

meetings of the Members, but in any event, such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) of the total voting power of the Association.

c. The only Members entitled to vote at such meeting of Members shall be the Owners, other than Declarant and Merchant Builders. A vote at such meeting of a majority of the voting power of such Members, other than the Declarant and Merchant Builders, 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 name of the Association.

## ARTICLE 16

### DECLARANT AND MERCHANT BUILDERS EXEMPTIONS

16.1 Interest of Declarant. As provided in Article 2, Declarant is developing the Project as a master planned community and, in cooperation with the County of Los Angeles, has created a comprehensive plan for the development of Lots within the Project and maintenance of the Common Property. Consequently, Declarant has a substantial interest in ensuring compliance with and enforcement of the protective covenants contained in this Declaration, and any amendments hereto.

16.2 Exemptions. Nothing in this Declaration shall limit, and neither any Owner, nor the Association, shall interfere with the right of Declarant and Merchant Builders, either directly, or through their respective agents and representatives, to subdivide, resubdivide, market, sell, lease or dispose of any portion of the Project, or the right of Declarant or a Merchant Builder to complete the grading, construction and installation Improvements or other development activities on any portion of the Project owned by Declarant or a Merchant Builder, or to construct such additional Improvements as Declarant or a Merchant Builder deems advisable in the course of developing the Project, so long as any Lot in the Project or any portion of the Annexation Properties owned by Declarant or Merchant Builder. Such rights shall include, but not be limited to, grading work as may be approved by any agency having jurisdiction, and erecting, constructing and maintaining on the Project such structures, signs and displays as may be reasonably necessary for the conduct of its business of completing the work and selling the same.

This Declaration shall not limit the right of Declarant or a Merchant Builder, at any time prior to acquisition of title on a Lot by a purchaser from Declarant or a Merchant Builder, to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may, from time to time, be reasonably necessary to the proper development of the Project. Declarant and Merchant Builders shall have the right to use all and any portion of the Common Property for access to the sales office of Declarant and Merchant Builders, provided that such use shall not unreasonably interfere with the rights of Members to use and enjoy the Common Property. Declarant and Merchant Builders may install structures on

Lots owned by Declarant in the Project as model homes or sales offices. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant (which approval may be withheld, in Declarant's sole and absolute discretion), as the master developer of the Project, will be required before any amendment to this Article shall be effective.

Notwithstanding any other provisions of the Association Management Documents, until such time as Declarant no longer owns a Lot in the Project, the following actions, before being undertaken by the Members or the Association, shall first be approved in writing by Declarant:

- a. Any amendment or action requiring the approval of first Mortgagees, pursuant to this Declaration, or specifically requiring the approval of Declarant pursuant to Section 18.7 herein;
- b. A levy of a Special Assessment for the construction of new facilities not originally included in the Common Property;
- c. Any significant reduction of Association maintenance of The Common Property or other services ordinarily contemplated in the Association budget;
- d. The annexation of real property other than the real property which has been designated in this Declaration as "Annexation Property;"
- e. The adoption of any supplement or amendment to the Architectural Standards, including any preapproval authorizations in accordance with the Article herein entitled "Architectural Control;" and
- f. Any other amendment to the Declaration materially altering or affecting the rights or exemptions of Declarant and/or any Merchant Builders hereunder.

**16.3 Assignment of Rights of Declarant and Merchant Builders.** All or any portion of the right of Declarant or a Merchant Builder, as applicable, hereunder and elsewhere in this Declaration may be assigned by Declarant or such Merchant Builder to any successor-in-interest in and to any portion of Declarant's or Merchant Builder's interest in any portion of the Project or the Annexation Property by an express written assignment which specifies to the rights of Declarant or such Merchant Builder so assigned. The assignment shall be recorded in the Official Records of Los Angeles County, California. Notwithstanding any other provision of this Declaration, for so long as Declarant owns any portion of the Project or the Annexation Property, Declarant's prior written approval is required before any amendment to this Article 16 is effective.

**16.4 Easement Relocation.** Association Maintenance Areas comprising easements over real property which has not been made subject to the Declaration may be relocated, modified or terminated by Declarant to accommodate final development plans for any

future phase which is affected by such easements. No such relocation, modification or termination shall, however, prevent access to any Lot or Association Maintenance Areas in the Project.

## ARTICLE 17

### ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration by any of the methods set forth in this Article.

**17.1 Phased Development of the Project.** Declarant intends to develop and complete the Project in a series of Phases. However, Declarant is under no obligation to continue development and buildout of the Project. Declarant reserves the right to annex future Phases in any given order, provided that the requirements of Section 17.2 and Section 17.3 below are satisfied.

**17.2 Annexation Pursuant to Declarant's Development Plans.** All or any part of the real property described as Annexation Property herein, may be annexed to the Project and added to the scheme of this Declaration, and subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

a. The development of the Annexation Property shall be in substantial conformance with the overall general plan of development for the Project originally submitted to and approved by the County, the DRE and VA/FHA; and

b. A Notice of Annexation, as described in Section 18.3 of this Article, shall be recorded covering the Annexation Property.

Prior to any annexation under this Section 18.2, detailed plans for the development of the additional property to be annexed must be submitted to VA, and VA must determine that such plans are in accordance with the development plan for the Project, and so advise Declarant.

**17.3 Notice of Annexation.** The annexation of additional property authorized under this Article shall be signed by Declarant and by each Owner of the property to be annexed. The Notice of Annexation shall include at least the following:

a. A reference to this Declaration, which shall include the date of recordation hereof and the instrument number, or other relevant recording data of the Office of the County Recorder;

b. A statement that this Declaration shall apply to the Annexation Property as set forth herein;

c. A description of the Annexation Property; and