

RECORDING REQUESTED BY:
NORTH AMERICAN
TITLE COMPANY

WHEN RECORDED MAIL TO:

Lennar Communities
24800 Chrisanta Drive, Suite 200
Mission Viejo, CA 92691
Attn: T. Wilson

(Space Above for Recorder's Use)

SHARED USE AND MAINTENANCE AGREEMENT

This Shared Use and Maintenance Agreement ("Agreement"), is entered into by HCC INVESTORS, LLC, a Delaware limited liability company ("HCC"), and THE BRIDGES COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation ("Master Association"). HCC and Master Association (collectively the "Parties") are entering into this Agreement with reference to the following recitals:

PREAMBLE

A. HCC is the owner and developer of real property in the unincorporated Rancho Santa Fe area of San Diego County identified to the California Department of Real Estate ("DRE") as Phase 1 of a master planned residential community known as The Bridges at Rancho Santa Fe ("The Bridges"). Current plans call for The Bridges to include an eighteen hole golf course ("Golf Course Property").

B. Phase 1 is subject to a Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Bridges at Rancho Santa Fe ("Master Declaration"), which shall be recorded in the Official Records of San Diego County, California. Except as otherwise defined herein, the capitalized terms in this Agreement have the same meaning given them in the Master Declaration.

C. The single family Lots to be developed in The Bridges are served by private streets. Access to these Lots and the Golf Course Property is provided through an "Entry Drive" (defined below) which is a portion of "Lot 32" (defined below).

D. The Golf Course Property and Lot 32 are described on Exhibit "A" attached to this Agreement, and the Parties intend this Agreement to be recorded as an encumbrance upon said real property.

E. As the "Annexable Territory", defined in the Master Declaration, is developed by HCC, these developed areas or "Phases" will become subject to the Master Declaration (collectively referred to as the "Properties"). Pursuant to the Master Declaration, the Master Association has been formed to manage and maintain the Master Common Areas within the Properties and to participate in the sharing of uses and expenses as provided in this Agreement.

F. The Properties include certain slope areas adjacent to the Golf Course Property ("Slope Maintenance Areas," defined below), the appearance and consistent maintenance of which will benefit all of The Bridges community. Slope Maintenance Areas within each Phase of the Properties will be maintained and repaired as a part of the maintenance of the Golf Course Property, and the costs of such maintenance and repair will be shared by the Master Association and the "Course Owner" defined below.

G. The Parties also foresee that the need to share other services or the operation and maintenance of other facilities, benefitting both The Bridges community and the Golf Course Property (a "Community Benefit Facility," defined below), may arise in future Phases.

H. If developed as planned, the Golf Course Property will include a clubhouse and recreational facilities, to be used by persons who may be either residents or nonresidents of The Bridges community. HCC currently owns fee title to the Golf Course Property, but may transfer all or a portion of its interest therein to others, as described below.

I. The Parties desire to provide in this Agreement for (i) ownership of Lot 32, (ii) easements for use of the Entry Drive, other streets and the Slope Maintenance Areas, (iii) rights and duties concerning operation, maintenance and expense sharing for the Entry Drive, the Slope Maintenance Areas and future Community Benefit Facilities; and (iv) drainage easements over the Golf Course Property.

THEREFORE, the Parties hereby declare that: the real property described on Exhibit A, and the Properties, are to be held, conveyed, used and improved subject to the easements and covenants contained herein for the use and maintenance of the Entry Drive, the Slope Maintenance Areas, the Golf Course Property, the Master Common Area and any Community Benefit Facility, to enhance the value and desirability of the Properties; all provisions of this Agreement are hereby imposed as equitable servitudes on the Properties and the Golf Course Property (collectively the "Benefited Properties"); and all provisions of this Agreement shall, unless otherwise stated, run with the Benefited Properties and be binding upon and inure to the benefit of the Benefited Properties, and all parties having or acquiring any right, title, or interest in the Benefited Properties, or any portion thereof or interest therein. Further, the Parties do agree as follows:

1. Effective Date. This Agreement shall be effective as of the date ("Effective Date") of the first close of escrow for the sale of a Lot in Phase 1, in a transaction requiring the issuance of a Final Subdivision Public Report by the DRE ("Close of Escrow").

