

ARTICLE 2

INTRODUCTION TO HASLEY HILLS

2.1 Development Plans. Hasley Hills will be developed as a Masterplanned residential development. If developed as proposed, the Project will consist of as many as 739 residential Lots, Common Area and Association Maintenance Areas, as more specifically described in this Declaration, and in recorded Notices of Annexation.

2.2 Membership in Association. The Association shall be the management body for the Project, and shall own, maintain, operate, repair, replace and inspect Improvements to the Project to the fullest extent permitted specifically in this Declaration. As more particularly set forth in this Declaration, each Owner of a Lot in the Project shall automatically become a Member of the Association, and shall be obligated for the payment of Assessments to the Association. In addition, each Owner, his family members, lessees, tenants, guests and invitees, will be entitled to the use and enjoyment of the Common Property within the Project, in accordance with this Declaration, the By-Laws and Rules and Regulations adopted by the Board.

2.3 Annexation of Additional Property. At such time, if ever, as future Phases are developed by Declarant or Merchant Builders, Declarant shall subject such Phase to the Protective Covenants of this Declaration pursuant to the provisions for annexation set forth in the Article herein entitled "Annexation of Additional Property." A Notice of Annexation shall be recorded in the Official Records, which shall serve to impose the Protective Covenants set forth herein upon such property and to subject such property to the jurisdiction of the Association. The voting rights in the Association and the Assessments levied by the Association shall be adjusted as set forth herein. The Annexation Property may be developed in one (1) or more Phases. Upon annexation, each Phase shall become a part of the Project and shall be made subject to the Declaration.

2.4 Development Control. Nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant or Merchant Builders: (a) to complete construction of any Improvements in the Project, (b) to redesign or otherwise alter the style, size, color or appearance of any Improvements in any portion of the Project owned by Declarant and Merchant Builders, (c) to construct additional Improvements on any portion of the Project owned by Declarant and Merchant Builders, and/or (d) to otherwise control all aspects of constructing the Improvements in the Project, and of marketing and conveying Lots in the Project. In furtherance thereof, Declarant hereby reserves, unto itself and its successors and assigns until the Close of Escrow for the sale of the last Lot in the Project to be offered for sale pursuant to a Final Subdivision Public Report issued by the DRE: (a) a nonexclusive easement for ingress and egress on, over and across the Project as necessary to construct the Common Area and the Association Maintenance Areas and all other Improvements, (b) the exclusive right to maintain a sales office, model complex, interior design and decorator center, and parking area for employees, agents and prospective buyers, (c) the exclusive right to place reasonable signs, flags, banners, billboards or other forms of advertising on any portion of the Project owned or controlled by Declarant, and

(d) a nonexclusive right to utilize the Common Area and Association Maintenance Areas and any unassigned open parking spaces in connection with its program for the sale of Lots in the Project.

2.5 Easements Reserved Over Common Property. At such time as the Common Property conveyed by Declarant to the Association, an easement shall be deemed automatically reserved over the Common Property so conveyed in favor of Declarant, and for the benefit of the remaining Annexation Property as not yet annexed, for ingress, egress, and access, and for the construction and completion of utility hookups, landscaping and amenities included in plans approved by the County, and for the construction use, maintenance and operation of Annexation Property not yet annexed to the Project as of the date of conveyance to the Association, and are part of the future Phase of the Project. Such nonexclusive easements are appurtenant to the Annexation Property and are reserved for a period of twelve (12) years from the date of the first Close of Escrow for the sale of Lots in Phase 1 for the benefit of Declarant, Merchant Builders and their respective authorized agents and representatives and their successors and assigns, and Declarant reserves the right to grant such easements to owners and lessees of property in the Annexation Property. Exercise of the nonexclusive easements and the rights over the Common Property reserved to Declarant under this Declaration shall not unreasonably interfere with the use and enjoyment of the Common Property by the Owners.

2.6 Non-Liability of Declarant. The purpose of this Article is merely to describe Declarant's proposed plans for the development of the Project. Without limiting the generality of the foregoing, nothing in this Section 2.6 or elsewhere in this Declaration shall limit the right of Declarant, its successors and assigns, to complete construction of the Project, to alter same, or to construct such additional Improvements as Declarant shall deem advisable prior to the completion, sale and disposition of all Lots and other property in the Project and within the Annexation Property. Declarant may assign any or all of its rights under this Declaration to any successor to all or any part of Declarant's interest in and to the Project, by an express written assignment recorded in the Office of the County Recorder.

ARTICLE 3

RESERVATION OF EASEMENTS AND OTHER PROPERTY RIGHTS IN THE ASSOCIATION MAINTENANCE AREAS

3.1 Amendment to Eliminate Easements. As long as Declarant is an Owner, or has an interest in any portion of the Annexation Property, this Declaration cannot be amended to modify or eliminate any easements created, established and reserved herein in favor of Declarant without the prior written approval of Declarant, and any attempt to do so shall have no effect. Any attempt to modify or eliminate the easements created, granted and reserved herein shall likewise require the prior written approval of Declarant and the County.