

5.20 Personal Liability of Owner. No Member may exempt himself or herself from personal liability for Assessments levied by the Community Association nor release the Lot owned by such Owner from the liens and charges for Assessments by waiver of the use and enjoyment of the Community Association Property or Common Maintenance Areas or by abandonment of such Owner's Residential Lot.

5.21 Exempt Covered Property. Community Association Property and all Covered Property dedicated to and accepted by a local public authority, and all Covered Property owned by a charitable nonprofit organization exempt from taxation by the laws of the State of California, shall be exempt from assessments by the Community Association. However, no land or improvements devoted to dwelling use shall be exempt from assessments by the Community Association.

5.22 Capitalization of Community Association. Upon the Close of Escrow of a Residential Lot, each Owner shall contribute to the capital of the Community Association an amount equal to Seventy-Five Dollars (\$75.00). Notwithstanding the foregoing, the Community Association, with the prior written consent of the Declarant, may elect to terminate the collection of the capital contributions, and in such case, any Owner who has previously paid a capital contribution shall NOT be entitled to any offsets to the Owner's assessments which have been previously paid. The capital contribution shall be deposited by the Owner into the purchase and sale escrow and disbursed from the escrow to the Community Association. Amounts paid pursuant to this Section shall not be considered as advance payments of Assessments and are in addition to and not in lieu of Regular Assessments and Special Assessments of the Community Association. The provisions set forth above shall not apply to the conveyance of a Residential Lot to a Merchant Builder by Declarant.

ARTICLE 6

ARCHITECTURAL CONTROL

To maintain the architectural harmony of the La Costa Oaks Community, the Community Board will appoint an Architectural Committee which will be charged with the responsibility for ensuring the overall architectural integrity of the La Costa Oaks Community. One of the functions of the Architectural Committee will be to implement design standards for the La Costa Oaks and to implement procedures for review of architectural plans. These standards and procedures will be set forth in the La Costa Oaks Community Design Standards. Additionally, the Architectural Committee will review the plans of each Owner for the installation of Improvements within the Covered Property and may take such actions as it deems necessary to ensure compliance with the standards of the Community Design Standards.

6.1 Architectural Committee. The Architectural Committee shall be a committee of not less than three (3) nor more than five (5) persons. All members of the Architectural Committee may be appointed and replaced by Declarant until the earlier to occur of (a) the date that ninety percent (90%) of the Residential Lots proposed for the overall La Costa Oaks Community have been conveyed to Class A Members; or (b) on the seventh (7th) anniversary following the most recent conveyance to a Class A Member of a Residential Lot in any

Phase under authority of a Public Report. Thereafter, all members of the Architectural Committee shall be appointed or replaced by the Community Board. Architectural Committee members appointed by Declarant need not be Members of the Community Association.

6.1.1 Resignations. Any member or alternate member of the Architectural Committee may at any time resign from the Architectural Committee upon written notice delivered to Declarant or to the Community Board, whichever then has the right to appoint Architectural Committee members.

6.1.2 Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Declarant or the Community Board, whichever then has the power to appoint Architectural Committee members.

6.2 Scope. No Improvements shall be commenced, erected or maintained upon the Covered Property, nor shall there be any addition to or change in the exterior of any Residence, structure or other Improvement, unless plans and specifications, therefor, showing the nature, design, kind, shape, height, width, color, material and location and any other information prescribed by the Community Design Standards (collectively, "Plans and Specifications") have been submitted to and approved by the Architectural Committee in accordance with the procedures set forth in the Community Design Standards. The provisions of this Article shall preempt and supersede any inconsistent provision of any rules or restrictions of any Condominium Project Association to the extent that any Condominium Project Declaration or any other governing documents for a Condominium Project are in conflict with the provisions of this Declaration.

6.3 Exemptions. The exemptions described below are hereby granted and the provisions of this Article shall not apply to the parties described below.

6.3.1 Declarant Exemption. The provisions of this Article 6 shall not apply to Declarant or to any Improvements erected or installed by the Declarant within the La Costa Oaks Community.

6.3.2 Merchant Builder Exemption. The provisions of this Article 6 shall not apply to Merchant Builder or to any Improvements erected or installed by the Merchant Builder within the La Costa Oaks Community.

