

1. **City of Corona, Public Works Department**
400 South Vicentia Avenue
Corona, California 92882
(951) 736-2400

2. **Riverside County Flood Control District**
1995 Market Street
Riverside, CA 92501
(951) 955-1200

3. **Northwest Mosquito and Vector Control District** (NWMVCD)
http://northwestmosquitovector.org.
(951) 340-9792

C. OTHER RESOURCES

1. California Stormwater Quality Association (CASQA)
www.cabmphandbook.com

2. California Water Quality Control Board
www.waterboards.ca.gov

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VII. Minimum Qualifications for Operating Personnel and Contractors

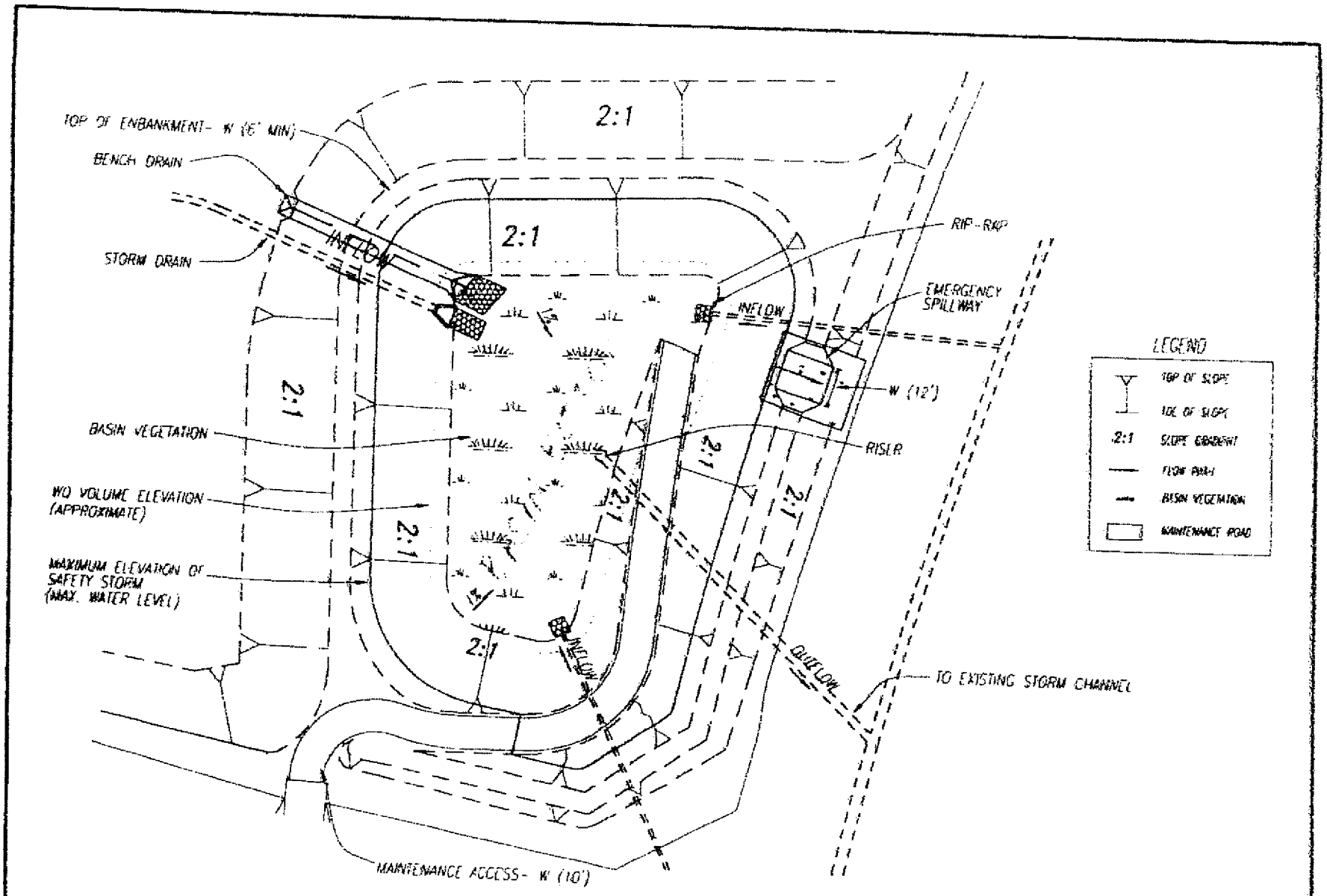
Minimum qualifications for operating personnel will include and/or require the following:

1. The OMP has been read and understood;
2. Basic plant identification skills;
3. Safely operate hand tools;
4. If heavy equipment is required, then the operator will need the appropriate license for operation of the equipment. For example, a backhoe operator will need the appropriate license to operate the backhoe.

)escription: Riverside,CA Document-Year.DocID 2006.596259 Page: 154 of 170
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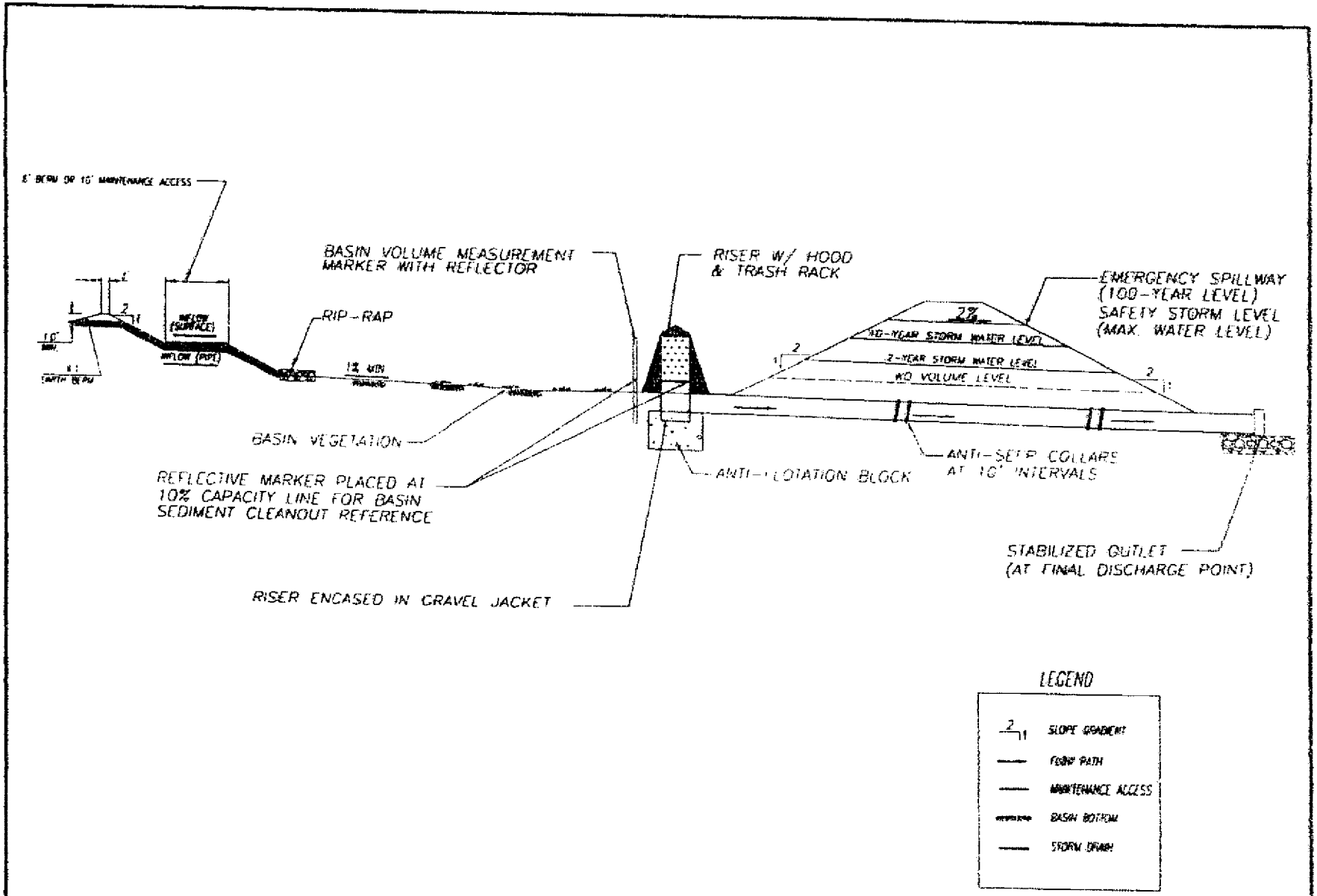
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Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 156 of 170
Order: gnfgjEj Comment:



PREPARED BY: HUNSAKER & ASSOCIATES IRVINE, INC. PLANNING • ENGINEERING • SURVEYING	PREPARED FOR: CENTEX HOMES 250 COMMERCE, SUITE 100 IRVINE, CA 92602 (949) 790-5552	DATE PREPARED: 11/07/05 W.O. #919-116 PREPARED BY: TH	ORCHARD GLEN ESTATES TENTATIVE TRACT MAP NO. 31955 CITY OF CORONA COUNTY OF RIVERSIDE, CALIFORNIA	WATER QUALITY BASIN SCHEMATIC PLAN VIEW (NO SCALE)

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Order: gnfgjj Comment:



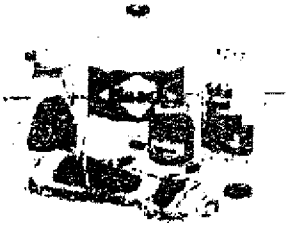
PREPARED BY: HUNSAKER & ASSOCIATES IRVINE, INC. PLANNING • ENGINEERING • SURVEYING	PREPARED FOR: CENTEX HOMES 250 COMMERCE, SUITE 100 IRVINE, CA 92602 (949) 789-5853	DATE PREPARED: 11/07/05 W.O. #919-116 PREPARED BY: TH	ORCHARD GLEN ESTATES TENTATIVE TRACT MAP NO. 31955 CITY OF CORONA COUNTY OF RIVERSIDE, CALIFORNIA	WATER QUALITY BASIN SCHEMATIC PROFILE (NO SCALE)



National Pollutant Discharge Elimination System (NPDES)

Residential Guidelines City of Corona

Home Maintenance



- Buy household products such as cleaners and furniture polish labeled "non toxic". Use small quantities and purchase only the amount you need.
- Properly use and store all toxic products, including cleaners, solvents and paints. Use up paint cleaners and other products or share leftovers with a neighbor.
- Take household hazardous materials and containers to a hazardous material collection center. Corona residents may call (951) 358-5256 or check the County web site at http://www.rivcoeh.org/hhhw.htm
- Use kitty litter or other absorbent materials to clean spills. Depending on the substance, dispose absorbents in the trash can or at a hazardous materials collection center.
- Rinse water based paint brushes in the sink. Filter and reuse paint thinner or brush cleaners. Dispose of used thinner, oil and latex paint at a hazardous materials collection center.
- Recycle reusable materials. Throw litter into trash cans and keep cans tightly covered to prevent foraging by animals.
- Control erosion at construction and landscape sites to prevent dirt and debris from entering storm drains.

Lawn and Garden



- Use pesticides, herbicides and fertilizers in accordance with label instructions. Do not apply before rain and dispose leftovers at a hazardous materials collection center.
- Use a broom rather than a hose to clean up garden clippings. Put leaves and clippings in a trash can or a compost pile.
- Divert rain spouts and garden hoses from paved surfaces onto grass to allow water to filter through the soil. Water only your lawn and garden. Caution! Do not use this suggested action in areas with steep slopes or landslide potential.
- Pick up animal waste and dispose in the trash can.

Automotive

- Take used motor oil and antifreeze to gas stations that accept recyclable automotive fluids, or to a hazardous materials collection center.
- Have your car maintained regularly to prevent oil, antifreeze and other fluid leaks.
- Reduce automotive emissions through routine auto maintenance, ride sharing and public transportation.
- Conserve water when washing your car and use biodegradable soap. Clean engines at a "Do It Yourself Car Wash" where the drainage is not connected to the storm drain.

You can control urban runoff by supporting city and county activities to keep your streets clean. You can help by participating in recycling, beach clean-ups, and the proper disposal of hazardous materials.

Since many businesses and residents are unaware of the storm water & urban runoff problem, encourage neighbors and co-workers to be careful in not polluting the storm drain system.



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Order: gnfgjfj Comment:

Stormwater BMP Maintenance and Management Inspection Checklist

Project
Location: Orchard Glen
Site Status:

Date: Time: Inspector:

Maintenance Item	Satisfactory/ Unsatisfactory	Comments
1. Water Quality Basin Banks and spillways (Annual, After Major Storms)		
1. Is there vegetation or ground cover in the basin?		
2. Is there bank erosion, slides, slips, rills?		
3. Are there animal burrows present?		
4. Is there unauthorized planting in the basin?		
5. Is there cracking, bulging, or sliding of banks?		
5 a. Is the spillway cracked?		
6. Is there cracking, bulging, or sliding of the slope?		
7. Is the top of the basin cracking, bulging or sliding?		

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Maintenance Item	Satisfactory/ Unsatisfactory	Comments
8. Is the spillway clear of obstructions and debris?		
11. Other (specify)		
2. Riser and principal spillway (Annual)		
Is the riser one of the following types: concrete		
Reinforced concrete		
Corrugated pipe		
Masonry		
1. Is sediment or vegetation blocking the riser?		
2. a. Is debris blocking the trash rack?		
b. Is the riser corroding?		
3. Is there sediment accumulation inside riser?		
4. Is there cracks or displacement in the riser?		
a. Is there cracks less than an inch wide or long?		
b. Are there rebar's exposed?		
c. Are there holes or gaps in the pipe joints?		
d. Is the pipe watertight?		
5. Is the metal pipe corroding?		

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3. Bottom Pond Areas		
1. Is vegetation accumulating in the bottom of the basin?		
2. Is there undesirable vegetative growth?		
3. Is there undesirable woody vegetation?		
4. Are the low flow channels clear of obstructions?		
5. Is there standing water or wet spots?		
6. Is there sediment and / or trash accumulation?		
7. Are there algal mats?		
4. Condition of Outfalls		
1. Is there rock (riprap) failure?		
2. Is there slope erosion?		
5. Other		
1. Is there unlawful use of the basin?		
2. Are there complaints from residents?		
3.Aesthetics a. Is clean up required?		
b. Is graffiti removal needed?		
c. Other (specify)		
4. Are conditions of the maintenance access routes adequate?		
5. Are there signs of oil sheen or oil on plants (hydrocarbon build up)?		
6. Are there any public hazards? (specify)		

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Order: gnfgjfj Comment:

Comments:

Actions to be taken:

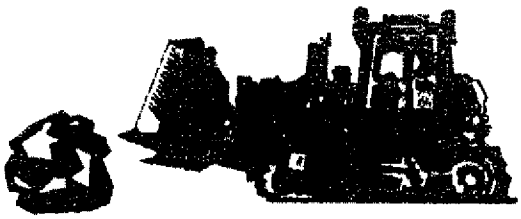
Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 162 of 170
Order: gnfgjfj Comment:

Signature of Inspector Date



Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 163 of 170
Order: gnfgjfj Comment:

STORM WATER BEST MANAGEMENT PRACTICES (BMPs)



HEAVY EQUIPMENT AND EARTH - MOVING ACTIVITIES

Site Supervisors

Bulldozer, Backhoe and Gardening Machine Operators

Dump Truck Drivers

HOA's

Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 164 of 170
Order: gnfgjfj Comment:

STREAM POLLUTION PREVENTION IT IS UP TO US!

Corona has two drainage systems—the sewers and the storm drains. The storm drain system was designed to prevent flooding by carrying excess rainwater away from city streets out to the streams and Santa Ana River. For many years the system had no filters and served the *unintended* function of carrying urban pollution straight to the ocean. The City began once a-week street sweeping to further reduce sediments and other pollutants from entering the storm drain system.

This pamphlet tells you how to prevent ocean pollution from "stormwater" or "urban runoff".

Rainwater mixed with urban pollutants creates stormwater pollution. The pollutants include oil and other automotive fluids, paint and construction debris, yard clippings and pet wastes, pesticides, and litter.

Urban runoff pollution flows to the streams and rivers through the storm drain system via unfiltered basins owned by Caltrans, Riverside County and private systems such as those owned by Home Owner Associations (HOAs). In Corona, there are many miles of pipes that take water and debris straight to the streams and river.

Urban runoff pollution contaminates the ocean, closes beaches, harms aquatic life, and increases the risk of inland flooding by clogging gutters and catch basins.

These Best Management Practices (BMPs) will ensure a clean ocean, river, stream, and city.

HEAVY EQUIPMENT OPERATION PROBLEMS

Soil excavation and grading operations often contribute to urban runoff pollution. By loosening large amounts of soil and sediment, earth-moving activities can cause sediment to flow into gutters, storm drains, and the ocean.

Sediment is the most common pollutant washed from worksites, creating multiple problems once it enters the ocean. Sediment clogs the gills of fish, blocks light transmission, and increases ocean water temperature—all of which harm sea life, disturbing the food chain upon which both fish and people depend.



Sediment also carries with it other worksite pollutants such as pesticides, cleaning solvents, cement wash, asphalt, and car and truck fluids like motor oil, grease, and fuel. Thus, poorly maintained vehicles and heavy equipment leaking fuel and oil at the construction site also contribute to ocean pollution.

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Order: gnfgjfj Comment:

SOLUTIONS

Best Management Practices such as handling, storing, and disposing of materials properly can prevent pollutants from enter the storm drains.

GENERAL BUSINESS PRACTICES

- ☐ Schedule excavation and grading work for dry weather.
- ☐ Use as little water as possible for dust control.

CLEAN UP SPILLS



- ☐ Never hose down "dirty" pavement or impermeable surfaces where fluids have spilled. Use dry cleanup methods (sawdust, cat litter, and/or rags).
- ☐ Sweep up dry spilled materials immediately. Never attempt to bury them or "wash them away" with water.
- ☐ Clean up spills on dirt areas by digging up and properly disposing of contaminated soil.
- ☐ Report significant spills to the appropriate spill response agencies immediately. Use the telephone numbers listed in this pamphlet.

VEHICLE AND EQUIPMENT MA INTENANCE

- Maintain all vehicles and heavy equipment. Inspect frequently for leaks.

- ☐ Conduct all vehicle/equipment maintenance and refueling at one location—away from storm drains.
- ☐ Perform major maintenance, repair jobs, and vehicle/ equipment washing off site.
- ☐ Use drip pans or drop cloths to catch drips and spills if you drain and replace motor oil, radiator coolant, or other fluids on site. Collect all used fluids, store in separate containers, and recycle whenever possible.
- ☐ Do not use diesel oil to lubricate equipment or parts.
- ☐ Use gravel approaches where truck traffic is frequent to reduce soil compaction and limit the tracking of mud and sediment into streets.

EROSION PREVENTION

- ☐ After clearing, grading, or excavating, exposed soil poses a clear and immediate danger of stormwater pollution.
- ☐ Revegetation (permanent or temporary) is an excellent form of erosion control for any site.
- ☐ Avoid excavation and grading activities during wet weather.

- Construct diversion dikes to channel runoff around the site. Line channels with grass or roughened pavement to reduce runoff velocity.
- Cover stockpiles and excavated soil with secured tarps or plastic sheeting.
- Remove existing vegetation only when absolutely necessary. Large projects should be conducted in phases.
- Consider planting *temporary* vegetation for erosion control on slopes or where construction is not immediately planned.
- Follow the Water Quality Management Plan of BMP's which was prepared specifically for the site and requisite erosion control measures.
- Plant permanent vegetation as soon as possible once excavation and grading activities are complete.



RECYCLE

Use a crushing company to recycle cement, asphalt, and porcelain rather than taking them to a landfill. Refer to the Yellow Pages for a local recycler of these materials.



City of Corona

Department of Public Works
(951) 736-2266

Description: Riverside,CA Document-Year.DocID 2006.596159 Page: 167 of 170
Order: gnfgjfj Comment:

B. BMP DESIGN EXHIBITS

See Attachments.

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Order: gnfgjfj Comment:

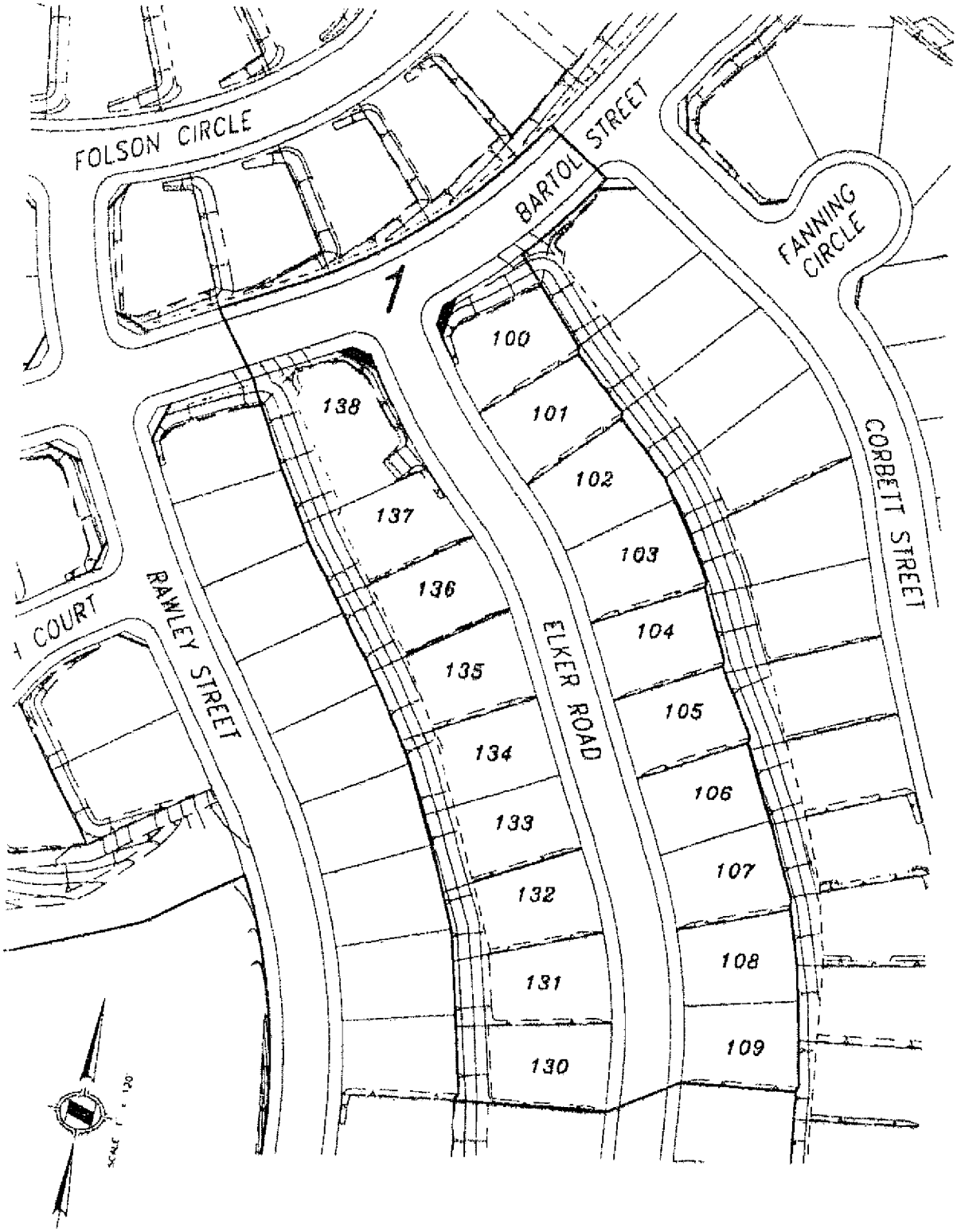
EXHIBIT I

DRAWING SHOWING APPROXIMATE LOCATIONS OF LIMITED USE AREAS IN THE PROPERTIES IN THE PROPERTIES

Description: Riverside,CA Document-Year.DocID 2006.596359 Page: 169 of 170
Order: gnfgjfj Comment:

EXHIBIT I

DRAWING SHOWING LOCATIONS OF LIMITED USE IN THE PROPERTIES



Description: Riverside,CA Document-Year.DocID 2006.596259 Page: 170 of 170
Order: gnfgjfj Comment:

COMMERCE TITLE

DOC # 2006-0731085
10/03/2006 08:00A Fee:38.00
Page 1 of 9
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

COMMERCE TITLE COMPANY

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS & PECKENPAUGH (FSJ)
2030 Main Street, Suite 1200
Irvine, California 92614

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TR 31955-SG

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 2 – Lots 110 to 129, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 2 – Lots 110 to 129, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 2) (***"Notice of Addition"***) is made by CENTEX HOMES, a Nevada general partnership (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259 (together with any amendment thereto, collectively, the ***"Declaration"***), in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 110 to 129, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications.**

5.1. **Residential Lots.** Lots 110 to 129, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** There is no Common Area to be conveyed in fee to the Association in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping located on Lots 119 and 120 of Tract No. 31955, as depicted on ***Exhibit A*** attached hereto, and (ii) portions of the Community Wall located on Lots 119 and 120 of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto.

6. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

7. **Marketing Name.** The Added Territory shall be marketed under the names "Orchard Glen," unless and until changed by Declarant in its sole and absolute discretion from time to time.

Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

8. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

9. **Amendment and Duration.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect.

10. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

11. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on September 14, 2006, to be effective as of the date of its Recordation.

CENTEX HOMES,
a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation
Its: Managing General Partner

By: RWood
Name: Rick Wood
Title: Vice President
Southern California Coastal Division

"Declarant"

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

On September 14, 2006 before me, Karen Cuttrell, Notary Public
(here insert name and title of the officer)
personally appeared Rick Wood, 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 acknowledge 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

KAREN CUTTRELL
Commission # 1680671
Notary Public - California
Orange County
My Comm. Expires Aug 10, 2010

(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPES AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT D
DRAWING SHOWING LOCATIONS OF ASSOCIATION MAINTENANCE AREAS ON CERTAIN LOTS IN PHASE 2



LEGEND

ASSOCIATION LANDSCAPE MAINTENANCE AREAS IN PHASE 2

EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT G
DRAWING SHOWING LOCATIONS OF COMMUNITY WALLS IN PHASE 2



LEGEND

·□□□□□· COMMUNITY WALLS IN PHASE 2

DOC # 2008-0030331
01/18/2008 08:00A Fee:37.00
Page 1 of 11
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

COMMERCE TITLE COMPANY

WHEN RECORDED, MAIL TO:

CENTEX HOMES
27101 Puerta Real, Suite 300
Mission Viejo, CA 92691
Attention: M. Hanson
TR 31955

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AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 3 – Lots 56 to 60, inclusive, and Lots 90 to 94, inclusive, of Tract No. 31955)

THIS DOCUMENT AMENDS AND RESTATES THE NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS RECORDED MARCH 15, 2007 AS INSTRUMENT NO. 2007-0179347 OF OFFICIAL RECORDS

AMENDED AND RESTATED
NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 3 – Lots 56 to 60, inclusive, and Lots 90 to 94, inclusive, of Tract No. 31955)

THIS AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 3) (***"Notice of Addition"***) is made by CENTEX HOMES, a Nevada general partnership (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant Recorded a Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Orchard Glen (Phase 3) (the ***"Original Notice"***) on March 15, 2007, as Instrument No. 2007-0179347, in the Official Records, covering the Added Territory described therein as a Phase of development.

C. Declarant has the right, pursuant to Section 16.5 of the Declaration, to amend the Original Notice to correct typographical errors so long as Declarant owns any portion of the Added Territory. Declarant now wishes to amend and restate the Original Notice in its entirety to correct the legal description of the Added Territory. With the execution and Recording of this Notice of Addition, all conditions to the amendment of the Original Notice are satisfied with respect to the Added Territory. Accordingly, Declarant hereby amends and restates the Original Notice in its entirety, as follows:

I. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 56 to 60, inclusive, and Lots 90 to 94, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18,

2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

II. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

III. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications.**

5.1. **Residential Lots.** Lots 56 to 60, inclusive, and Lots 90 to 94, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** There is no Common Area to be conveyed in fee to the Association in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 56 to 60, inclusive, of Tract No. 31955, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 56 to 60, inclusive, of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto.

6. **Fuel Modification Zones.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

8. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

9. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

10. **Amendment and Duration.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect.

11. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

12. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[Signatures On Following Page]

[SIGNATURE PAGE TO AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on January 10, 2008, to be effective as of the date of its Recordation.

CENTEX HOMES,
a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation
Its: Managing Partner

By: Janice Shackle
Name: Janice Shackle
Title: Director of Forward Planning
Southern California Coastal Division

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Orange

On January 10, 2008, before me Karen Cuthrell, Notary Public
(here insert name and title of the officer)

a Notary Public for the State or California personally appeared **Janice Shackle**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is true and correct.

WITNESS my hand and official seal.

Signature:

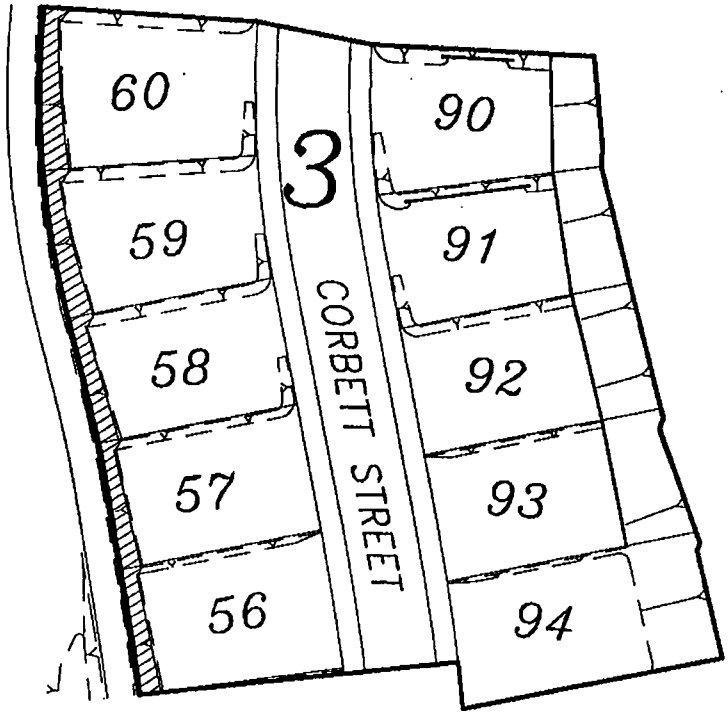
KAREN CUTHRELL
Commission # 1680671
Notary Public - California
Orange County
My Comm. Expires Aug 10, 2010

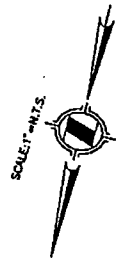
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

ASSOCIATION MAINTENANCE AREAS
IN PHASE 3





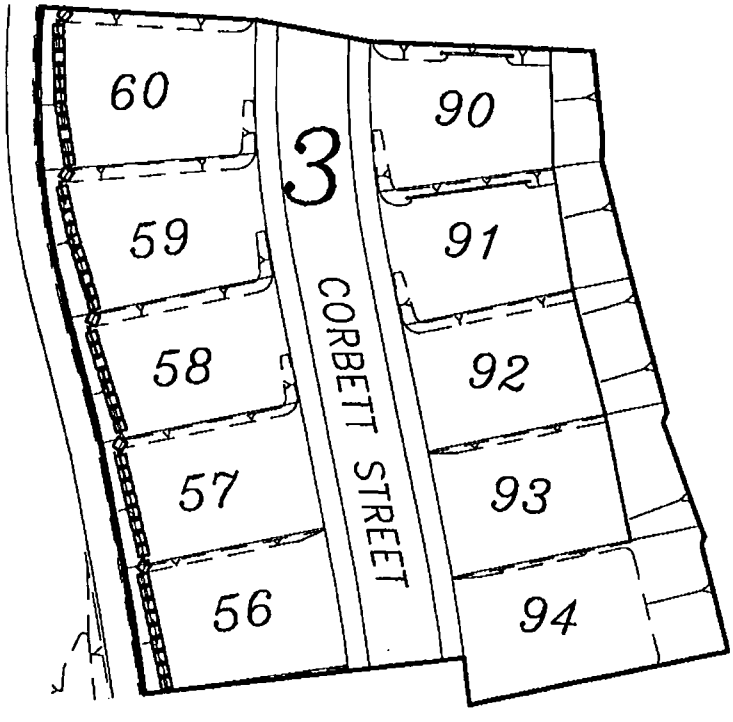
LEGEND

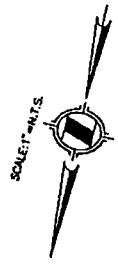
RESIDENTIAL AND SLOPE LANDSCAPE AREAS

~~EXHIBIT B~~

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

COMMUNITY WALLS
IN PHASE 3





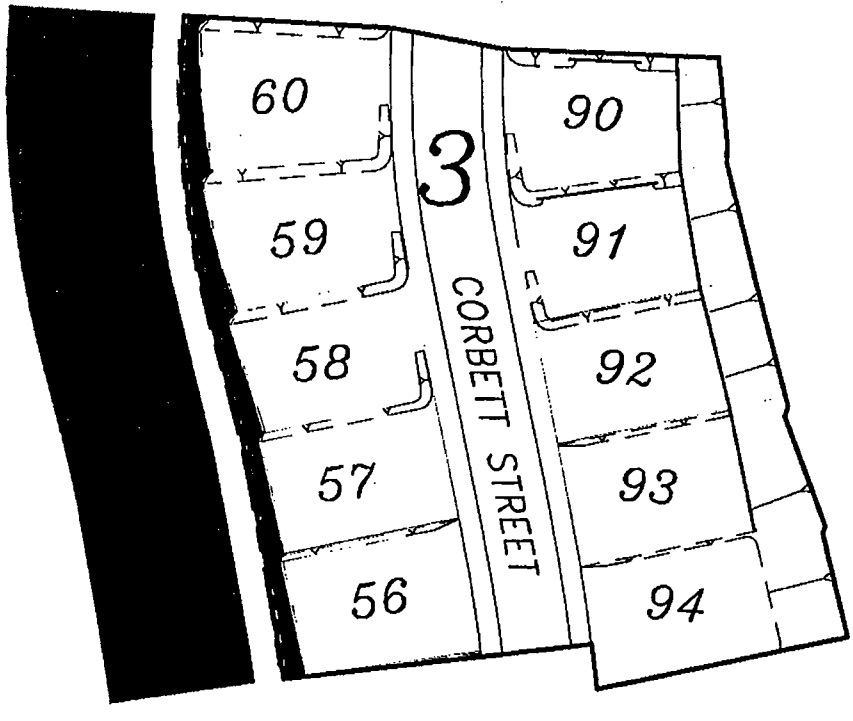
LEGEND

COMMUNITY WALLS

EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

FUEL MODIFICATION ZONES
IN PHASE 3





LEGEND

IN-TRACT FUEL MODIFICATION ZONES

RECORDING REQUESTED BY:

COMMERCE TITLE COMPANY

DOC # 2008-0030333
01/18/2008 08:00A Fee:40.00
Page 1 of 12
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

WHEN RECORDED, MAIL TO:

CENTEX HOMES
27101 Puerta Real – Suite 300
Mission Viejo, CA 92691
Attention: Marilyn Hanson
TR 31955

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AMENDED AND RESTATED
NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 4 – Lots 61 to 66, inclusive, and 84 to 89, inclusive, of Tract No. 31955)

THIS DOCUMENT AMENDS AND RESTATES THE NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED MARCH 15, 2007AS INSTRUMENT NO. 2007-0179349 OF OFFICIAL RECORDS

AMENDED AND RESTATED
NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 4 – Lots 61 to 66, inclusive, and 84 to 89, inclusive, of Tract No. 31955)

THIS AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 4) (***"Notice of Addition"***) is made by CENTEX HOMES, a Nevada general partnership (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. . Declarant Recorded a Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Orchard Glen (Phase 4) (the ***"Original Notice"***) on March 15, 2007, as Instrument No. 2007-0179349, in the Official Records, covering the Added Territory described therein as a Phase of development.

C. Declarant has the right, pursuant to Section 16.5 of the Declaration, to amend the Original Notice to correct typographical errors so long as Declarant owns any portion of the Added Territory. Declarant now wishes to amend and restate the Original Notice in its entirety to correct the legal description of the Added Territory. With the execution and Recording of this Notice of Addition, all conditions to the amendment of the Original Notice are satisfied with respect to the Added Territory. Accordingly, Declarant hereby amends and restates the Original Notice in its entirety, as follows:

I. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 61 to 66, inclusive, and 84 to 89, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407,

Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

II. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

III. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications.**

5.1. **Residential Lots.** Lots 61 to 66, inclusive, and 84 to 89, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** There is no Common Area to be conveyed in fee to the Association in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 61 to 66, inclusive, of Tract No. 31955, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 61 to 66, inclusive, of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto.

6. **Fuel Modification Zones.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **Combustible Restricted Zone.** Lots 63 to 66, inclusive, of Tract No. 31955 include a combustible restricted zone as described in the Fuel Modification Plan. The area of the combustible restriction zone is approximately shown on ***Exhibit C*** attached hereto. The Owners of these Lots shall be responsible for maintenance of the combustible restricted zones within their respective Lot. In accordance with the Fuel Modification Plan, no combustible structures (e.g., gazebos, patio overhangs, playhouses, room additions, tool sheds or wood fences) may be constructed on, in or above the combustible restricted zone. In addition, Declarant's consultants have advised that the restriction set forth in Section 2.24 of the Declaration on devices that produce flames or sparks (*e.g.*, barbecues or gas heaters for pools or spas) on, in or above the combustible restricted zone shall not be required and, therefore, such restriction shall not be applicable to Lots 63 to 66, inclusive, of Tract No. 31955.

8. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

9. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

10. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

11. **Amendment and Duration.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect.

12. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties,

the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

13. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on January 10, 2008, to be effective as of the date of its Recordation.