2. Definitions.

2.1 Community Benefit Expense. Community Benefit Expense means all expenses incurred in operating and maintaining an Improvement, other community facility, or any activity defined as a Community Benefit Facility, pursuant to Sections 2.2 and 5.3 below.

2.2 Community Benefit Facility. Community Benefit Facility means any Improvement or community facility of any kind (other than the Entry Drive and Slope Maintenance Areas), or any other activity, located or performed within or in proximity to the Properties, which is: (i) operated and maintained or performed by or on behalf of Course Owner or Master Association; (ii) described in any Notice of Addition of Territory or Supplemental Master Declaration ("Notice of Addition") to the Master Declaration, recorded by the "Declarant" therein pursuant to Sections 16.1 and 16.4 of the Master Declaration; and (iii) determined by HCC to serve or benefit both the Golf Course Property and the Properties, with such determination to be a right personal to HCC, made in the exercise of its sole discretion.

2.3 Course Owner. Course Owner means the owner from time to time of fee title to the Golf Course Property, being HCC or its successor in interest thereto, and any agent or lessee of such owner who is responsible for the operation and maintenance of the Entry Drive or the Slope Maintenance Areas.

2.4 Entry Drive and Entry Gate. Entry Drive means (i) the portion of Lot 32 which is the private entry street from Aliso Canyon Road, along Seven Bridges Road, to the furthest point of vehicular access to the parking lot or lots serving the Golf Course Property clubhouse and other member facilities, together with the Improvements thereto including the street and walkways, walls, fences, signs, landscaping, lighting, fountains, and all utilities serving those Improvements, and (ii) any portions of the Golf Course Property located adjacent to said private entry street at the intersection of Aliso Canyon Road, upon which said Improvements may encroach, all as shown on Exhibit "B" attached to this Agreement. Entry Drive Improvements also include the Entry Gate, an access-control facility within the Entry Drive which may include one or more gates, controlled-access arms, buildings, walls or fences, operated pursuant to Section 5.1.3 below. The Entry Drive does not include either the "Residential Streets" defined below, or the structure housing mailboxes. If there is any discrepancy between the depiction of Entry Drive and Entry Gate Improvements on said Exhibit and their actual as-built conditions, the as-built conditions will control.

2.5 Entry Drive Expenses. Entry Drive Expenses means all expenses incurred by Course Owner in operating, managing, maintaining, repairing, replacing and insuring the Entry Drive and all Improvements therein, pursuant to Section 5.1 below.

2.6 Fiscal Year. Fiscal Year means the fiscal year adopted by the Board of the Master Association.

2.7 Lot 32. Lot 32 means Lot 32 on the Map of Tract No. 4569-1, described on Exhibit "A" attached to this Agreement, or as shown or described in any resubdivision, certificate of compliance, lot line adjustment or other instrument reconfiguring Lot 32, which may enlarge or reduce the Lot 32 land area, and which HCC shall have the right to cause to be Recorded over all or any portion of Lot 32, at any time prior to the conveyance of fee title to all of Lot 32 by HCC.

2.8 Residential Streets. Residential Streets means those portions of the Properties, other than the Entry Drive, designated on any subdivision map, certificate of compliance or lot line adjustment as "private streets."

2.9 Shared Expenses. Shared Expenses means the sum of the actual Entry Drive Expenses, Slope Maintenance Expenses and Community Benefit Expenses, which sum is shared by Master Association and Course Owner pursuant to Section 7, below.

2.9.1 Actual Shared Expenses. Actual Shared Expenses means the Shared Expenses actually incurred by Course Owner for the immediately preceding Fiscal Year.

2.9.2 Estimated Shared Expenses. Estimated Shared Expenses means an estimate of the Shared Expenses to be incurred by Course Owner during the next Fiscal Year.