6.4 Duties. It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the Community Design Standards, to foster the maintenance of and ensure compliance with the architectural standards for the La Costa Oaks Community, to administer the Community Design Handbook, to perform other duties delegated to it by the Community Association, to ensure that any Improvements constructed within the Covered Property conform to plans approved by the Architectural Committee, and to carry out all other duties imposed upon it by the Community Governing Documents. The Architectural Committee, in its own name or on behalf of the Community Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction of Improvements within the Covered Property or any portion thereof. Notwithstanding the foregoing, the Architectural Committee may delegate its

plan review responsibilities to one or more members of the Architectural Committee or to any other individuals or consultants deemed acceptable to the Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless any such procedures regarding submission of plans are complied with, such Plans and Specifications shall be deemed not submitted.

6.5 Community Design Standards. The Community Board shall adopt and promulgate the Community Design Standards to be administered through the Architectural Committee. The Community Design Standards shall establish a plan for the architectural standards of the La Costa Oaks Community and shall establish guidelines and procedures to be followed by each Owner, including the procedures for submission of plans and specifications. The failure of the Community Board to include any particular standards or guidelines in the Community Design Standards shall not limit the right of the Architectural Committee to enforce standards to protect the overall theme and development of the Covered Property. The Community Design Standards shall set forth time limitations for the completion of any Improvements for which approval is required. The Community Design Standards may include such other limitations and restrictions as the Community Board in its reasonable discretion shall adopt including, without limitation, regulations of the following: construction, reconstruction, exterior addition, change or alteration to or the maintenance of any building, structure, wall or fence and conversions of garages, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of any Residence, or other Improvements of any kind.

6.6 Address. The address of the Architectural Committee shall be the principal office of the Community Association or any other place as may be designated by the Community Board pursuant to the Community Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Community Design Standards, if any, shall be kept.

6.7 Fees. The Community Board may establish fees for the review and approval of any plans initially submitted and/or resubmitted by an Owner. A schedule of such fees shall be included in the Community Design Standards.

6.8 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. Unless otherwise provided for herein, the vote or written consent of a majority of the members of the Architectural Committee shall constitute an act by the Architectural Committee unless the unanimous decision of its members is otherwise required by the Community Governing Documents. The members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in the performance of any Architectural Committee function.

6.9 Approval of Solar Energy Systems. Any Owner proposing to install or use a solar energy system, as defined in Civil Code Section 801.5, shall be subject to the same review and approval process as any owner proposing to construct any Improvements or other actions requiring the approval of the Architectural Committee pursuant to this Declaration. However,

only reasonable restrictions on the installation and use of a solar energy system shall be permitted. Reasonable restrictions on a solar energy system are those restrictions which do not significantly increase the cost of the system or its sufficiency or specified performance, or which allow for an alternative system of comparable costs, efficiency, and energy conservation benefits.

6.10 Waiver. The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, shall not constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

6.11 Government Regulations. In the event there is any conflict between the requirements or actions of the Architectural Committee and the mandatory regulations or ordinances of any governmental entity relating to the Covered Property, the government regulation or ordinance, to the extent that such regulations and ordinances are more restrictive, shall control and the Architectural Committee shall modify its requirements or actions to conform to the government regulation or ordinance; provided, however, that if the governmental rules or regulations are less restrictive, the provisions of this Declaration shall nonetheless apply. The application by an Owner for review and approval by the Architectural Committee of any plans and specifications or other submittals by such Owner shall in no way be deemed to be satisfaction or compliance with any applicable statute or law, or governmental rule or regulation or public utility requirement (hereinafter collectively referred to as "Additional Requirements"); provided, however, if the additional requirements are less restrictive than the provisions of this Declaration, the provisions of this Declaration shall nonetheless apply. Although the Community Association has the right to require evidence of City approval of the Improvements as a condition to review of the final Plans and Specifications, nothing contained herein shall impose on the Community Association the duty to obtain evidence of approval by the City of any Improvements as a condition to issuance of final approval or any liability on the Community Association as a result of the failure of the Community Association to request evidence of City approval.

6.12 Waiver. The approval of the Architectural Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Architectural Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, Plans and Specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent. Although the Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color, schemes, exterior finishes and materials, and similar features, it shall not be responsible for reviewing, nor shall its approval of any plans or design be deemed approval of any plan or design from the standpoint of adequacy of drainage, structural safety or conformance with building or other codes or the requirements of the City.