~~CENTEX HOMES,~~
a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation
Its: Managing Partner

By: Janice Shackle
Name: Janice Shackle
Title: Director of Forward Planning
Southern California Coastal Division

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Orange

On January 10, 2008, before me, Karen Cuttrell, Notary Public,
(here insert name and title of the officer)

a Notary Public for the State of California personally appeared **Janice Shackle,** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

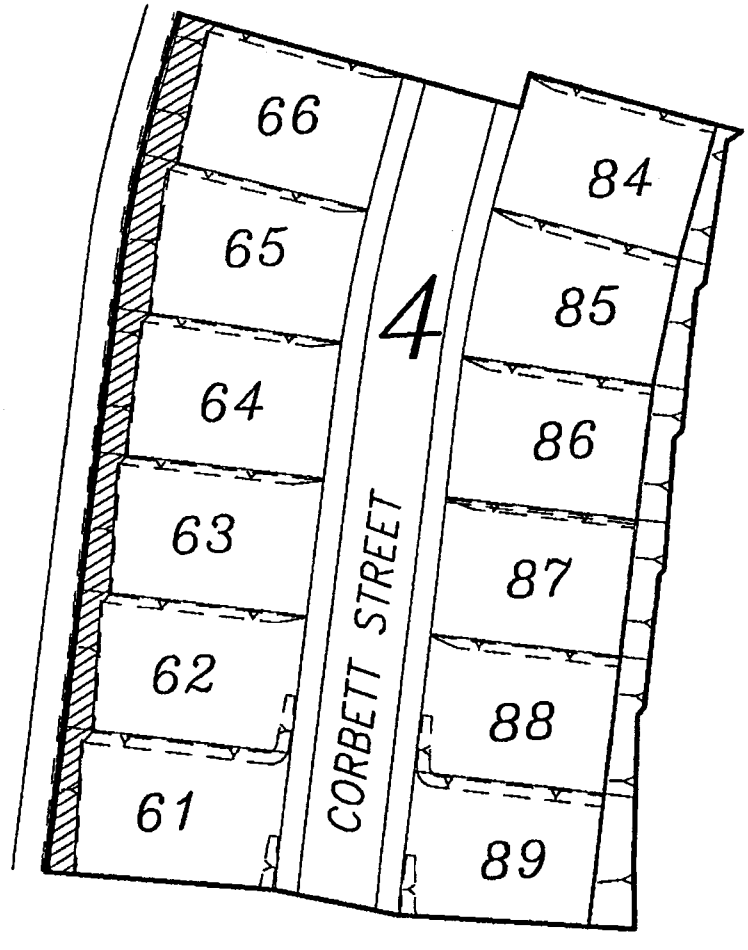
KAREN CUTTRELL
Commission # 1680671
Notary Public - California
Orange County
My Comm Expires Aug 10, 2010

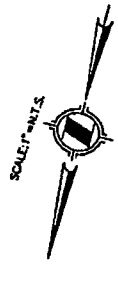
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

ASSOCIATION MAINTENANCE AREAS
IN PHASE 4





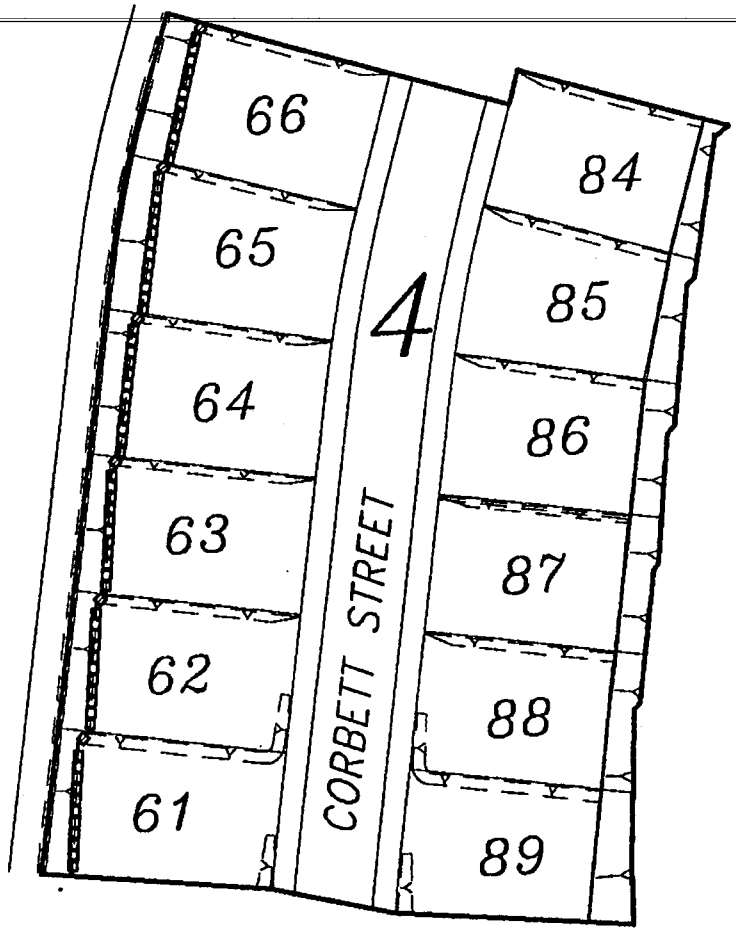
LEGEND

RESIDENTIAL AND SLOPE LANDSCAPE AREAS

EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

COMMUNITY WALLS
IN PHASE 4



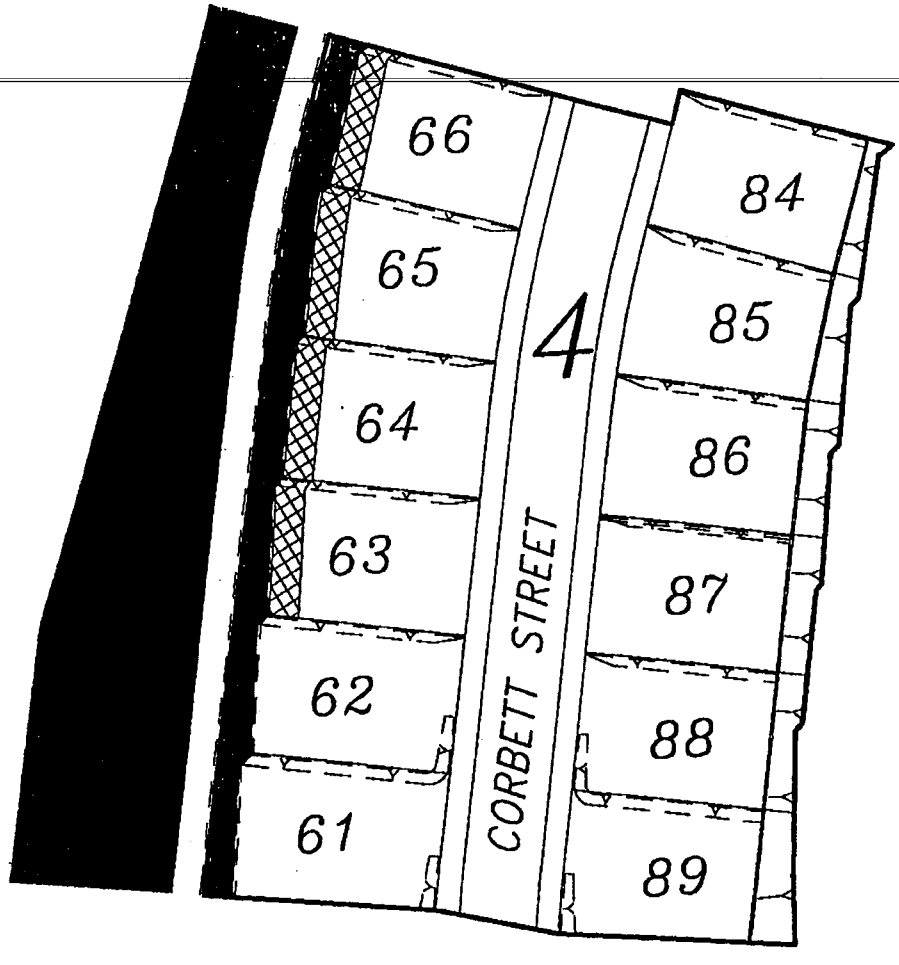


LEGEND
COMMUNITY WALLS

EXHIBIT C

FUEL MODIFICATION ZONES AND COMBUSTIBLE RESTRICTED ZONES IN AND ADJACENT TO THE ADDED TERRITORY

FUEL MODIFICATION ZONES
IN PHASE 4





LEGEND

IN-TRACT FUEL MODIFICATION ZONES

COMBUSTIBLE RESTRICTED ZONES

DOC # 2008-0030335
01/18/2008 08:00A Fee:40.00
Page 1 of 12
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

COMMERCE TITLE COMPANY

WHEN RECORDED, MAIL TO:

CENTEX HOMES
27101 Puerta Real, Suite 300
Mission Viejo, CA 92691
Attention: M. Hanson
TR31955

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AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 5 – Lots 67 to 71, inclusive, and Lots 79 to 83, inclusive, of Tract No. 31955)

THIS DOCUMENT AMENDS AND RESTATES THE NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED MARCH 15, 2007, AS INSTRUMENT NO. 2007-0179351 OF OFFICIAL RECORDS

AMENDED AND RESTATED
NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 5 – Lots 67 to 71, inclusive, and Lots 79 to 83, inclusive, of Tract No. 31955)

THIS AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 5) (***"Notice of Addition"***) is made by CENTEX HOMES, a Nevada general partnership (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant Recorded a Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Orchard Glen (Phase 5) (the ***"Original Notice"***) on March 15, 2007, as Instrument No. 2007-0179351, in the Official Records, covering the Added Territory described therein as a Phase of development.

C. Declarant has the right, pursuant to Section 16.5 of the Declaration, to amend the Original Notice to correct typographical errors so long as Declarant owns any portion of the Added Territory. Declarant now wishes to amend and restate the Original Notice in its entirety to correct the legal description of the Added Territory. With the execution and Recording of this Notice of Addition, all conditions to the amendment of the Original Notice are satisfied with respect to the Added Territory. Accordingly, Declarant hereby amends and restates the Original Notice in its entirety, as follows:

I. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 67 to 71, inclusive, and Lots 79 to 83, inclusive, and Lot M of Tract No. 31955, as shown on a Subdivision Map, Recorded on July

18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

II. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

III. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications.**

5.1. **Residential Lots.** Lots 67 to 71, inclusive, and Lots 79 to 83, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** Lot M is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping area (which may include Fuel Modification Zones) located on Lots 67 to 71, inclusive, of Tract No. 31955, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 67 to 71, inclusive, of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto.

6. **Fuel Modification Zones.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **Combustible Restricted Zone.** Lots 67 to 70, inclusive, of Tract No. 31955 include a combustible restricted zone as described in the Fuel Modification Plan. The area of the combustible restriction zone is approximately shown on ***Exhibit C*** attached hereto. The Owners of these Lots shall be responsible for maintenance of the combustible restricted zones within their respective Lot. In accordance with the Fuel Modification Plan, no combustible structures (e.g., gazebos, patio overhangs, playhouses, room additions, tool sheds or wood fences) may be constructed on, in or above the combustible restricted zone. In addition, Declarant's consultants have advised that the restriction set forth in Section 2.24 of the Declaration on devices that produce flames or sparks (*e.g.*, barbecues or gas heaters for pools or spas) on, in or above the combustible restricted zone shall not be required and, therefore, such restriction shall not be applicable to Lots 67 to 70, inclusive, of Tract No. 31955.

8. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

9. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

10. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

11. **Amendment and Duration.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect.

12. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties,

the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

13. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO AMENDED AND RESTATED NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on JANUARY 10, 2008, to be effective as of the date of its Recordation.

CENTEX HOMES,
a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation
Its: Managing Partner

By: Janice Shackle
Name: Janice Shackle
Title: Director of Forward Planning
Southern California Coastal Division

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Orange

On January 10, 2008 before me, Karen Cottrell, Notary Public
(here insert name and title of the officer)

a Notary Public for the State of California personally appeared **Janice Shackle**, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Karen Cottrell

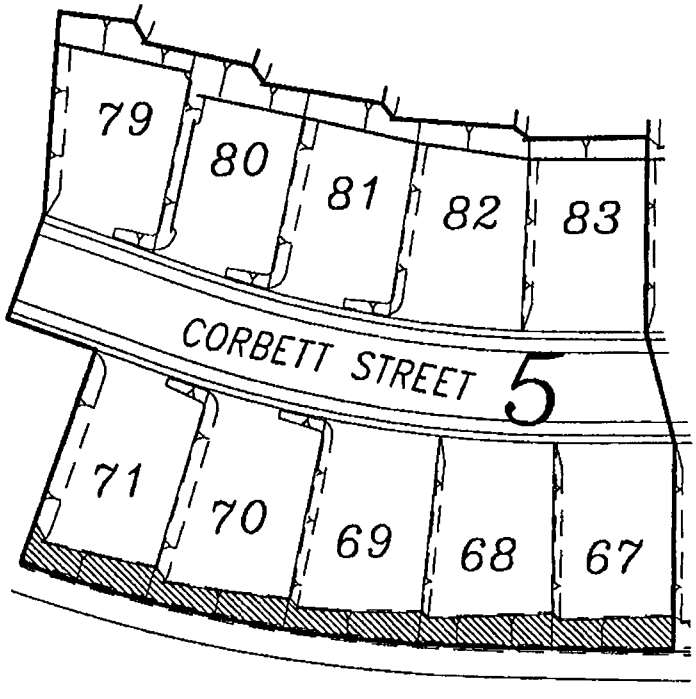
KAREN COTTRELL
Commission # 1480671
Notary Public - California
Orange County
My Comm. Expires Aug 10, 2010

(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

ASSOCIATION MAINTENANCE AREAS
IN PHASE 5



LEGEND

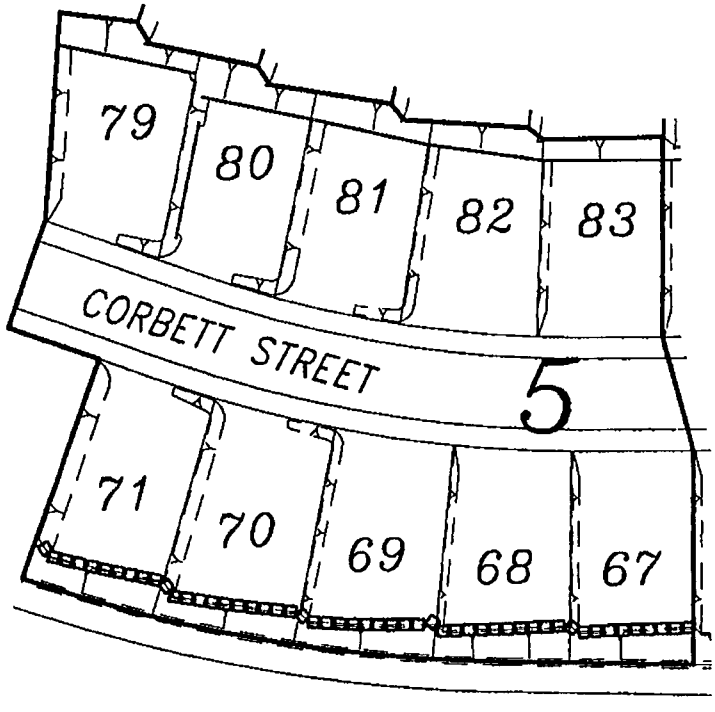
RESIDENTIAL AND SLOPE LANDSCAPE AREAS

SCALE: 1" = N.T.S.

EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

COMMUNITY WALLS IN PHASE 5



LEGEND

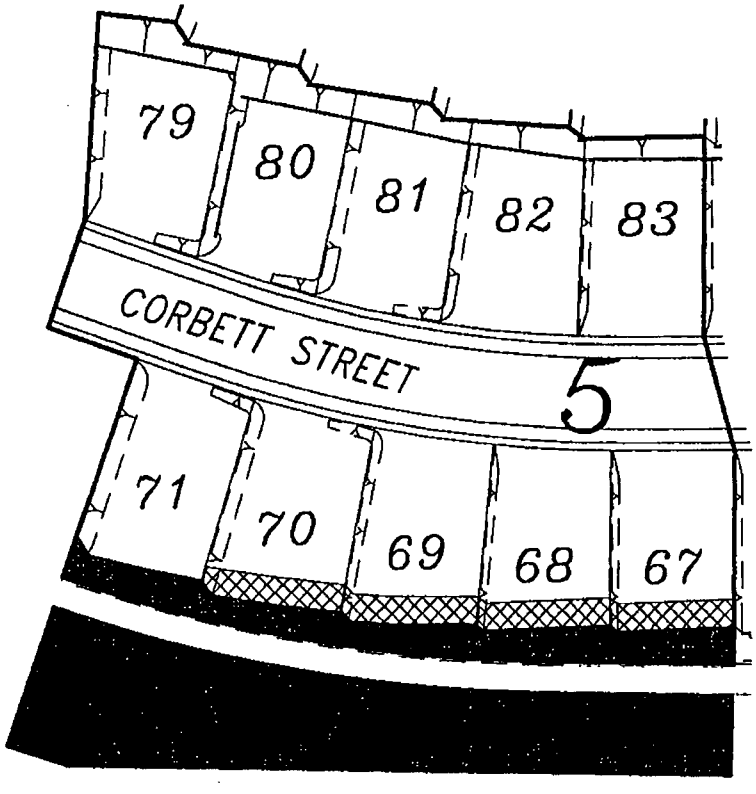
COMMUNITY WALLS

SCALE: 1" = N.T.S.

EXHIBIT C

FUEL MODIFICATION ZONES AND COMBUSTIBLE RESTRICTED ZONES IN AND ADJACENT TO THE ADDED TERRITORY

FUEL MODIFICATION ZONES
IN PHASE 5



LEGEND

IN-TRACT FUEL MODIFICATION ZONES

COMBUSTIBLE RESTRICTED ZONES

SCALE: 1" = N.T.S.

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

DOC # 2010-0573608
12/01/2010 09:51A Fee:129.00
Page 1 of 39
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 6 – Lots 67 to 70, inclusive, and 81 to 83, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 6 – Lots 67 to 70, inclusive, and 81 to 83, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 6) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 67 to 70, inclusive, and Lots 81 to 83, inclusive, and Lot M of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to

the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications**.

5.1. **Residential Lots.** Lots 67 to 70, inclusive, and Lots 81 to 83, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** Lot M of Tract No. 31955 is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 67 to 70, inclusive, of Tract No. 31955, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 67 to 70, inclusive, of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto. In addition, the Association shall maintain that portion of the landscaped public parkway located adjacent to the channel and Sky Line Parkway, in the areas approximately shown on ***Exhibit C*** attached hereto, as an Association Maintenance Area.

6. **Fuel Modification Zones**. The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit D*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) is to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit E***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant Party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT.

THIS SECTION 7.4 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit F***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the *"**Fix It Law**"*). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "G"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **Fix It Law Notice**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **No Enhanced Protection Agreement**. Nothing in this Declaration, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

12. **Right to Farm Disclosure**. The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

13. **Supplemental Fire Hazard Zone**. Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

14. **Supplemental Seismic/Geologic Hazard Zone**. Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

15. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

16. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

17. **Amendment and Duration**. This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

18. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

19. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on November 10, 2010, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin Langpap
Title: AUTHORIZED REP.

By: _____
Print Name: Lorrie Yates
Title: AUTHORIZED REP.

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On November 10, 2010, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin Langpap and Lorrie Yates
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

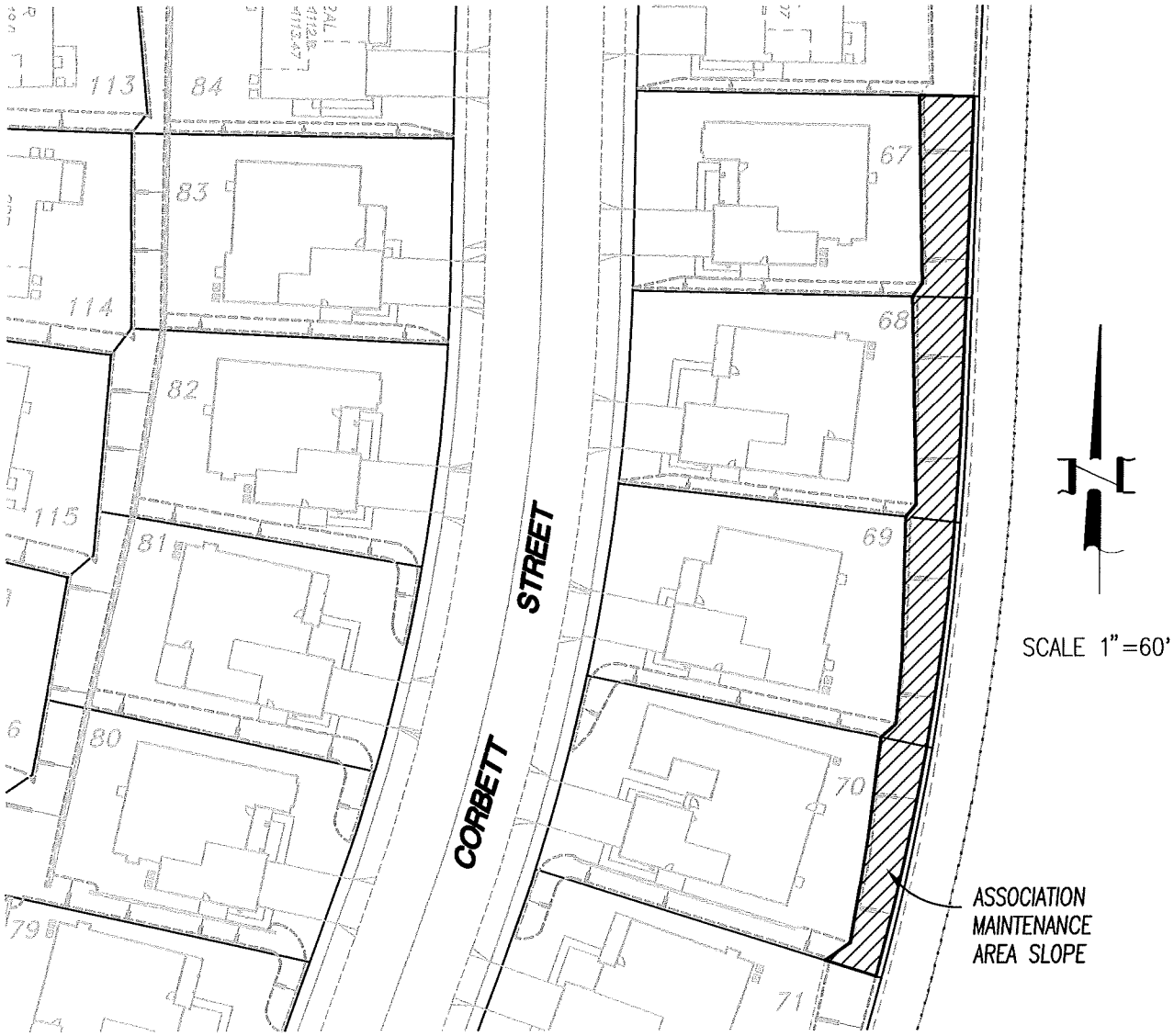
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

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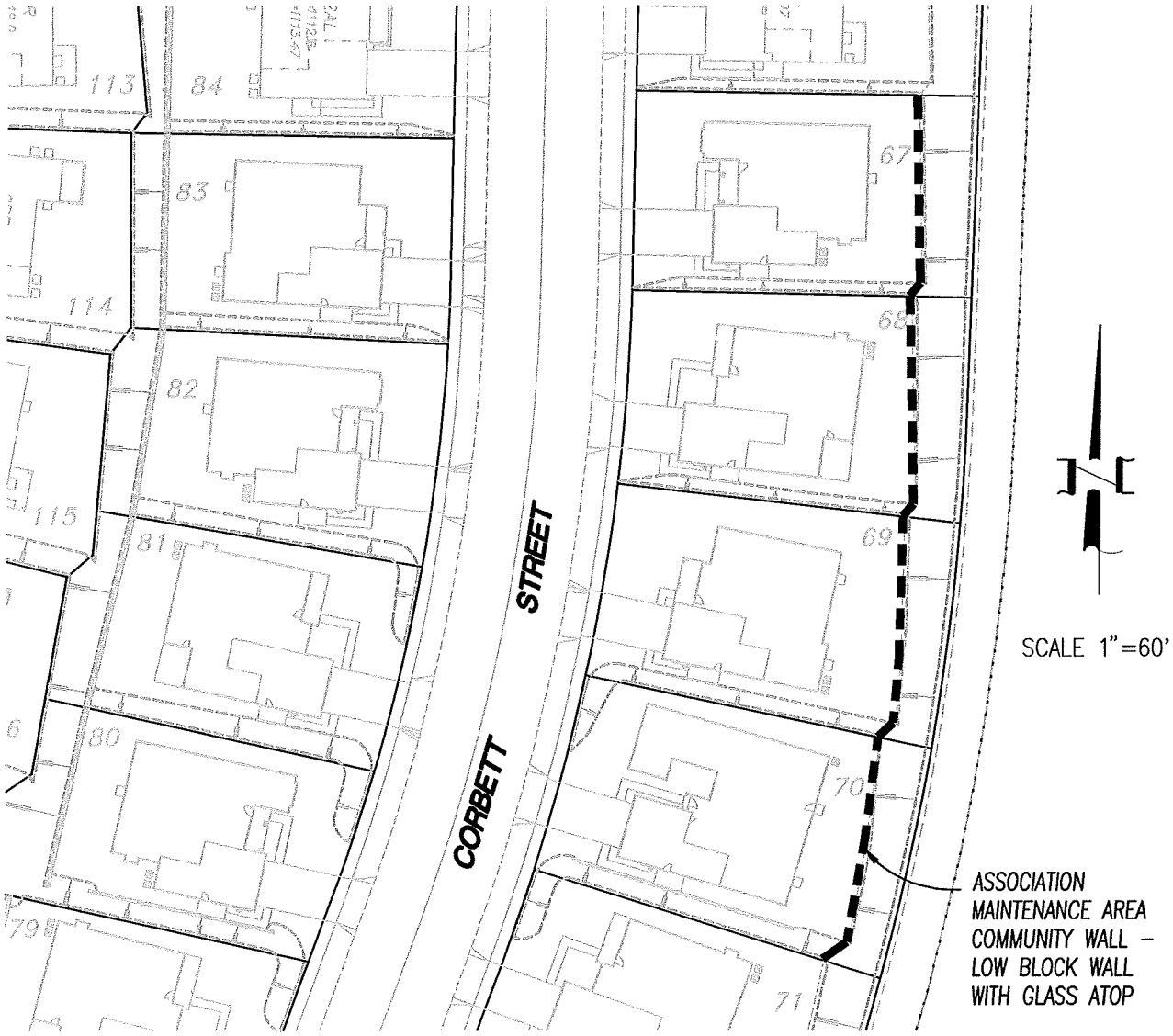
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



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EXHIBIT C

APPROXIMATE LOCATION OF LANDSCAPED PARKWAYS TO BE MAINTAINED BY ASSOCIATION ALONG CHANNEL AND SKY LINE PARKWAY AS ASSOCIATION MAINTENANCE AREAS

N/A

EXHIBIT D

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT D

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



SCALE 1"=60'

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EXHIBIT E

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS.** For purposes of this ***Exhibit E*** (***"ADR Provisions"***) only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Added Territory and who is bound or has agreed to be bound to the following or similar dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims between any Declarant party on the one hand and the Association or any Owner arising out of or in any way relating to the Added Territory, any Lot(s) or improvements in the Added Territory, the Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 7 of the Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Added Territory and/or any Lot or Common Area in the Added Territory, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied or express warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant or the Added Territory; ***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; and (iv) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES.** These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES.**

3.1. **BINDING ARBITRATION.** WITH RESPECT TO ALL DISPUTES, (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY) DECLARANT, THE ASSOCIATION AND OWNER (COLLECTIVELY, THE ***"PARTIES"***) SHALL COMPLY WITH THE DISPUTE RESOLUTION AND ARBITRATION PROCEDURES AND PROVISIONS

SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (WWW.DEMARSASSOCIATES.COM) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (***"PWC"*** THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. THE ASSOCIATION AND/OR AN OWNER MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. **WAIVER OF LITIGATION RIGHTS**. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES ADDED TERRITORY OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING A HOMEOWNERS' ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN, AND (v) THE HOMEOWNERS' ASSOCIATION FOR THE ADDED TERRITORY, IF ANY, AND THE INTEREST OF ALL OWNERS IN THE HOMEOWNERS' ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE HAVING READ AND UNDERSTOOD THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. **CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY**. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT. REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS

INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE DISPUTE RESOLUTION PROCEDURES SPECIFIED IN THE LIMITED WARRANTY (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. **NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES.** TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. **ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE.** DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. As contemplated by California Civil Code Section 1670.5 and case law applying that statute, if any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then such unenforceable provision(s) or part(s) shall be deemed severed and the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL. IN THE EVENT THAT THE PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR**

UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iii) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Added Territory, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Added Territory is located.

EXHIBIT F

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION, IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

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6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

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t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

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2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

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C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If YOU believe WE have not satisfactorily responded to YOUR request for warranty performance or satisfactorily worked with YOU to resolve any other claim or dispute between YOU and US, YOU should provide written notice to PWC requesting Mediation. Upon PWC's receipt of written notice from YOU, PWC may review and mediate YOUR request. PWC may communicate with YOU, US, and any other individuals or entities that PWC believes may possess relevant information. If after forty-five (45) days, PWC is unable to successfully mediate YOUR claim or dispute, or at any earlier time when PWC determines that YOU and WE are at an impasse, PWC will notify YOU that YOUR request remains unresolved and that YOU may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between YOU and US.

VII. Binding Arbitration Procedure

Following commencement of the WARRANTY PERIOD, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between YOU and US, or parties acting on YOUR or OUR behalf, including PWC, and any successor, or assign of either YOU or US, which relates to or arises from this LIMITED WARRANTY, or the design or construction of the HOME or the COMMON ELEMENTS, or the sale of the HOME or transfer of title to the COMMON ELEMENTS, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, OUR contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of OUR direct or indirect subsidiaries or related entities alleged to be responsible for any CONSTRUCTION DEFECT. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the HOME or the COMMON ELEMENTS is a CONSTRUCTION DEFECT;

B. Any disagreement as to the method or scope of repair required to correct a CONSTRUCTION DEFECT or whether a CONSTRUCTION DEFECT has been corrected in compliance with this LIMITED WARRANTY;

C. Any alleged breach of this LIMITED WARRANTY;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of OUR performance and/or YOUR notifications under this LIMITED WARRANTY;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this LIMITED WARRANTY, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of YOUR HOME or the COMMON ELEMENTS, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this LIMITED WARRANTY.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that PWC shall appoint. If YOU object to the arbitration service appointed by PWC, YOU must so inform PWC, in writing, within ten (10) days of YOUR receipt of PWC's written notice informing YOU of the appointed arbitration service. PWC

SAMPLE

will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. **Separation of This LIMITED WARRANTY From The Contract Of Sale**

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**

SAMPLE

B. **Transfer to Subsequent HOMEOWNERS**

This **LIMITED WARRANTY**, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. **Transfer of Manufacturer's Warranties**

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. **Recovery Rights**

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. **General Provisions**

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

SAMPLE

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SAMPLE

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ **Business Phone:** (____)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT G

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE ADDED TERRITORY WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO OWNERS IS THE ONLY WARRANTY, EXPRESS OR IMPLIED, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY. DECLARANT MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, FUTURE USE, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE LOTS/RESIDENCES/ADDED TERRITORY OR OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE ADDED TERRITORY THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF

THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614
31955-KC

DOC # 2011-0178616
04/22/2011 11:15A Fee:129.00
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Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 7 – Lots 71 to 76, inclusive, and 78 to 80, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 7 – Lots 71 to 76, inclusive, and 78 to 80, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 7) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 71 to 76, inclusive, and 78 to 80, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to

the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications**.

5.1. **Residential Lots.** Lots 71 to 76, inclusive, and 78 to 80, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 71 to 74, inclusive, and 78 of Tract No. 31955, and the parkway adjacent to Lot 78, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 71 to 74, inclusive, and 78 of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto.

6. **Fuel Modification Zones**. The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES**. The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the

Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) is to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions**. Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim**. Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354**. This Section 7 governs only the resolution of Disputes with Declarant or a Declarant Party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL**. DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the *"**Fix It Law**"*). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **Fix It Law Notice**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **No Enhanced Protection Agreement**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and

obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

12. **Right to Farm Disclosure**. The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

13. **Supplemental Fire Hazard Zone**. Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

14. **Supplemental Seismic/Geologic Hazard Zone**. Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement,

gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

15. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

16. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

17. **Amendment and Duration**. This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

18. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

19. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on 3/23, 2011, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Jeffrey Sands
Title: AUTHORIZED REP.

By: _____
Print Name: Marty Langpap
Title: AUTHORIZED REP.

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On March 23, 2011, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Jeffrey Sands + Marty Langpap
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

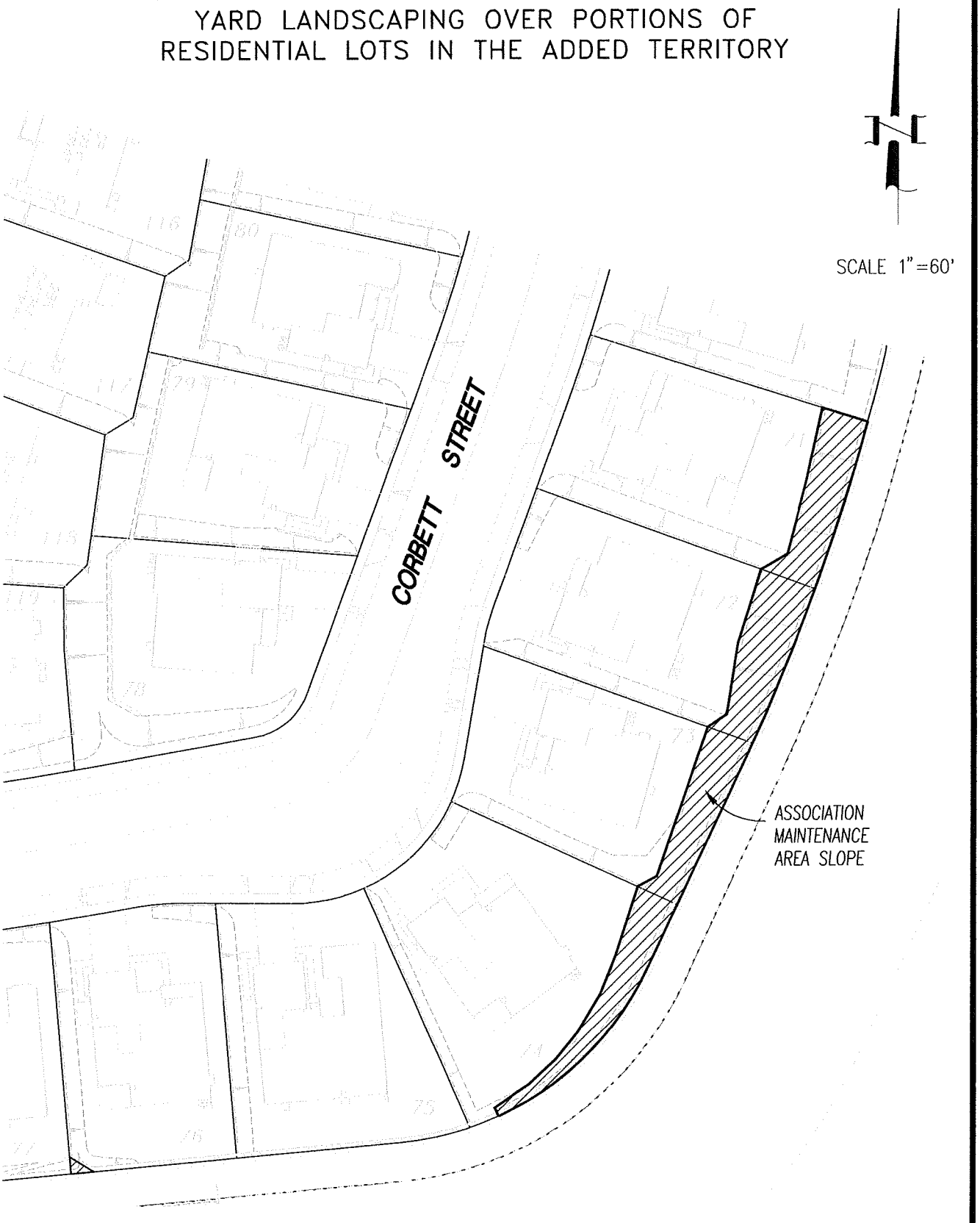
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

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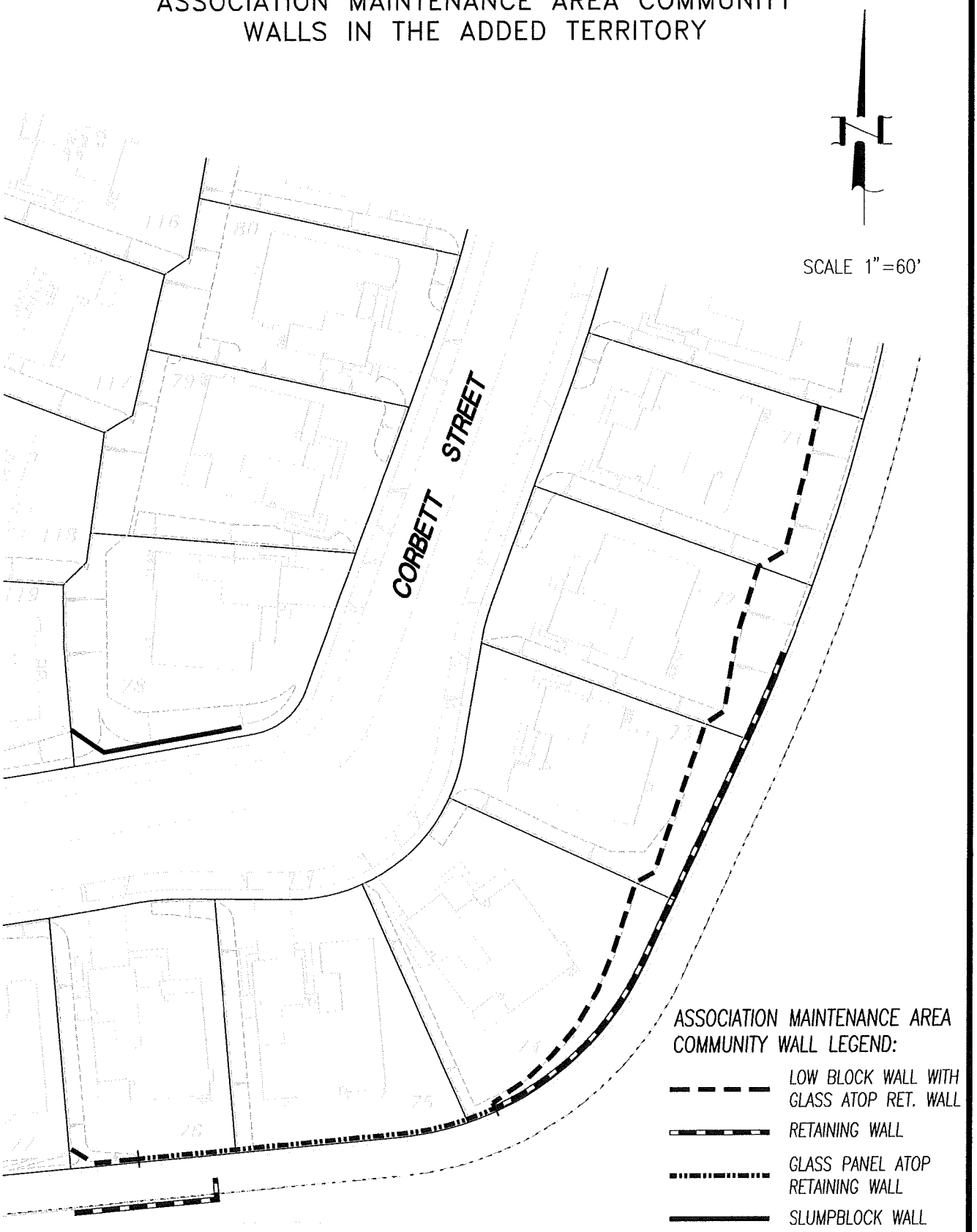
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



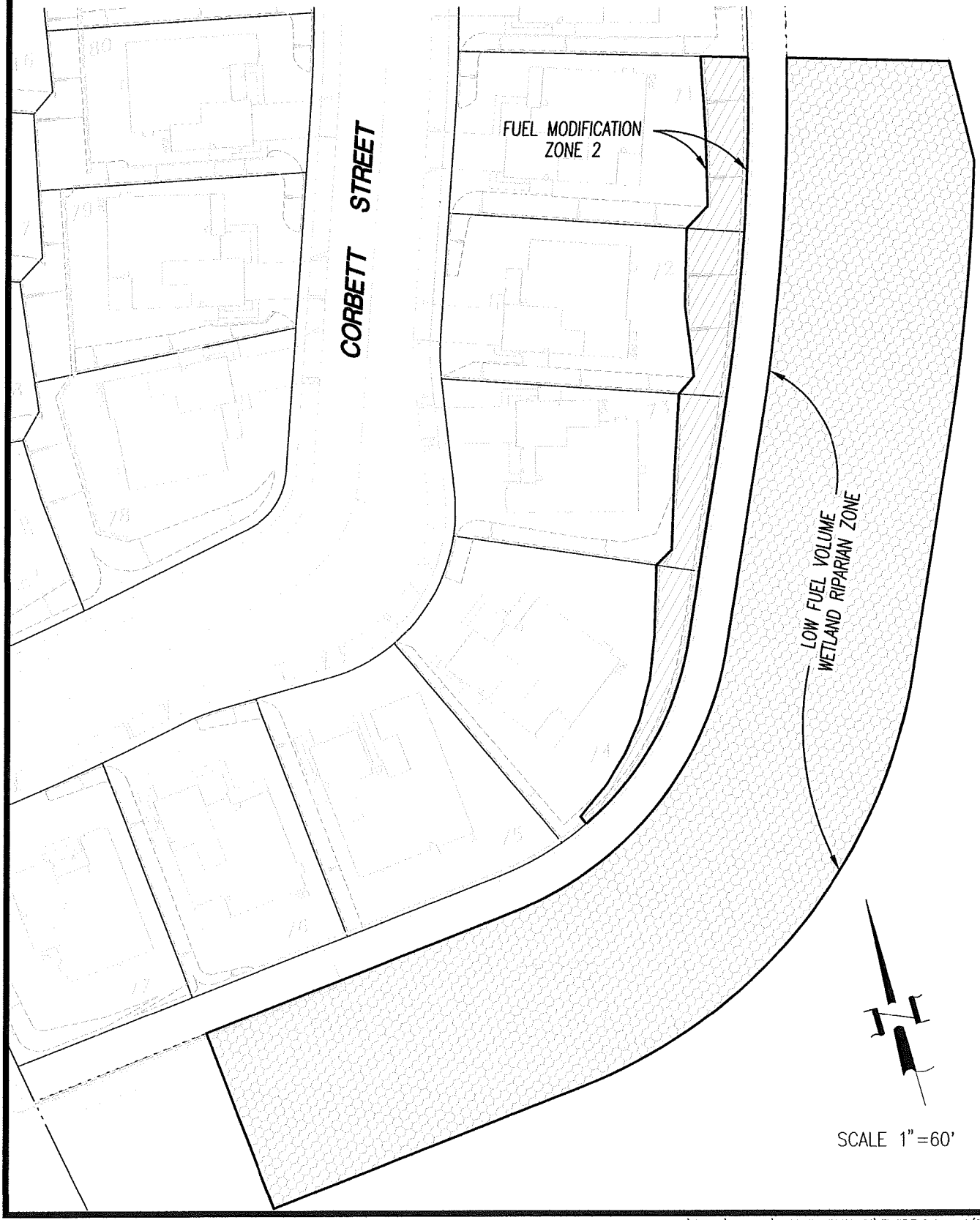
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EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Added Territory and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association or any Owner on the other hand arising out of or in any way relating to the Added Territory, any Lot(s) or improvements in the Added Territory, the Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 7 of the Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Added Territory and/or any Lot or Common Area in the Added Territory, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 7 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant or the Added Territory; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; and (vi) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. ARBITRATION OF DISPUTES.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (WWW.DEMARSASSOCIATES.COM) (*"DEMARS"*) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT OWNED OR MANAGED BY OTHERS, INCLUDING THE MASTER ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE MASTER ASSOCIATION FOR THE ADDED RESIDENTIAL PROPERTY AND THE INTEREST OF ALL OWNERS IN THE MASTER ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN WITH RESPECT TO THE ADDED RESIDENTIAL PROPERTY. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES

SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT. REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. **NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.**

3.5. **ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.**

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or

ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. **IN THE EVENT THAT THE PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS OR MAY BECOME PERMISSIBLE UNDER CALIFORNIA LAW. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.**

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Added Territory, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall

continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Added Territory is located.