2.10 Slope Maintenance Areas. Slope Maintenance Areas means those portions of certain Lots within the Properties, the approximate location of which are shown on Exhibit "B" attached to this Agreement. Slope Maintenance Areas within Phase 1 are described in Exhibit "E" attached to the Master Declaration, and any Slope Maintenance Areas within subsequent Phases of the Properties, will be described in a Notice of Addition. All Slope Maintenance Areas described in the Master Declaration and any Notice of Addition shall be subject to this Agreement. If there is any discrepancy between the information contained within said Exhibits and the actual as-built conditions of the Slope Maintenance Areas, the as-built conditions will control.

2.11 Slope Maintenance Expenses. Slope Maintenance Expenses means all expenses incurred by Course Owner in operating, maintaining, repairing, replacing and insuring the Slope Maintenance Areas and the Improvements pursuant to Section 5.2 below. Because Slope Maintenance Areas are part of the Golf Course Property, some or all of Course Owner's actual expenses of operation and maintenance exclusive to the Slope Maintenance Areas may not be reasonably ascertainable. Therefore, Course Owner shall have the right to determine such Slope Maintenance Expenses by proration of expenses attributable to such larger area on either the basis of the ratio that the actual square footage of the Slope Maintenance Areas bears to the approximate square footage of such larger area, or such other method of proration that Course Owner may determine more closely approximates its actual expense. Any such proration shall be calculated utilizing the best available cost information for the operation and maintenance of the Golf Course Property. In such case, these prorated expenses of operation and maintenance shall be deemed to be the actual Slope Maintenance Expenses.

3. Lot 32 Ownership. Title to Lot 32 is held by HCC. HCC shall transfer fee title to all of Lot 32 to the Master Association, in a single conveyance or in multiple conveyances of portions of Lot 32, not later than the earlier of (i) the date of the Close of Escrow for the first sale of a Lot in the fifth (5th) Phase of the Properties, or (ii) the ten (10) year anniversary of the Effective Date. Such conveyance shall be by a grant deed free of all liens and encumbrances other than the reservations then of record and then-current real property taxes constituting a lien on the property but not delinquent, and subject to the reservation of easements and other provisions of this Agreement.

4. Rights of Use and Reservation of Easements. HCC covenants that the Entry Drive, the Golf Course Property, the Lots, and the Master Common Area, shall be held, used, maintained and conveyed subject to the reservations of easements described as follows:

4.1 Entry Drive Rights of Use and Easements.

4.1.1 HCC Rights and Easements. HCC hereby reserves for itself and its agents, invitees, successors in interest and assignees, every right of use and enjoyment of the Entry Drive which may be necessary or convenient for the use, development, construction and marketing of the Properties, the Annexable Territory and the Golf Course Property. Such use and enjoyment shall be limited only by the requirements that it be in conformance with applicable laws. These rights of use and enjoyment shall automatically be reserved or excepted for the benefit of HCC and others by the Recording of the grant deed transferring the Entry Drive from HCC to the Master Association, and shall include (i) the temporary marketing, construction and development rights and easements, and the permanent marketing rights and easements, all as more specifically described in Sections 14.2.2 and 14.2.3 of the Master Declaration, and (ii) the rights and easements appurtenant to the Golf Course Property described in Section 4.1.3, below.

4.1.2 Master Association Easement. HCC hereby grants to the Master Association, its agents, invitees and Members, and the families, tenants and invitees of Members, a non-exclusive easement, appurtenant to the Master Common Area and the Lots, over the Entry Drive, for the purpose of (i) vehicular and pedestrian access, ingress and egress, (ii) use of the clustered mailboxes located therein, and (iii) as to the Master Association and its agents, the maintenance, repair and replacement of both the structure housing mailboxes and the clustered mailboxes located inside the structure, together with the right of access, ingress and egress thereto.