6.13 Variances. The Architectural Committee may authorize variances from compliance with any of the architectural provisions of this Article 6, including, without

limitation, restrictions on height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be in writing, and must be signed and acknowledged by at least a majority of the members of the Architectural Committee. The granting of such a variance shall not operate to waive any of the terms and provisions of this Article 6 for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in anyway the Owner's obligation to comply with all laws and regulations of any Governmental Agency affecting the use of such Owner's Residential Lot, including, but not limited to, zoning and building requirements of any Governmental Agency having jurisdiction over the Residential Lot. No variance shall be authorized from the Community Design Standards adopted by the Architectural Committee, except with the majority vote of all members of the Architectural Committee.

6.14 Liability. Neither the Community Board nor the Architectural Committee nor any member thereof shall be liable to the Community Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; or (c) the execution and filing of an estoppel certificate pursuant to this Article 6, whether or not the facts therein are correct; provided, however, that such Community Board and Architectural Committee member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing, the Architectural Committee or any member thereof, may, but is not required to, consult with or hear the views of the Community Association or any Owner with respect to any plans, drawings, specifications or any other proposal submitted to the Architectural Committee.

6.15 Estoppel Certificate. Within thirty (30) days after written request is delivered to the Community Board by any Owner, and upon payment to the Community Association of a reasonable fee (as fixed from time to time by the Community Association), the Community Board shall deliver an estoppel certificate to the requesting Owner, executed by any two (2) of its members, certifying (with respect to any Residential Lot of said Owner) that as of the date thereof, either: (a) all Improvements made and other work completed by said Owner comply with this Declaration, or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest from such Owner, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Community Association, Declarant and all Owners and such persons deriving any interest through them.

6.16 Interpretation. All questions of interpretation or construction of any of the terms or conditions herein shall be resolved by the Architectural Committee, or if upon appeal, by the Community Board and its decision shall be final, binding and conclusive on all of the parties affected unless such decision is appealed, in which case the decision of the Community Board shall be final, binding and conclusive on all of the parties affected.

6.17 Amendments. Notwithstanding the Article hereof entitled "Amendments," no amendment, verification or rescission of this Article may be had, nor shall Declarant, or any successor thereof, be prohibited from completing the construction of the La Costa Oaks Community prior to the conveyance by Declarant, or its successor, of the last Residential Lot without the (i) written consent of Declarant, and the (ii) recording of such consent in the Office of the County Recorder. Such written consent shall not be required after the conveyance by Declarant and Guest Builders of all the Residential Lots within the Covered Property and Additional Property.

ARTICLE 7

USE RESTRICTIONS

Living in a master planned community has the benefit of providing a sense of community and governance for the benefit of all the Owners within the La Costa Oaks Community. To ensure the continued value and enjoyment of the La Costa Oaks Community, there are also use restrictions which govern each Owner within the Community. While the use restrictions may limit the rights to perform certain activities within the La Costa Oaks Community, the use restrictions also help to protect the overall La Costa Oaks Community and thereby may provide a benefit to the Owners and their occupants.

7.1 Residential Use. All Residential Lots within the Covered Property shall be improved and used solely for single-family residential use, unless the ordinances of the City permit use by more than a single family; provided, however, that this provision shall not preclude any Owner from renting or leasing his or her Residential Lot by means of a written lease or rental agreement, No lease shall be for a term of less than thirty (30) days. No Residential Lot shall be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other non-residential purposes; except Residential Lots may be used for model home sites, construction offices, a design center, and display and sales office purposes during the construction and sales period by Declarant or the Merchant Builders. The provisions of this Section shall not preclude professional or administrative occupations without external evidence thereof, for so long as such occupations (i) are conducted in conformance with all applicable governmental ordinances, (ii) are merely incidental to the use of the Residential Lot as a residence, (iii) the patrons or clientele of such professional or administrative occupation do not regularly visit or conduct business on the Residential Lot and (iv) the conduct of the business does not result in the regular parking of business vehicles in the streets adjacent to the Covered Property. In addition, home childcare facilities shall be permitted only to the extent they are operated in accordance with applicable law, including but not limited to zoning requirements and licensing regulations.

7.2 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within a Lot. No odor shall be permitted to arise from a Lot which renders the Lot or any portion of a Lot unsanitary, unsightly or offensive to any street or to any portion of the Covered Property, or vicinity thereof, or to its occupants, No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be unreasonably offensive or