EXHIBIT E

LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("**PWC**")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

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THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

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II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

SAMPLE

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

SAMPLE

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;

p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.

q. Insects, animals or vermin;

r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;

s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

SAMPLE

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

SAMPLE

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

SAMPLE

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

SAMPLE

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

SAMPLE

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. **Transfer to Subsequent HOMEOWNERS**

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. **Transfer of Manufacturer's Warranties**

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. **Recovery Rights**

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. **General Provisions**

SAMPLE

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the

HOME is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;

B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;

C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;

D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

SAMPLE

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (_____)_____ **Business Phone:** (____)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

090400001DH

Limited Warranty Validation Form

Builder's Limited Warranty Number: SP##-#####
Warranty Issuance Date: 06/10/2009

Builder Identification Number: HBPSP##

Builder Name and Address
STANDARD PACIFIC
Street Address
Suite #
City, CA 92###

Home Buyer(s): Smith, John Q.
Smith, Mary E.
Address of Covered Home: 111 Main Street
Any City, CA 92###

Sales Price: $

Forms Attached at Warranty Issuance
Booklets: 117 CA Rev. 01/07
Addendums:
Letters:
FHA or VA Case Number: N/A

Contract Date: 05/01/2009

SAMPLE

Warranty Period*
Period Commences 06/10/2008 Expires 06/10/2018

*This Warranty Period will end earlier for certain Construction Defects. If, in the absence of this Warranty, a claim for a Construction Defect would have been barred as untimely by applicable state law, then such Construction Defect claim will also be barred as untimely under this Warranty. As provided in the Warranty and the Performance Standards provided by Builder, the Warranty Period shall be limited for each component of construction to the period that the component can reasonably be expected to function, which may be less than the entire period set forth above.

Administrator:
Professional Warranty Service Corporation
P.O. Box 800
Annandale, VA 22003-0800
(800) 850-2799

Smith, John Q. & Smith, Mary E.
111 Main Street
Any City, CA 92###

PWSC- Form: S

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE ADDED TERRITORY WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY. DECLARANT MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, FUTURE USE, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE LOTS/RESIDENCES/ADDED TERRITORY OR OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE ADDED TERRITORY THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF

THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614
31955KC

DOC # 2011-0178617
04/22/2011 11:15A Fee:132.00
Page 1 of 40
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 8 – Lots 1 to 5, inclusive, 15, 77 and Lot N of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 8 – Lots 1 to 5, inclusive, 15, 77 and Lot N of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 8) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lots 1 to 5, inclusive, Lots 15 and 77 and Lot N of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Added Territory.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to

the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **Membership in Association.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **Assessment Obligations.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **Rights and Obligations of Owners.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **Land Classifications**.

5.1. **Residential Lots.** Lots 1 to 5, inclusive, and Lots 15 and 77 of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** Lot N of Tract No. 31955 is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 1, 15 and 77 of Tract No. 31955, and the adjacent parkways to said Lots, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall located on Lots 1, 15 and 77 of Tract No. 31955, as depicted on ***Exhibit B*** attached hereto. In addition, the Association shall maintain that portion of the landscaped public parkway located adjacent to the channel and Sky Line Parkway, in the areas approximately shown on ***Exhibit C*** attached hereto, as an Association Maintenance Area.

6. **Fuel Modification Zones**. The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit D*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) is to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit E***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant Party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL

ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit F***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the *"**Fix It Law**"*). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "G"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **Fix It Law Notice**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **No Enhanced Protection Agreement**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **Maintenance Obligations.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

12. **Right to Farm Disclosure**. The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

13. **Supplemental Fire Hazard Zone**. Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

14. **Supplemental Seismic/Geologic Hazard Zone**. Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

15. **Marketing Name.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

16. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

17. **Amendment and Duration**. This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

18. **Miscellaneous.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

19. **Exhibits.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on 3/23, 20[illegible], to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Jeffrey Sands
Title: AUTHORIZED REP.

By: _____
Print Name: Marty Langpap
Title: AUTHORIZED REP.

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On March 23, 2011, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Jeffrey Sands and Marty Langpap
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

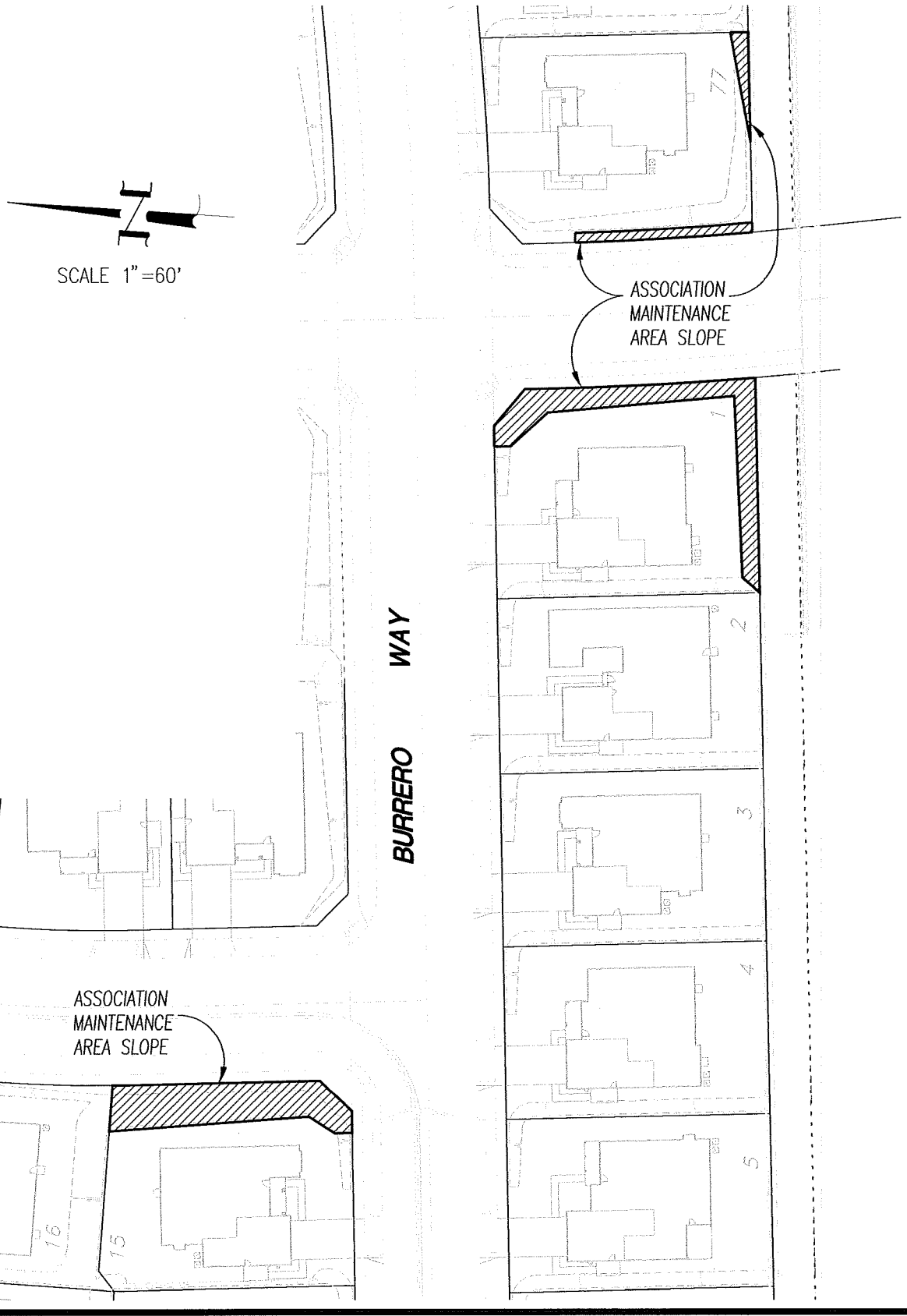
WITNESS my hand and official seal.

Signature: _____

(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



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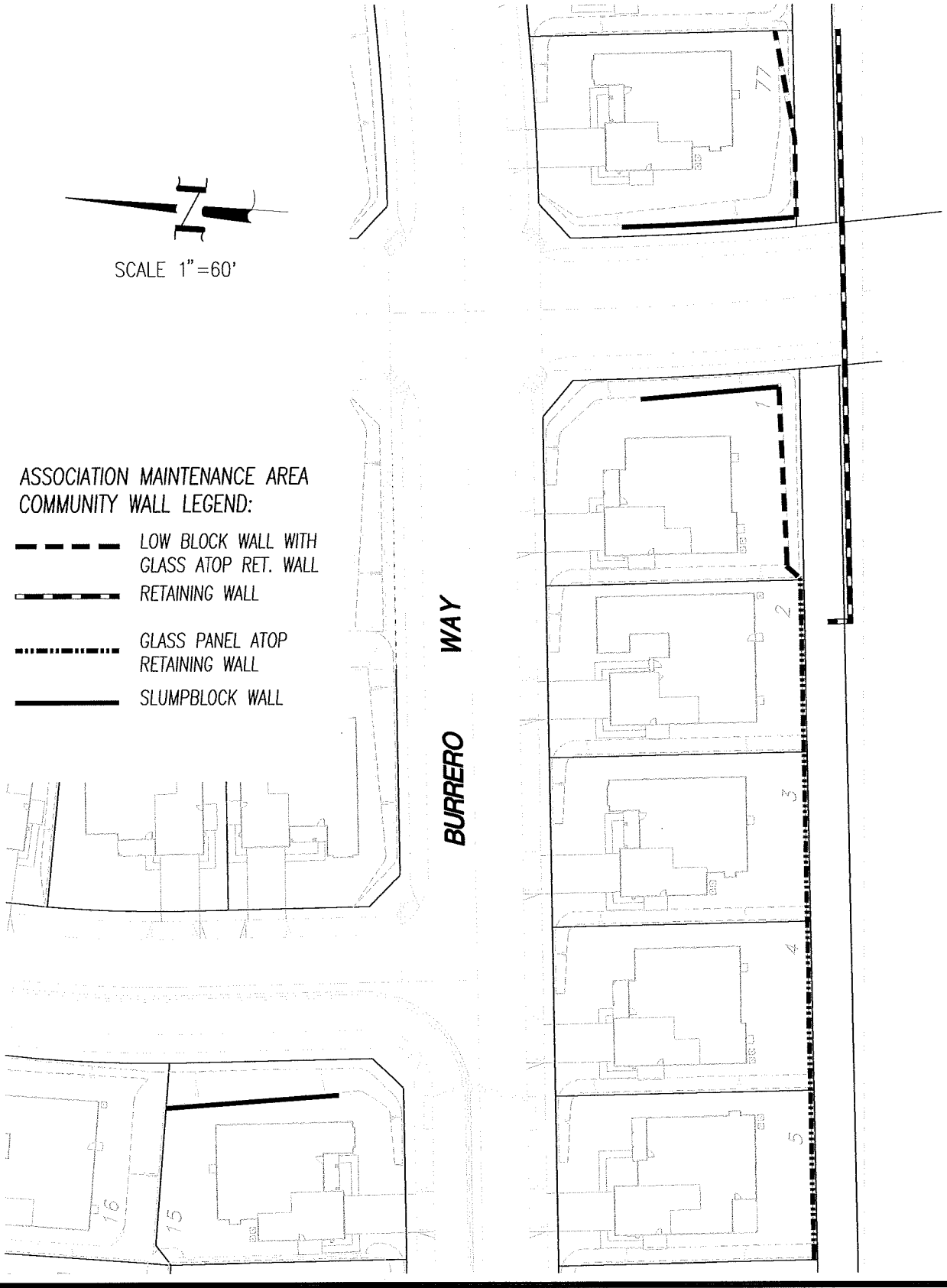
EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY

SCALE 1"=60'



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

- *LOW BLOCK WALL WITH GLASS ATOP RET. WALL*
- *RETAINING WALL*
- *GLASS PANEL ATOP RETAINING WALL*
- *SLUMPBLOCK WALL*

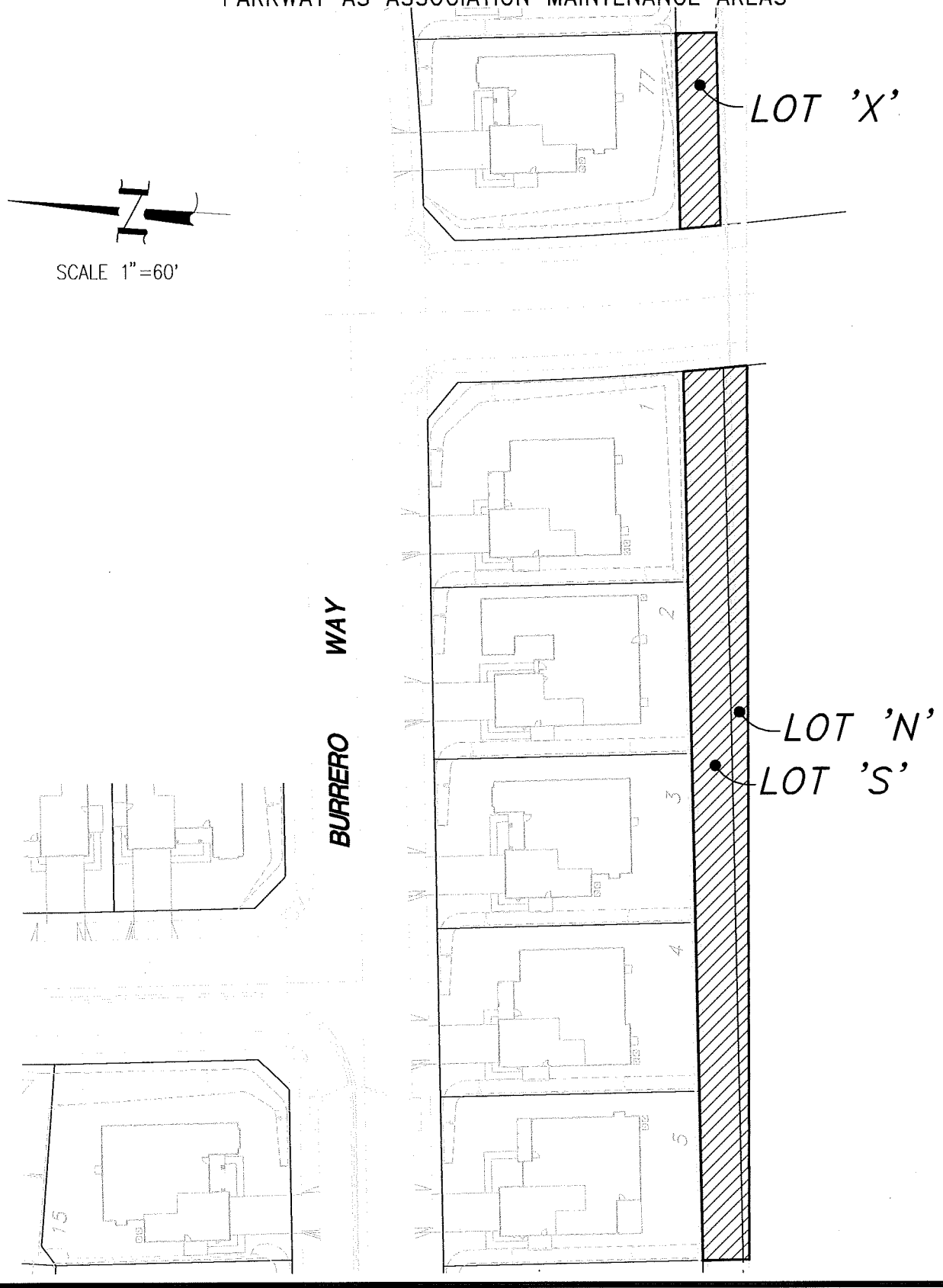
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EXHIBIT C

APPROXIMATE LOCATION OF LANDSCAPED PARKWAYS TO BE MAINTAINED BY ASSOCIATION ALONG CHANNEL AND SKY LINE PARKWAY AS ASSOCIATION MAINTENANCE AREAS

EXHIBIT C

APPROXIMATE LOCATION OF LANDSCAPED PARKWAYS TO BE MAINTAINED BY ASSOCIATION ALONG CHANNEL AND SKY LINE PARKWAY AS ASSOCIATION MAINTENANCE AREAS



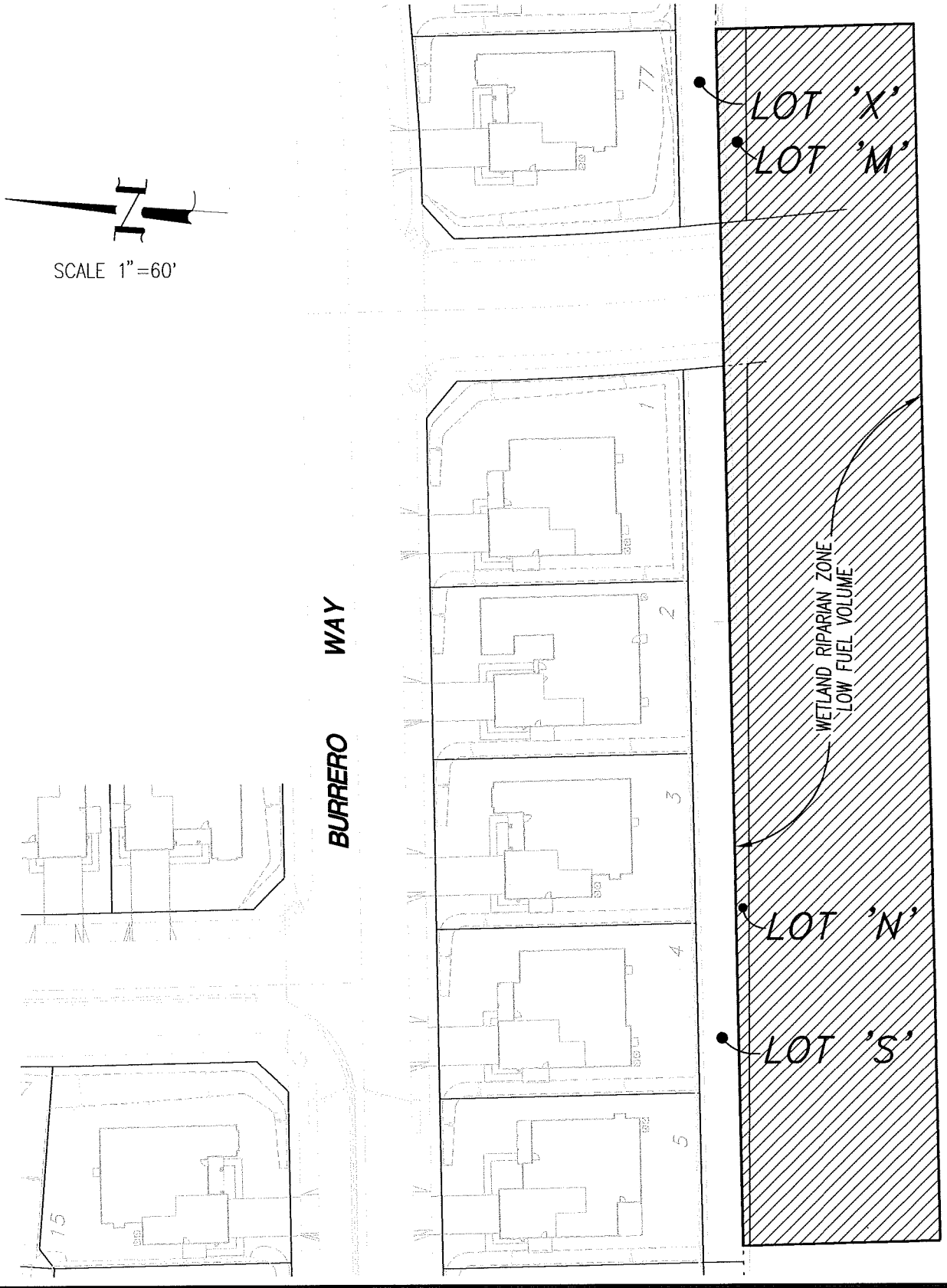
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EXHIBIT D

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT D

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



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EXHIBIT E

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit E*** (***"ADR Provisions"***) only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Added Territory and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association or any Owner on the other hand arising out of or in any way relating to the Added Territory, any Lot(s) or improvements in the Added Territory, the Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 7 of the Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Added Territory and/or any Lot or Common Area in the Added Territory, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 7 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant or the Added Territory; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; and (vi) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. ARBITRATION OF DISPUTES.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (WWW.DEMARSASSOCIATES.COM) (*"DEMARS"*) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT OWNED OR MANAGED BY OTHERS, INCLUDING THE MASTER ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE MASTER ASSOCIATION FOR THE ADDED RESIDENTIAL PROPERTY AND THE INTEREST OF ALL OWNERS IN THE MASTER ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN WITH RESPECT TO THE ADDED RESIDENTIAL PROPERTY. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES

SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT. REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. **NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.**

3.5. **ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.**

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or

ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. **IN THE EVENT THAT THE PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS OR MAY BECOME PERMISSIBLE UNDER CALIFORNIA LAW. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.**

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Added Territory, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall

continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Added Territory is located.

EXHIBIT F

LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

SAMPLE

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

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II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

SAMPLE

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

SAMPLE

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;

p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.

q. Insects, animals or vermin;

r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;

s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

SAMPLE

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

SAMPLE

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

SAMPLE

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

SAMPLE

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

SAMPLE

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. **Transfer to Subsequent HOMEOWNERS**

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. **Transfer of Manufacturer's Warranties**

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. **Recovery Rights**

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

SAMPLE

E. **General Provisions**

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the

HOME is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

SAMPLE

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ **Business Phone:** (____)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

090400001DH

Limited Warranty Validation Form

Builder's Limited Warranty Number: SP##-#####
Warranty Issuance Date: 06/10/2009

Builder Identification Number: HBPSP##

Builder Name and Address
STANDARD PACIFIC
Street Address
Suite #
City, CA 92###

Home Buyer(s): Smith, John Q.
Smith, Mary E.
Address of Covered Home: 111 Main Street
Any City, CA 92###

Sales Price: $

Forms Attached at Warranty Issuance
Booklets: 117 CA Rev. 01/07
Addendums:
Letters:
FHA or VA Case Number: N/A

Contract Date: 05/01/2009

SAMPLE

Warranty Period*
Period Commences 06/10/2008 Expires 06/10/2018

*This Warranty Period will end earlier for certain Construction Defects. If, in the absence of this Warranty, a claim for a Construction Defect would have been barred as untimely by applicable state law, then such Construction Defect claim will also be barred as untimely under this Warranty. As provided in the Warranty and the Performance Standards provided by Builder, the Warranty Period shall be limited for each component of construction to the period that the component can reasonably be expected to function, which may be less than the entire period set forth above.

Administrator:
Professional Warranty Service Corporation
P.O. Box 800
Annandale, VA 22003-0800
(800) 850-2799

Smith, John Q. & Smith, Mary E.
111 Main Street
Any City, CA 92###

PWSC- Form: S

EXHIBIT G

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE ADDED TERRITORY WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY. DECLARANT MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, FUTURE USE, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE LOTS/RESIDENCES/ADDED TERRITORY OR OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE ADDED TERRITORY THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF

THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE ADDED TERRITORY, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA IN THE ADDED TERRITORY OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

DOC # 2011-0352708
08/11/2011 11:27A Fee:126.00
Page 1 of 38
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

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NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 9 – Lot 23 and Lots 152 to 157, inclusive, and Lot P of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 9 – Lot 23 and Lots 152 to 157, inclusive, and Lot P of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 9) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 23, Lots 152 to 157, inclusive, and Lot P of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property

already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lot 23, Lots 152 to 157, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration

5.2. **Common Area.** Lot P of Tract No. 31955 is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lot 157 of Tract No. 31955, and the adjacent parkways to said Lot, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the

Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions**. Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim**. Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354**. This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT**. DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the "***Fix It Law***"). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein

diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on August 1, 2011, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____

Print Name: Martin P. Langpap

Title: Authorized Representative

By: _____

Print Name: LORRIE YATES

Title: Authorized Representative

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On August 1, 2011, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin P Langpap + Lorrie A Yates
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

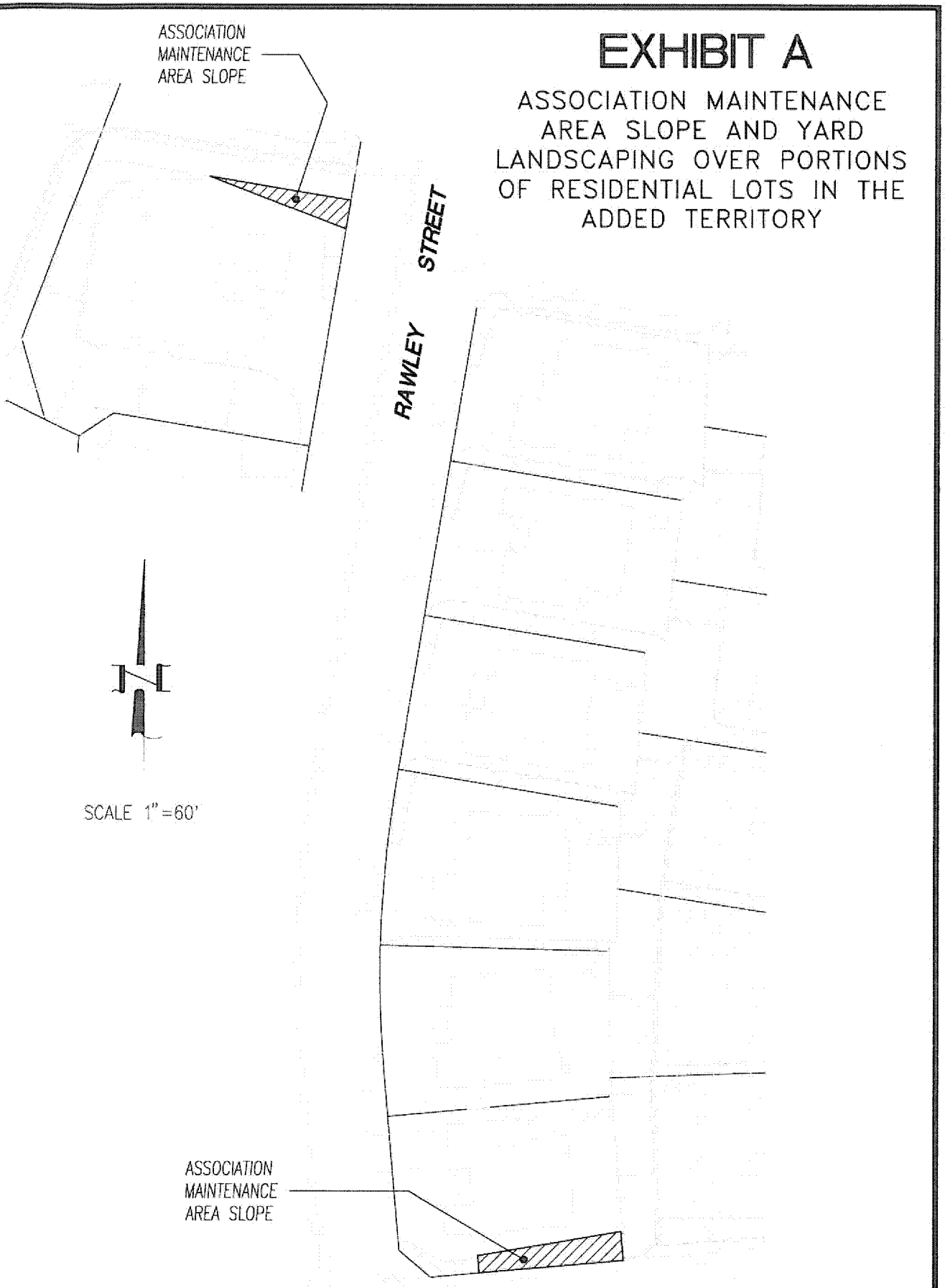
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



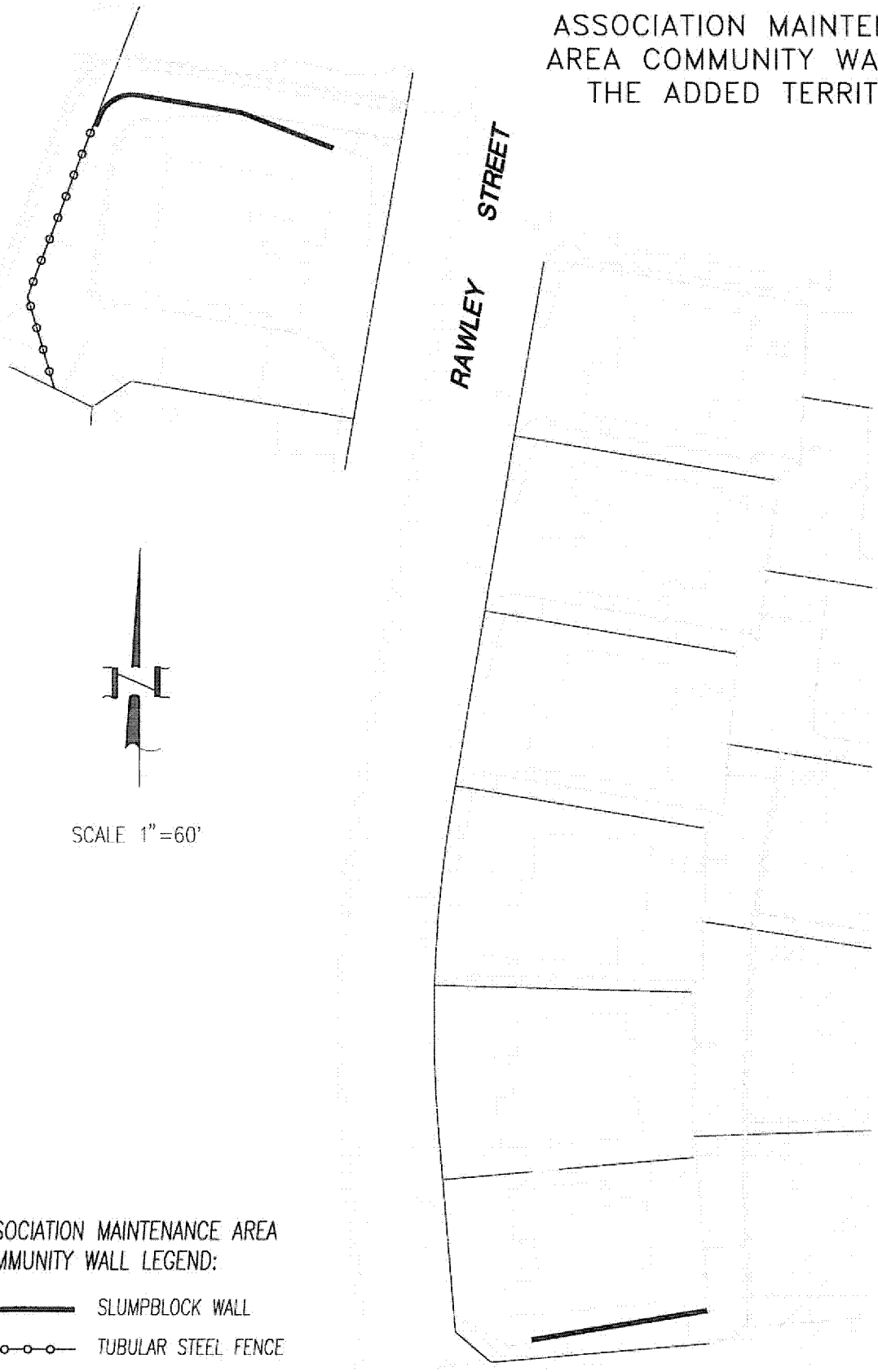
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



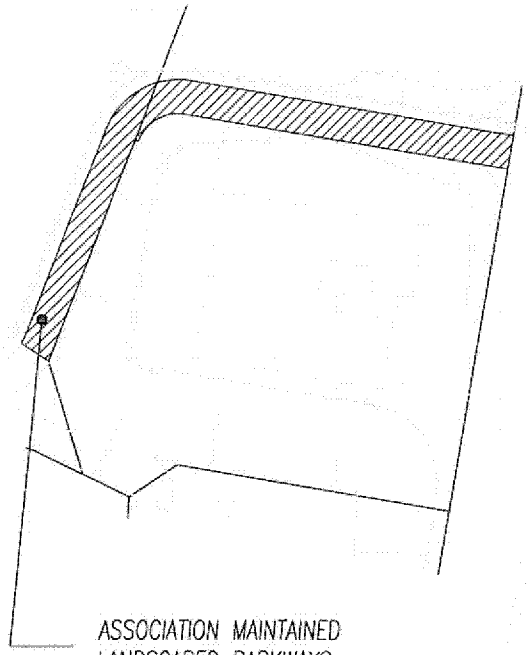
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EXHIBIT C

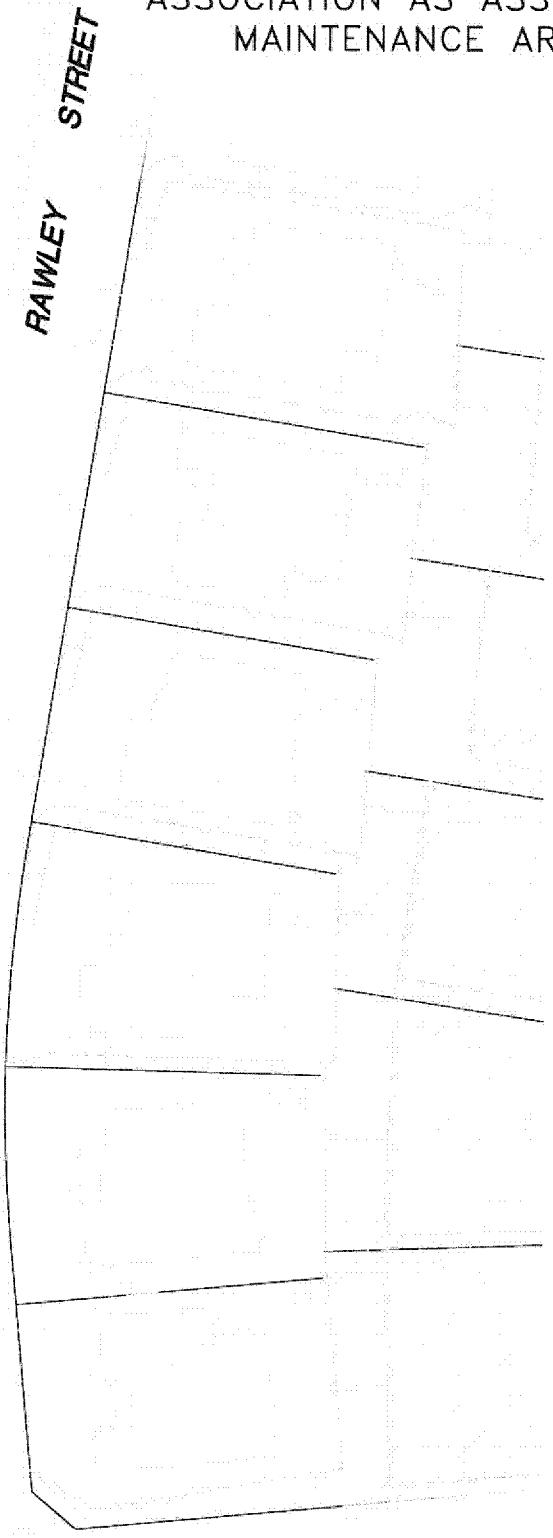
FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

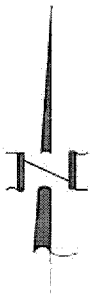
EXHIBIT C

APPROXIMATE LOCATION OF LANDSCAPED PARKWAYS TO BE MAINTAINED BY ASSOCIATION AS ASSOCIATION MAINTENANCE AREAS



ASSOCIATION MAINTAINED LANDSCAPED PARKWAYS





SCALE 1"=60'

I:\72564\EXHIBITS\LOTS 23,152-157\PHASE 9 EXHIBIT C.dwg 8/03/11

EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (WWW.DEMARSASSOCIATES.COM) ("*DEMARS*") PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION ("*PWC*" THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR THE COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT

RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT. REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court

of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. Any dispute as to the enforceability of any provision of this LIMITED WARRANTY, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this LIMITED WARRANTY.