4.1.3 Course Owner Rights and Easements. HCC hereby reserves over the Entry Drive rights and easements appurtenant to the Golf Course Property, for the benefit of the successor Course Owner, its agents, tenants, lessees, invitees, successors in interest and assignees, which rights and easements shall be automatically granted upon the conveyance by HCC of the Golf Course Property to the successor Course Owner, and shall include, without limitation, the following:

(a) Nonexclusive easements for (i) vehicular and pedestrian access, ingress and egress related to the construction, operation, maintenance, marketing and

use of the Golf Course Property, including, without limitation, access for golf carts and golf course maintenance vehicles, (ii) temporary special event parking in conformance with applicable laws, and (iii) the installation and maintenance of directional and other signs, monuments and media serving the Golf Course Property; and

(b) An exclusive easement, right and obligation to operate, maintain, repair and replace the Entry Drive and all Improvements thereto, in conformance with the Entry Drive operation and maintenance provisions of this Agreement, for the benefit of the respective easements in favor of the Golf Course Property, the Master Association, the Owners of Lots, HCC and any Merchant Builders.

4.2 Slope Maintenance Areas Easement for Course Owner. HCC hereby reserves over the Slope Maintenance Areas exclusive rights and easements appurtenant to the Golf Course Property, for the benefit of the successor Course Owner, its agents, tenants, lessees, invitees, successors in interest and assignees, which rights and easements shall be automatically granted upon the conveyance of the Golf Course Property to the successor Course Owner, and shall include the following:

(a) An exclusive easement for access, ingress and egress, together with the right and obligation to cultivate, maintain, install, repair and replace landscaping, natural vegetation, irrigation and drainage facilities, cart paths, and other golf course Improvements; and

(b) An exclusive easement for access, ingress and egress to retrieve golf balls.

These rights and easements shall also be automatically reserved over the Slope Maintenance Areas in the conveyance by HCC of any Lot to an Owner.

4.3 Master Common Area Easement for Course Owner. HCC hereby reserves over the Residential Streets, including the Master Common Area as defined in the Master Declaration, non-exclusive easements appurtenant to the Golf Course Property, for the benefit of the successor Course Owner, its agents, tenants, lessees, invitees, successors in interest and assignees, and for the purpose of vehicular and pedestrian access, ingress, egress and crossing, including, without limitation, golf carts authorized for use by the Course Owner, golf course maintenance vehicles, and the vehicles of golf course members and guests. This non-exclusive easement shall be automatically granted upon the conveyance of the Golf Course Property to the successor Course Owner.

4.4 Golf Course Property Drainage Easements. HCC hereby reserves over the Golf Course Property non-exclusive easements, appurtenant to the adjacent residential Lots and the Master Common Area in each Phase of Development, for drainage of surface waters from the Properties, provided that such Lot drainage and the design and construction of any facilities for the

conveyance of such Lot drainage, shall conform with Lot drainage plans and specifications approved pursuant to Article VIII, Design Control, of the Master Declaration, and approved by Course Owner pursuant to Section 10.14 of the Master Declaration. These drainage easements shall respectively be granted automatically to the Owner of a Lot upon the conveyance of a Lot by HCC, and granted automatically to the Master Association upon the conveyance of Master Common Area by HCC.

5. Operation and Maintenance Covenants.

5.1 Entry Drive Operation and Maintenance. Operation and maintenance of the Entry Drive includes operating, managing and insuring the Entry Drive and maintaining, repairing and replacing all Improvements located within the Entry Drive (excluding the clustered mailboxes and the structure housing them), in accordance with (i) all laws, and (ii) the "Accounting Procedures" defined as the provisions in Section 7.4, below.

5.1.1 HCC Maintenance. From the Effective Date, HCC shall operate and maintain the Entry Drive in accordance with the Accounting Procedures herein, until title to the Golf Course Property, together with the exclusive Entry Drive maintenance easement described in Section 4.1.3(b), above, is transferred to the Course Owner.

5.1.2 Course Owner Maintenance. From the date of the transfer of the Golf Course Property to a successor Course Owner, with the exclusive Entry Drive maintenance easement, the successor Course Owner shall operate and maintain the Entry Drive in accordance with the Accounting Procedures, and shall maintain its Entry Drive golf course signs, monuments and media, but excluding HCC signs, media and the mailbox structure and clustered mailboxes to be maintained by the Master Association.