I. Warranty Coverage

Coverage under this LIMITED WARRANTY is expressly limited to CONSTRUCTION DEFECTS which occur during the WARRANTY PERIOD indicated on the Limited Warranty Validation Form and which are reported by YOU in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. OUR obligations under this LIMITED WARRANTY apply to workmanship actually performed and materials actually installed in the HOME or the COMMON ELEMENTS. Any failure by US to complete construction of the HOME or COMMON ELEMENTS, where such failure is apparent and obvious, is not covered by this LIMITED WARRANTY and is not a CONSTRUCTION DEFECT.

During the WARRANTY PERIOD indicated on the Limited Warranty Validation Form, WE warrant that the HOME and the COMMON ELEMENTS will be free of CONSTRUCTION DEFECTS. OUR obligation to perform under this LIMITED WARRANTY requires that WE must receive written notice from YOU of the alleged CONSTRUCTION DEFECT as soon as reasonably possible after YOU become aware of a CONSTRUCTION DEFECT but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect YOUR rights under this LIMITED WARRANTY (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon OUR timely receipt of written notice from YOU alleging a CONSTRUCTION DEFECT during the WARRANTY PERIOD, WE, or parties acting on OUR behalf, will, where WE deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a CONSTRUCTION DEFECT. If WE determine that a CONSTRUCTION DEFECT exists, WE, or parties acting on OUR behalf, will (1) repair or replace the CONSTRUCTION DEFECT, (2) pay to YOU the actual amount it would cost US to repair or replace the CONSTRUCTION DEFECT, or (3) pay to YOU an amount equal to the diminution in fair market value caused by the uncorrected CONSTRUCTION DEFECT. Subject to the limitations described in **Section IV. Coverage Limitations**, if the HOME is rendered temporarily uninhabitable by a CONSTRUCTION DEFECT or by work necessary to repair a CONSTRUCTION DEFECT, WE shall pay the reasonable cost for YOUR alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) until the HOME is restored to a habitable condition. Additionally, in connection with OUR remedy of a CONSTRUCTION DEFECT, and subject to the limitations described in **Section IV. Coverage Limitations**, WE shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the HOME and that are damaged directly by a CONSTRUCTION DEFECT or that are damaged in the course of OUR repair of a CONSTRUCTION DEFECT.
- Home furnishings, carpet or personal property damaged directly by the CONSTRUCTION DEFECT.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at OUR or OUR authorized representative's sole discretion. These remedies are OUR only obligations under this LIMITED WARRANTY.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a CONSTRUCTION DEFECT. If WE dispute the existence of a CONSTRUCTION DEFECT and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

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6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

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t. Any defect in material or workmanship supplied by anyone other than US or OUR agents, or subcontractors, including any loss or damage to the HOME or the COMMON ELEMENTS resulting from material or workmanship supplied by anyone other than US or OUR agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the HOME or the COMMON ELEMENTS by YOU or anyone other than US that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to YOUR failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the HOME or the COMMON ELEMENTS;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the HOME'S or the COMMON ELEMENTS' failure to meet expectations of the HOMEOWNER or HOMEOWNERS ASSOCIATION.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS. WE will not cover costs or expenses arising from the uninhabitability of the HOME or the COMMON ELEMENTS or health risk due to the proximity of POLLUTANTS. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor POLLUTANTS;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a CONSTRUCTION DEFECT;

5. Any CONSEQUENTIAL OR INCIDENTAL DAMAGES;

6. Any CONSUMER PRODUCTS;

7. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY;

9. Any costs or obligations paid or incurred by YOU in violation of Section VI. C. below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility to build in accordance with applicable building codes, this LIMITED WARRANTY does not cover building code violations in the absence of a CONSTRUCTION DEFECT;

11. Any deviation from plans and specifications where the condition does not meet the definition of a CONSTRUCTION DEFECT;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by YOU after the first year of the WARRANTY PERIOD, except where the "fit and finish" of such items is damaged by any CONSTRUCTION DEFECT covered under this LIMITED WARRANTY.

B. OUR LIMITED WARRANTY does not cover any CONSTRUCTION DEFECT which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

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2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section** VI apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

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C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If YOU believe WE have not satisfactorily responded to YOUR request for warranty performance or satisfactorily worked with YOU to resolve any other claim or dispute between YOU and US, YOU should provide written notice to PWC requesting Mediation. Upon PWC's receipt of written notice from YOU, PWC may review and mediate YOUR request. PWC may communicate with YOU, US, and any other individuals or entities that PWC believes may possess relevant information. If after forty-five (45) days, PWC is unable to successfully mediate YOUR claim or dispute, or at any earlier time when PWC determines that YOU and WE are at an impasse, PWC will notify YOU that YOUR request remains unresolved and that YOU may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between YOU and US.

VII. Binding Arbitration Procedure

Following commencement of the WARRANTY PERIOD, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between YOU and US, or parties acting on YOUR or OUR behalf, including PWC, and any successor, or assign of either YOU or US, which relates to or arises from this LIMITED WARRANTY, or the design or construction of the HOME or the COMMON ELEMENTS, or the sale of the HOME or transfer of title to the COMMON ELEMENTS, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, OUR contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of OUR direct or indirect subsidiaries or related entities alleged to be responsible for any CONSTRUCTION DEFECT. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the HOME or the COMMON ELEMENTS is a CONSTRUCTION DEFECT;

B. Any disagreement as to the method or scope of repair required to correct a CONSTRUCTION DEFECT or whether a CONSTRUCTION DEFECT has been corrected in compliance with this LIMITED WARRANTY;

C. Any alleged breach of this LIMITED WARRANTY;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of OUR performance and/or YOUR notifications under this LIMITED WARRANTY;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this LIMITED WARRANTY, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of YOUR HOME or the COMMON ELEMENTS, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this LIMITED WARRANTY.

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The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that PWC shall appoint. If YOU object to the arbitration service appointed by PWC, YOU must so inform PWC, in writing, within ten (10) days of YOUR receipt of PWC's written notice informing YOU of the appointed arbitration service. PWC

will then appoint an alternative neutral arbitration service provider. If YOU object to this alternative provider and if YOU and WE are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. PWC will obtain and provide to YOU and US, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If YOU initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by YOU and US, unless YOU and WE have otherwise agreed in writing to a different allocation. If WE initiate the request for arbitration, WE shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that WE reimburse YOU some or all of the arbitration filing fee and other arbitration fees YOU paid to the arbitration service, but under no circumstances shall YOU be required to reimburse US any portion of the arbitration filing fee and other arbitration fees WE paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, YOU may contact PWC to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this LIMITED WARRANTY. YOUR Binding Arbitration Request Form must be received by PWC no later than ninety (90) days after the WARRANTY PERIOD expires. Please Note that while YOU have ninety (90) days after the WARRANTY PERIOD expires to file for arbitration, this time period does not extend the WARRANTY PERIOD for CONSTRUCTION DEFECTS. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by US under this LIMITED WARRANTY, nor any dispute resolution efforts, shall extend the term of this LIMITED WARRANTY or extend or toll any statutes of limitations or any of YOUR rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify YOU and US of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a CONSTRUCTION DEFECT or OUR performance under this LIMITED WARRANTY, most often the hearing will be conducted at the HOME or, if applicable, the location of the COMMON ELEMENTS. Other disputes between YOU and US that are subject to arbitration, but which do not include a CONSTRUCTION DEFECT claim, may be scheduled for hearing at the HOME or another location within the county where the HOME is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, YOU, US and/or a third party designated by YOU or US or acting on YOUR or OUR behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by YOU, US or YOUR or OUR representatives, a decision will be rendered by the arbitrator. The decision is final and binding on YOU and US. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this LIMITED WARRANTY or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a CONSTRUCTION DEFECT is alleged, the arbitrator will determine whether the alleged CONSTRUCTION DEFECT exists and whether it is OUR responsibility. If the arbitrator finds US responsible for a CONSTRUCTION DEFECT, WE shall be obligated to perform in accordance with OUR Warranty Obligations as described in Section II above.

In connection with a CONSTRUCTION DEFECT dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the CONSTRUCTION DEFECT. In deciding such disputes, the arbitrator considers the terms of this LIMITED WARRANTY, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to YOU in lieu of repair or replacement is at OUR or OUR authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that WE are responsible for a CONSTRUCTION DEFECT, WE will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond OUR or OUR representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to OUR compliance with an arbitrator's award, either party shall so inform PWC in writing at its mailing address specified in this LIMITED WARRANTY. PWC will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that WE have not properly performed, WE will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This LIMITED WARRANTY is separate and independent of the contract between YOU and US for the construction and/or sale of the HOME or transfer of the COMMON ELEMENTS. Except as otherwise expressly provided herein, the provisions of this LIMITED WARRANTY shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between YOU and US.

SAMPLE

B. Transfer to Subsequent HOMEOWNERS

This LIMITED WARRANTY, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the HOME for the remainder of the WARRANTY PERIOD. YOU agree to provide this LIMITED WARRANTY to any subsequent purchaser of the HOME as a part of the contract of sale of the HOME. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to YOU all the manufacturer's warranties on all appliances, fixtures and items of equipment that WE installed in the HOME. Should an appliance or item of equipment malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem. OUR obligation under this LIMITED WARRANTY is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the HOME or the COMMON ELEMENTS, of such appliances and equipment. WE have no obligation for appliances and equipment defined as CONSUMER PRODUCTS.

D. Recovery Rights

If WE or a third party designated by US or acting on OUR behalf repairs, replaces or pays the cost to repair or replace CONSTRUCTION DEFECT, or other related damage to the HOME or the COMMON ELEMENTS covered by this LIMITED WARRANTY, or if WE elect to pay the diminished market value of the HOME in lieu of repair or replacement of a CONSTRUCTION DEFECT, WE are then entitled, to the extent of OUR cost or payment, to take over YOUR related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. YOU have an obligation not to make it harder for US to enforce these rights. YOU agree to sign any papers, deliver them to US, and do anything else that is necessary to help US exercise OUR rights.

E. General Provisions

1. If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this LIMITED WARRANTY.

2. This LIMITED WARRANTY and the binding arbitration process are binding on YOU and US. It is also binding on YOUR and OUR heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this LIMITED WARRANTY includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides YOU with this LIMITED WARRANTY. Throughout this document the BUILDER is also referred to as "WE", "US" and "OUR".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the HOMEOWNERS ASSOCIATION has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the HOME, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the HOME is located. SYSTEMS serving two or more HOMES, and the outbuildings that contain parts of such SYSTEMS are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

A. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
B. OUR cost to repair or replace, at market value, furniture, carpet or personal property damaged by the CONSTRUCTION DEFECT;
C. OUR cost to repair damage to the HOME which occurs in the course of OUR repair or replacement of a CONSTRUCTION DEFECT;
D. The reasonable cost of the HOMEOWNER'S alternative shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) when the HOME is temporarily unhabitable due to a CONSTRUCTION DEFECT and while the HOME is rendered uninhabitable by the work necessary to repair a CONSTRUCTION DEFECT.

Time YOU take off from work as a result of a CONSTRUCTION DEFECT or the repair/replacement of a CONSTRUCTION DEFECT, are among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and are excluded under this LIMITED WARRANTY. Diminished fair market value of the HOME is also among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and is excluded under this LIMITED WARRANTY notwithstanding that WE reserve the right to elect to pay YOU diminished fair market value in lieu of OUR repair, replacement or payment for the cost to repair or replace a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the HOME and/or the COMMON ELEMENTS that:

- materially affects the structural integrity of the HOME or the COMMON ELEMENTS; or
- has an obvious and material negative impact on the appearance of the HOME or the COMMON ELEMENTS; or
- jeopardizes the life or safety of the occupants of the HOME or the users of the COMMON ELEMENTS; or
- results in the inability of the HOME or the applicable COMMON ELEMENTS to provide the functions that can reasonably be expected in such a HOME or COMMON ELEMENT.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a CONSUMER PRODUCT for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the HOME. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the HOME or COMMON ELEMENTS, or results in an unsafe living condition due to a CONSTRUCTION DEFECT that YOU (or as applicable, the HOMEOWNERS ASSOCIATION) become aware of at a point in time other than OUR normal business hours and YOU were unable to obtain OUR or OUR authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this LIMITED WARRANTY, and the land on which it sits, except to the extent such unit, structure/building or land is part of the COMMON ELEMENTS.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to YOU by US.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or HOMEOWNERS ASSOCIATION making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which WE participate. As such, PWC assumes no other liabilities in connection with this LIMITED WARRANTY. The PWC mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. Notwithstanding anything to the contrary set forth in this LIMITED WARRANTY, the WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or, as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME, the earlier of the date of substantial completion or the date title to these structures is transferred to the HOMEOWNERS ASSOCIATION. The dates the WARRANTY PERIOD begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this LIMITED WARRANTY.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER and the HOMEOWNERS ASSOCIATION.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ Business Phone: (____)_____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature Date Signature Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

DOC # 2011-0352709
08/11/2011 11:27A Fee:126.00
Page 1 of 38
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 10 – Lots 16 to 22, inclusive, and Lot R of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 10 – Lots 16 to 22, inclusive, and Lot R of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 10) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 16 to 22, inclusive, and Lot R of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 16 to 22, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** Lot R of Tract No. 31955 is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 16 and 22 of Tract No. 31955, and the adjacent parkways to said Lots, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition

(collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY.** Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a

home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the ***"Fix It Law"***). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial

dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS**. If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE**. The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE**. Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on August 1, 2011, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____

Print Name: Martin P. Langpap

Title: Authorized Representative

By: _____

Print Name: LORRIE YATES

Title: ~~Authorized Representative~~

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On August 1, 2011, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin P. Langpap and Lorrie A Yates
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

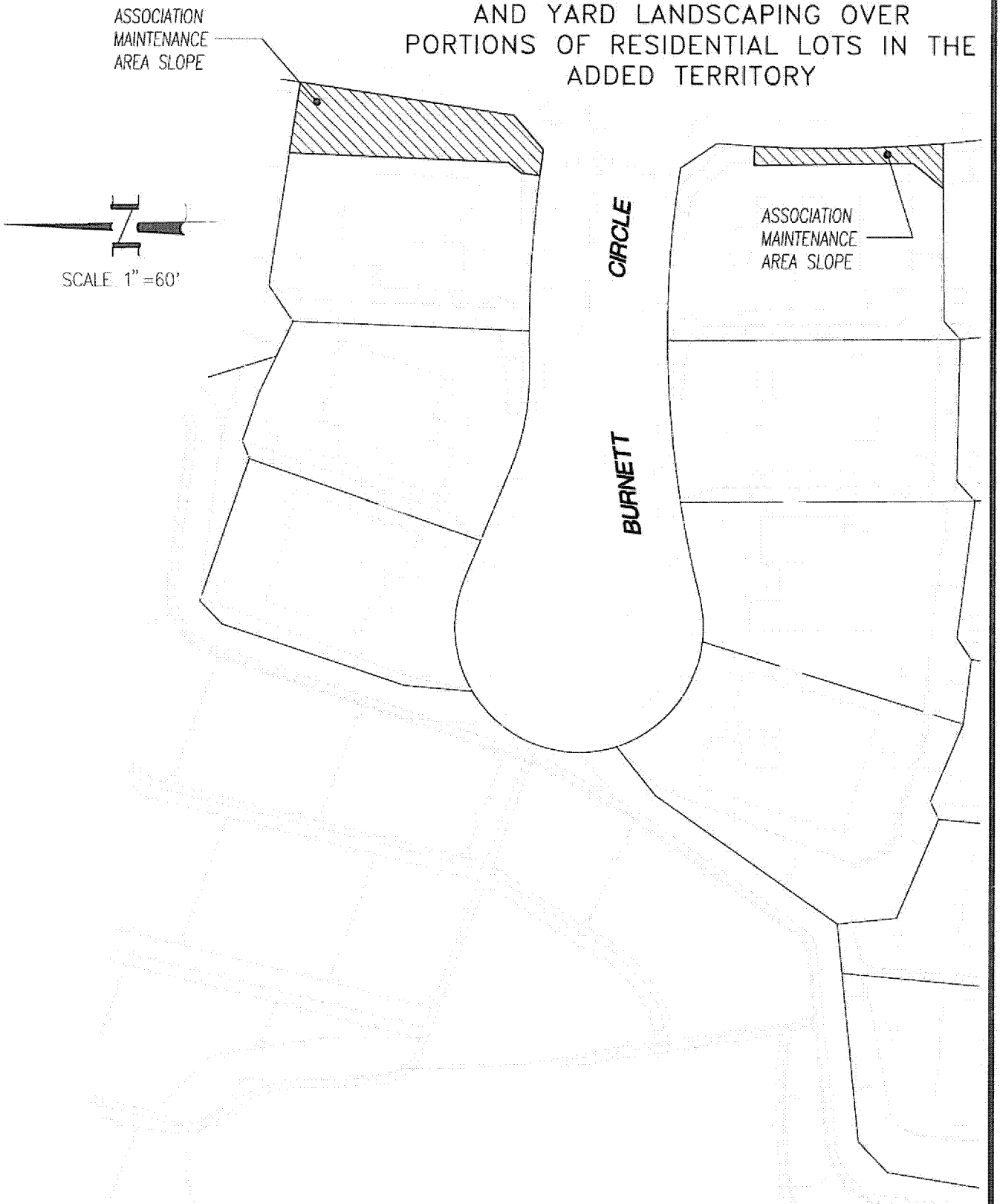
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



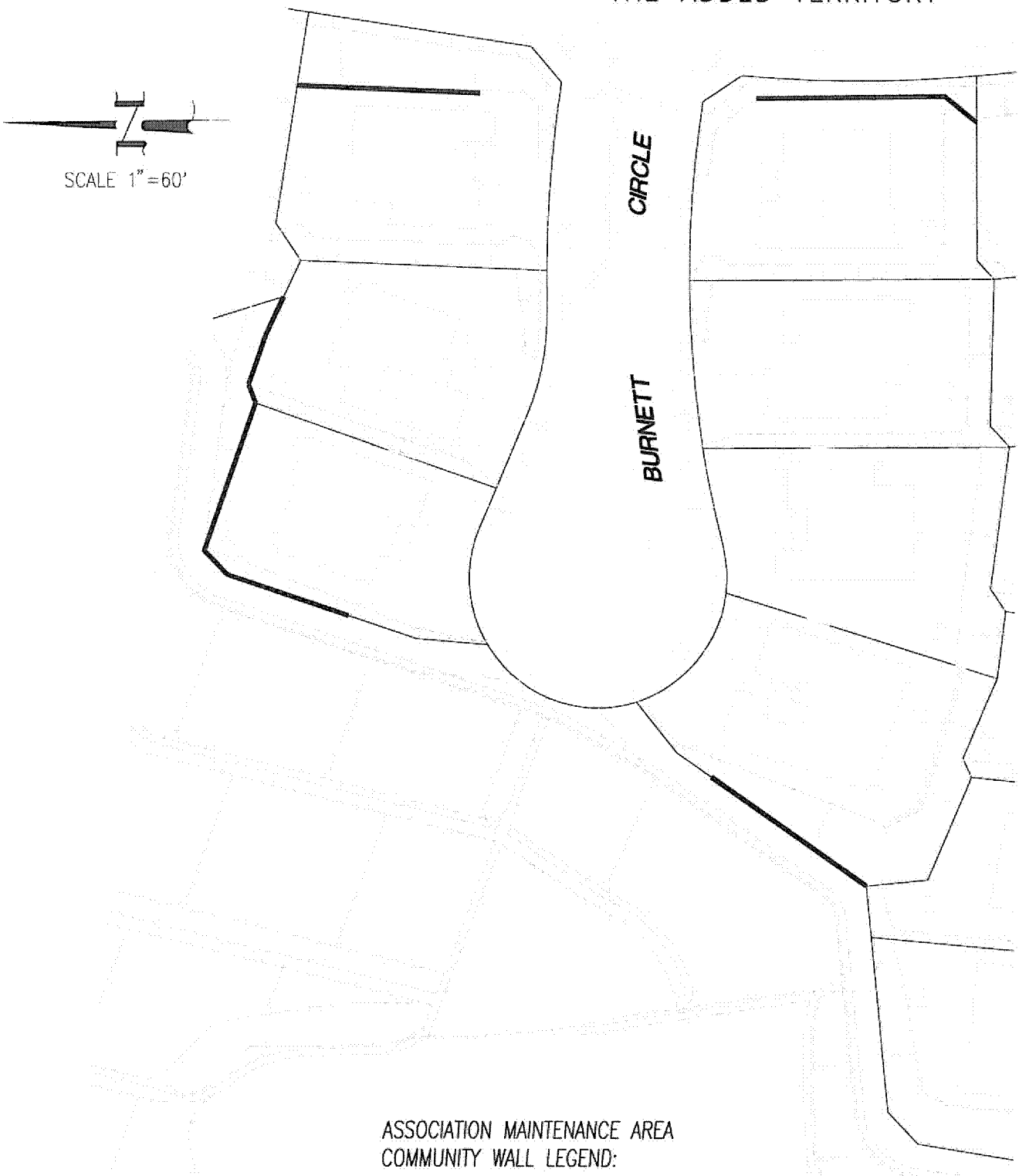
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

——— *SLUMPBLOCK WALL*

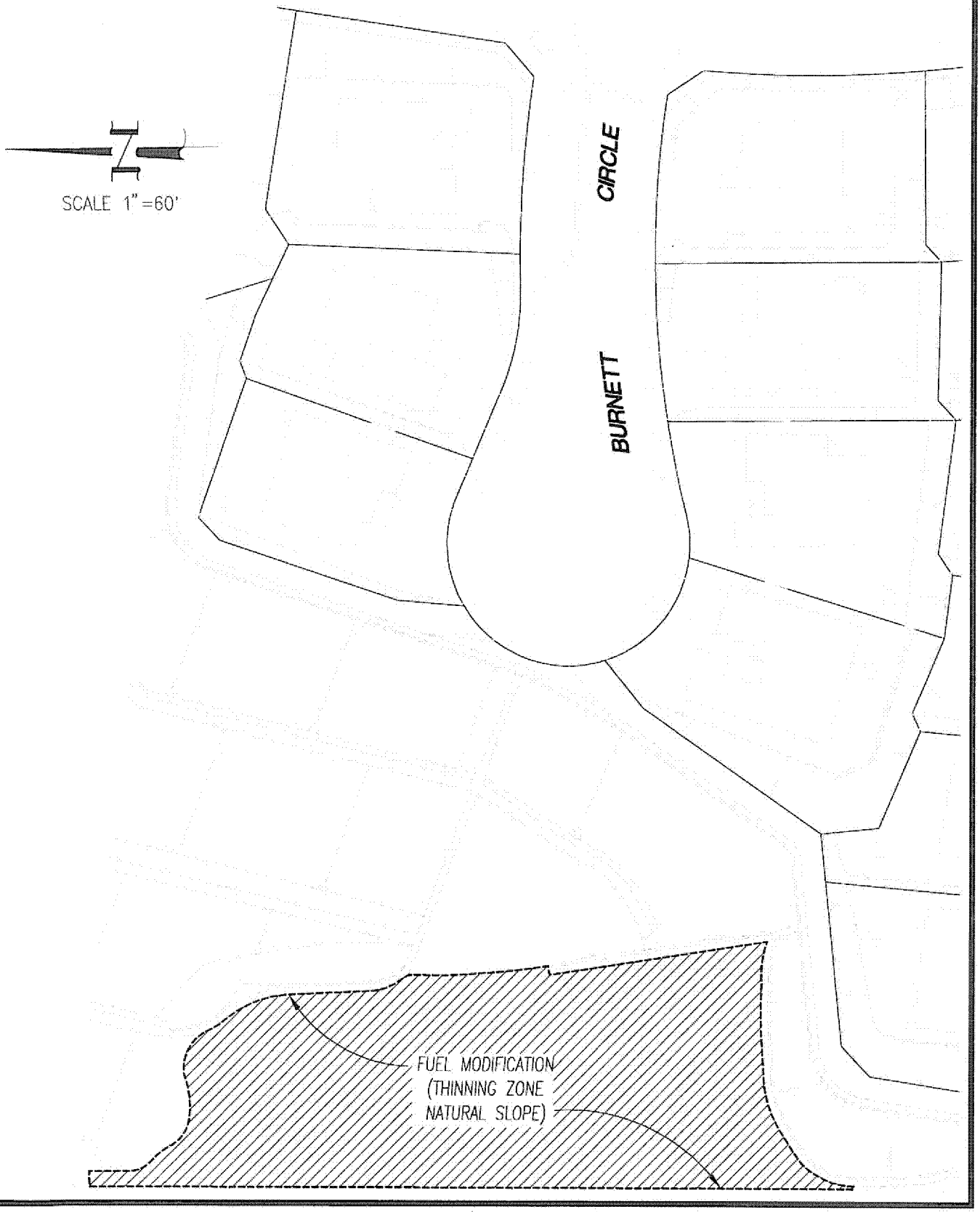
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EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (WWW.DEMARSASSOCIATES.COM) (*"DEMARS"*) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

TABLE OF CONTENTS

Introduction

Section I.	Warranty Coverage
Section II.	OUR Warranty Obligations
Section III.	Homeowner Maintenance Obligations
Section IV.	Coverage Limitations
Section V.	Exclusions
Section VI.	Procedure to Request US To Perform Under This LIMITED WARRANTY
Section VII.	Binding Arbitration Procedure
Section VIII.	General Conditions
Section IX.	Definitions

Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

SAMPLE

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. Any dispute as to the enforceability of any provision of this LIMITED WARRANTY, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this LIMITED WARRANTY.

I. Warranty Coverage

Coverage under this LIMITED WARRANTY is expressly limited to CONSTRUCTION DEFECTS which occur during the WARRANTY PERIOD indicated on the Limited Warranty Validation Form and which are reported by YOU in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. OUR obligations under this LIMITED WARRANTY apply to workmanship actually performed and materials actually installed in the HOME or the COMMON ELEMENTS. Any failure by US to complete construction of the HOME or COMMON ELEMENTS, where such failure is apparent and obvious, is not covered by this LIMITED WARRANTY and is not a CONSTRUCTION DEFECT.

During the WARRANTY PERIOD indicated on the Limited Warranty Validation Form, WE warrant that the HOME and the COMMON ELEMENTS will be free of CONSTRUCTION DEFECTS. OUR obligation to perform under this LIMITED WARRANTY requires that WE must receive written notice from YOU of the alleged CONSTRUCTION DEFECT as soon as reasonably possible after YOU become aware of a CONSTRUCTION DEFECT but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect YOUR rights under this LIMITED WARRANTY (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon OUR timely receipt of written notice from YOU alleging a CONSTRUCTION DEFECT during the WARRANTY PERIOD, WE, or parties acting on OUR behalf, will, where WE deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a CONSTRUCTION DEFECT. If WE determine that a CONSTRUCTION DEFECT exists, WE, or parties acting on OUR behalf, will (1) repair or replace the CONSTRUCTION DEFECT, (2) pay to YOU the actual amount it would cost US to repair or replace the CONSTRUCTION DEFECT, or (3) pay to YOU an amount equal to the diminution in fair market value caused by the uncorrected CONSTRUCTION DEFECT. Subject to the limitations described in **Section IV. Coverage Limitations**, if the HOME is rendered temporarily uninhabitable by a CONSTRUCTION DEFECT or by work necessary to repair a CONSTRUCTION DEFECT, WE shall pay the reasonable cost for YOUR alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) until the HOME is restored to a habitable condition. Additionally, in connection with OUR remedy of a CONSTRUCTION DEFECT, and subject to the limitations described in **Section IV. Coverage Limitations**, WE shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the HOME and that are damaged directly by a CONSTRUCTION DEFECT or that are damaged in the course of OUR repair of a CONSTRUCTION DEFECT.
- Home furnishings, carpet or personal property damaged directly by the CONSTRUCTION DEFECT.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at OUR or OUR authorized representative's sole discretion. These remedies are OUR only obligations under this LIMITED WARRANTY.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a CONSTRUCTION DEFECT. If WE dispute the existence of a CONSTRUCTION DEFECT and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

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6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

SAMPLE

t. Any defect in material or workmanship supplied by anyone other than US or OUR agents, or subcontractors, including any loss or damage to the HOME or the COMMON ELEMENTS resulting from material or workmanship supplied by anyone other than US or OUR agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the HOME or the COMMON ELEMENTS by YOU or anyone other than US that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to YOUR failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the HOME or the COMMON ELEMENTS;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the HOME'S or the COMMON ELEMENTS' failure to meet expectations of the HOMEOWNER or HOMEOWNERS ASSOCIATION.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS. WE will not cover costs or expenses arising from the uninhabitability of the HOME or the COMMON ELEMENTS or health risk due to the proximity of POLLUTANTS. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor POLLUTANTS;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a CONSTRUCTION DEFECT;

5. Any CONSEQUENTIAL OR INCIDENTAL DAMAGES;

6. Any CONSUMER PRODUCTS;

7. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY;

9. Any costs or obligations paid or incurred by YOU in violation of Section VI. C. below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility to build in accordance with applicable building codes, this LIMITED WARRANTY does not cover building code violations in the absence of a CONSTRUCTION DEFECT;

11. Any deviation from plans and specifications where the condition does not meet the definition of a CONSTRUCTION DEFECT;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by YOU after the first year of the WARRANTY PERIOD, except where the "fit and finish" of such items is damaged by any CONSTRUCTION DEFECT covered under this LIMITED WARRANTY.

B. OUR LIMITED WARRANTY does not cover any CONSTRUCTION DEFECT which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

SAMPLE

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

SAMPLE

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If YOU believe WE have not satisfactorily responded to YOUR request for warranty performance or satisfactorily worked with YOU to resolve any other claim or dispute between YOU and US, YOU should provide written notice to PWC requesting Mediation. Upon PWC's receipt of written notice from YOU, PWC may review and mediate YOUR request. PWC may communicate with YOU, US, and any other individuals or entities that PWC believes may possess relevant information. If after forty-five (45) days, PWC is unable to successfully mediate YOUR claim or dispute, or at any earlier time when PWC determines that YOU and WE are at an impasse, PWC will notify YOU that YOUR request remains unresolved and that YOU may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between YOU and US.

VII. Binding Arbitration Procedure

Following commencement of the WARRANTY PERIOD, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between YOU and US, or parties acting on YOUR or OUR behalf, including PWC, and any successor, or assign of either YOU or US, which relates to or arises from this LIMITED WARRANTY, or the design or construction of the HOME or the COMMON ELEMENTS, or the sale of the HOME or transfer of title to the COMMON ELEMENTS, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, OUR contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of OUR direct or indirect subsidiaries or related entities alleged to be responsible for any CONSTRUCTION DEFECT. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the HOME or the COMMON ELEMENTS is a CONSTRUCTION DEFECT;

B. Any disagreement as to the method or scope of repair required to correct a CONSTRUCTION DEFECT or whether a CONSTRUCTION DEFECT has been corrected in compliance with this LIMITED WARRANTY;

C. Any alleged breach of this LIMITED WARRANTY;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of OUR performance and/or YOUR notifications under this LIMITED WARRANTY;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this LIMITED WARRANTY, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of YOUR HOME or the COMMON ELEMENTS, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this LIMITED WARRANTY.

SAMPLE

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that PWC shall appoint. If YOU object to the arbitration service appointed by PWC, YOU must so inform PWC, in writing, within ten (10) days of YOUR receipt of PWC's written notice informing YOU of the appointed arbitration service. PWC

will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by YOU, US or YOUR or OUR representatives, a decision will be rendered by the arbitrator. The decision is final and binding on YOU and US. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this LIMITED WARRANTY or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a CONSTRUCTION DEFECT is alleged, the arbitrator will determine whether the alleged CONSTRUCTION DEFECT exists and whether it is OUR responsibility. If the arbitrator finds US responsible for a CONSTRUCTION DEFECT, WE shall be obligated to perform in accordance with OUR Warranty Obligations as described in Section II above.

In connection with a CONSTRUCTION DEFECT dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the CONSTRUCTION DEFECT. In deciding such disputes, the arbitrator considers the terms of this LIMITED WARRANTY, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to YOU in lieu of repair or replacement is at OUR or OUR authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that WE are responsible for a CONSTRUCTION DEFECT, WE will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond OUR or OUR representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to OUR compliance with an arbitrator's award, either party shall so inform PWC in writing at its mailing address specified in this LIMITED WARRANTY. PWC will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that WE have not properly performed, WE will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This LIMITED WARRANTY is separate and independent of the contract between YOU and US for the construction and/or sale of the HOME or transfer of the COMMON ELEMENTS. Except as otherwise expressly provided herein, the provisions of this LIMITED WARRANTY shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between YOU and US

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B. Transfer to Subsequent HOMEOWNERS

This LIMITED WARRANTY, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the HOME for the remainder of the WARRANTY PERIOD. YOU agree to provide this LIMITED WARRANTY to any subsequent purchaser of the HOME as a part of the contract of sale of the HOME. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to YOU all the manufacturer's warranties on all appliances, fixtures and items of equipment that WE installed in the HOME. Should an appliance or item of equipment malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem. OUR obligation under this LIMITED WARRANTY is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the HOME or the COMMON ELEMENTS, of such appliances and equipment. WE have no obligation for appliances and equipment defined as CONSUMER PRODUCTS.

D. Recovery Rights

If WE or a third party designated by US or acting on OUR behalf repairs, replaces or pays the cost to repair or replace CONSTRUCTION DEFECT, or other related damage to the HOME or the COMMON ELEMENTS covered by this LIMITED WARRANTY, or if WE elect to pay the diminished market value of the HOME in lieu of repair or replacement of a CONSTRUCTION DEFECT, WE are then entitled, to the extent of OUR cost or payment, to take over YOUR related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. YOU have an obligation not to make it harder for US to enforce these rights. YOU agree to sign any papers, deliver them to US, and do anything else that is necessary to help US exercise OUR rights.

E. General Provisions

1. If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this LIMITED WARRANTY.

2. This LIMITED WARRANTY and the binding arbitration process are binding on YOU and US. It is also binding on YOUR and OUR heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this LIMITED WARRANTY includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides YOU with this LIMITED WARRANTY. Throughout this document the BUILDER is also referred to as "WE", "US" and "OUR".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the HOMEOWNERS ASSOCIATION has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the HOME, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the HOME is located. SYSTEMS serving two or more HOMES, and the outbuildings that contain parts of such SYSTEMS are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

A. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
B. OUR cost to repair or replace, at market value, furniture, carpet or personal property damaged by the CONSTRUCTION DEFECT;
C. OUR cost to repair damage to the HOME which occurs in the course of OUR repair or replacement of a CONSTRUCTION DEFECT;
D. The reasonable cost of the HOMEOWNER'S alternative shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) when the HOME is temporarily unhabitable due to a CONSTRUCTION DEFECT and while the HOME is rendered uninhabitable by the work necessary to repair a CONSTRUCTION DEFECT.

Time YOU take off from work as a result of a CONSTRUCTION DEFECT or the repair/replacement of a CONSTRUCTION DEFECT, are among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and are excluded under this LIMITED WARRANTY. Diminished fair market value of the HOME is also among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and is excluded under this LIMITED WARRANTY notwithstanding that WE reserve the right to elect to pay YOU diminished fair market value in lieu of OUR repair, replacement or payment for the cost to repair or replace a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the HOME and/or the COMMON ELEMENTS that:

- materially affects the structural integrity of the HOME or the COMMON ELEMENTS; or
- has an obvious and material negative impact on the appearance of the HOME or the COMMON ELEMENTS; or
- jeopardizes the life or safety of the occupants of the HOME or the users of the COMMON ELEMENTS; or
- results in the inability of the HOME or the applicable COMMON ELEMENTS to provide the functions that can reasonably be expected in such a HOME or COMMON ELEMENT.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a CONSUMER PRODUCT for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the HOME. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the HOME or COMMON ELEMENTS, or results in an unsafe living condition due to a CONSTRUCTION DEFECT that YOU (or as applicable, the HOMEOWNERS ASSOCIATION) become aware of at a point in time other than OUR normal business hours and YOU were unable to obtain OUR or OUR authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this LIMITED WARRANTY, and the land on which it sits, except to the extent such unit, structure/building or land is part of the COMMON ELEMENTS.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to YOU by US.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or HOMEOWNERS ASSOCIATION making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which WE participate. As such, PWC assumes no other liabilities in connection with this LIMITED WARRANTY. The PWC mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. Notwithstanding anything to the contrary set forth in this LIMITED WARRANTY, the WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or, as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME, the earlier of the date of substantial completion or the date title to these structures is transferred to the HOMEOWNERS ASSOCIATION. The dates the WARRANTY PERIOD begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this LIMITED WARRANTY.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER and the HOMEOWNERS ASSOCIATION.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ Business Phone: (___)_____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature Date Signature Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

0904001DH

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

DOC # 2011-0448862
10/12/2011 09:59A Fee:108.00
Page 1 of 32
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

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NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 11 – Lots 145 to 151, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 11 – Lots 145 to 151, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 11) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 145 to 151, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 145 to 151, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas.** There are no Association Maintenance Areas in the Added Territory.

6. **FUEL MODIFICATION ZONES.** There are no Fuel Modification Zones in the Added Territory.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in

accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit A***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY.** Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit B***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the

Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the "***Fix It Law***"). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "C"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE.** Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT.** Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose

or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on August 1, 2011, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin P. Langpap
Title: Authorized Representative

By: _____
Print Name: Lorrie Yates
Title: Authorized Representative

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On August 1, 2011, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)
personally appeared Martin P Langpap & Lorrie A Yates
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

(SEAL)

EXHIBIT A

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit A*** (***"ADR Provisions"***) and ***Exhibit C*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit B*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (*"DEMARS"*) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT B

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Section I. Warranty Coverage
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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

SAMPLE

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. Any dispute as to the enforceability of any provision of this LIMITED WARRANTY, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this LIMITED WARRANTY.