5.1.3 Entry Gate. HCC shall have the right, in its sole discretion, to establish the methods of operating the Entry Gate. Until the issuance of the first Certificate of Occupancy for a residence within The Bridges and the actual occupancy of such residence (the "Occupancy Date"), such methods of operation may include (i) operation without any access control, (ii) electronically-operated (unmanned) access control, (iii) operation with access-control personnel of such number and during such hours as HCC may determine, or (iv) operation using a combination of these methods. Course Owner shall have the same rights to establish the methods of Entry Gate access control, provided that Course Owner shall not operate the Entry Gate in any manner which either interferes in any way or at any time, seven days per week, with the access rights of HCC for marketing, construction and development purposes as described in Section 4.1.1 above, or which unreasonably interferes with the access right of the Master Association and its Members, as described in Section 4.1.2, above. After the Occupancy Date, unless otherwise agreed between HCC or the Course Owner and the Owner of the occupied residence or residences, the Entry Gate shall be operated by not less than one person, on a twenty-four hour basis.

5.2 Slope Maintenance Areas Operation and Maintenance. Course Owner shall operate and maintain the Slope Maintenance Areas, including the cultivation, maintenance and

replacement of landscaping and natural vegetation, and the maintenance, repair, installation and replacement of all other Improvements therein, such as irrigation and drainage facilities, in compliance with applicable laws, and in accordance with the Accounting Procedures (the "Slope Maintenance Responsibilities"). Slope Maintenance Responsibilities shall commence as to Phase 1 on the first day of the month following the Effective Date, and as to Slope Maintenance Areas in each subsequent Phase of development on the first day of the month following the first Close of Escrow for a Lot in such Phase.

5.2.1 Insurance. Course Owner shall maintain liability insurance insuring the Slope Maintenance Areas and the Owners of Lots subject to an easement for Slope Maintenance Areas, against liability arising from Course Owner's performance of its Slope Maintenance Responsibilities. This insurance obligation may be fulfilled by naming the Owners of such Lots as an additional insured under a liability insurance policy maintained for the Golf Course Property. Costs attributable to this insurance obligation, if any, shall be a Slope Maintenance Expense.

5.2.2 Slope Damage and Repair. Except for the liability of others for damage caused to the Slope Maintenance Areas described in Section 6.1 below, Course Owner shall be responsible, at its sole cost, for the repair and replacement of slopes, landscaping and other improvements within the Slope Maintenance Areas, damaged as the direct result of either (i) Course Owner's negligence or willful misconduct in the performance of its Slope Maintenance Responsibilities ("Course Owner's Acts"), or (ii) the subsurface condition, grading or compaction of the Slope Maintenance Areas (collectively "Slope Conditions"). Costs of repair and replacement necessitated by Course Owner's Acts or Slope Conditions shall not be a Slope Maintenance Expense. However, repair and replacement of slopes, landscaping and other improvements within the Slope Maintenance Areas damaged as the direct result of fire, flood, earthquake or other natural disaster, shall be a Slope Maintenance Expense.

5.3 Community Benefit Facility Operation and Maintenance. Any Community Benefit Facility shall be operated and maintained, including the obligation to insure, repair and replace such Improvement or facility, as applicable, or shall be performed, in compliance with the terms of the Notice of Addition which describes the respective Community Benefit Facility, and with the Accounting Procedures. If Master Association is to operate and maintain or provide the Community Benefit Facility, then, to the extent they are reasonably applicable, provisions of the Accounting Procedures pertaining to Course Owner shall instead mean Master Association, and the provisions pertaining to Master Association shall instead mean Course Owner.

6. Limitation on Liability for Slope Maintenance Areas.

6.1 Golf Course Limitation. Except for liability for Course Owner's Acts and Slope Conditions, described in Section 5.2.2 above, Course Owner shall have no responsibility or liability to Master Association, to any Lot Owner, or to any other owners' association ("Project Association"), for any slope damage, slope failure or other loss to Slope Maintenance Areas resulting from (i) the drainage of water into or across the slope which does not conform with

drainage plans approved pursuant to Article VIII of the Master Declaration, or (ii) any other act or use by Master Association, any Lot Owner or a Project Association.