I. Warranty Coverage

Coverage under this LIMITED WARRANTY is expressly limited to CONSTRUCTION DEFECTS which occur during the WARRANTY PERIOD indicated on the Limited Warranty Validation Form and which are reported by YOU in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY.** OUR obligations under this LIMITED WARRANTY apply to workmanship actually performed and materials actually installed in the HOME or the COMMON ELEMENTS. Any failure by US to complete construction of the HOME or COMMON ELEMENTS, where such failure is apparent and obvious, is not covered by this LIMITED WARRANTY and is not a CONSTRUCTION DEFECT.

During the WARRANTY PERIOD indicated on the Limited Warranty Validation Form, WE warrant that the HOME and the COMMON ELEMENTS will be free of CONSTRUCTION DEFECTS. OUR obligation to perform under this LIMITED WARRANTY requires that WE must receive written notice from YOU of the alleged CONSTRUCTION DEFECT as soon as reasonably possible after YOU become aware of a CONSTRUCTION DEFECT but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect YOUR rights under this LIMITED WARRANTY (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon OUR timely receipt of written notice from YOU alleging a CONSTRUCTION DEFECT during the WARRANTY PERIOD, WE, or parties acting on OUR behalf, will, where WE deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a CONSTRUCTION DEFECT. If WE determine that a CONSTRUCTION DEFECT exists, WE, or parties acting on OUR behalf, will (1) repair or replace the CONSTRUCTION DEFECT, (2) pay to YOU the actual amount it would cost US to repair or replace the CONSTRUCTION DEFECT, or (3) pay to YOU an amount equal to the diminution in fair market value caused by the uncorrected CONSTRUCTION DEFECT. Subject to the limitations described in **Section IV. Coverage Limitations**, if the HOME is rendered temporarily uninhabitable by a CONSTRUCTION DEFECT or by work necessary to repair a CONSTRUCTION DEFECT, WE shall pay the reasonable cost for YOUR alternate shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) until the HOME is restored to a habitable condition. Additionally, in connection with OUR remedy of a CONSTRUCTION DEFECT, and subject to the limitations described in **Section IV. Coverage Limitations**, WE shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the HOME and that are damaged directly by a CONSTRUCTION DEFECT or that are damaged in the course of OUR repair of a CONSTRUCTION DEFECT.
- Home furnishings, carpet or personal property damaged directly by the CONSTRUCTION DEFECT.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at OUR or OUR authorized representative's sole discretion. These remedies are OUR only obligations under this LIMITED WARRANTY.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a CONSTRUCTION DEFECT. If WE dispute the existence of a CONSTRUCTION DEFECT and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

SAMPLE

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

SAMPLE

t. Any defect in material or workmanship supplied by anyone other than US or OUR agents, or subcontractors, including any loss or damage to the HOME or the COMMON ELEMENTS resulting from material or workmanship supplied by anyone other than US or OUR agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the HOME or the COMMON ELEMENTS by YOU or anyone other than US that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to YOUR failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the HOME or the COMMON ELEMENTS;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the HOME'S or the COMMON ELEMENTS' failure to meet expectations of the HOMEOWNER or HOMEOWNERS ASSOCIATION.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS. WE will not cover costs or expenses arising from the uninhabitability of the HOME or the COMMON ELEMENTS or health risk due to the proximity of POLLUTANTS. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor POLLUTANTS;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a CONSTRUCTION DEFECT;

5. Any CONSEQUENTIAL OR INCIDENTAL DAMAGES;

6. Any CONSUMER PRODUCTS;

7. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY;

SAMPLE

9. Any costs or obligations paid or incurred by YOU in violation of Section VI. C. below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility to build in accordance with applicable building codes, this LIMITED WARRANTY does not cover building code violations in the absence of a CONSTRUCTION DEFECT;

11. Any deviation from plans and specifications where the condition does not meet the definition of a CONSTRUCTION DEFECT;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by YOU after the first year of the WARRANTY PERIOD, except where the "fit and finish" of such items is damaged by any CONSTRUCTION DEFECT covered under this LIMITED WARRANTY.

B. OUR LIMITED WARRANTY does not cover any CONSTRUCTION DEFECT which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section** VI apply in all cases, except where other procedures or provisions apply pursuant to a written contract between YOU and US.

If YOU become aware of a condition that YOU believe is a CONSTRUCTION DEFECT under this LIMITED WARRANTY, YOU have the following responsibilities:

A. Notification

YOU must notify US in writing as soon as reasonably possible after YOU become aware of a condition that YOU believe may constitute a CONSTRUCTION DEFECT, but in no event may YOUR written notice of a CONSTRUCTION DEFECT or YOUR written request for warranty performance be received by US later than thirty (30) days after this LIMITED WARRANTY has expired. This extended period for providing notice of a CONSTRUCTION DEFECT shall not operate to extend the WARRANTY PERIOD.

If the written notice is received by US more than thirty (30) days after the expiration of this LIMITED WARRANTY, WE shall have no obligation to remedy the CONSTRUCTION DEFECT. Because of the importance of this written notice requirement, WE recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give US and any third parties acting on OUR behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged CONSTRUCTION DEFECT. Help includes, but is not limited to, granting reasonable access to the HOME or COMMON ELEMENTS for the forgoing purposes. If YOU fail to cooperate or provide US reasonable access to the HOME or COMMON ELEMENTS, WE will have no further obligation under this LIMITED WARRANTY.

SAMPLE

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition YOU believe is a CONSTRUCTION DEFECT without prior written approval from US, or other parties authorized to act on OUR behalf. WE will not reimburse YOU for costs incurred where YOU did not obtain prior written approval.

However, YOU may incur reasonable expenses in making repairs in an EMERGENCY CONDITION without prior written approval, provided the repairs are solely for the protection of the HOME or COMMON ELEMENTS from further damage or to prevent an unsafe living condition and provided YOU notify US as soon as is reasonably possible. To obtain reimbursement for repairs made during an EMERGENCY CONDITION, YOU must provide US with an accurate written record of the repair costs.

D. Sign A Release

When WE or a third party acting on OUR behalf have completed repairing, replacing or paying YOU as to any CONSTRUCTION DEFECTS and related damage covered by this LIMITED WARRANTY, YOU may be requested to sign a full release of OUR obligation for the CONSTRUCTION DEFECTS. The release shall be applicable to the CONSTRUCTION DEFECTS and shall not prevent YOU from notifying US should YOU become aware of a subsequent CONSTRUCTION DEFECT.

E. If YOU Disagree With US

If YOU believe WE have not satisfactorily responded to YOUR request for warranty performance or satisfactorily worked with YOU to resolve any other claim or dispute between YOU and US, YOU should provide written notice to PWC requesting Mediation. Upon PWC's receipt of written notice from YOU, PWC may review and mediate YOUR request. PWC may communicate with YOU, US, and any other individuals or entities that PWC believes may possess relevant information. If after forty-five (45) days, PWC is unable to successfully mediate YOUR claim or dispute, or at any earlier time when PWC determines that YOU and WE are at an impasse, PWC will notify YOU that YOUR request remains unresolved and that YOU may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between YOU and US.

VII. Binding Arbitration Procedure

Following commencement of the WARRANTY PERIOD, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between YOU and US, or parties acting on YOUR or OUR behalf, including PWC, and any successor, or assign of either YOU or US, which relates to or arises from this LIMITED WARRANTY, or the design or construction of the HOME or the COMMON ELEMENTS, or the sale of the HOME or transfer of title to the COMMON ELEMENTS, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, OUR contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of OUR direct or indirect subsidiaries or related entities alleged to be responsible for any CONSTRUCTION DEFECT. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the HOME or the COMMON ELEMENTS is a CONSTRUCTION DEFECT;

B. Any disagreement as to the method or scope of repair required to correct a CONSTRUCTION DEFECT or whether a CONSTRUCTION DEFECT has been corrected in compliance with this LIMITED WARRANTY;

C. Any alleged breach of this LIMITED WARRANTY;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of OUR performance and/or YOUR notifications under this LIMITED WARRANTY;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this LIMITED WARRANTY, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of YOUR HOME or the COMMON ELEMENTS, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this LIMITED WARRANTY.

SAMPLE

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that PWC shall appoint. If YOU object to the arbitration service appointed by PWC, YOU must so inform PWC, in writing, within ten (10) days of YOUR receipt of PWC's written notice informing YOU of the appointed arbitration service. PWC

will then appoint an alternative neutral arbitration service provider. If YOU object to this alternative provider and if YOU and WE are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. PWC will obtain and provide to YOU and US, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If YOU initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by YOU and US, unless YOU and WE have otherwise agreed in writing to a different allocation. If WE initiate the request for arbitration, WE shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that WE reimburse YOU some or all of the arbitration filing fee and other arbitration fees YOU paid to the arbitration service, but under no circumstances shall YOU be required to reimburse US any portion of the arbitration filing fee and other arbitration fees WE paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, YOU may contact PWC to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this LIMITED WARRANTY. YOUR Binding Arbitration Request Form must be received by PWC no later than ninety (90) days after the WARRANTY PERIOD expires. Please Note that while YOU have ninety (90) days after the WARRANTY PERIOD expires to file for arbitration, this time period does not extend the WARRANTY PERIOD for CONSTRUCTION DEFECTS. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by US under this LIMITED WARRANTY, nor any dispute resolution efforts, shall extend the term of this LIMITED WARRANTY or extend or toll any statutes of limitations or any of YOUR rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify YOU and US of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a CONSTRUCTION DEFECT or OUR performance under this LIMITED WARRANTY, most often the hearing will be conducted at the HOME or, if applicable, the location of the COMMON ELEMENTS. Other disputes between YOU and US that are subject to arbitration, but which do not include a CONSTRUCTION DEFECT claim, may be scheduled for hearing at the HOME or another location within the county where the HOME is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, YOU, US and/or a third party designated by YOU or US or acting on YOUR or OUR behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by YOU, US or YOUR or OUR representatives, a decision will be rendered by the arbitrator. The decision is final and binding on YOU and US. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this LIMITED WARRANTY or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a CONSTRUCTION DEFECT is alleged, the arbitrator will determine whether the alleged CONSTRUCTION DEFECT exists and whether it is OUR responsibility. If the arbitrator finds US responsible for a CONSTRUCTION DEFECT, WE shall be obligated to perform in accordance with OUR Warranty Obligations as described in Section II above.

In connection with a CONSTRUCTION DEFECT dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the CONSTRUCTION DEFECT. In deciding such disputes, the arbitrator considers the terms of this LIMITED WARRANTY, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to YOU in lieu of repair or replacement is at OUR or OUR authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that WE are responsible for a CONSTRUCTION DEFECT, WE will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond OUR or OUR representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to OUR compliance with an arbitrator's award, either party shall so inform PWC in writing at its mailing address specified in this LIMITED WARRANTY. PWC will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that WE have not properly performed, WE will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This LIMITED WARRANTY is separate and independent of the contract between YOU and US for the construction and/or sale of the HOME or transfer of the COMMON ELEMENTS. Except as otherwise expressly provided herein, the provisions of this LIMITED WARRANTY shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between YOU and US

SAMPLE

B. Transfer to Subsequent HOMEOWNERS

This LIMITED WARRANTY, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the HOME for the remainder of the WARRANTY PERIOD. YOU agree to provide this LIMITED WARRANTY to any subsequent purchaser of the HOME as a part of the contract of sale of the HOME. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to YOU all the manufacturer's warranties on all appliances, fixtures and items of equipment that WE installed in the HOME. Should an appliance or item of equipment malfunction YOU must follow the procedures set forth in that manufacturer's warranty to correct the problem. OUR obligation under this LIMITED WARRANTY is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the HOME or the COMMON ELEMENTS, of such appliances and equipment. WE have no obligation for appliances and equipment defined as CONSUMER PRODUCTS.

D. Recovery Rights

If WE or a third party designated by US or acting on OUR behalf repairs, replaces or pays the cost to repair or replace CONSTRUCTION DEFECT, or other related damage to the HOME or the COMMON ELEMENTS covered by this LIMITED WARRANTY, or if WE elect to pay the diminished market value of the HOME in lieu of repair or replacement of a CONSTRUCTION DEFECT, WE are then entitled, to the extent of OUR cost or payment, to take over YOUR related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. YOU have an obligation not to make it harder for US to enforce these rights. YOU agree to sign any papers, deliver them to US, and do anything else that is necessary to help US exercise OUR rights.

E. General Provisions

1. If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this LIMITED WARRANTY.

2. This LIMITED WARRANTY and the binding arbitration process are binding on YOU and US. It is also binding on YOUR and OUR heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this LIMITED WARRANTY includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides YOU with this LIMITED WARRANTY. Throughout this document the BUILDER is also referred to as "WE", "US" and "OUR".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the HOMEOWNERS ASSOCIATION has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the HOME, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the HOME is located. SYSTEMS serving two or more HOMES, and the outbuildings that contain parts of such SYSTEMS are also included in this definition.

SAMPLE

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

A. OUR cost to correct a CONSTRUCTION DEFECT including the correction of those surfaces, finishes and coverings damaged by the CONSTRUCTION DEFECT;
B. OUR cost to repair or replace, at market value, furniture, carpet or personal property damaged by the CONSTRUCTION DEFECT;
C. OUR cost to repair damage to the HOME which occurs in the course of OUR repair or replacement of a CONSTRUCTION DEFECT;
D. The reasonable cost of the HOMEOWNER'S alternative shelter, storage expenses and lost business income (if the HOME was used as a principal place of business licensed to be operated from the HOME) when the HOME is temporarily unhabitable due to a CONSTRUCTION DEFECT and while the HOME is rendered uninhabitable by the work necessary to repair a CONSTRUCTION DEFECT.

Time YOU take off from work as a result of a CONSTRUCTION DEFECT or the repair/replacement of a CONSTRUCTION DEFECT, are among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and are excluded under this LIMITED WARRANTY. Diminished fair market value of the HOME is also among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and is excluded under this LIMITED WARRANTY notwithstanding that WE reserve the right to elect to pay YOU diminished fair market value in lieu of OUR repair, replacement or payment for the cost to repair or replace a CONSTRUCTION DEFECT.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the HOME and/or the COMMON ELEMENTS that:

- materially affects the structural integrity of the HOME or the COMMON ELEMENTS; or
- has an obvious and material negative impact on the appearance of the HOME or the COMMON ELEMENTS; or
- jeopardizes the life or safety of the occupants of the HOME or the users of the COMMON ELEMENTS; or
- results in the inability of the HOME or the applicable COMMON ELEMENTS to provide the functions that can reasonably be expected in such a HOME or COMMON ELEMENT.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a CONSUMER PRODUCT for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the HOME. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the HOME or COMMON ELEMENTS, or results in an unsafe living condition due to a CONSTRUCTION DEFECT that YOU (or as applicable, the HOMEOWNERS ASSOCIATION) become aware of at a point in time other than OUR normal business hours and YOU were unable to obtain OUR or OUR authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this LIMITED WARRANTY, and the land on which it sits, except to the extent such unit, structure/building or land is part of the COMMON ELEMENTS.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to YOU by US.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or HOMEOWNERS ASSOCIATION making a claim in a representative capacity.

COPY

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which WE participate. As such, PWC assumes no other liabilities in connection with this LIMITED WARRANTY. The PWC mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. Notwithstanding anything to the contrary set forth in this LIMITED WARRANTY, the WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or, as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME, the earlier of the date of substantial completion or the date title to these structures is transferred to the HOMEOWNERS ASSOCIATION. The dates the WARRANTY PERIOD begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this LIMITED WARRANTY.

WE, US, OUR means the BUILDER.

YOU, YOUR means the HOMEOWNER and the HOMEOWNERS ASSOCIATION.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ Business Phone: (___)_____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature Date Signature Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT C

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

DOC # 2012-0139921
03/27/2012 08:00 AM Fees: $147.00
Page 1 of 40
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

This document was electronically submitted to the County of Riverside for recording
Receipted by: LCWEATHERS

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 12 – Lots 31 to 37, inclusive, and Lot 47 of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 12 – Lots 31 to 37, inclusive, and Lot 47 of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 12) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 31 to 37, inclusive, and Lot 47 of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 31 to 37, inclusive, and Lot 47, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on portions of Lots 31, 32 and 47, and the adjacent parkways to said Lot, as depicted on ***Exhibit A*** attached hereto, (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto, and (c) the area drain line and related facilities located on a portion of Lot 34, as depicted on ***Exhibit D*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition

STATE OF CALIFORNIA

COUNTY OF Riverside

On 1/19/12, ____, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Lorrie A. Yates

who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the same in ~~his~~/her authorized capacity, and that by ~~his~~/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

SCALE 1"=80'

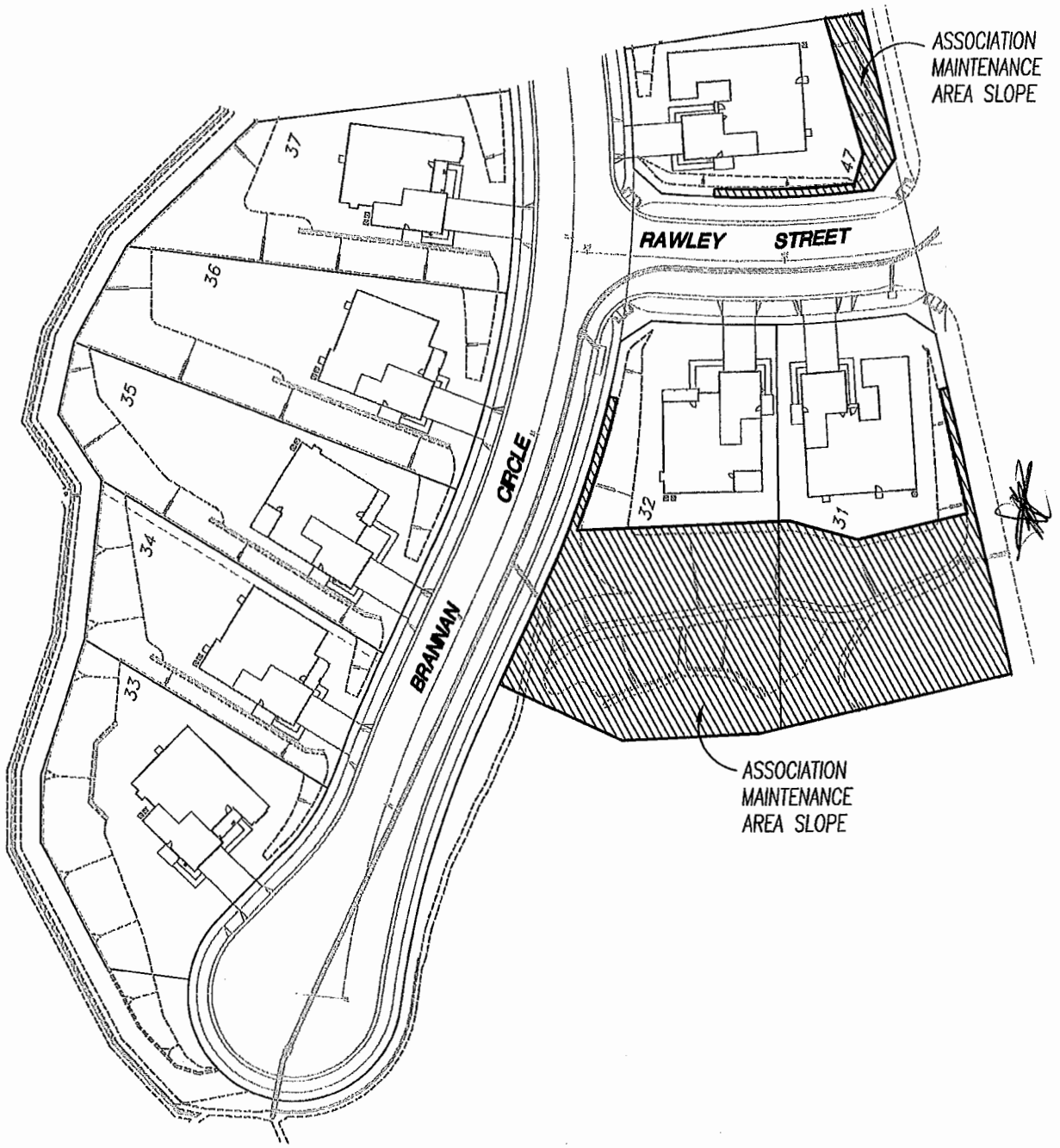


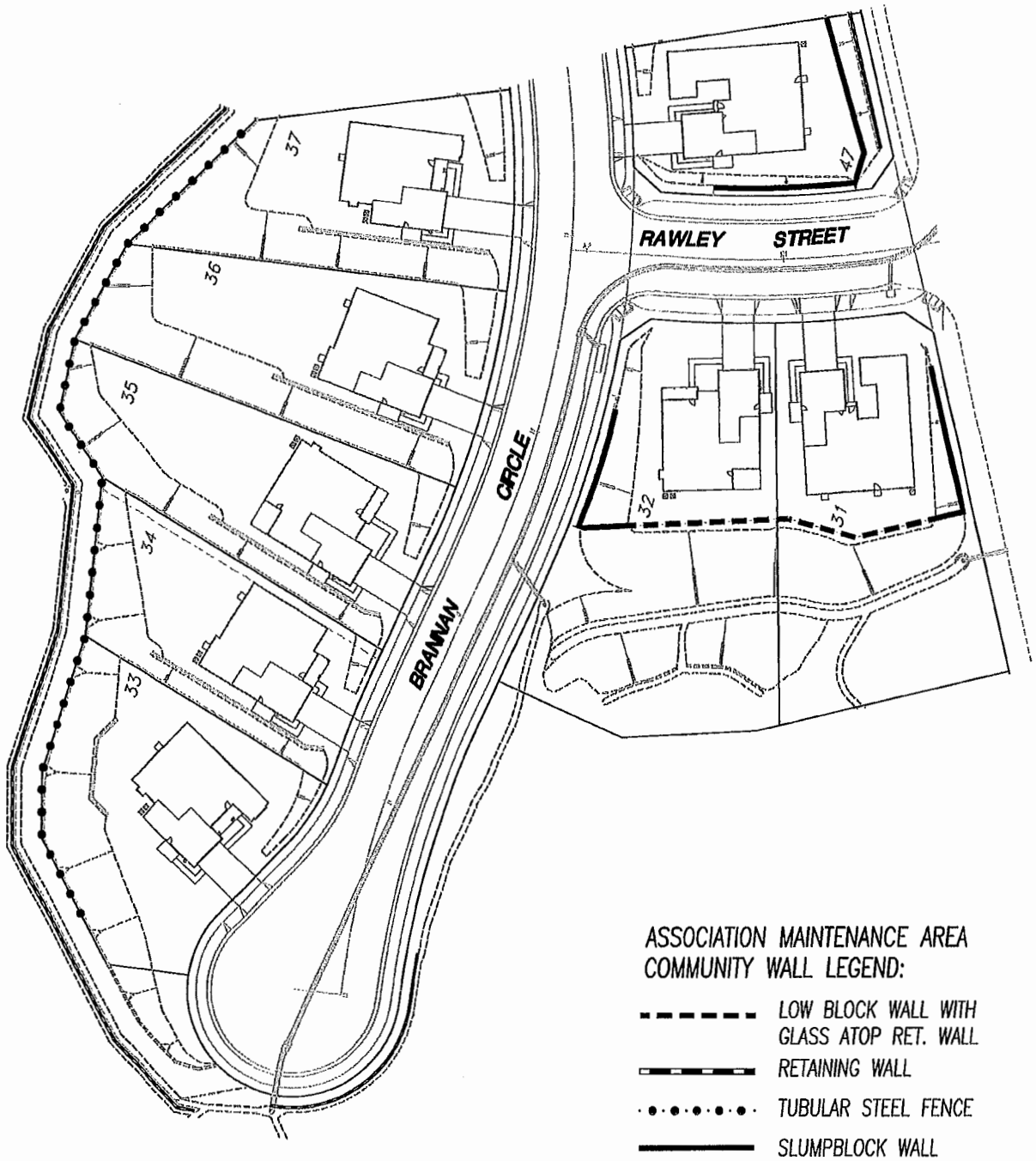
EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY

SCALE 1"=80'



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

- LOW BLOCK WALL WITH GLASS ATOP RET. WALL
- RETAINING WALL
- TUBULAR STEEL FENCE
- SLUMPBLOCK WALL

I:\72564\EXHIBITS\LOTS 31-37,47\EXHIBIT B.dwg 12/12/11

Phase 12

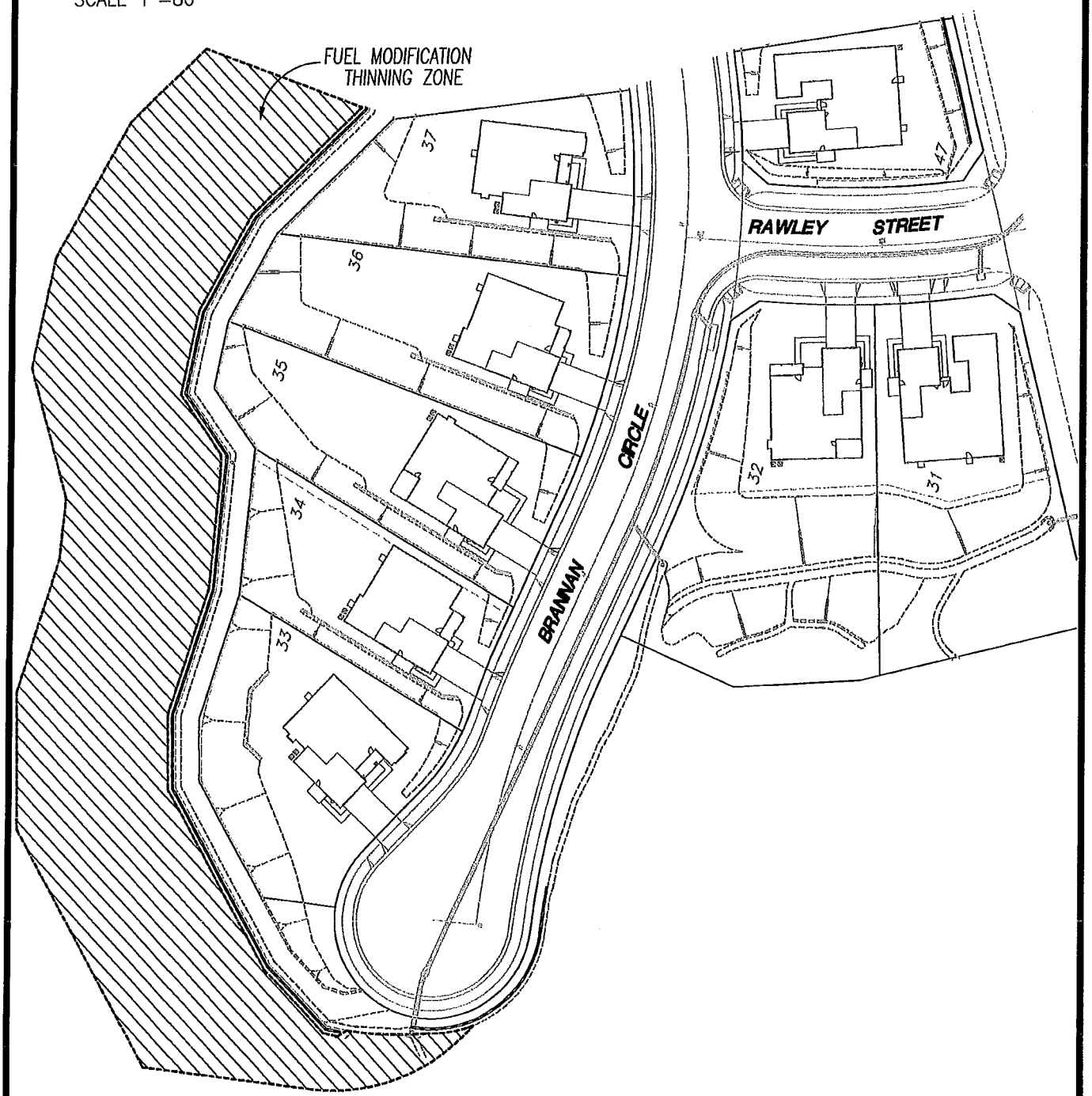
EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY

SCALE 1"=80'



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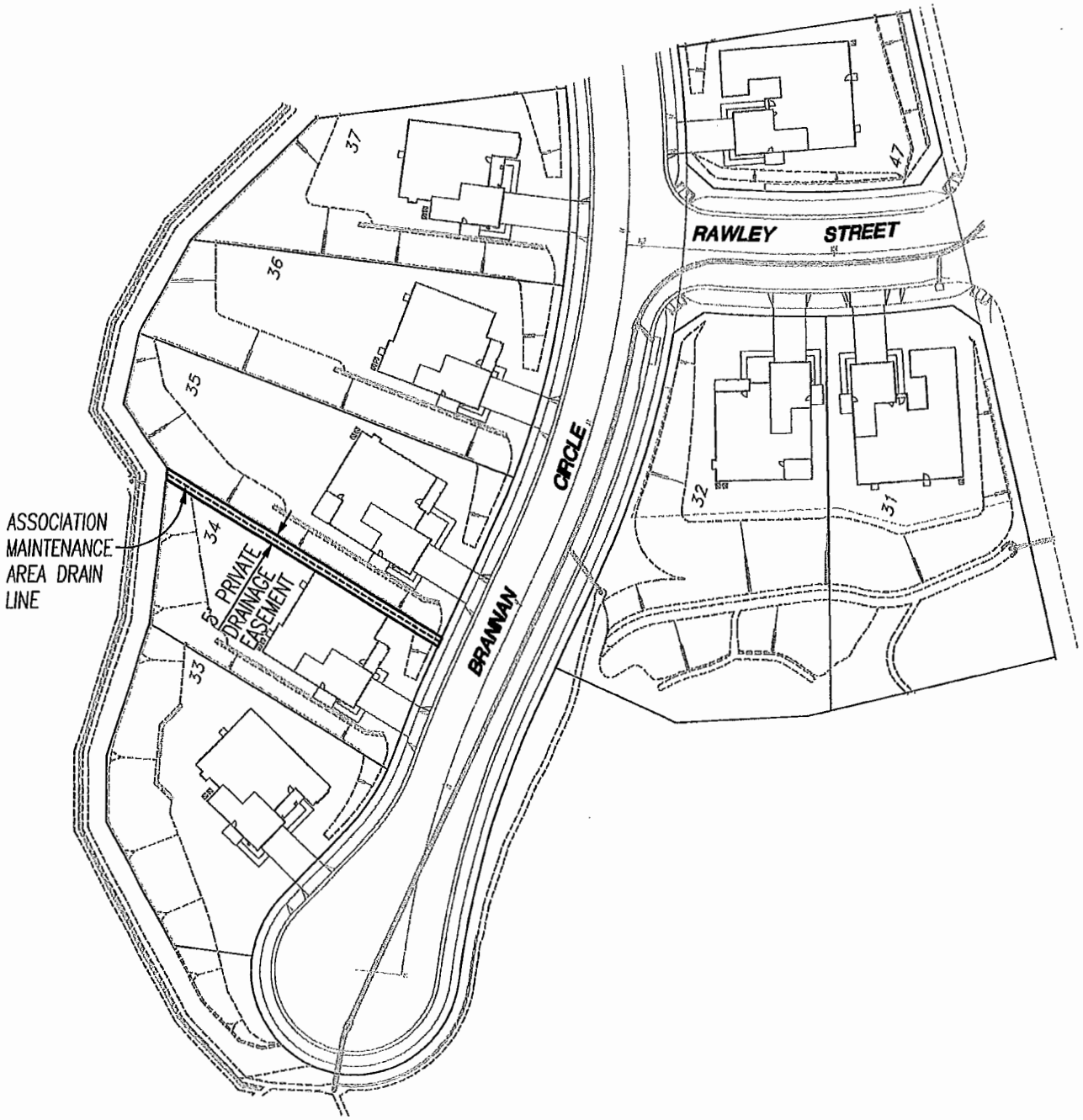
EXHIBIT D

ASSOCIATION MAINTENANCE AREA DRAIN LINE OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT D

ASSOCIATION MAINTENANCE AREA DRAIN LINE WITHIN PORTION OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

SCALE 1"=80'



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EXHIBIT F

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

TABLE OF CONTENTS

Introduction

Section I. Warranty Coverage
Section II. OUR Warranty Obligations
Section III. Homeowner Maintenance Obligations
Section IV. Coverage Limitations
Section V. Exclusions
Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY
Section VII. Binding Arbitration Procedure
Section VIII. General Conditions
Section IX. Definitions

Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

SAMPLE

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION, IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

SAMPLE

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY. OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS. OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD, WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations, WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

SAMPLE

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

SAMPLE

t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section** VI. C. below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

SAMPLE

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

SAMPLE

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

SAMPLE

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC**

will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**

SAMPLE

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY**, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "WE", "US" and "OUR".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

SAMPLE

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

SAMPLE

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ **Business Phone:** (___)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

0904001DH

EXHIBIT G

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

DOC # 2012-0139922
03/27/2012 08:00 AM Fees: $141.00
Page 1 of 38
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

This document was electronically submitted to the County of Riverside for recording
Receipted by: LCWEATHERS

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 13 – Lots 38 to 46, inclusive, of Tract No. 31955)

RECORDING REQUESTED BY:

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NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 13 – Lots 38 to 46, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 13) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 38 to 46, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 38 to 46, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 42 to 46, inclusive, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings

which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY.** Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited

Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the ***"Fix It Law"***). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in

March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on January 19, 2012, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin P Langpap
Title: Auth. Rep

By: _____
Print Name: Lorrie A. Yates
Title: Auth. Rep.