6.2 Owner Limitation. Course Owner shall indemnify and hold the Owner of any Lot subject to Slope Maintenance Areas free from all loss or liability for injury to persons and property damage arising directly from the performance by Course Owner of its Slope Maintenance Responsibilities, which does not include injury and damage resulting from fire, flood, earthquake and other natural disasters.

7. Allocation and Accounting of Shared Expenses.

7.1 Master Association's Share. The Master Association's share of Shared Expenses ("Master Association's Share") shall be an amount not to exceed fifty percent (50%) of Shared Expenses, and shall be determined from time to time by multiplying fifty percent (50%) of the Shared Expenses by a fraction, the numerator of which is the number of Lots in the Properties for which Annual Assessments have commenced, pursuant to the Master Declaration, and the denominator of which is two hundred six (206).

7.2 Course Owner's Share. Course Owner's share of Shared Expenses shall be the difference from time to time between total Shared Expenses and the Master Association's Share.

7.3 Payment. Shared Expenses shall be paid in twelve (12) equal monthly installments ("Installment") which shall be due on the first day of each calendar month, commencing on the first day of the first full month following the Effective Date, and continuing on the first day of each calendar month thereafter ("Due Date").

7.4 Accounting Procedures.

7.4.1 Estimated Shared Expenses. No less than sixty (60) nor more than ninety (90) days prior to the first day of the Fiscal Year of the Master Association, Course Owner shall deliver to the Master Association Board a budget showing the Estimated Shared Expenses. Master Association shall pay to Course Owner the Master Association's Share of the Estimated Shared Expenses as provided in Section 7.3, above.

7.4.2 Actual Shared Expenses. No later than sixty (60) days after the first day of each Fiscal Year of the Master Association, Course Owner shall deliver to the Master Association Board a statement showing the Actual Shared Expenses. If the Master Association's Share of the Estimated Shared Expenses exceeds its share of the Actual Shared Expenses, Course Owner shall apply such amount toward the Master Association's Share due in the succeeding Fiscal Year. If the Master Association's share of the Actual Shared Expenses exceeds its share of the Estimated Shared Expenses, then it shall pay such excess amount ("Deficit") to Course Owner within sixty (60) days after receipt of the statement of Actual Shared Expenses. If the Deficit cannot be so paid in full by the Master Association either from excess Operating Funds or other

Maintenance Funds due to an insufficiency of funds, or from a supplemental Annual Assessment due to the limitations set forth in Section 6.7.3 of the Master Declaration, then the Master Association shall pay the Deficit in full no later than the last day of the then-current Fiscal Year.

7.4.3 Limitation on Increases. Any Estimated Shared Expenses prepared by Course Owner which would cause Shared Expenses to exceed one hundred and twenty percent (120%) of the Actual Shared Expenses for the preceding Fiscal Year, must be approved in advance by the vote or written consent of at least a majority of the voting power of the Master Association exercised in accordance with the Master Declaration. Notwithstanding the foregoing, a proposed increase may cause Shared Expenses to exceed one hundred twenty percent (120%) of the Actual Shared Expenses for the preceding Fiscal Year without approval of Master Association, if such increase is necessary for an "Emergency Situation," as defined below.

7.4.4 Capital Improvements. If Course Owner determines the need for capital improvements to the Entry Drive, Slope Maintenance Areas, or any Community Benefit Facility (collectively the Shared Facilities"), the cost of which, in the aggregate, exceeds five percent (5%) of the Estimated Shared Expenses for the current Fiscal Year, then the vote or written consent of at least a majority of the voting power of Master Association shall be required to approve the cost of such expenditure ("Capital Improvement Fee"). Notwithstanding the foregoing, a Capital Improvement Fee in excess of five percent (5%) of the Estimated Shared Expenses for the current Fiscal Year may be levied by Course Owner, if such increase is necessary for an Emergency Situation. The Master Association's Share of such Capital Improvement Fee shall be paid by Master Association within sixty (60) days of the due date established by Course Owner. If the Capital Improvement Fee cannot be so paid in full by the Master Association either from excess Operating Funds or other Maintenance Funds due to an insufficiency of funds, or from a supplemental Annual Assessment due to the limitations set forth in Section 6.7.3 of the Master Declaration, then the Master Association shall pay the Capital Improvement Fee in full no later than the last day of the then-current Fiscal Year.