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On 1/19/12, ____, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin P. Langpap
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

STATE OF CALIFORNIA

COUNTY OF Riverside

On 1/19/12, ____, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Lorric A. Yates

who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the same in ~~his~~/her authorized capacity, and that by ~~his~~/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

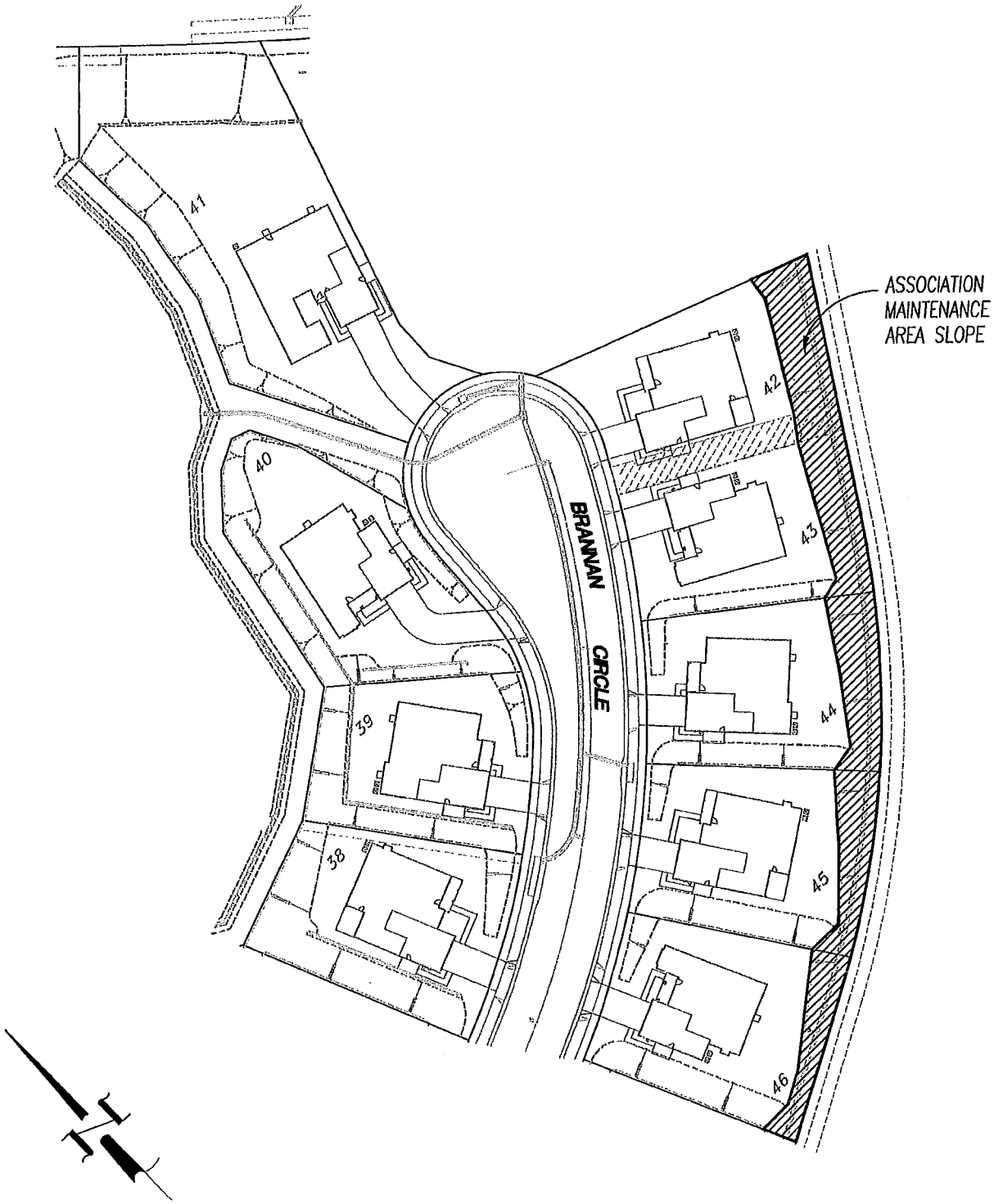
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



SCALE 1"=80'

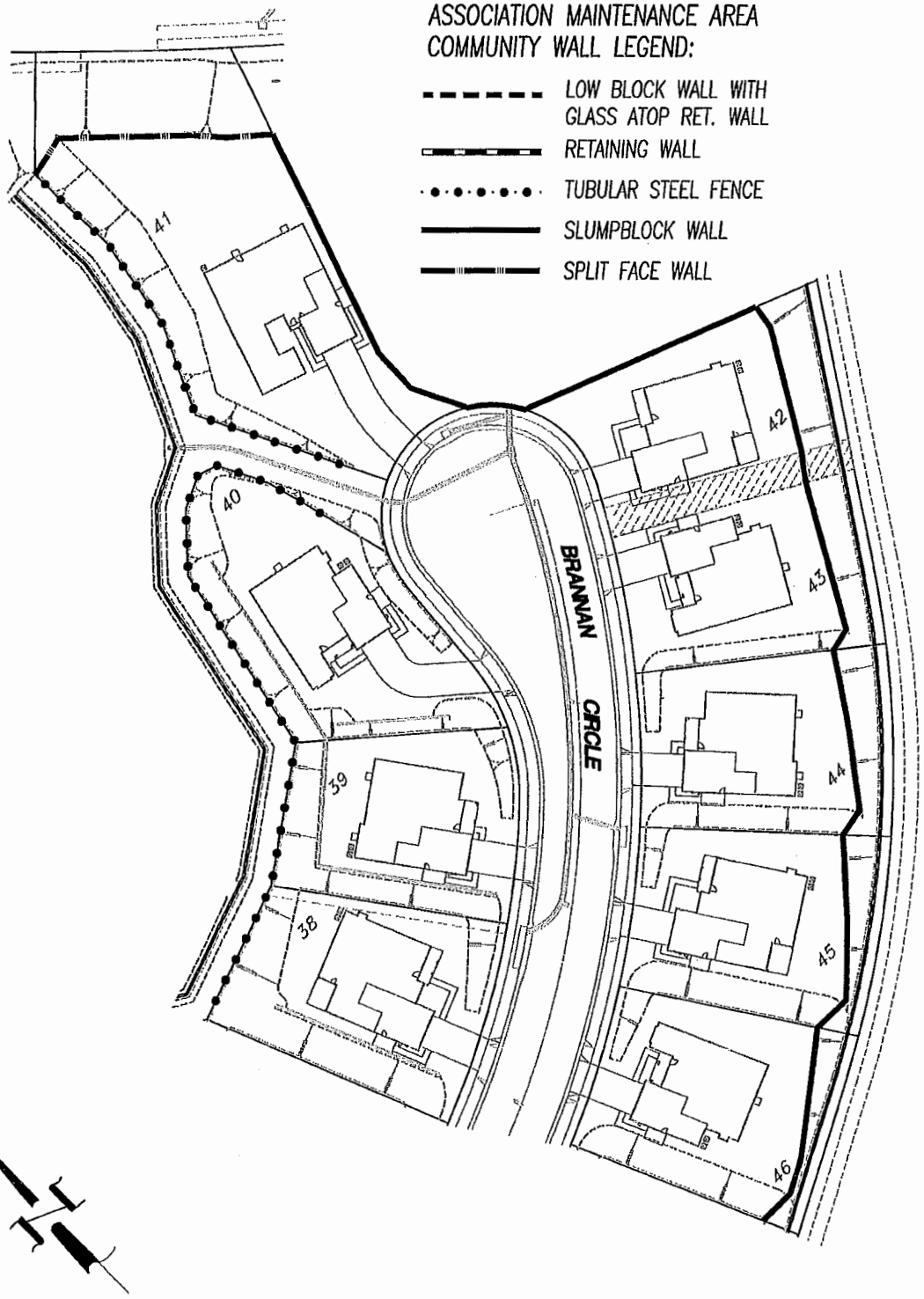
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



SCALE 1"=80'

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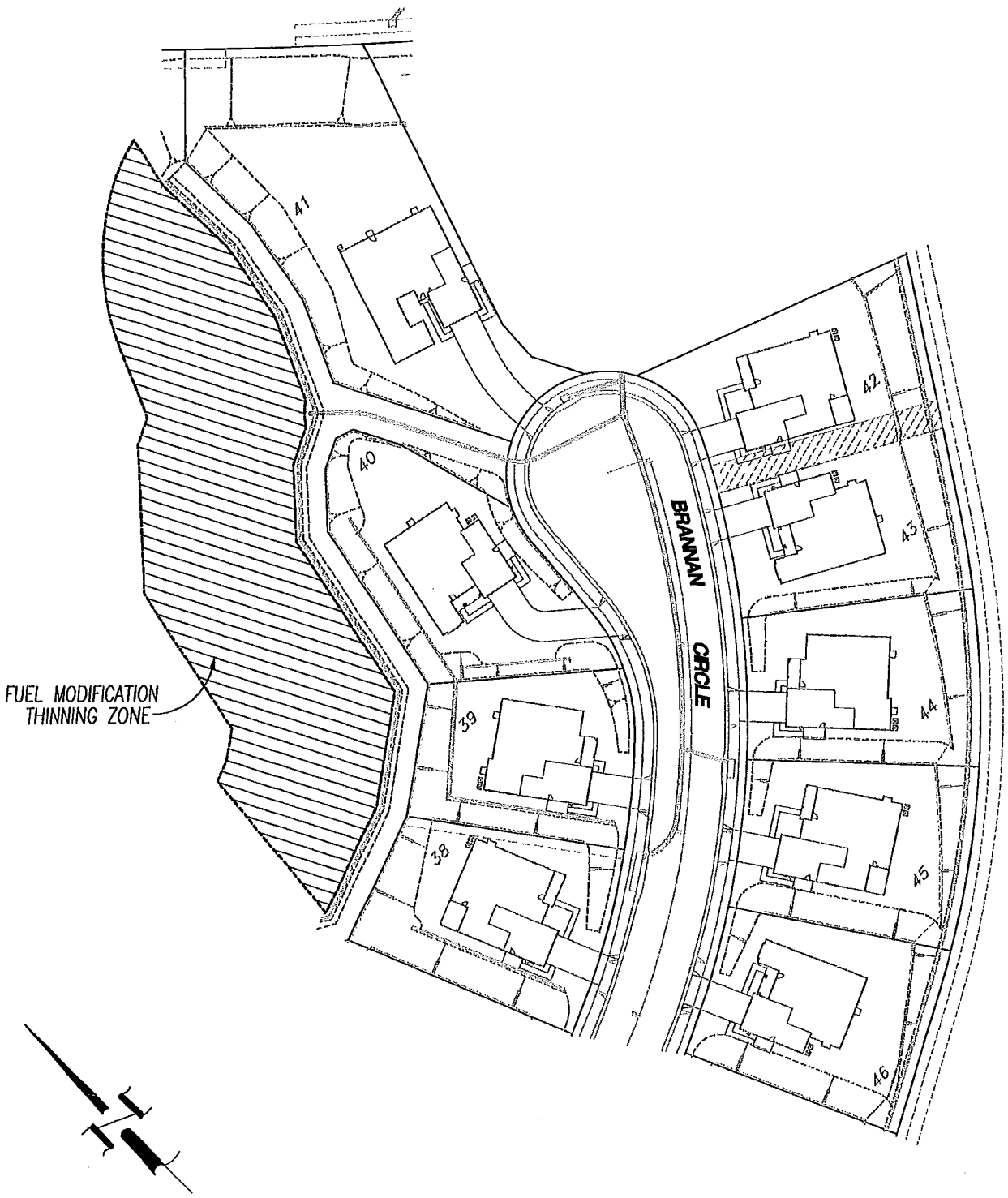
Phase 13

EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



SCALE 1"=80'

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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

SAMPLE

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this HOME BUILDER'S LIMITED WARRANTY, referred to hereinafter as the "LIMITED WARRANTY", the words "YOU" and "YOUR" refer to the HOMEOWNER, including any subsequent owners, and, where applicable, a HOMEOWNERS ASSOCIATION. The words "WE", "US" and "OUR" refer to the BUILDER. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the Section IX. Definitions, so that YOU will understand the terminology applicable to this LIMITED WARRANTY.

This LIMITED WARRANTY establishes an agreed method for determining when a CONSTRUCTION DEFECT exists and a clear understanding of OUR responsibilities for remedying any such CONSTRUCTION DEFECT. This LIMITED WARRANTY also helps distinguish a CONSTRUCTION DEFECT that is OUR responsibility from those minor imperfections that can reasonably be expected in a HOME or the COMMON ELEMENTS, or that result from normal wear and tear or the neglect of routine HOMEOWNER or HOMEOWNERS ASSOCIATION maintenance responsibilities.

This LIMITED WARRANTY contains the procedures YOU must use to notify US of a condition in YOUR HOME or the COMMON ELEMENTS which YOU believe may constitute a CONSTRUCTION DEFECT. In the event a condition occurs in the HOME or the COMMON ELEMENTS that YOU believe may constitute a CONSTRUCTION DEFECT, YOU agree to submit any request for warranty performance in accordance with the procedure described in this LIMITED WARRANTY. Based on the information YOU provide and, where WE deem it necessary, information obtained from OUR onsite investigation, inspection and/or testing of the HOME or the COMMON ELEMENTS, WE will determine whether WE agree with YOU that the condition constitutes a CONSTRUCTION DEFECT. If WE determine that the condition reported by YOU is a CONSTRUCTION DEFECT, WE will remedy the condition in accordance with the remedies prescribed in this LIMITED WARRANTY. WE will make this determination in accordance with Section II, OUR Warranty Obligations, contained in this LIMITED WARRANTY.

THIS LIMITED WARRANTY PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN YOU AND US WHICH YOU AND WE ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH YOU AND WE ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

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To the extent permitted by law, all express or implied warranties other than this LIMITED WARRANTY, including any oral or written statement or representation made by US or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by US and are waived by YOU. YOUR only remedy in the event of a CONSTRUCTION DEFECT in or to the HOME or the COMMON ELEMENTS or to the real property on which the HOME or the COMMON ELEMENTS is situated is that provided to YOU under this LIMITED WARRANTY. Notwithstanding the foregoing, nothing in this LIMITED WARRANTY shall diminish any rights, obligations, or remedies that YOU or WE may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this LIMITED WARRANTY is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the LIMITED WARRANTY and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the LIMITED WARRANTY.

WE have contracted with PWC for certain administrative services relative to this LIMITED WARRANTY. PWC's sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is PWC responsible for fulfilling OUR obligations under this LIMITED WARRANTY.

There may be instances where an additional PWC administered Builder's Limited Warranty is issued together with this LIMITED WARRANTY. If both of these warranties are issued to YOU, YOU agree to request warranty performance under either warranty relative to warrantable issues on the HOME or the COMMON ELEMENTS. YOU may not collect twice relative to the same issue.

If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be

unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY. OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS. OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD, WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations, WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

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6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;

SAMPLE

t. Any defect in material or workmanship supplied by anyone other than US or OUR agents, or subcontractors, including any loss or damage to the HOME or the COMMON ELEMENTS resulting from material or workmanship supplied by anyone other than US or OUR agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the HOME or the COMMON ELEMENTS by YOU or anyone other than US that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to YOUR failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the HOME or the COMMON ELEMENTS;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the HOME'S or the COMMON ELEMENTS' failure to meet expectations of the HOMEOWNER or HOMEOWNERS ASSOCIATION.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS. WE will not cover costs or expenses arising from the uninhabitability of the HOME or the COMMON ELEMENTS or health risk due to the proximity of POLLUTANTS. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor POLLUTANTS;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a CONSTRUCTION DEFECT;

5. Any CONSEQUENTIAL OR INCIDENTAL DAMAGES;

6. Any CONSUMER PRODUCTS;

7. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY;

9. Any costs or obligations paid or incurred by YOU in violation of Section VI. C. below;

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10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility to build in accordance with applicable building codes, this LIMITED WARRANTY does not cover building code violations in the absence of a CONSTRUCTION DEFECT;

11. Any deviation from plans and specifications where the condition does not meet the definition of a CONSTRUCTION DEFECT;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by YOU after the first year of the WARRANTY PERIOD, except where the "fit and finish" of such items is damaged by any CONSTRUCTION DEFECT covered under this LIMITED WARRANTY.

B. OUR LIMITED WARRANTY does not cover any CONSTRUCTION DEFECT which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US.**

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY, YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD.**

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY, WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT.** Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT.** Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS, WE** will have no further obligation under this **LIMITED WARRANTY.**

SAMPLE

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION, YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY, YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS.** The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT.**

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

SAMPLE

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC**

will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU, US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT, WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT.** In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT, WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY. PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. **Separation of This LIMITED WARRANTY From The Contract Of Sale**

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS.** Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and.**US**

SAMPLE

B. **Transfer to Subsequent HOMEOWNERS**

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD. YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME.** Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. **Transfer of Manufacturer's Warranties**

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME.** Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. **Recovery Rights**

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. **General Provisions**

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

SAMPLE

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SAMPLE

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ **Business Phone:** (____)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

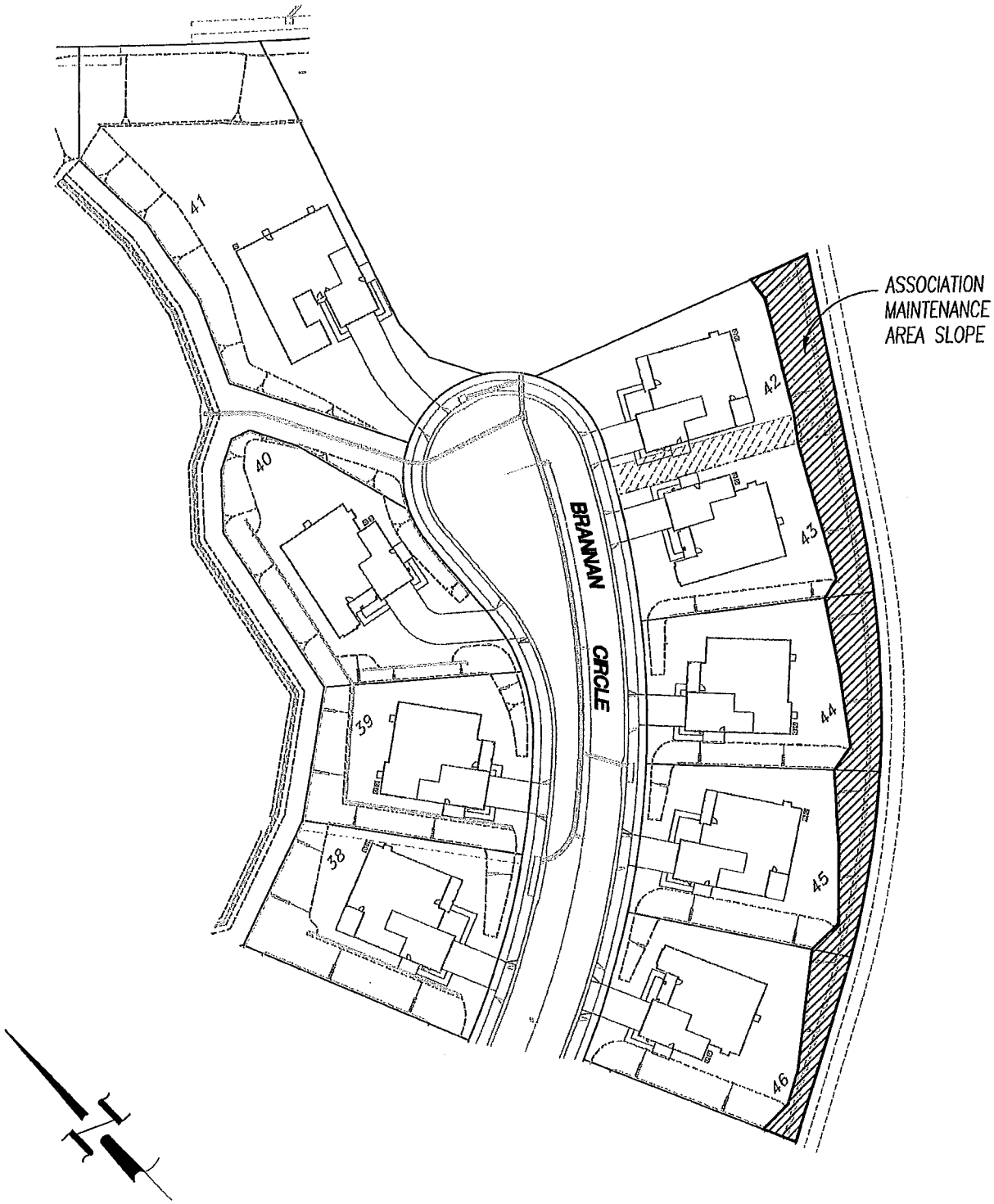
ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



SCALE 1"=80'

I:\72564\EXHIBITS\LOTS 38-46\EXHIBIT A.dwg 12/12/11

DOC # 2012-0139923
03/27/2012 08:00 AM Fees: $141.00
Page 1 of 38
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

This document was electronically submitted to the County of Riverside for recording
Receipted by: LCWEATHERS

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 14 – Lots 54, 55 and 95 to 99, inclusive, of Tract No. 31955)

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
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(Phase 14 – Lots 54, 55 and 95 to 99, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 14 – Lots 54, 55 and 95 to 99, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 14) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 54, 55 and 95 to 99, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 54, 55 and 95 to 99, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 54, 55 and 99, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings

which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY.** Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited

Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the ***"Fix It Law"***). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE.** Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT.** Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in

March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on January 19, 2012, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin P. Langpap
Title: Auth Rep

By: _____
Print Name: Lorrie A Yates
Title: Auth Rep.

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On 1/19/12, ____, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin P. Langpap
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

STATE OF CALIFORNIA

COUNTY OF Riverside

On 1/19/12, ____, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Lorrie A Yates

who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the same in ~~his~~/her authorized capacity, and that by ~~his~~/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

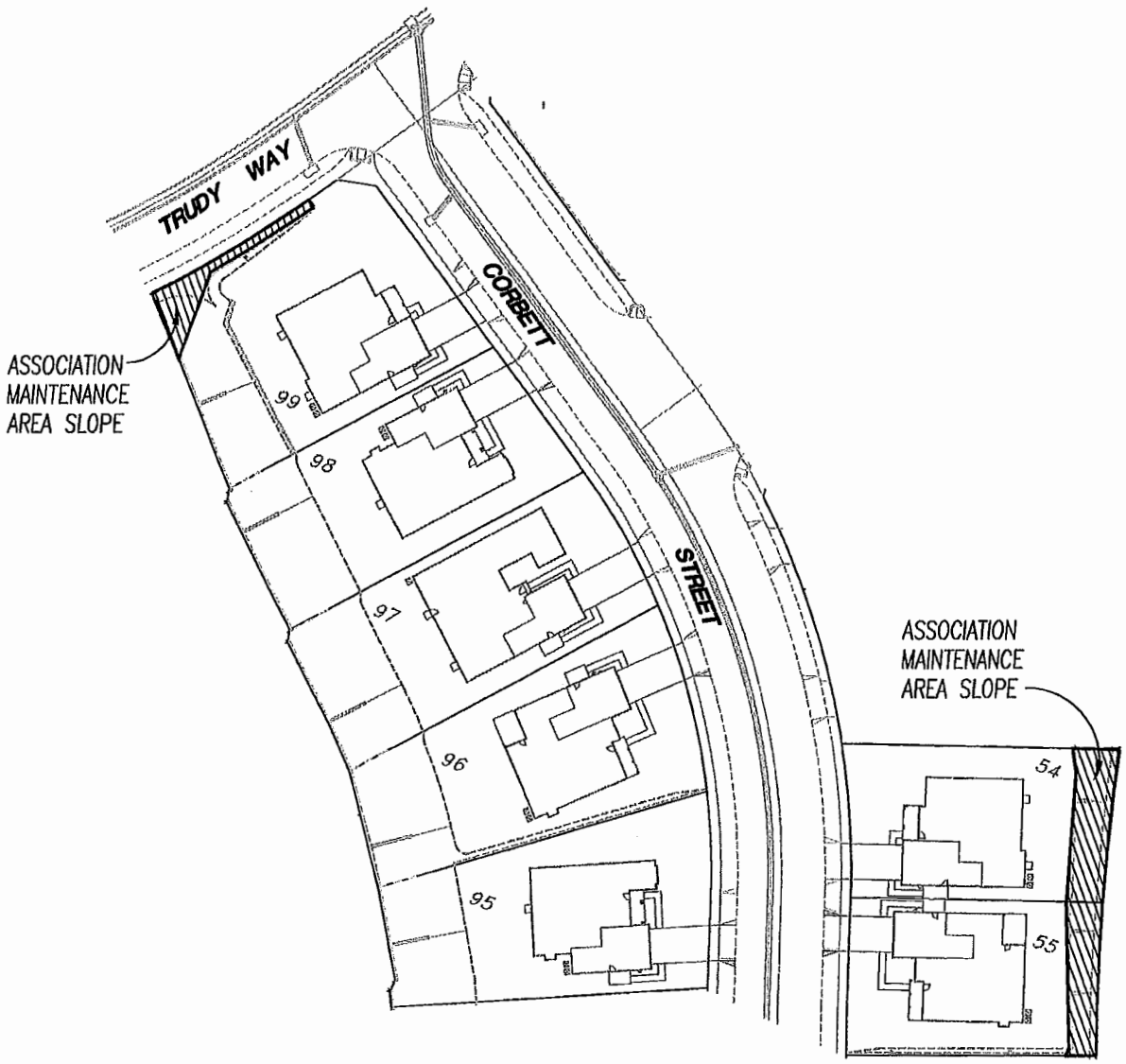
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

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ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



SCALE 1"=80'

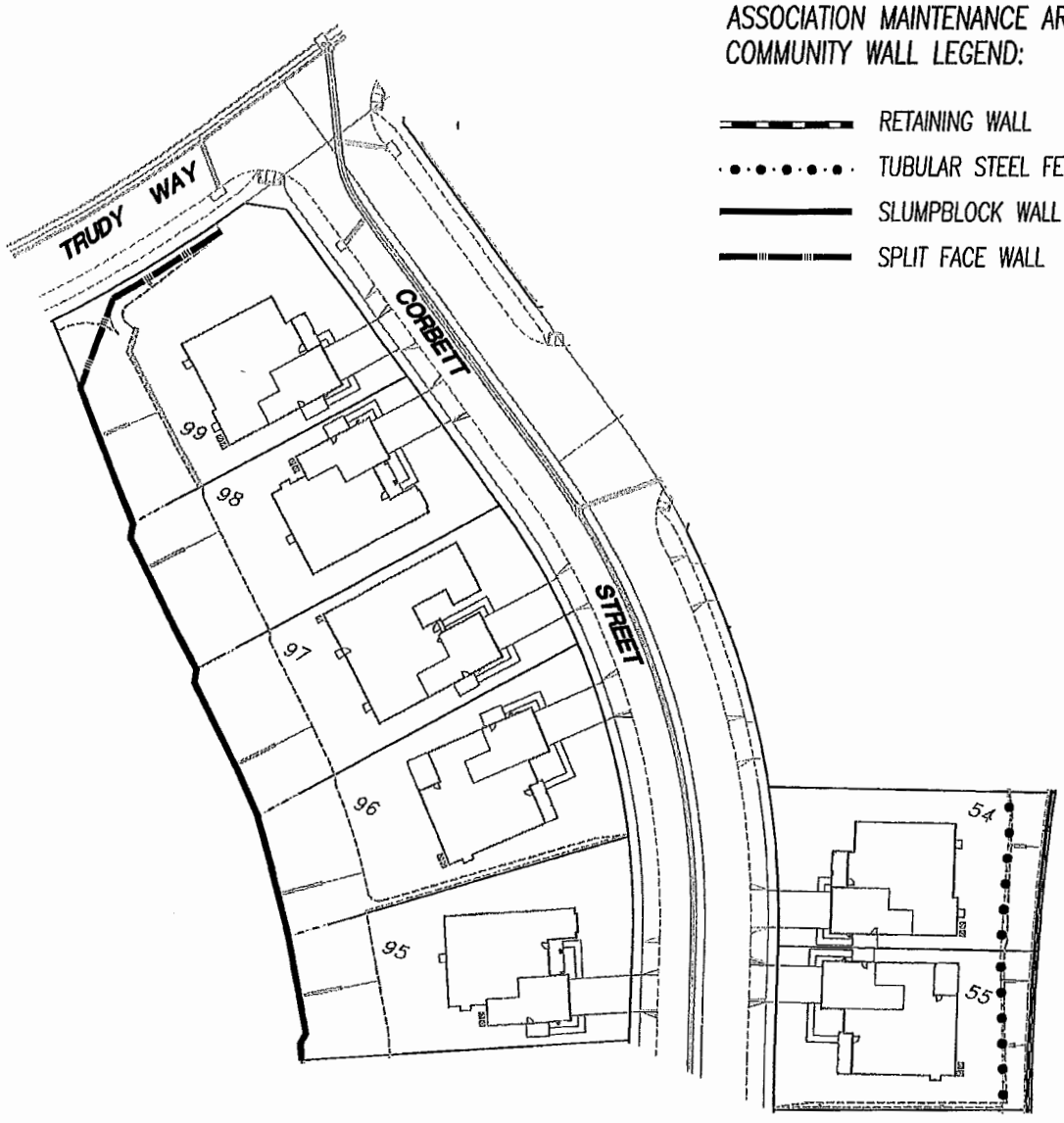
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

- RETAINING WALL
- TUBULAR STEEL FENCE
- SLUMPBLOCK WALL
- SPLIT FACE WALL

SCALE 1"=80'

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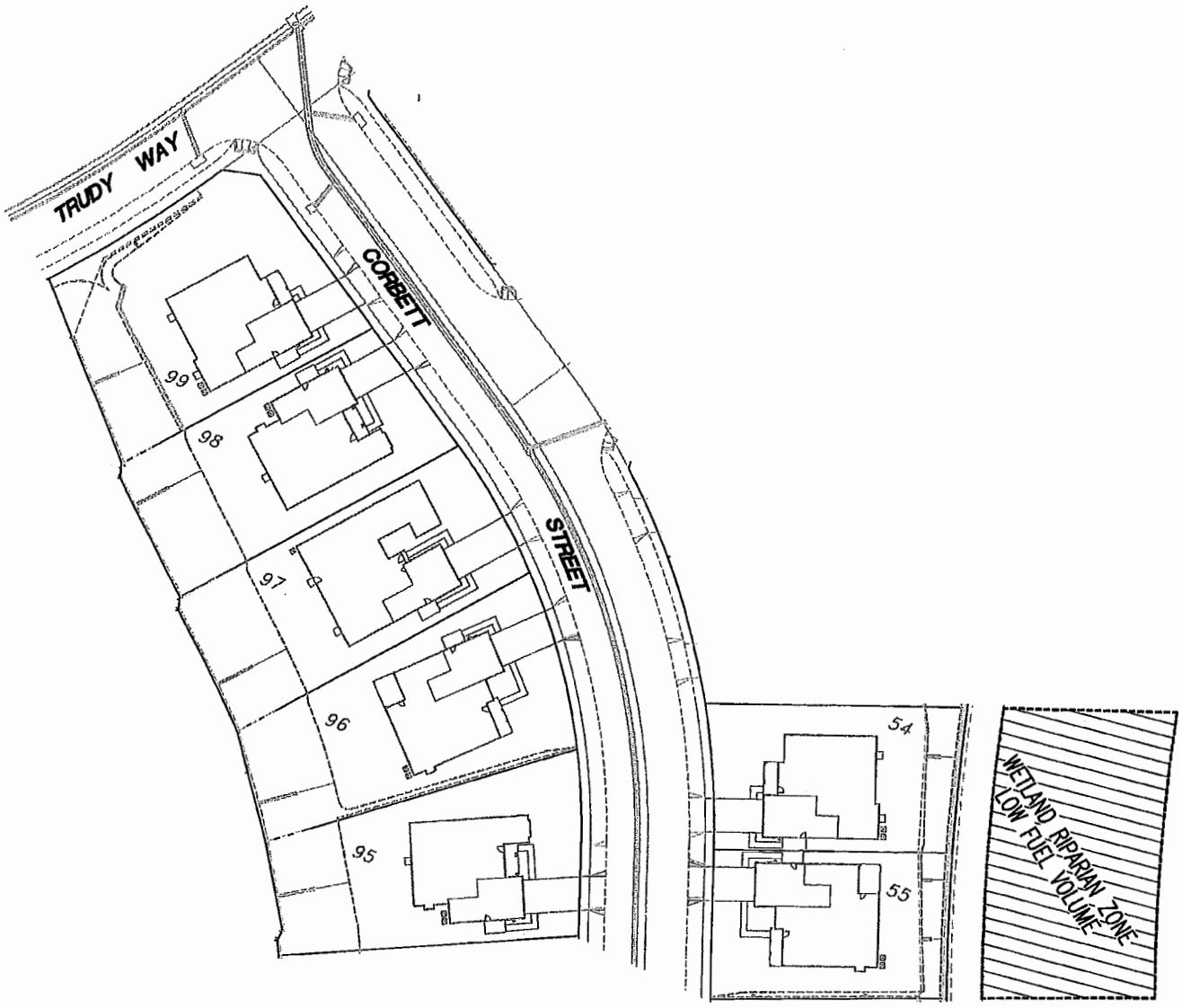
Phase 14

EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



SCALE 1"=80'

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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

EXHIBIT B

SAMPLE HOMEBUILDER'S LIMITED WARRANTY FORM

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer Form

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

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To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY. OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS. OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD, WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations, WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. **Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:**

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and

finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

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6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
   m. Mine subsidence or sinkholes;
   n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
   o. Volcanic eruption; explosion or effusion;
   p. Wind including:
      (i). Gale force winds;
      (ii). Hurricanes;
      (iii). Tropical storms;
      (iv). Tornadoes;
      (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
   q. Insects, animals or vermin;
   r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
   s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by US;

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t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;

u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;

v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;

w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;

x. Normal wear and tear or normal deterioration of materials;

y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

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2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

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C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

SAMPLE

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC**

will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. **Separation of This LIMITED WARRANTY From The Contract Of Sale**

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**

SAMPLE

B. **Transfer to Subsequent HOMEOWNERS**

This **LIMITED WARRANTY**, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. **Transfer of Manufacturer's Warranties**

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision

contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. **Recovery Rights**

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. **General Provisions**

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

SAMPLE

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time YOU take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

SAMPLE

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

_____

CITY STATE ZIP

Home Phone: (____)_____ **Business Phone:** (___)_____

LIMITED WARRANTY #: _____ **Date Warranty Period begins:** _____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

SAMPLE

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.:_____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (___) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

0904001DH

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

DOC # 2012-0385582
08/14/2012 08:00 AM Fees: $129.00
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Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

This document was electronically submitted to the County of Riverside for recording
Receipted by: YSEGURA

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 15 – Lots 24 to 30, inclusive, of Tract No. 31955)

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THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 15) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 24 to 30, inclusive, and Lots O, S and X of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property

already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 24 to 30, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** Lots O, S and X of Tract No. 31955 are hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lots 25 and Lots 27 to 30, inclusive, as depicted on ***Exhibit A*** attached hereto, (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto, and (c) private drain line located on a portion of Lot 26 of Tract No. 31955, as depicted on ***Exhibit C*** attached hereto.

6. **FUEL MODIFICATION ZONES.** There are no Fuel Modification Zones in the Added Territory.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions.** Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354.** This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT.** DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL

ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the *"**Fix It Law**"*). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT.** Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where

the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on July 27, 2012, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin P. Langpap
Title: Authorized Representative

By: _____
Print Name: Steven Seibert
Title: Authorized Representative

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On July 27, 2012, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin Langpap & Steven Seibert
who proved to me on the basis of satisfactory evidence to be the person~~s~~ whose name ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity, and that by ~~his/her~~ their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

Signature: Sarah McPherson

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

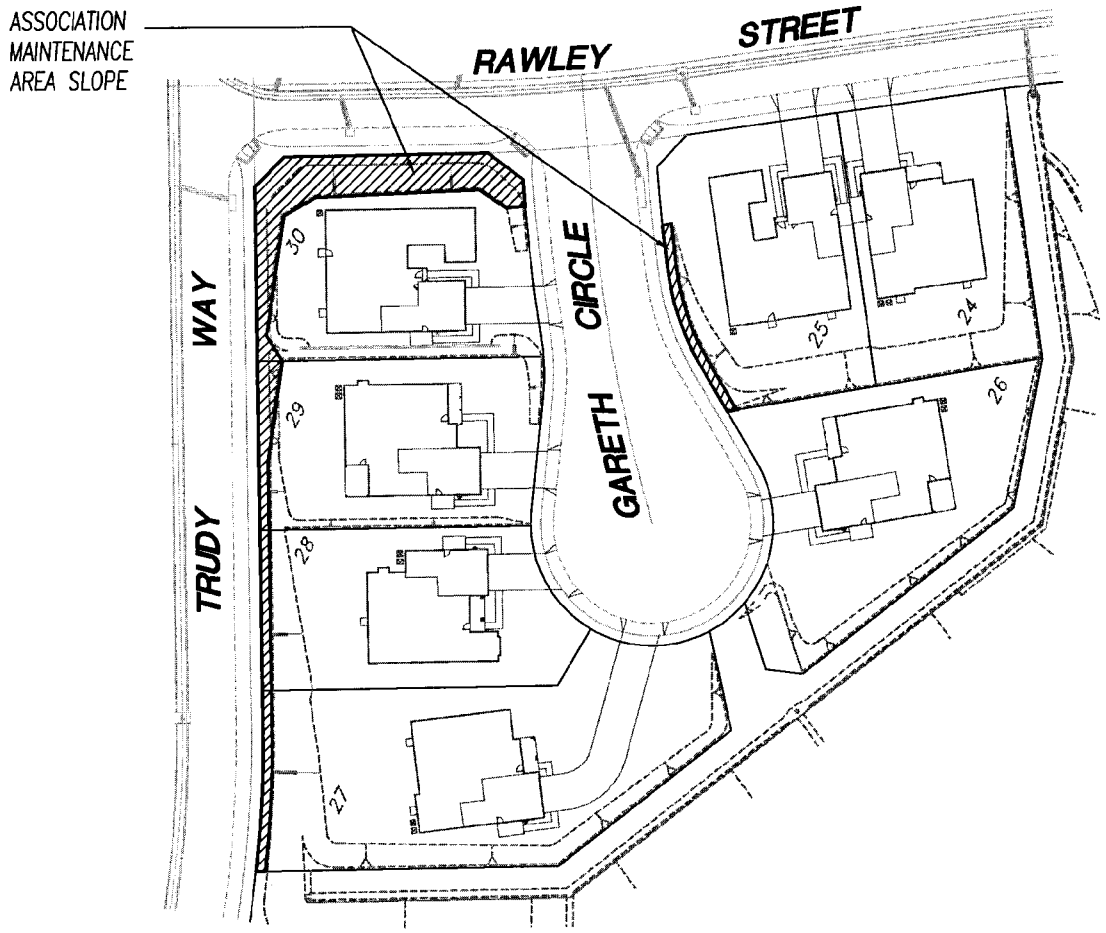
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



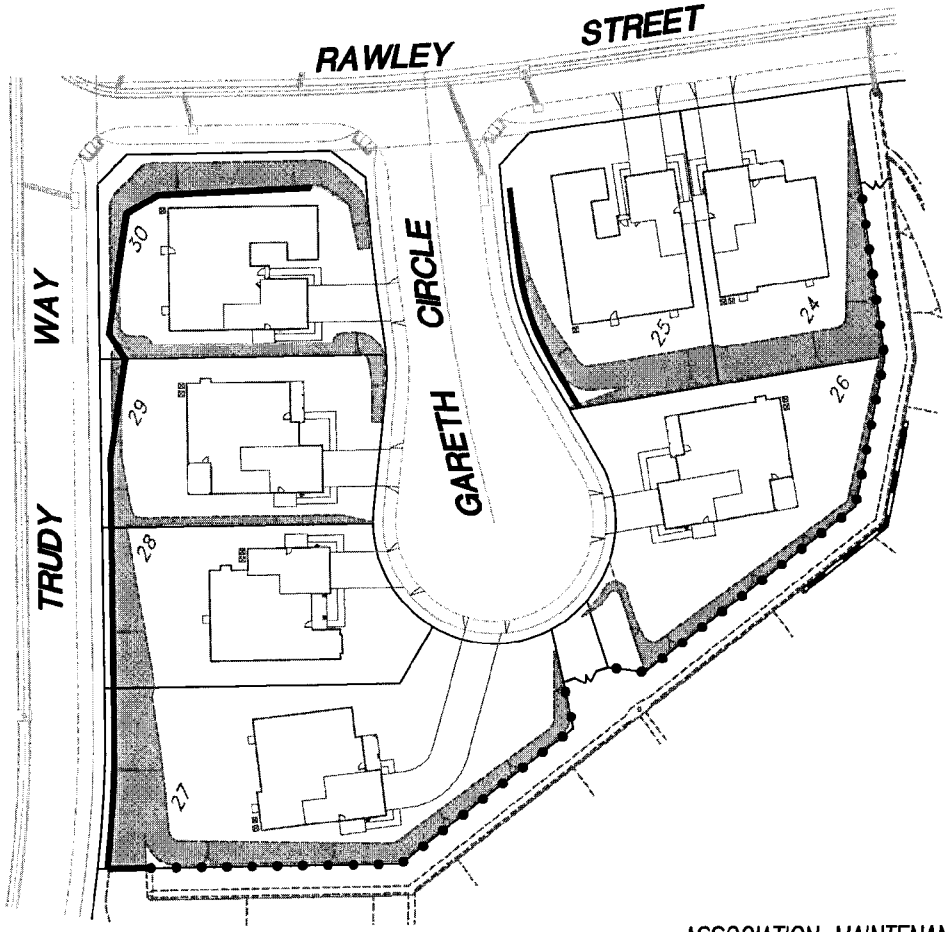
SCALE 1"=80'

EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

- RETAINING WALL
- TUBULAR STEEL FENCE
- SLUMPBLOCK WALL
- SPLIT FACE WALL
- DOUBLE 5' MAINTENANCE GATES

SCALE 1"=80'

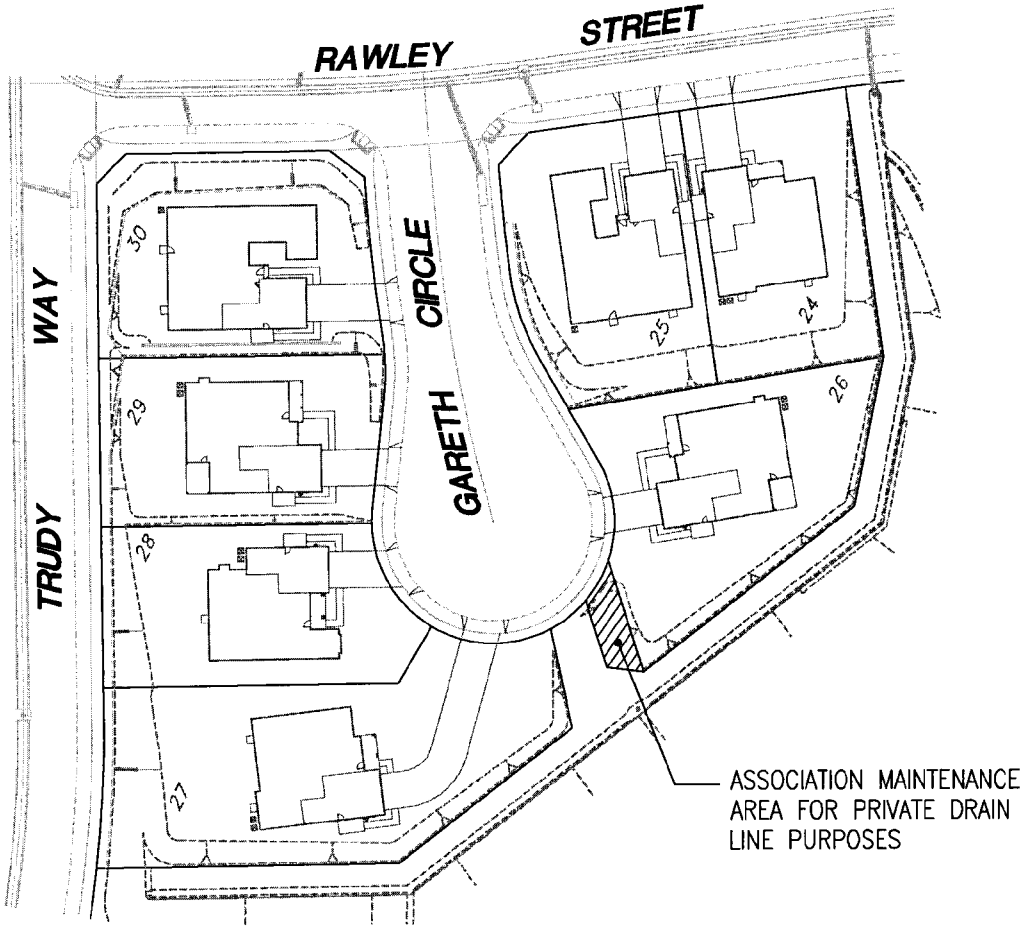
I:\72564\EXHIBITS\LOTS 24-30\EXHIBIT B.dwg 6/14/12

EXHIBIT C

ASSOCIATION MAINTENANCE AREA PRIVATE DRAIN LINE IN THE ADDED TERRITORY

EXHIBIT C

ASSOCIATION MAINTENANCE AREA FOR DRAIN LINE
OVER PORTION OF RESIDENTIAL LOTS
IN THE ADDED TERRITORY



SCALE 1"=80'

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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit E*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("**PWC**")

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;

m. Mine subsidence or sinkholes;
n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
o. Volcanic eruption; explosion or effusion;
p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
q. Insects, animals or vermin;
r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
x. Normal wear and tear or normal deterioration of materials;
y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or

COMMON ELEMENTS for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION**

DEFECT or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no

circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public

utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, **US**, **OUR** means the **BUILDER**.

YOU, **YOUR** means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s):_____

Address: _____

_____
CITY STATE ZIP

Home Phone :(_____**)**_____ **Business Phone:(**_____**)**_____

LIMITED WARRANTY #:_____ **Date Warranty Period begins:**_____

Builder's Name: _____

Address: _____

Business Phone: (_____**)**_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____ _____ _____
Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

PWC Form No. 301 Rev. 01/07

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

RECORDING REQUESTED BY:

DOC # 2012-0385583
08/14/2012 08:00 AM Fees: $129.00
Page 1 of 39
Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

This document was electronically submitted to the County of Riverside for recording
Receipted by: YSEGURA

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 16 – Lots 6 to 14, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 16 – Lots 6 to 14, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 16) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

PREAMBLE:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 6 to 14, inclusive, and Lot Q of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 6 to 14, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** Lot Q of Tract No. 31955 is hereby designated to be Common Area, as defined in the Declaration.

5.3. **Association Maintenance Areas.** Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lot 9, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **FUEL MODIFICATION ZONES.** The Fuel Modification Zones in and adjacent to the Lots in the Added Territory are shown on ***Exhibit C*** attached hereto.

7. **DISPUTES WITH DECLARANT PARTIES.** The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 7 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 7"***) are to be interpreted and enforced as authorized by the

Federal Arbitration Act. Parties interpreting this Section 7 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

7.1. **Alternative Dispute Resolution Provisions**. Any Dispute, as defined in ***Exhibit D***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

7.2. **Required Vote to Make a Claim**. Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

7.3. **Civil Code Section 1354**. This Section 7 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

7.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT**. DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 7 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 7.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 7 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

8. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited***

Warranty") in substantially the form attached hereto as ***Exhibit E***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the ***"Fix It Law"***). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "F"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

9. **FIX IT LAW NOTICE**. Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

10. **NO ENHANCED PROTECTION AGREEMENT**. Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

11. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

12. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

13. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

14. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

15. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in

March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

16. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

17. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

18. **AMENDMENT AND DURATION**. This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

19. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

20. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on July 27, 2012, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: Martin P. Langpap
Title: Authorized Representative

By: _____
Print Name: Steven Seibert
Title: Authorized Representative

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On July 27, 2012, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)
personally appeared Martin P. Langpap and Steven Seibert
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity, and that by ~~his/her~~ their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1820682
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

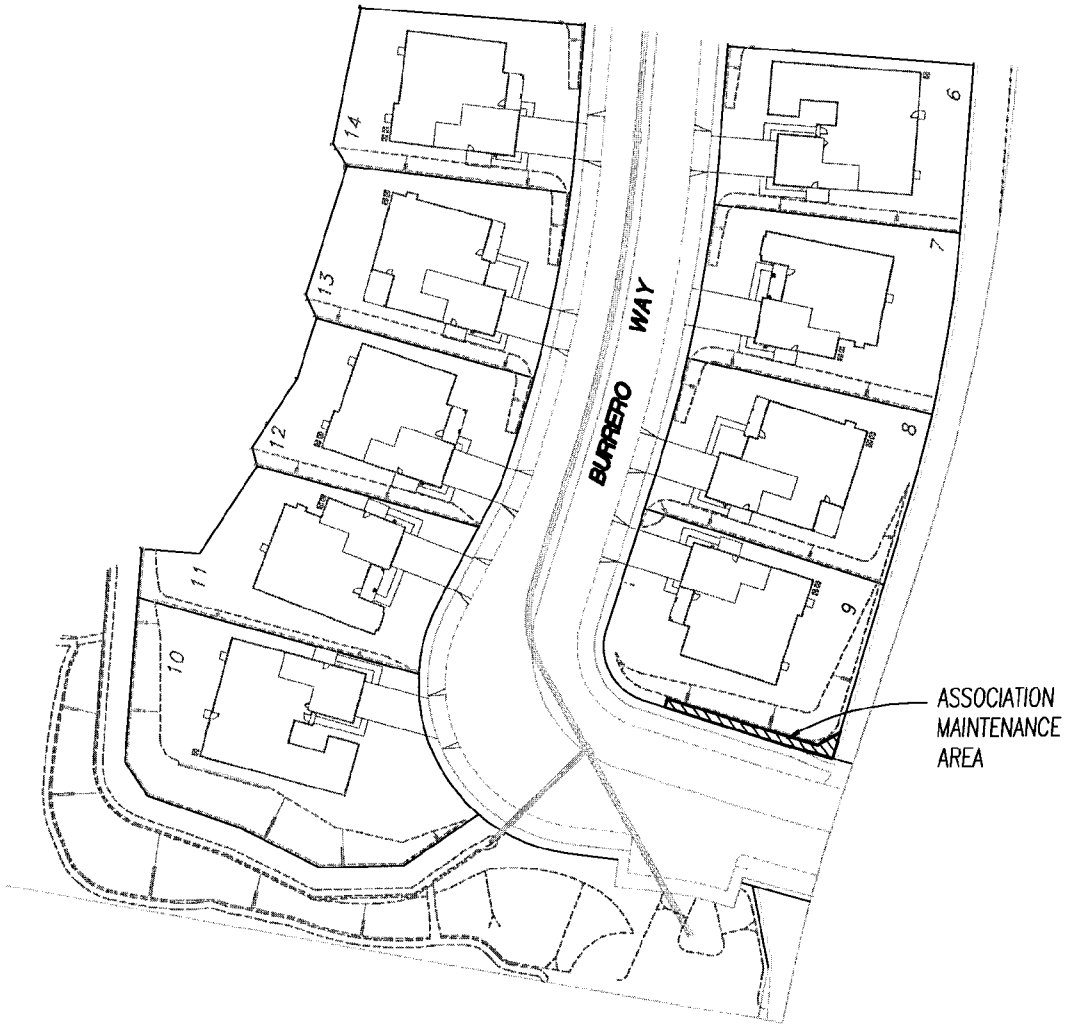
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



SCALE 1"=80'

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EXHIBIT B

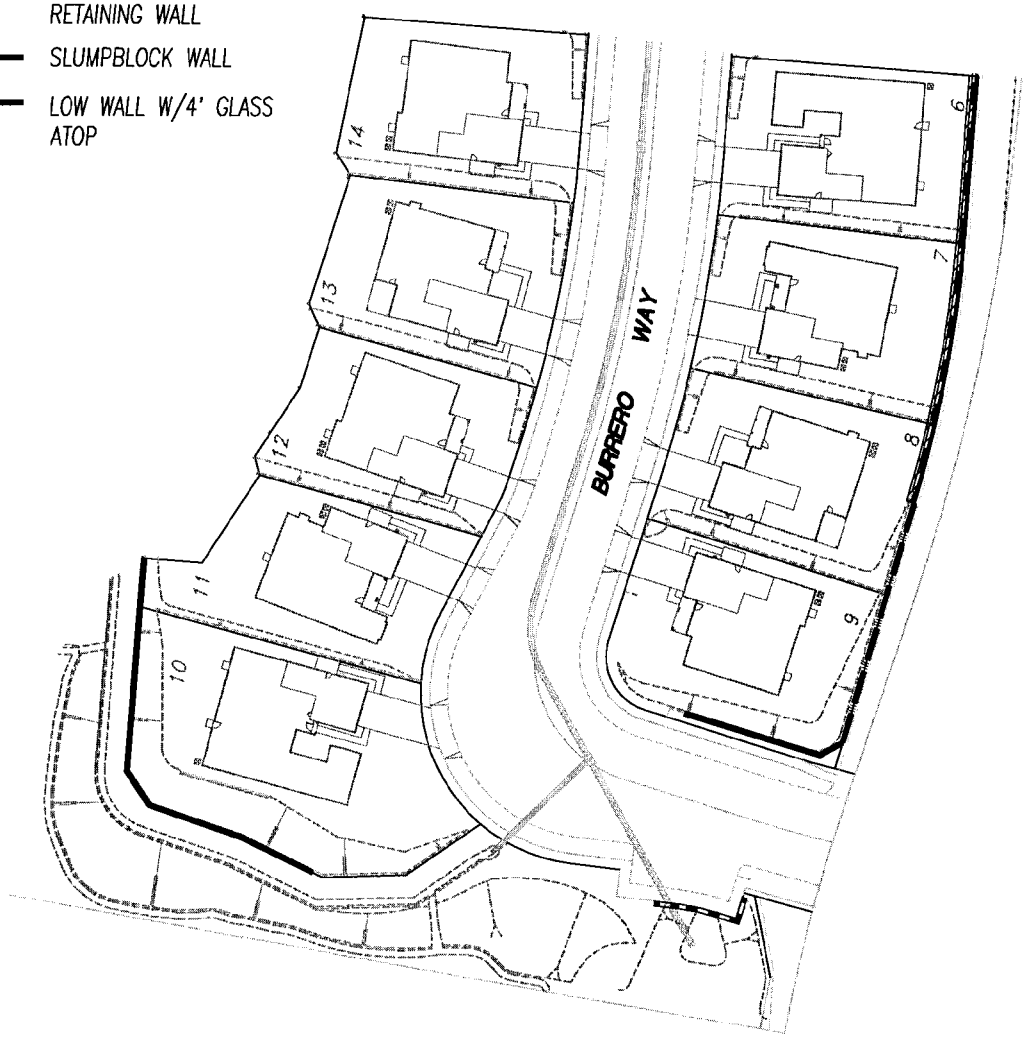
ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY

ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

- *RETAINING WALL*
- *4' GLASS PANELS ATOP RETAINING WALL*
- *SLUMPBLOCK WALL*
- *LOW WALL W/4' GLASS ATOP*



SCALE 1"=80'

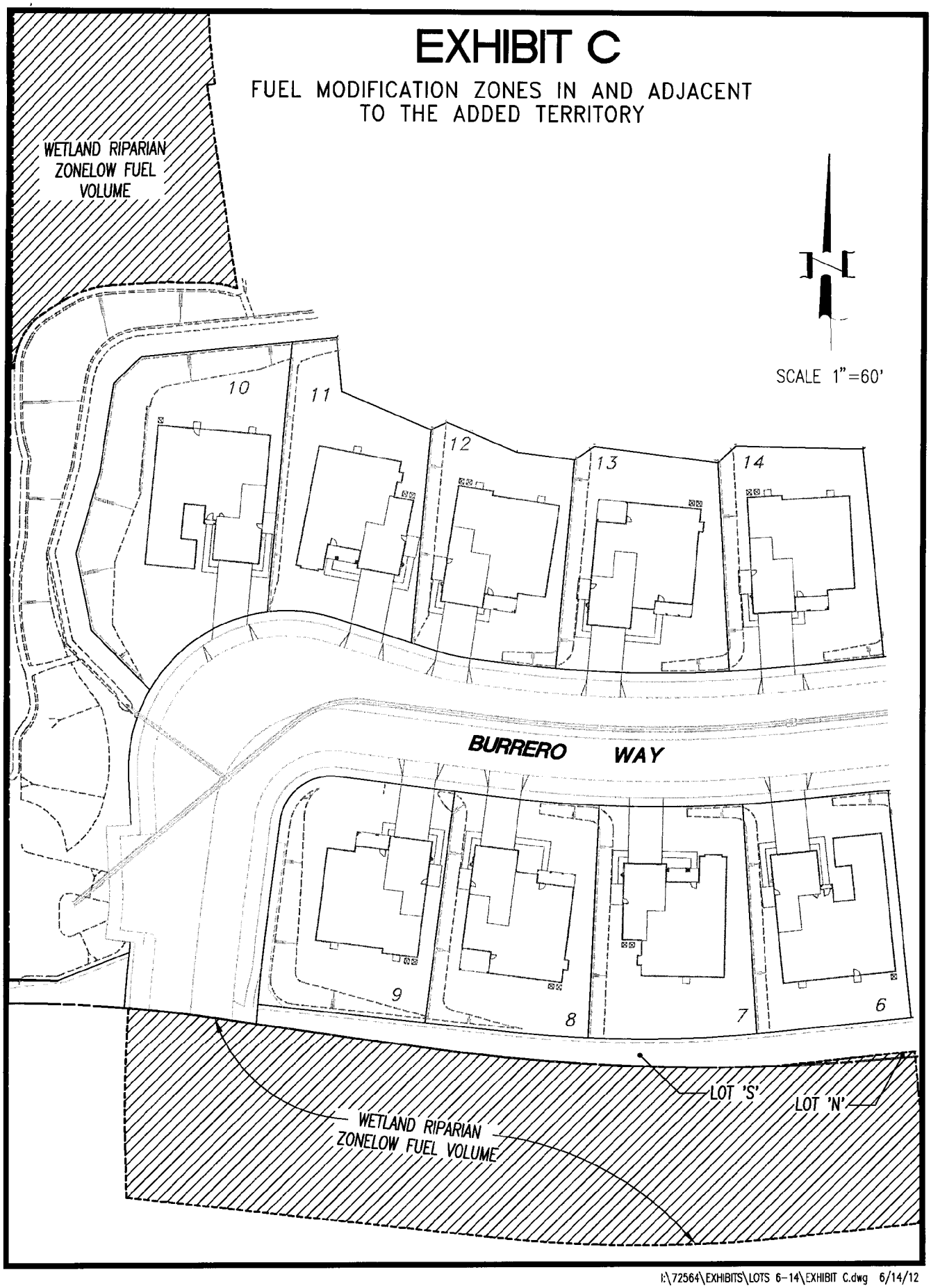
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EXHIBIT C

FUEL MODIFICATION ZONES
IN AND ADJACENT TO THE ADDED TERRITORY

EXHIBIT C

FUEL MODIFICATION ZONES IN AND ADJACENT TO THE ADDED TERRITORY



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EXHIBIT D

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit D*** (***"ADR Provisions"***) and ***Exhibit F*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 8 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit F*** attached to this Notice of Addition and more particularly described in Section 8 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT E

LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("**PWC**")

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;

m. Mine subsidence or sinkholes;
n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
o. Volcanic eruption; explosion or effusion;
p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
q. Insects, animals or vermin;
r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
x. Normal wear and tear or normal deterioration of materials;
y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or

COMMON ELEMENTS for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION**

DEFECT or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no

circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public

utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, **US**, **OUR** means the **BUILDER**.

YOU, **YOUR** means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s):_____

Address: _____

_____
CITY STATE ZIP

Home Phone :(_____**)**_____ **Business Phone:(**_____**)**_____

LIMITED WARRANTY #:_____ **Date Warranty Period begins:**_____

Builder's Name: _____

Address: _____

Business Phone: (_____**)**_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____ _____ _____
Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT F

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

DOC # 2013-0129501
03/18/2013 11:25 AM Fees: $174.00
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Recorded in Official Records
County of Riverside
Larry W. Ward
Assessor, County Clerk & Recorder

This document was electronically submitted to the County of Riverside for recording
Receipted by: TVERBA

RECORDING REQUESTED BY:

FIDELITY NATIONAL TITLE COMPANY
SUBDIVISION DEPARTMENT

WHEN RECORDED, MAIL TO:

JACKSON, DeMARCO, TIDUS
& PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, CA 92614

(Space Above for Recorder's Use)

NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN

(Phase 17 – Lots 139 to 144, inclusive, of Tract No. 31955)

NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ORCHARD GLEN

(Phase 17 – Lots 139 to 144, inclusive, of Tract No. 31955)

THIS NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN (Phase 17) (***"Notice of Addition"***) is made by STANDARD PACIFIC CORP., a Delaware corporation (***"Declarant"***).

P R E A M B L E:

A. Declarant is "Declarant" under that Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, which was Recorded on August 14, 2006, as Instrument No. 2006-0596259, as amended by a First Amendment thereto, recorded on January 12, 2007, as Instrument No. 2007-28858 (together with any additional amendments thereto, collectively, the ***"Declaration"***), pursuant to that certain Assignment of Declarant Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 15, 2010, all in the Official Records of Riverside County, California (***"Official Records"***). The Declaration is binding upon all Owners of residential Lots in the planned development known as Orchard Glen (the ***"Properties"***).

B. Declarant is the owner of certain real property (***"Added Territory"***) in the City of Corona, County of Riverside, State of California, described as follows:

> Lot 139 to 144, inclusive, of Tract No. 31955, as shown on a Subdivision Map, Recorded on July 18, 2006, in Book 407, Pages 5 to 20, inclusive, of Maps, in the Office of the Riverside County Recorder.

C. The Added Territory is part of the "Annexable Territory" as defined in the Declaration.

D. Pursuant to Article XVI of the Declaration, Declarant now desires to add the Added Territory to the property already subject to the Declaration as a Phase of the Properties.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **ANNEXATION OF ADDED TERRITORY.** Declarant, as the owner of the Added Territory, hereby declares that the Added Territory is annexed to and made a part of the real property already subject to the Declaration, as a Phase of development of the Properties. This Notice of Addition constitutes a Notice of Addition, as described in Section 16.4 of the Declaration.

2. **MEMBERSHIP IN ASSOCIATION.** Each Owner of one or more residential Lots in the Added Territory shall automatically become a member of Orchard Glen Community Association, a California nonprofit mutual benefit corporation (***"Association"***), as provided in Sections 4.4.1 and 16.4 of the Declaration.

3. **ASSESSMENT OBLIGATIONS.** The rights and obligations of all Owners of residential Lots located in the Added Territory with respect to payment of assessments are set forth in Article VII of the Declaration. The Annual Assessments to be paid to the Association shall commence as to all residential Lots in the Added Territory on the first day of the first calendar month following the first Close of Escrow for the sale of a residential Lot in the Added Territory, as provided in Section 16.3 of the Declaration.

4. **RIGHTS AND OBLIGATIONS OF OWNERS.** Pursuant to Section 16.3 of the Declaration, upon recordation of this Notice of Addition, all provisions in the Declaration will apply to the Added Territory in the same manner as if the Added Territory were originally covered by the Declaration. Thereafter, the rights, powers and responsibilities of the Owners, lessees and occupants of the Added Territory shall be the same as if the Added Territory were originally covered by the Declaration. As provided in Section 16.3 of the Declaration, the entitlement to vote shall commence as to all residential Lots within the Added Territory when Annual Assessments commence on the Lots in the Added Territory. The voting rights of all Owners in the Properties are set forth in Article IV of the Declaration.

5. **LAND CLASSIFICATIONS.**

5.1. **Residential Lots.** Lots 139 to 144, inclusive, of Tract No. 31955 are hereby designated to be Lots, as defined in the Declaration.

5.2. **Common Area.** There is no Common Area in the Added Territory.

5.3. **Association Maintenance Areas**. Declarant reserves, for the benefit of the Association, nonexclusive easements over each Lot in the Added Territory (as applicable) for maintenance of Association Maintenance Areas in the Added Territory, for purposes described in the Declaration, together with nonexclusive easements over the real property on which such Association Maintenance Areas are located for access reasonably necessary in connection therewith. Association Maintenance Areas in the Added Territory include: (a) the yard and slope landscaping areas (which may include Fuel Modification Zones) located on Lot 139, as depicted on ***Exhibit A*** attached hereto, and (b) portions of the Community Wall as depicted on ***Exhibit B*** attached hereto.

6. **DISPUTES WITH DECLARANT PARTIES**. The following dispute resolution procedure is implemented for the Added Territory in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Sections 1-16) which is designed to encourage use of alternative methods of dispute resolution that avoid costly and potentially lengthy traditional court proceedings. The dispute resolution procedure in this Section 6 and the Exhibits attached to this Notice of Addition (collectively referred to as ***"Section 6"***) are to be interpreted and enforced as authorized by the Federal Arbitration Act. Parties interpreting this Section 6 shall follow the federal court rulings which provide, without limitation, that the Federal Arbitration Act (1) is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding substantive or procedural

state policies to the contrary, (2) requires that federal and state courts rigorously enforce agreements to arbitrate, (3) requires the scope of this alternative dispute resolution agreement be interpreted broadly in favor of arbitration, and (4) requires disputes over whether an issue is arbitrable be resolved by a finding in favor of arbitration. Specifically, this Section is to be interpreted in accordance with Allied-Bruce Terminix Companies, Inc. v. Dobson, 115 S.Ct. 834 (1995), and other federal court rulings. References in this Section to California Code Sections are not to be interpreted as a waiver of rights created under the Federal Arbitration Act.

6.1. **Alternative Dispute Resolution Provisions**. Any Dispute, as defined in ***Exhibit C***, entitled "Alternative Dispute Resolution Provisions" (hereinafter referred to as the ***"ADR Provisions"***), shall be governed by and resolved in accordance with the ADR Provisions.

6.2. **Required Vote to Make a Claim.** Prior to filing a claim pursuant to the ADR Provisions, Association must obtain the vote or written consent of Owners other than Declarant who represent not less than fifty-one percent (51%) of the Association's voting power (excluding the voting power of Declarant). So long as a majority of the voting power of Members is held by Declarant, or so long as there are two or more outstanding classes of membership, the Board's decision of whether to investigate or to initiate a Fix It Law Claim (under Title 7 of Part 2 of Division 2 of the California Civil Code) shall be decided by the directors elected by Members other than Declarant at a meeting in which the quorum requirement for Board meetings was satisfied.

6.3. **Civil Code Section 1354**. This Section 6 governs only the resolution of Disputes with Declarant or a Declarant party, on the one hand, and the Association or one or more Owners/subsequent Owners, on the other hand. Unless the subject matter of a Dispute expressly involves enforcement of the Declaration, such Dispute shall not be governed by the provisions of California Civil Code Section 1354, or any successor statute. Each party in a Dispute with Declarant or Declarant parties shall bear its own attorneys' fees and costs, and the prevailing party shall not be entitled to an award of attorneys' fees or costs, except to the extent provided under California Civil Code Section 1354.

6.4. **AGREEMENT TO METHOD OF RESOLVING DISPUTES; WAIVER OF RIGHT TO JURY TRIAL; AMENDMENT**. DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 6 AND THE ADR PROVISIONS TO RESOLVE ALL DISPUTES AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 6.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES TRIED BEFORE A JUDGE OR A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 6 MAY NOT BE AMENDED WITHOUT DECLARANT'S WRITTEN CONSENT.

7. **LIMITED WARRANTY**. Declarant presently intends, but shall not have any obligation whatsoever, to extend to the Association and every original purchaser who purchases a home in the Added Territory from Declarant a Home Builder's Limited Warranty (***"Limited Warranty"***) in substantially the form attached hereto as ***Exhibit D***. If Declarant extends a Limited Warranty to the Association or an original purchaser, a copy of the Limited Warranty for a particular home, or for the Common Area in the case of the Association, will be available from Professional

Warranty Service Corporation, P.O. Box 800 Annandale, VA 22003-0800. In such event, the Association and every original purchaser of a home and every successive owner of such home shall be bound by and be a beneficiary of the Limited Warranty during the "Warranty Period" as defined in the Limited Warranty. The Warranty Period of the Limited Warranty for a particular home, or the Common Area as the case may be, is set forth in the Limited Warranty Validation Form included with the Limited Warranty. The coverage limits under the Limited Warranty for a Lot or the Common Area, as the case may be, are set forth in the Limited Warranty Validation Form. Nothing in the Limited Warranty or any other document provided by Declarant in conjunction with the sale of a home or the transfer of the Common Area diminishes any rights or obligations that Owner, the Association or Declarant may have under California Civil Code Sections 895 through 945.5 (the ***"Fix It Law"***). The Limited Warranty does not constitute an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914. The Limited Warranty provides the Association and Owners with separate contractual rights from the rights provided in the Fix It Law. Declarant's election to provide and be subject to the Limited Warranty is in consideration of Declarant's, Association's and Owners' agreement to the ADR Provisions. Notwithstanding any other provision of this Notice of Addition, the provisions of the Limited Warranty, including, without limitation, the binding arbitration procedure and the limitation of statutory and common law remedies described therein, and the ADR Provisions shall control with respect to every dispute with Declarant related to or arising out of the Lots or Common Area. SAID LIMITED WARRANTY, WHEN ISSUED, SHALL BE THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA, AND DECLARANT DISCLAIMS ALL OTHER WARRANTIES AS MORE FULLY SET FORTH IN ***EXHIBIT "E"*** TO THIS NOTICE OF ADDITION. This Section applies to a particular dispute only to the extent a Limited Warranty is actually issued and in effect at the time of that particular dispute with respect to the particular Lots or Common Area at issue. This Section shall not be amended without the written consent of Declarant.

8. **FIX IT LAW NOTICE.** Declarant, on behalf of itself and each affiliated contractor, notifies each Owner and the Association that Chapter 4 (commencing with §910) of Title 7 of Part 2 of Division 2 of the California Civil Code sets forth nonadversarial procedures and remedies that may apply to claims for construction defect which may arise in connection with the Added Territory. The nonadversarial procedures impact the legal rights of Owners and the Association. The statute allows Declarant and its affiliated contractors, to elect not to use the nonadversarial procedures. The statute also allows Declarant and its affiliated contractors, by contract with Owners or the Association, to provide alternative nonadversarial procedures and remedies in lieu of the procedures and remedies contained in California Civil Code §§910, et seq.

9. **NO ENHANCED PROTECTION AGREEMENT.** Nothing in this Notice of Addition, including, without limitation, the Limited Warranty and ADR Provisions, constitutes an "enhanced protection agreement" under California Civil Code Section 901 or alternative nonadversarial contractual provisions under California Civil Code Section 914, and nothing herein diminishes the rights and obligations of Owner, Association and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

10. **COVENANT REGARDING PROCEEDS.** If the Association or any Owner prevail in a Dispute, and the judgment thereon or settlement terms thereof includes a monetary award, then

the proceeds of the award shall be first applied to the remediation of the condition that gave rise to the Dispute.

11. **MAINTENANCE OBLIGATIONS.** The maintenance obligations of the Association, the Owners, and Declarant are described in the Declaration. The Association shall assume its maintenance obligations with respect to the Added Territory upon the commencement of Annual Assessments in the Added Territory.

12. **RIGHT TO FARM DISCLOSURE.** The Added Territory is located on or near lands that were previously used for agricultural operations. The following notice is provided as required by California law:

NOTICE OF RIGHT TO FARM

> The Added Territory is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map" issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Added Territory may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

13. **SUPPLEMENTAL FIRE HAZARD ZONE.** Declarant has been informed that some or all of the Added Territory is located in a Supplemental Fire Hazard Zone, as designated by the County. A Supplemental Fire Hazard Zone is an area that is more susceptible to fires, and where the physical conditions of the area, including factors such as fuel, slope and weather could cause fires that are more severe, more difficult to put out, and, as a result, could cause more damage. Insurance rates may be affected by this zone designation. Owners should contact either the County or their insurance carrier for additional information regarding this matter.

14. **SUPPLEMENTAL SEISMIC/GEOLOGIC HAZARD ZONE.** Declarant has been informed that the Added Territory is located in a Supplemental Seismic/Geologic Hazard Zone, as designated by the County. According to a natural hazard disclosure report issued to Declarant in March, 2010, some or all of the Added Territory is in an area of potential subsidence and is prone to vertical displacement, gradual settling and sinking of soils. The report states that subsidence may

occur when groundwater, oil or natural gas is withdrawn from the ground where the soils have a high silt or clay content, and that subsidence may also transpire where soils are highly organic or composed of peat, that subsidence can also cause uneven settling of structures as the soils decompose or fluids are extracted. This designation may cause the City to impose additional restrictions or requirement on construction and building code permit requirements.

15. **MARKETING NAME.** The Added Territory shall be marketed under the name ***"Orchard Glen,"*** unless and until changed by Declarant in its sole and absolute discretion from time to time. Declarant shall notify the DRE of any change in the names of the Added Territory under which it is marketed by Declarant.

16. **CONFORMITY WITH DEVELOPMENT PLAN.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

17. **AMENDMENT AND DURATION.** This Notice of Addition may be amended or terminated only by complying with the requirements of Sections 13.2 and 16.5 of the Declaration and limitations contained herein requiring Declarant consent to amendment of certain provisions. Unless amended or terminated, this Notice of Addition shall continue in full force and effect for so long as the Declaration remains in effect. Notwithstanding anything to the contrary contained herein or in the Declaration, Declarant shall have the right and authority, without member approval, to amend this Notice of Addition in order to comply with the requirements of the Fix It Law (Title 7 of Part 2 of Division 2 of the California Civil Code).

18. **MISCELLANEOUS.** The provisions of this Notice of Addition shall run with all of the Added Territory, the Properties, and the Common Property, shall be binding upon all persons having or acquiring any interest in the Added Territory, the Properties, the Common Property, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory, the Properties, the Common Property, and any interest therein, and shall inure to the benefit of, be binding upon, and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association, and their successive owners and assigns. Except as otherwise provided herein, the capitalized terms in this Notice of Addition shall have the same meanings as are given such terms by the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby incorporated by reference as if fully set forth herein.

19. **EXHIBITS.** All exhibits to this Notice of Addition are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ORCHARD GLEN]

This Notice of Addition has been executed on March 8, 2013, to be effective as of the date of its Recordation.

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____
Print Name: MARTIN LANGPAP
Title: Authorized Representative

By: _____
Print Name: RICK WOOD
Title: Authorized Representative

"Declarant"

STATE OF CALIFORNIA
COUNTY OF Riverside

On March 8, 2013, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared Martin Langpap and Rick Wood
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Sarah McPherson

SARAH MCPHERSON
Commission # 1996653
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2016

(SEAL)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, _____, before me, _____
(here insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

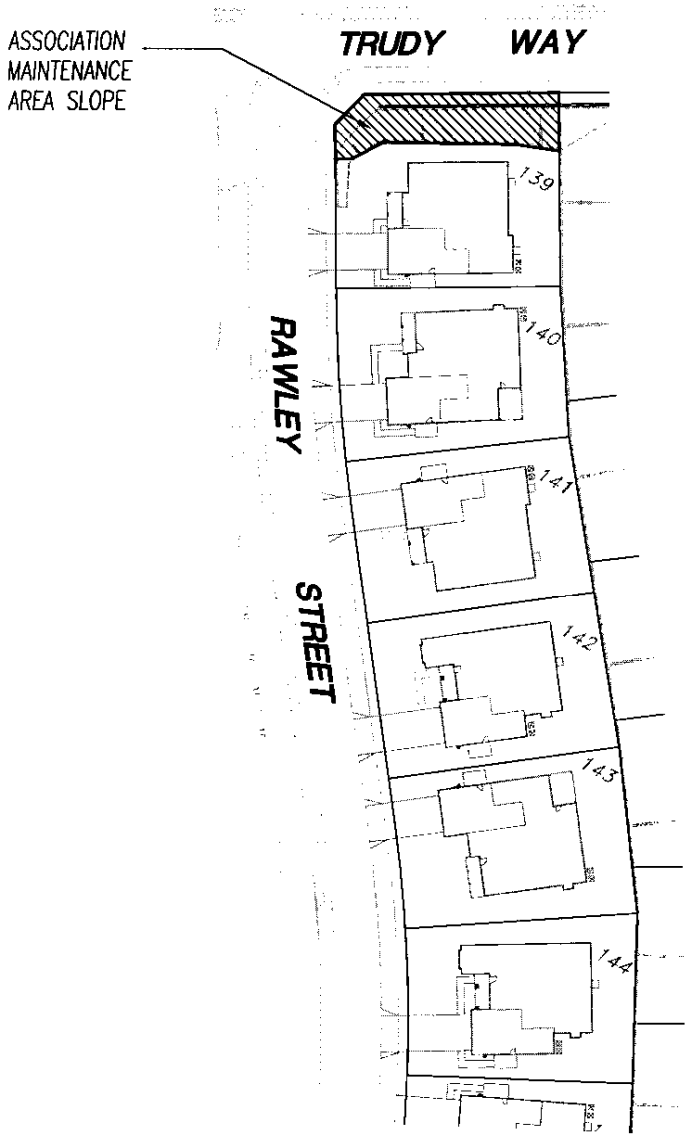
(SEAL)

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY

EXHIBIT A

ASSOCIATION MAINTENANCE AREA SLOPE AND YARD LANDSCAPING OVER PORTIONS OF RESIDENTIAL LOTS IN THE ADDED TERRITORY



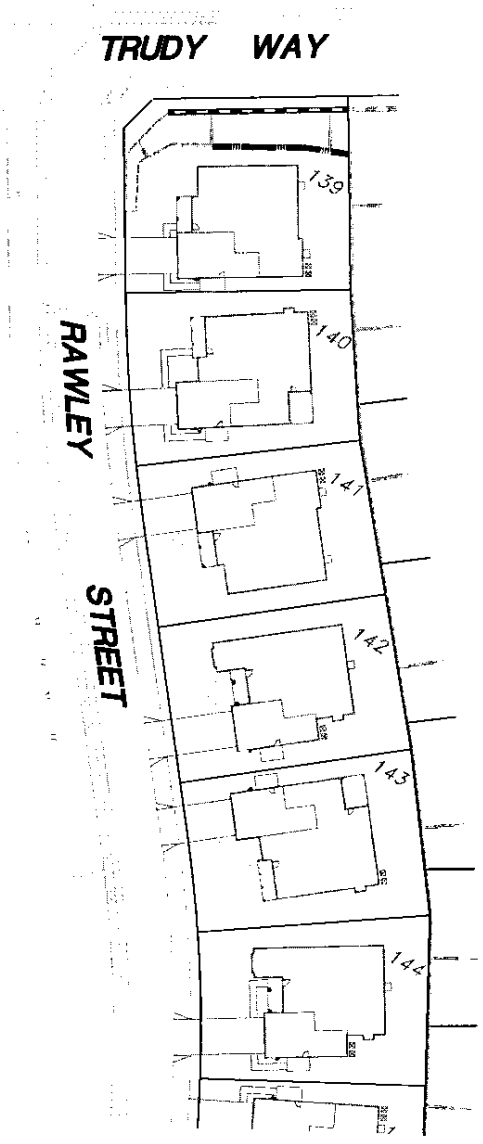
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EXHIBIT B

ASSOCIATION MAINTENANCE AREA
COMMUNITY WALLS IN THE ADDED TERRITORY

EXHIBIT B

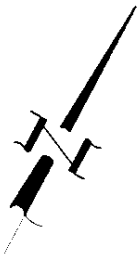
ASSOCIATION MAINTENANCE AREA COMMUNITY WALLS IN THE ADDED TERRITORY



ASSOCIATION MAINTENANCE AREA COMMUNITY WALL LEGEND:

RETAINING WALL

SPLIT FACE WALL



SCALE 1"=80'

EXHIBIT C

ALTERNATIVE DISPUTE RESOLUTION PROVISIONS

1. **DEFINITIONS**. For purposes of this ***Exhibit C*** (***"ADR Provisions"***) and ***Exhibit E*** only: (i) ***"Declarant"*** means and includes Declarant, any director, officer, partner, member, employee, agent, or representative of Declarant, any affiliate of Declarant (other than an affiliated mortgage lender) and any contractor, subcontractor, design professional, engineer, or supplier who provided labor, services or materials to the Project (as defined below) and who is bound or has agreed to be bound to the following dispute notification and resolution procedures; (ii) ***"Dispute"*** means any and all actions or claims by, between or among any Declarant party on the one hand and the Association and any Owner on the other hand arising out of or in any way relating to the Project, the Declaration, this Notice of Addition, a purchase and sale contract between Owner and Declarant for the purchase and sale of a Lot (***"Contract"***), liquidated damages issues under a Contract, the Limited Warranty (as defined in Section 7 of this Notice of Addition), and/or any other agreements or duties or liabilities as between any Declarant party and the Association or an Owner relating to the sale or transfer of the Lot or Common Area, or regarding the use or condition of the Lot or Common Area, or the design or construction of or any condition on or affecting the Project and/or any Lot or Common Area in the Project, including without limitation construction defects, surveys, soils conditions, grading, specifications, installation of improvements, or disputes which allege strict liability, negligence or breach of implied, express or statutory warranties as to the condition of the Lot or Common Area or other portions of the Added Territory; (iii) ***"Limited Warranty"*** means, when used in the context of a dispute arising after the Close of Escrow for the sale of a Lot or the transfer of Common Area, that certain form of Home Builder's Limited Warranty issued to Owner after the Close of Escrow or to the Association after the transfer of Common Area, substantially in the form of ***Exhibit D*** attached to this Notice of Addition and more particularly described in Section 7 of this Notice of Addition; (iv)***"Owner"*** means each Owner (as defined in the Notice of Addition), any individual or entities comprising such Owner, any representative of Owner acting with respect to Owner's rights (including without limitation any class representative or homeowners' association so acting), and any successor or assign of Owner with respect to such Owner's Lot, the Contract, the Limited Warranty, or any other agreements or obligations with respect to Declarant, the Lot or the Project; (v)***"Association"*** means the Orchard Glen Community Association, a California nonprofit corporation, its successors and assigns, and any subsequent owner of the Common Area; (vi) ***"Project"*** means the development, construction and marketing of the Lot and the community of which it is a part; and (vii) ***"Fix It Law Claim"*** means any claim by the Association and/or an Owner made in compliance with California Civil Code Section 910 alleging that Declarant contributed to or is otherwise responsible for a violation of the standards set forth in California Civil Code Sections 896 through 897. Disputes do not include actions taken by the Association against Declarant to collect delinquent Assessments or any action involving any Common Area completion bonds.

2. **FIX IT LAW NONADVERSARIAL DISPUTE RESOLUTION PROCEDURES**. These ADR Provisions set forth dispute resolution procedures which apply after application of any "nonadversarial dispute resolution" procedures required for Fix It Law Claims, as set forth in California Civil Code Sections 910 through 938. Nothing herein diminishes the rights and obligations of the Association, an Owner and Declarant under the nonadversarial dispute resolution procedures set forth in California Civil Code Sections 910 through 938 with respect to any Fix It Law Claim.

3. **ARBITRATION OF DISPUTES**.