7.4.5 Emergency Situations. An "Emergency Expense" is any one of the following pertaining to the Shared Facilities, or any part or improvement thereof: (a) an expense required by an order of a court, or (b) an expense necessary to repair or maintain the Shared Facilities, where a threat to personal safety is discovered; or (c) an expense necessary to repair or maintain the Shared Facilities that could not have been reasonably foreseen by Course Owner in preparing and distributing the statement of Estimate Shared Expenses. Course Owner shall decide whether an increase is an Emergency Situation. However, prior to the imposition or collection of the expense of an Emergency Situation, Course Owner shall provide a written statement of the reasons why the expense could not have been reasonably foreseen, and such written statement shall be distributed to Master Association within thirty (30) days of such expenditure.

7.4.6 Records. Upon reasonable notice to Course Owner, an authorized representative of the Master Association's Board shall be entitled, during normal business hours, at Course Owner's place of business, to inspect and copy, at its sole expense, the records of Course

CC&R provisions

1.55. Reserves.

Reserves means those Common Expenses for which Master Association funds are set aside pursuant to Article VI of this Master Declaration and Section 1365.5 of the California Civil Code for funding the periodic painting, maintaining, repairing and replacing of the major components of the Master Common Area which would not reasonably be expected to recur on an annual or more frequent basis, such amounts to be determined annually by the Board pursuant to maintenance cost guidelines established in accordance with prudent property management practices generally applied for a "common interest development" (as defined in Section 1351(c) of the California Civil Code) throughout the geographic region in which the Properties are located.

1.56. Residence.

Residence means a structure located on a Lot designed and intended for use and occupancy as a residence by a single Family.

1.57. Restrictions.

Restrictions means this Master Declaration, the Articles, Bylaws and the Rules and Regulations of the Master Association.

1.58. Rules and Regulations.

Rules and Regulations means the rules and regulations adopted by the Board pursuant to this Master Declaration or the Bylaws, as amended or restated.

1.59. Shared Use Agreement.

Shared Use Agreement means the Shared Use and Maintenance Agreement and any amendment thereto or restatement thereof, entered into between Declarant and Master Association for the purpose of granting certain rights and imposing certain obligations with respect to the sharing of the use, maintenance and expenses of the Entry Drive, including the gatehouse, the Slope Maintenance Areas, and any Community Benefit Facilities. The Shared Use Agreement shall be Recorded over the Entry Drive and the Golf Course Property prior to the first Close of Escrow in Phase 1, in substantially the same form as the copy of the Shared Use Agreement which is attached hereto as Exhibit "D."

1.60. Slope Maintenance Areas.

Slope Maintenance Areas means those portions of Lots within Phase 1, which are so designated on Exhibit "E" attached hereto, or within the Annexable Territory, as designated on a Notice of Addition for any Phase of Development. Slope Maintenance Areas include one or more areas subject to conditions, easements reservations or restrictions established by agreement, by law or by matters of Record, including, without limitation, slope areas, open space easement areas, fuel modification zones or other areas, by which a Lot Owner's use of such areas is restricted or prohibited. Slope Maintenance Areas are adjacent to the Golf Course Property and shall be subject to the provisions of Section 10.23 of this Master Declaration and to all the provisions of the Shared Use Agreement, defined above.

Board members, Master Association officers, DRC members, and all other Master Association committee members for all damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person brought because of performance of an Official Act to the fullest extent authorized by California law. Board members, Master Association officers, DRC members, and all other Master Association committee members are deemed to be agents of the Master Association when they are performing Official Acts for purposes of obtaining indemnification from the Master Association pursuant to this Section. The entitlement to indemnification hereunder inures to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

(d) Indemnification of Other Agents of the Master Association. The Master Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Master Association for any damages and pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person because of an Official Act as authorized by California law.