3.1. BINDING ARBITRATION. WITH RESPECT TO ALL DISPUTES (WHETHER OR NOT RELATING TO THE LIMITED WARRANTY), DECLARANT, OWNER AND ASSOCIATION (COLLECTIVELY, THE "PARTIES") SHALL COMPLY WITH THE DISPUTE RESOLUTION PROCEDURES AND PROVISIONS SPECIFIED IN THE LIMITED WARRANTY. THE LIMITED WARRANTY GENERALLY PROVIDES THAT ALL DISPUTES BE SUBMITTED FOR RESOLUTION BY BINDING ARBITRATION TO DEMARS AND ASSOCIATES, LTD (**WWW.DEMARSASSOCIATES.COM**) (***"DEMARS"***) PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM OR BY SUCH OTHER NEUTRAL, INDEPENDENT ARBITRATION SERVICE THAT PROFESSIONAL WARRANTY SERVICE CORPORATION (*"PWC"* THE ADMINISTRATOR OF THE LIMITED WARRANTY) SHALL APPOINT. AN OWNER OR THE ASSOCIATION (AS APPLICABLE) MAY OBJECT TO THE USE OF DEMARS OR THE ARBITRATION SERVICE APPOINTED BY PWC (BUT NOT TO THE BINDING ARBITRATION PROCEDURE ITSELF) BY FOLLOWING THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY.

3.2. WAIVER OF LITIGATION RIGHTS. THE PARTIES ACKNOWLEDGE AND AGREE THAT BY AGREEING TO BINDING ARBITRATION AS PROVIDED HEREIN: (i) EACH PARTY IS GIVING UP THE RIGHTS SUCH PARTY MIGHT POSSESS TO HAVE A DISPUTE LITIGATED IN A COURT OR JURY TRIAL; (ii) EACH PARTY'S DISCOVERY AND APPEAL RIGHTS WILL BE LIMITED; (iii) EACH PARTY'S AGREEMENT TO THESE ADR PROVISIONS IS VOLUNTARY AND SUCH PARTY UNDERSTANDS ITS PROVISIONS; (iv) IF THE DISPUTE INVOLVES A LOT AND/OR COMMON AREA OWNED OR MANAGED BY OTHERS, INCLUDING THE ASSOCIATION, THE PROCEDURES SET FORTH HEREIN ARE ALSO ACCEPTABLE FOR RESOLVING DISPUTES WITH RESPECT TO SUCH MATTERS AND EACH PARTY WILL TAKE ALL ACTIONS NECESSARY TO SECURE PARTICIPATION BY SUCH OTHER PARTY IN THE DISPUTE RESOLUTION PROCEDURES SET FORTH HEREIN; AND (v) THE ASSOCIATION FOR THE PROJECT AND THE INTEREST OF ALL OWNERS IN THE ASSOCIATION WILL BE BOUND BY THE DISPUTE RESOLUTION PROCEDURES DESCRIBED HEREIN. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO BE ADVISED BY INDEPENDENT LEGAL COUNSEL IN CONNECTION WITH THESE ADR PROVISIONS AND IN MAKING THESE WAIVERS. THE PARTIES FURTHER ACKNOWLEDGE AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THESE WAIVERS, AND INTEND THESE WAIVERS BE READ AS BROADLY AS POSSIBLE AND TO EXTEND TO ALL DISPUTES EXCEPT AS OTHERWISE PROVIDED HEREIN. HOWEVER, THESE ADR PROVISIONS SHALL IN NO WAY BE CONSTRUED TO LIMIT THE RIGHT OF ANY PARTY TO BE REPRESENTED BY COUNSEL IN ANY PROCEDURES PURSUANT TO THESE ADR PROVISIONS.

3.3. CHOICE OF LAW AND SCOPE OF ARBITRATOR'S AUTHORITY. ALL DISPUTES SHALL BE GOVERNED, INTERPRETED AND ENFORCED ACCORDING TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1-16), WHICH IS DESIGNED TO ENCOURAGE USE OF ALTERNATIVE METHODS OF DISPUTE RESOLUTION THAT AVOID COSTLY AND POTENTIALLY LENGTHY COURT PROCEEDINGS. INTERPRETATION AND APPLICATION OF THESE PROCEDURES SHALL CONFORM TO FEDERAL COURT RULINGS INTERPRETING AND APPLYING THE FEDERAL ARBITRATION ACT.

REFERENCES TO CALIFORNIA LAW SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS OF THE PARTIES UNDER THE FEDERAL ARBITRATION ACT OR THE RIGHT OF THE PARTIES TO HAVE THE PROCEDURES SET FORTH IN THE LIMITED WARRANTY AND ELSEWHERE WITHIN THESE ADR PROVISIONS INTERPRETED AND ENFORCED UNDER THE FEDERAL ARBITRATION ACT. HOWEVER, TO THE EXTENT NECESSARY, AND WHENEVER SUCH LAWS ARE NOT IN CONFLICT WITH OTHER PROVISIONS OF THESE ADR PROVISIONS OR THE PROCEDURES OF ANY SELECTED ALTERNATIVE DISPUTE RESOLUTION SERVICE, THE ARBITRATOR SHALL APPLY THE LAWS OF THE STATE OF CALIFORNIA, AND THE ARBITRATOR'S AWARD MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION. THE ARBITRATOR SHALL HAVE THE AUTHORITY TO TRY AND SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, INCLUDING WITHOUT LIMITATION, THE VALIDITY, SCOPE AND ENFORCEABILITY OF THESE ADR PROVISIONS, AND MAY ISSUE ANY REMEDY OR RELIEF THAT THE COURTS OF THE STATE OF CALIFORNIA COULD ISSUE IF PRESENTED THE SAME CIRCUMSTANCES. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE ADR PROVISIONS AND THE PROCEDURES (AS REFERENCED IN PARAGRAPH 3(a)), THE TERMS OF THESE ADR PROVISIONS WILL CONTROL.

3.4. NO RECOVERY OF ATTORNEYS' FEES OR EXPERT WITNESS FEES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY RIGHT TO RECOVER ATTORNEYS' OR EXPERT WITNESS FEES INCURRED IN ANY DISPUTE.

3.5. ARBITRATION FILING FEES AND FEES CHARGED BY ARBITRATION SERVICE. DECLARANT SHALL INITIALLY ADVANCE (OR, UPON SATISFACTORY EVIDENCE, REIMBURSE) THE AMOUNT OF ANY ARBITRATION INITIATION/FILING FEES IN EXCESS OF THE AMOUNT OF THE FILING FEES FOR A CIVIL LAWSUIT REQUIRED UNDER APPLICABLE LOCAL LAW AT THE TIME THE ARBITRATION/FILING FEES ARE INCURRED. OTHER AND/OR ONGOING FEES AND COSTS OF THE ARBITRATOR SHALL BE DIVIDED EQUALLY BETWEEN THE CLAIMANT(S), ON THE ONE HAND, AND DECLARANT AND ANY OTHER PARTIES TO THE PROCEEDING, ON THE OTHER HAND. IN THE EVENT THAT ANY OF THE FOREGOING PROVISIONS FOR THE PAYMENT OF THE ARBITRATOR'S FEES AND COSTS ARE DETERMINED BY THE ARBITRATOR, OR BY A COURT, TO BE UNENFORCEABLE FOR ANY REASON, THEN SUCH UNENFORCEABLE PROVISIONS SHALL BE DEEMED SEVERED AND DECLARANT SHALL INSTEAD ADVANCE ALL ARBITRATOR FEES AND COSTS ASSOCIATED WITH THE PROCEEDING. IN ANY EVENT, THE ARBITRATOR MAY ULTIMATELY REALLOCATE SUCH FEES AND COSTS (BUT NOT THE ATTORNEYS' AND EXPERT FEES OF THE PARTIES) AMONG ALL PARTIES TO THE PROCEEDING, IN HIS OR HER DISCRETION AS THE INTERESTS OF JUSTICE DICTATE.

4. **SURVIVAL OF PROVISIONS**. If any provision or part of these ADR Provisions is for any reason held to be invalid, unenforceable or contrary to any public policy, law, statute and/or ordinance, then the remainder of these ADR Provisions shall not be affected thereby and shall remain valid and fully enforceable.

5. **WAIVER OF JURY TRIAL**. IN THE EVENT THAT THE DISPUTE RESOLUTION PROCEDURES SET FORTH OR REFERENCED HEREIN ARE DETERMINED TO BE

INVALID OR UNENFORCEABLE IN WHOLE OR IN PART, SUCH THAT THE DISPUTE PROCEEDS BY WAY OF CIVIL LITIGATION PROCEEDINGS IN ANY COURT, THE PARTIES NONETHELESS WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL TO THE EXTENT SUCH WAIVER IS NOT EXPRESSLY PROHIBITED BY STATUTE OR CONSTITUTION. THE PARTIES MAKE THESE WAIVERS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY.

6. **DISPUTES TO BE RESOLVED INDEPENDENTLY**. Notwithstanding the definition of ***"Owner"*** set forth in Paragraph 1(iv) above, Declarant and each Owner agree that it is in the best interest of Declarant and such Owner that the dispute resolution procedures set forth in these ADR Provisions be utilized independently of any actions (including actions brought pursuant to alternative dispute resolution procedures) involving Disputes between Declarant and other Owners. Accordingly, each Owner knowingly waives any right to participate in any form of "class," "joint" or "representative" litigation (including in any "private attorney general capacity") or dispute resolution procedures against Declarant. Each Owner and Declarant make this agreement on the grounds that they wish to assure, in advance, that any Disputes, actions or claims by or between such Owner and Declarant will not be combined with the Disputes, actions or claims by or between Declarant and any other Owner. Each Owner and Declarant include this provision on the additional grounds that: (i) the such Owner's Lot is unique from other properties in the Project, and any potential problems it may suffer will not necessarily be common to other properties; (ii) it may provide such Owner increased ability to control any Dispute involving the Lot; (iii) such Owner's interests will not be subordinated to the interests of other parties who might otherwise become involved in these Dispute resolution procedures; (iv) this approach is likely to foster faster resolution of most Disputes that may arise; (v) it will help to avoid conflicts of interest among such Owner's and Declarant's representatives; and (vi) it is intended to foster better communication between such Owner and Declarant focused on resolving the actual issues that may arise in any Dispute between them. Notwithstanding the foregoing, the restrictions of this Paragraph 6 shall not apply to actions (including actions brought pursuant to alternative dispute resolution procedures) for damages in the amount of One Thousand Dollars ($1000) or less per action (including actions brought pursuant to alternative dispute resolution procedures); provided however, that each Owner shall still be required to meet any legal requirements for any form of "class," "joint" or "representative" litigation or dispute resolution procedures with respect to such actions.

7. **DISPUTES UNDER FHA/VA WARRANTY**. Notwithstanding the provisions set forth above, this Paragraph 7 shall apply to the extent an Owner is issued a builder's limited warranty approved by U.S. Department of Housing and Urban Development for issuance to certain Federal Housing Administration or Veterans Administration Financed Buyers (***"FHA/VA Warranty"***). With respect to all Disputes arising out of a FHA/VA Warranty (**"FHA/VA Warranty Disputes"**), Declarant and such Owner shall comply with the Dispute resolution procedures and provisions specified in the FHA/VA Warranty. Specifically, the parties agree that the arbitration of FHA/VA Warranty Disputes shall not be mandatory; provided however, that in the event of an action in a court of law, the waiver of jury trial set forth in Paragraph 5 shall remain effective. All other Disputes shall continue to be governed by the provisions set forth above, including, without limitation, the provisions requiring binding arbitration. However, in the event that Owner files an action in a court of law regarding an FHA/VA Dispute while at the same time pursuing an arbitration for other Disputes, Declarant may elect to have all Disputes resolved in the court action.

8. **COOPERATION CLAUSE**. The parties to any Dispute shall at all times cooperate so as to permit compliance with the terms of these ADR Provisions and to accomplish their purposes.

9. **CHOICE OF FORUM CLAUSE**. In the event any party to a Dispute subject to these ADR Provisions seeks review by a court of the enforceability of any of the ADR Provisions set forth or referenced herein (despite the provisions herein making that issue one to be resolved by the arbitrator or general referee), the exclusive jurisdiction and venue for any such review shall be the Federal District Court for the county in which the Project is located.

EXHIBIT D

LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("**PWC**")

TABLE OF CONTENTS

Introduction

Section I.	Warranty Coverage
Section II.	OUR Warranty Obligations
Section III.	Homeowner Maintenance Obligations
Section IV.	Coverage Limitations
Section V.	Exclusions
Section VI.	Procedure to Request US To Perform Under This LIMITED WARRANTY
Section VII.	Binding Arbitration Procedure
Section VIII.	General Conditions
Section IX.	Definitions

Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer form

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;

m. Mine subsidence or sinkholes;
n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
o. Volcanic eruption; explosion or effusion;
p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
q. Insects, animals or vermin;
r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
x. Normal wear and tear or normal deterioration of materials;
y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or

COMMON ELEMENTS for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION**

DEFECT or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no

circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public

utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, **US**, **OUR** means the **BUILDER**.

YOU, **YOUR** means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s):_____

Address: _____

_____
CITY STATE ZIP

Home Phone :(_____)_____ **Business Phone:(_____)_____**

LIMITED WARRANTY #:_____ **Date Warranty Period begins:**_____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____ _____ _____
Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("**PWC**")

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THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II**, **OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**. Notwithstanding the foregoing, nothing in this **LIMITED WARRANTY** shall diminish any rights, obligations, or remedies that **YOU** or **WE** may have under California Civil Code Sections 895 through 945.5 or under any procedures adopted in place of California Civil Code Sections 910 through 938.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines, including those applicable to the "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes, and trim which are warranted for the first year of the **WARRANTY PERIOD**, contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply to the aforementioned "fit and finish items". If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter, storage and other costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;

m. Mine subsidence or sinkholes;
n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
o. Volcanic eruption; explosion or effusion;
p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
q. Insects, animals or vermin;
r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
x. Normal wear and tear or normal deterioration of materials;
y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**;

12. Any claim barred by any limitations period provided by law;

13. The "fit and finish" of cabinets, mirrors, flooring, interior and exterior walls, countertops, paint finishes and trim which were reported by **YOU** after the first year of the **WARRANTY PERIOD**, except where the "fit and finish" of such items is damaged by any **CONSTRUCTION DEFECT** covered under this **LIMITED WARRANTY**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

Subsections A through E of this **Section VI** apply in all cases, except where other procedures or provisions apply pursuant to a written contract between **YOU** and **US**.

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or

COMMON ELEMENTS for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION**

DEFECT or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.§ 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no

circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation, including the requirements and provision contained in the standards set forth in California Civil Code applicable to the **HOME** or the **COMMON ELEMENTS**, of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter, storage expenses and lost business income (if the **HOME** was used as a principal place of business licensed to be operated from the **HOME**) when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered **"CONSEQUENTIAL OR INCIDENTAL DAMAGE"** and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME,** or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.

(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public

utility connection.

(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, **US**, **OUR** means the **BUILDER**.

YOU, **YOUR** means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s):_____

Address: _____

_____
CITY STATE ZIP

Home Phone :(_____)_____ **Business Phone:(_____)**_____

LIMITED WARRANTY #:_____ **Date Warranty Period begins:**_____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____ _____ _____
Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT E

DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS

DECLARANT SHALL CAUSE TO BE ISSUED AND DELIVERED TO ASSOCIATION AND EACH ORIGINAL PURCHASER WHO PURCHASES A LOT IN THE PROJECT WRITTEN HOME BUILDER'S LIMITED WARRANTY (***"LIMITED WARRANTY"***). ASSOCIATION AND OWNERS UNDERSTAND AND AGREE THAT THE LIMITED WARRANTY TO BE ISSUED TO THE ASSOCIATION AND OWNERS IS THE ONLY WARRANTY, EXPRESS, IMPLIED OR STATUTORY, MADE BY DECLARANT WITH REGARD TO THE LOTS AND COMMON AREA IN THE PROJECT. DECLARANT MAKES NO OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR REPRESENTATIONS REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF, AND DISCLAIMS ANY SUCH WARRANTIES AND REPRESENTATIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

SPECIFICALLY, AND NOT BY WAY OF LIMITATION, DECLARANT HAS NOT MADE ANY REPRESENTATION REGARDING VIEWS, THE FUTURE USE, APPEARANCE OR HEIGHT OF SURROUNDING PROPERTY, SELLING PRICE OF OTHER HOMES, INVESTMENT OR TAX ADVANTAGE OF HOME OWNERSHIP, APPEARANCE OR HEIGHT OF ADJOINING PROPERTY, OR DESIRABILITY OF ANY PARTICULAR LOCATION. EXCEPT AS MAY BE SET FORTH IN A SEPARATE WRITTEN DISCLOSURE DELIVERED BY DECLARANT TO THE INITIAL OWNER OF A LOT, DECLARANT MAKES NO WARRANTY OR REPRESENTATION AS TO THE FUTURE USES ON ADJOINING PROPERTIES OR PROPERTY IN THE GENERAL VICINITY OF THE PROJECT NOR AS TO THE PRESENCE OR NON-PRESENCE OF RADON, METHANE OR OTHER NATURALLY OCCURRING HAZARDOUS ENVIRONMENTAL CONDITIONS, OR TO THE EFFECT OF ANY SUCH CONDITION ON THE COMMON AREA, THE LOTS, THE ASSOCIATION OR THE OWNERS.

NOTWITHSTANDING THE FOREGOING, THE LIMITED WARRANTY SHALL IN NO EVENT EXTEND TO ANY CONSUMER PRODUCT, APPLIANCES, AIR CONDITIONING UNITS, FURNACES, WATER HEATERS AND OTHER PRODUCTS INCLUDED IN THE LOTS AND/OR COMMON AREA IN THE PROJECT THAT ARE CONSIDERED ***"CONSUMER PRODUCTS"*** AS DEFINED BY THE FEDERAL TRADE COMMISSION FOR THE PURPOSES OF THE MAGNUSON MOSS ACT (15 U.S.C. 2301 ET SEQ.) THAT MAY BE INCLUDED IN ANY TRANSACTION WITH ANY OWNER. THE MANUFACTURERS OF SOME PRODUCTS USED IN THE HOUSE MAY PROVIDE A MANUFACTURER'S WARRANTY. DECLARANT

HAS NO OBLIGATION OR RESPONSIBILITY FOR THE MANUFACTURER'S PERFORMANCE, AND DECLARANT DOES NOT WARRANT ANY OF THESE ITEMS FOR ANY USE, FITNESS FOR USE, WORKMANSHIP, QUALITY OR ANY OTHER PURPOSE.

ASSOCIATION AND OWNERS HAVE CONDUCTED THEIR OWN RESPECTIVE INVESTIGATIONS WITH RESPECT TO THESE AND ALL OTHER MATTERS. TO THE FULLEST EXTENT ALLOWED BY LAW, THE ASSOCIATION AND OWNERS WAIVE ALL IMPLIED WARRANTIES RELATING TO THE LOTS AND COMMON AREA IN THE PROJECT, OR ANY COMPONENTS THEREOF, OR FIXTURES OR PERSONAL PROPERTY INSTALLED THEREIN, INCLUDING ALL IMPLIED WARRANTIES REGARDING EITHER LATENT OR PATENT DEFECTS IN THE LOTS AND COMMON AREA OR AS TO THE MERCHANTABILITY, FITNESS, HABITABILITY, OR QUALITY THEREOF. ASSOCIATION AND OWNERS ALSO WAIVE THE RIGHT TO SEEK DAMAGES OR OTHER LEGAL OR EQUITABLE REMEDIES AGAINST DECLARANT UNDER ANY OTHER COMMON LAW OR STATUTORY THEORY OF LIABILITY, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND STRICT LIABILITY. NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS PARAGRAPH, CERTAIN WAIVERS OF RIGHTS MAY BE UNENFORCEABLE.

NO SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT HAS AUTHORITY TO MODIFY THE TERMS OF THIS EXHIBIT. THIS EXHIBIT SUPERSEDES ANY PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS MADE BY ANY SALESPERSON, EMPLOYEE OR AGENT OF DECLARANT, WHETHER ORAL OR WRITTEN, WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT, AND ASSOCIATION AND OWNERS HAVE NOT RELIED AND SHALL NOT RELY ON ANY SUCH PROMISES, AGREEMENTS, OR OTHER REPRESENTATIONS WITH RESPECT TO THE MATTERS SET FORTH IN THIS EXHIBIT.

NOTHING IN THIS DISCLAIMER AND WAIVER OF WARRANTIES AND OTHER RIGHTS EXHIBIT OR THE LIMITED WARRANTY DIMINISHES ANY RIGHTS OR OBLIGATIONS DECLARANT, ASSOCIATION OR OWNERS MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTIONS 895 THROUGH 945.5.

RECORDING REQUESTED BY:
FIRST AMERICAN TITLE COMPANY
NATIONAL HOMEBUILDER SERVICES
SUBDIVISION DEPARTMENT

~~RECORDING REQUESTED BY:~~

~~WHEN RECORDED, MAIL TO:~~

JACKSON | DEMARCO | TIDUS |
PECKENPAUGH (SLM)
2030 Main Street, Suite 1200
Irvine, California 92614
3395734-29

COPY of Document Recorded
on 3-15-10 as No. 0116682
has not been compared with
original.
LARRY W. WARD
County Recorder
RIVERSIDE COUNTY CALIFORNIA

(Space Above For Recorder's Use)

ASSIGNMENT OF DECLARANT RIGHTS UNDER THE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN

This Assignment of Declarant Rights under the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen (the "***Assignment***"), dated as of March 10, 2010, is entered into by CORONA ORCHARD GLEN LLC, a Delaware limited liability company ("***Assignor***") and STANDARD PACIFIC CORP., a Delaware corporation ("***Assignee***"). Assignor and Assignee may be hereinafter referred to as the "***Parties***."

RECITALS

A. The Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen was recorded on August 14, 2006, as Instrument No. 2006-0596259, and amended pursuant to that certain First Amendment to Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Orchard Glen, recorded on January 12, 2007, as Instrument No. 2007-0028858, both in Official Records of Riverside County, California (the "***Official Records***") (together with any further amendments thereto, the "***Declaration***"). The Declaration covers certain real property in the City of Corona, County of Riverside, State of California, more particularly described in the Declaration and any Recorded Notice of Addition (the "***Properties***"). The Properties are being developed as a planned development known as "Orchard Glen." Unless otherwise defined herein, any capitalized term shall have the same meaning as that used in the Declaration.

B. Assignor is the ***"Declarant"*** as that term is defined in Section 1.1.19 of the Declaration pursuant to that certain Assignment of Declarant's Rights Under Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen, recorded on March 31, 2008, as Instrument No. 2008-0158063, in Official Records (***"Original Assignment"***) and has the right to further assign its rights to Assignee pursuant to Section 5 of the Original Assignment.

C. Assignee is the owner of that certain real property described on ***Exhibit A*** hereto (***"Assignee Property"***) pursuant to a grant deed from Assignor to Assignee Recorded concurrently herewith. Assignee has the right to purchase the additional certain real property described on ***Exhibit B*** hereto (***"Future Assignee Property"***) pursuant to the terms and conditions of that certain Purchase and Sale Agreement and Joint Escrow Instructions [Orchard

Glen Project] entered into on December 9, 2009, by and between Assignor and Assignee ("***Purchase and Sale Agreement***"), which is evidenced by that certain Memorandum of Purchase Agreement, dated as of December 9, 2009, and recorded in Official Records on January 19, 2010, as Instrument No. 0020182, as the same may be re-recorded concurrently herewith.

D. This Assignment shall be effective upon the recordation of this Assignment ("***Effective Date***") as to the Assignee Property, but will not be effective as to the Future Assignee Property until the transfer of ownership of all or a portion of such property to Assignee as described below. Assignor and Assignee intend that this Assignment shall automatically be extended to the Future Assignee Property, or portion thereof, upon the Recordation of a grant deed transferring the Future Assignee Property, or portion thereof, to Assignee ("***Future Assignee Property Effective Date***"). No further documentation, other than a recorded grant deed, shall be required to effectuate the transfer of Declarant's Rights to Assignee on the Future Assignee Property. Upon the Future Assignee Property Effective Date, the property so transferred shall automatically become "Assignee Property" and shall be subject to all of the same terms and conditions of this Assignment that govern the initial Assignee Property.

E. From and after the Effective Date and the Future Assignee Property Effective Date, the Parties desire that Assignee have the right to exercise all of the rights, powers, entitlements, exemptions and duties of a "Declarant" under the Declaration to develop or sell the Assignee Property, or remaining portion thereof still in the ownership of Assignee. In order that Assignee be able to develop and market the Assignee Property in the manner contemplated by this Assignment, it is necessary that Assignor transfer and assign to Assignee all of the Declarant Rights and easements reserved to the Declarant, solely with respect to the Assignee Property. Section 1.1.19 and Section 15.6 of the Declaration, entitled "Declarant" and "Assignment of Rights" respectively, permit Assignor, as the current "Declarant" thereunder, to so transfer and assign its rights thereunder by an express written instrument recorded in Official Records. By this Assignment, the Parties intend that Assignee shall be permitted to broadly exercise the rights assigned hereby for the purpose of developing and marketing the Assignee Property.

THEREFORE, the Parties agree as follows:

1. **Incorporation of Recitals.** The Parties hereby approve the foregoing Recitals and incorporate paragraphs A to E, inclusive, of the Recitals into the body of this Assignment.

2. **Assignment of Rights.** Assignor hereby (i) assigns to Assignee all of the rights, powers, entitlements, exemptions and duties of a Declarant under the Declaration with respect to the Assignee Property, and (ii) grants to Assignee nonexclusive easements over the Common Area owned by Assignor and over any Common Area owned by the Orchard Glen Community Association ("***Association***"), but over which Assignor holds easements for the exercise of those rights, as reserved under Article VI of the Declaration, entitled "Property Easements and Rights" and elsewhere in the Declaration where easements are reserved to the Declarant for all purposes under the Declaration, including without limitation, purposes necessary or desirable to develop and market the Assignee Property.

3. **Multiple Declarants.** The Parties intend that from and after the Effective Date, and until Assignee owns all of the Future Assignee Property, the Parties shall exercise their Declarant Rights as to their own property subject to the requirements set forth in this Assignment. Nothing contained herein shall impose upon a Declarant the requirement to obtain approval from the other Declarant as a condition to the exercise of their rights as to their property, and nothing contained herein shall allow one Declarant to exercise rights relating to the other Declarant's property without the consent of such other Declarant; provided, however, the Declarant Rights under Sections 15.7 and 15.10.1 cannot be exercised without the consent of all the Declarants who then own real property in the Orchard Glen community.

4. **References to Declarant in Disclosures.** Assignor and Assignee agree that all references to Declarant in Article III of the Declaration, which contains disclosures, are intended to protect Assignee as well as Assignor with respect to disclosures to buyers of real property that are necessary or desirable under the law.

5. **Effective Date.** This Assignment shall be effective on the Effective Date as to the Assignee Property and effective on the Future Assignee Property Effective Date as to the Future Assignee Property or portion thereof.

6. **Acceptance of Assignments and Grants.** Assignee accepts the foregoing assignments and grants from Assignor as of the Effective Date, or the Future Assignee Property Effective Date, as appropriate. This Assignment shall not affect in any way any other agreement between the Parties. This Assignment shall not in any way constitute an assignment, assumption or delegation of Assignor's liabilities to Assignee, including without limitation, Assignor's liabilities as Declarant under the Governing Documents, with respect to the Association or with regard to the Properties or Annexable Area, except with respect to the Assignee Property which arise after the Effective Date, and with respect to the Future Assignee Property, or portion thereof, which arise after the Future Assignee Property Effective Date.

7. **Agreement to Further Cooperate.** Assignor and Assignee further agree to take all actions and execute and deliver such documents as are necessary for any of the following purposes:

a. **Representation on the Board of Directors.** Assignor currently holds one (1) seat on the Board of Directors of the Association and will use commercially reasonable efforts to obtain a total of three (3) seats on the Board of Directors of the Association. The Board of Directors of the Association consists of five (5) seats at the time of recordation of this Assignment. Upon the Effective Date, the Parties agree that Assignor shall have its representative resign from Assignor's one (1) Board seat and appoint a representative of Assignee to the Board seat currently held by Assignor. If Assignor obtains three (3) Board seats (including the seat transferred to Assignee on the Effective Date), Assignor shall be entitled to retain one (1) Board seat and Assignor shall have its representative resign from the third Board seat and appoint a representative of Assignee to such third Board seat. Upon the transfer of all of the Future Assignee Property to Assignee, Assignor agrees to release any and all Board seats that it may still control to Assignee. If the Assignee does not purchase all of the Future Assignee Property within the timeline set forth in the Purchase and Sale Agreement by and between Assignor and Assignee, as may be amended, Assignee agrees to return any Board seats that it

may hold; provided that, if Assignee has purchased thirty (30) or more lots pursuant to the Purchase and Sale Agreement, it may retain one (1) Board seat. The foregoing is subject to the ability of Assignor, and/or Assignee, to exercise their Class B membership rights under Section 4.4.3(b) of the Declaration (3 to 1 voting) to obtain and/or retain control over a majority of the Board of Directors. If Assignor and/or Assignee are collectively only able to obtain two (2) Board seats based on the exercise of their collective voting rights, each Party shall hold one (1) Board seat until Assignee purchases all of the Future Assignee Property at which time Assignor agrees to release any and all Board seats that it may still control to Assignee; provided, however, that if the Purchase and Sale Agreement terminates without Assignee having purchased at least thirty (30) lots pursuant thereto, then Assignee agrees to return any Board seats that it may hold.

b. **Party Cooperation in Exercising Declarant Rights to Effectuate Development Plans.** The Parties hereby agree as follows:

i) Assignee shall cooperate with Assignor in every commercially reasonable manner to use its Declarant's rights to permit (where permission is necessary, and not otherwise interfere with) Assignor to effectuate its development plans and complete the Assignor's sale of the portion(s) of the Properties owned by Assignor (other than the Future Assignee Property) and the transfer of ownership, maintenance and control of the Common Area to the Association.

ii) Assignor shall cooperate with Assignee in every commercially reasonable manner to use its Declarant's rights to permit (where permission is necessary, and not otherwise interfere with) Assignee to effectuate its development plans and complete the Assignee's sale of the portion(s) of the Properties owned by Assignee and the transfer of ownership, maintenance and control of the Common Area to the Association.

c. **Intent of Assignment.** Effect the intent of this Assignment.

8. **Assignee's Right to Assign.** Assignee shall have the right, without obligation, to assign its rights and easements under this Assignment solely to successors in interest in all or a portion of the Assignee Property or Future Assignee Property which are permitted pursuant to the terms of the Purchase and Sale Agreement and that certain Profit Participation Agreement, dated as of March 10, 2010 by and between Assignor and Assignee; provided, however, that if Assignee assigns its rights as Declarant to more than one successor in interest, Assignee shall designate only one (1) successor in interest to exercise the Board Representation Rights set forth in Section 7(a) of this Assignment. In addition, any successor in interest who receives an assignment of Declarant Rights under this Assignment shall be obligated to assume the duties required under this Assignment as well.

9. **Ratification of Declaration.** This Assignment shall not be construed or considered an amendment of the Declaration. Subject to the assignment of Declarant's rights described above, Assignor and Assignee hereby ratify and confirm all provisions of the Declaration.

10. **Termination of Assignment as to Future Assignee Property, or Portion Thereof.** This Assignment shall not be effective as to the Future Assignee Property, or

portion thereof, that is not purchased by Assignee within the timeline set forth in the Purchase and Sale Agreement, as the same may be amended (the ***"Retained Land"***). The Parties agree to execute and record any documentation that may be necessary or desirable to clear this Assignment from title for the Retained Land, including a termination of this Assignment that is effective only as to such Retained Land.

11. **Attorney's Fees.** If any action or proceeding is instituted to enforce or interpret this Assignment or for damages on account of the breach of this Assignment, the prevailing Party in any such action or proceeding shall be entitled to recover from the other Party its reasonable attorneys fees and costs and expenses of litigation incurred in such action or proceeding.

12. **Counterparts.** This Assignment may be signed in counterparts, each of which is an original, and all of which together are one instrument.

(SIGNATURES ON FOLLOWING PAGE)

~~(SIGNATURE PAGE TO ASSIGNMENT OF DECLARANT'S RIGHTS UNDER THE~~ DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN)

ASSIGNOR:

CORONA ORCHARD GLEN LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: R. Scott Harris ~~Authorized Signatory~~

STATE OF Texas
COUNTY OF Dallas

On March 11, 2010, before me, Michelle Mora-Lopez, Notary Republic
(here insert name and title of the officer)

personally appeared R. Scott Harris

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

MICHELLE MORA-LOPEZ
MY COMMISSION EXPIRES
October 6, 2012

(SEAL)

(SIGNATURE PAGE TO ASSIGNMENT OF DECLARANT'S RIGHTS UNDER THE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN)

ASSIGNEE:

STANDARD PACIFIC CORP.,
a Delaware corporation

By: _____

Print Name: _____

Title: Authorized Representative

By: _____

Print Name: _____

Title: Authorized Representative

STATE OF CALIFORNIA

COUNTY OF Riverside

On March 10, 2010, before me, Sarah McPherson, Notary Public
(here insert name and title of the officer)

personally appeared August Belmont & Martin P. Langpap

who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

SARAH MCPHERSON
Commission # 1820882
Notary Public - California
Riverside County
My Comm. Expires Nov 27, 2012

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION OF ASSIGNEE PROPERTY

All that certain real property located in the City of Corona, County of Riverside, State of California, more particularly described as follows:

Lots 139 through 143, inclusive, of Tract No. 31955, as shown on a Map filed in Book 407 Pages 5 through 20 of Maps, Records of Riverside, State of California.

EXHIBIT B

LEGAL DESCRIPTION OF FUTURE ASSIGNEE PROPERTY

All that certain real property located in the City of Corona, County of Riverside, State of California, more particularly described as follows:

Lots 1 through 47, inclusive, 54, 55, 67 through 83, inclusive, 95 through 99, inclusive, and 144 through 157, inclusive, of Tract No. 31955, as shown on a Map filed in Book 407 Pages 5 through 20 of Maps, Records of Riverside, State of California.

COMMERCE TITLE
BUILDER SERVICES

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

Commerce Title Company
2828 N. Harwood Street, 11th Floor
Dallas, Texas 75201
Attention: Roxanne Q. Linscomb

CONFORMED COPY
COPY of Document Recorded
on 3-3-08 as No. 158063
Has not been compared with original.
RIVERSIDE COUNTY RECORDER

90012526

(Space Above For Recorder's Use)

ASSIGNMENT OF DECLARANT'S RIGHTS UNDER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN

THIS ASSIGNMENT OF DECLARANT RIGHTS UNDER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR ORCHARD GLEN (this ***"Assignment"***) is made and entered into as of March 29th, 2008, by and between CENTEX HOMES, a Nevada general partnership (***"Assignor"***), and CORONA ORCHARD GLEN LLC, a Delaware limited liability company (***"Assignee"***). Assignor and Assignee may be hereinafter referred to as the ***"Parties."***

PREAMBLE:

A. Assignor is the "Declarant" under that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Orchard Glen recorded in the Official Records of Riverside County, California, on August 16, 2006, as Instrument No. 2006-0596259, (including any amendments thereto, the ***"Declaration"***).

B. Assignee is acquiring a portion of Assignor's real property that includes the within contemporaneous assignment of that portion of Assignor rights and powers that relate to the specific real property being sold to Assignee.

C. Assignor wishes to grant and assign to Assignee all of Assignor's rights, powers, entitlements, exemptions and duties as Declarant under the Declaration with respect to that certain real property in the County of Riverside State of California, and more particularly described in ***Exhibit "A"*** attached hereto (the ***"Assignee Property"***). Assignee wishes to accept such grant and assignment from Assignor and assume such duties.

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

1. **Assignment of Declarant's Rights**. Assignor hereby grants and assigns to Assignee all of Assignor's rights, powers, entitlements, exemptions and duties as Declarant under the Declaration as to the Assignee Property, reserving, however, all such rights, powers, entitlements, exemptions and duties as Declarant under the Declaration with respect to all other real property that Assignor still owns, or has previously conveyed to purchasers of homes in the Orchard Glen Community, or conveyed to Orchard Glen Community Association, a California nonprofit corporation.

2. **Acceptance of Assignment**. Assignee hereby accepts the foregoing grant and assignment from Assignor, and hereby assumes such duties and responsibilities, with respect to the Assignee Property.

3. **No Amendment**. This Assignment shall not be construed or considered an amendment of the Declaration and, subject to the assignment of Declarant's rights described above, Assignor and Assignee hereby ratify and confirm all provisions of the Declaration. Except as otherwise expressly provided herein, all capitalized words and phrases used in this Assignment shall have the same meanings given them in the Declaration.

4. **Cooperation and Further Assurances**. The Parties shall cooperate reasonably and in good faith with each other in the exercise of their respective Declarant's rights, powers, entitlements and exemptions under the Declaration, and in the performance of their respective Declarant's duties under the Declaration, with respect to their respective portions of the real property subject to the Declaration, particularly when such exercise or performance must be performed jointly. Accordingly, the Parties hereby agree to consult together and cooperate reasonably and in good faith for their mutual benefit in accordance with the foregoing, and to execute and deliver, in recordable form (if applicable), any and all additional documents, and other assurances that may be required, and to do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder, and to carry out the intent of the Parties.

5. **Successors and Assigns**. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties and each of their respective successors and assigns who acquires more than one (1) undeveloped Lot from a Party for the purpose of development and is assigned Declarant's rights under the Declaration with respect to such real property for the purpose hereof by a duly recorded written instrument, or successors by operation of law or by exercise of the remedies under a mortgage, deed of trust or deed in lieu of foreclosure, and who expressly elects to assume the rights and duties of Declarant with respect to the acquired real property.

6. **Counterparts**. This Assignment may be executed in counterparts, each of which shall be deemed an original and all of which together will constitute one instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth above.

Assignor:

CENTEX HOMES, a Nevada general partnership

By: CENTEX REAL ESTATE CORPORATION, a Nevada corporation, managing partner

By: Donald L. Westfall

Name: Donald Westfall

Its: Senior VP

Assignee:

CORONA ORCHARD GLEN LLC, a Delaware limited liability company

By: _____

Name: Brian J. Woram

Its: Senior VP & Sec.

State of Texas)

County of Dallas)

On March 29, 2008 before me, (here insert name and title of the officer), personally appeared Donald Wastell who 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. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Roxanne Q. Linscomb (Seal)

ROXANNE Q. LINSCOMB
Notary Public, State of Texas
My Commission Expires
October 21, 2008

State of Texas)

County of Dallas)

On March 29, 2008 before me, (here insert name and title of the officer), personally appeared Brian Wood who 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. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

ERIC DAHLBERG
MY COMMISSION EXPIRES
April 15, 2010

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

The real property in the City of Corona, County of Riverside, State of California, described as follows:

PARCEL 1:

LOTS 1 THROUGH 47, INCLUSIVE, 54, 55, 67 THROUGH 83, INCLUSIVE, 95 THROUGH 99, INCLUSIVE, 139 THROUGH 157, INCLUSIVE, M THROUGH S, INCLUSIVE, W, AND X, ALL OF TRACT NO. 31955, AS PER MAP RECORDED IN BOOK 407 OF MAPS, PAGES 5 THROUGH 20, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT OVER, UPON AND ACROSS THAT PORTION OF REAL PROPERTY LYING SOUTHERLY OF THE SOUTHERLY LINE OF TRACT 31955, FOR ACCESS, INGRESS AND EGRESS TO THE FUEL MODIFICATION EASEMENT AREA, AS SHOWN IN THE GRANT OF EASEMENT RECORDED JULY 26, 2006, INSTRUMENT NO. 2006-0551346, OF OFFICIAL RECORDS.