(e) Indemnification by Contract. The Master Association, acting through the Board, also has the power, but not the duty, to contract with any Person to provide indemnification beyond the scope of indemnification authorized by applicable law on such terms and subject to such conditions and the Board may impose.

15.11.2. Nonliability of Owners. Pursuant to California Civil Code Section 1365.9, as amended or restated from time to time, 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 fee simple ownership interest in the Master Common Area, so long as the Master Association maintains one or more policies of insurance which include coverage for general liability of the Master Association in an amount of at least two million dollars (\$2,000,000) so long as the Properties are composed of no more than one hundred (100) Lots, and at least three million dollars (\$3,000,000) if the Properties are composed of more than one hundred (100) Lots and that insurance is in effect for the cause of action being brought.

15.12. Priorities and Inconsistencies.
If there are conflicts or inconsistencies between this Master Declaration and either the Articles or the Bylaws, then the provisions of this Master Declaration shall prevail. If there are any conflicts or inconsistencies between this Master Declaration and a Supplemental Declaration, a Notice of Addition or the Rules and Regulations, then the provisions of this Master Declaration shall prevail. If there are any conflicts or inconsistencies between this Master Declaration and the Shared Use Agreement, the Shared Use Agreement provisions shall prevail.

access gate ("Entry Gate"). The use of the Entry Drive and Entry Gate will be shared by all persons desiring access to the Properties; including: (i) the Master Association and its Members, and their families, guests, agents and employees; (ii) the Golf Course Property owners, members, guests, agents and employees; (iii) Declarant and any Merchant Builders; (iv) construction personnel and equipment working on the construction of Improvements within the Properties and the Golf Course Property; (v) members of the public and other persons pursuant to the easement for the sale and marketing of the Properties, as described in Section 14.2.2 of this Declaration; (vi) members of the public and other persons pursuant to the easement for the operation of a Resale Office described in Section 14.2.3; and (vii) all persons granted Entry Drive access rights pursuant to the Shared Use Agreement defined in Section 1.58, above. As a result of these multiple rights of access over the Entry Drive, access into the Properties may be open to the public for an extended period of time.

15.21.2. Operation of Entry Gate. Under the terms of the Shared Use Agreement, first Declarant and then the owner of the Golf Course Property are granted the right and responsibility to operate, manage and insure the Entry Drive, which includes the right to establish policies and procedures for the Entry Gate. Therefore, Declarant and the Golf Course Property owner shall have the right to determine whether and in what manner to control access through the Entry Gate including providing no access control, providing electronically-operated (unmanned) access control, providing personnel to control access at the Entry Gate, or providing a combination of such methods. If access control personnel are utilized, Declarant and the Golf Course Property owner shall have the right to determine the hours of service and number of such personnel.

15.21.3. Cost of Entry Drive and Gate Operation. As more particularly described in the Shared Use Agreement, Owners within the Properties will pay up to fifty percent (50%) of the costs of the operation, management and insurance of the Entry Drive and Entry Gate, with the Golf Course Property being responsible for the balance of such costs.

15.21.4. No Security. The Entry Gate is not intended to provide privacy or security for the Owners and their property within the Properties. All methods of Entry Gate access control will result in non-resident persons gaining access into the Properties. Further, it is likely that access controls will not prevent some persons, who are intent upon violating those controls, from gaining access to the Properties. Therefore, Owners are cautioned against a false sense of security and are encouraged to undertake no less than normal and customary measures to protect the safety of persons and property within the Properties. Neither the Declarant, the Master Association nor the Golf Course Property are responsible to provide security within the Properties, and no representations are made as to the adequacy of any controlled access facilities in limiting vehicular or pedestrian access into the Properties.

15.22. Electric Power Lines and Electromagnetic Fields. Electric transmission and distribution lines are located within the Properties. These lines are owned, operated and maintained by San Diego Gas and Electric. Numerous scientific and epidemiological studies have been conducted as to whether there are any adverse health effects