

ARTICLE II

2. Owners' Property Rights.

2.1 Owners' Easements of Enjoyment. Every Owner has a right and easement of ingress and egress and of enjoyment in, to and over the Association Property, and such easement is appurtenant to and shall pass with title to every Lot, subject to the following:

(a) The Association's right to reasonably limit the number of guests and tenants of the Owners using the Association Property;

(b) The Association's right to establish uniform Rules and Regulations for the use of the Association Property;

(c) The Association's right in accordance with the Restrictions, with the vote or written assent of two-thirds (2/3rds) of the Association's voting power, to borrow money for the purpose of improving, repairing, or adding to the Association Property, and in aid thereof, subject to the provisions of Article XI hereof, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners;

(d) Subject to the provisions of Articles V and XI hereof, the Association's right to transfer the Association Property for such purposes and subject to such conditions as may be agreed to by the Owners;

(e) The right of Declarant, Merchant Builders and their sales agents, representatives and prospective purchasers to the nonexclusive use of the Association Property, without cost, for access, ingress, egress, use and enjoyment, in order to show and dispose of the Properties and the Annexable Territory as provided herein, until the last Close of Escrow in the Properties and the Annexable Territory; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein;

(f) Declarant's rights and reservations set forth in Article XIV of this Declaration;

(g) The Association's right to reconstruct, replace or refinish any Improvement or portion thereof on the Association Property in accordance with the original design, finish or standard of construction of such Improvement, or of the general Improvements within the Properties, as the case may be;

(h) The Association's right to maintain and repair the Association Property, including without limitation the right to replace and plant landscaping Improvements upon any portion of the Association Property;

(i) The Association's right to reasonably restrict access to portions of the Association Property;

(j) The easements, rights and interests reserved in Article II and Section 13.8 of this Declaration; and

(k) The rights of the Meadowood Association, Declarant, the "Declarant" under the Meadowood Declaration, their respective members and

guests, and others of access, ingress and egress for maintenance, use and enjoyment of those portions of the Association Property, if any, which also comprise "Maintenance Property" as defined in the Meadowood Declaration. The Meadowood Association shall have exclusive jurisdiction over and control of any portions of the Association Property which also comprise Maintenance Property as defined in the Meadowood Declaration. The Association shall not interfere with the Meadowood Association as it performs its obligations pursuant to the Meadowood Declaration.

2.2 Easements for Vehicular/Pedestrian Traffic. In addition to the general easements for use of the Association Property reserved herein, Declarant and Merchant Builders hereby reserve for the benefit of all Owners, nonexclusive easements appurtenant to all the Lots in the Properties for vehicular and pedestrian traffic over the private streets and walkways within the Association Property, subject to the parking provisions set forth herein.

2.3 Association Property Easements. Declarant hereby reserves an easement for maintenance purposes over those portions of the Lots as shown on Exhibit "B" attached hereto, in favor of the Association effective upon the Close of Escrow for the sale of the first lot within the Properties to an Owner and such areas shall thereafter be classified as Association Property being maintained by the Association pursuant to the terms of this Declaration.

2.4 Parking and Traffic Control. The Association, through the Board, is empowered to establish "parking" and restricted "guest parking" and "no parking" areas within the Association Property in accordance with Section 22658 and Section 22658.2 of the California Vehicle Code, or any similar statute hereafter enacted, as well as to enforce these parking limitations through its officers and agents by all means lawful for such enforcement on public streets, including the removal of any violating vehicle. The Board is also authorized and empowered to request that the County or other applicable agency enforce the California Vehicle Code on any private streets within the Properties, including the Common Area and any Association Property private streets, pursuant to applicable ordinances and provisions of the California Vehicle Code permitting governmental enforcement thereof.

2.5 Easements for Public Service Use. In addition to the foregoing easements over the Association Property, Declarant and Merchant Builders hereby reserve easements over the Properties for public services of the City and County, including but not limited to, the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out their official duties.

2.6 Fire Protection Access Easements. No vehicle of any kind shall be permitted to be parked and no other obstruction shall be placed or maintained in those areas designed herein or in any Supplemental Declaration as a Fire Lane. The Association shall post "no parking" signs and take such other actions as required by the Fire Chief of the County of Orange or any successor thereto in order to ensure enforcement of the prohibition of parking in and obstruction of the Fire Lanes. Further, the approval of the Fire Chief is required for any modification of the Fire Lanes including, without limitation, the installation of speed bumps, control gates or other such Improvements.

2.7 Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release his Lot from the liens and charges hereof, by waiving the use and enjoyment of the Association Property or any facilities thereon or by abandonment of such Owner's Lot.

2.8 Easements for Water and Utility Purposes. In addition to the foregoing easements over the Association Property, Declarant and Merchant Builders hereby reserve 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 or egress over the Association Property for purposes of reading and maintaining meters, and using and maintaining fire hydrants located in the Properties.

2.9 Easement for Access to Mailboxes. Declarant and Merchant Builders hereby reserve for the benefit of each Owner and his Lot and the United States Postal Service nonexclusive easements of access, ingress and egress over the Lots on which clustered mailboxes serving the Properties are located for purposes of depositing and retrieving mail. In addition, the United States Postal Service shall have a right to enter onto the Association Property for the purpose of delivering the mail within the Properties.

2.10 Taxes. Each Owner shall take such action as the Association may reasonably specify to obtain separate real estate tax assessment of each Lot. If any taxes or assessments may, in the Association's opinion, become a lien on the Association Property or any part thereof, the Association may pay them as a Common Expense.

2.11 Views. There are no views in the Properties which are protected to any extent pursuant to this Declaration, and no Owner who becomes subject to the terms hereof shall thereby obtain any view rights whatsoever. Each Owner and the Association, by accepting a deed to a Lot or any Common Area, hereby acknowledges that any construction or installation by Declarant or any Merchant Builder or the "Declarant" or any "Owner" or "Merchant Builder" under the Meadowood Declaration following required approvals may impair the view of such Owner or of the Owners of the Association, and each Owner and the Association on behalf of the Owners hereby consent to such impairment.

2.12 Easement for Declarant and Merchant Builders Over Association Property. Declarant and Merchant Builders hereby expressly reserve for their benefit, for the benefit of their agents, employees and contractors, and for the benefit of their successors and assigns, a nonexclusive easement appurtenant to the Annexable Territory, in, to, and over the Association Property for access, ingress, egress, use and enjoyment, in order to show the Properties or Annexable Territory to their prospective purchasers, or to develop, market, sell, lease or otherwise dispose of the Properties or the Annexable Territory. Such easement shall continue for so long as Declarant or a Merchant Builder owns (a) any Lot in the Properties or (b) any portion of the Annexable Territory.

2.13 Meadowood Property. The rights of the Meadowood Association, Declarant, the "Declarant" under the Meadowood Declaration, their respective members and guests, and others of access, ingress and egress for maintenance, use and enjoyment of those portions of the Association Property, if any, which are "Meadowood Property" (*i.e.* designated as "Maintenance Property" pursuant to the Meadowood Declaration or any "Supplemental Declaration" which may be recorded pursuant to the Meadowood Declaration). The Meadowood Association shall have exclusive jurisdiction over and control of any portions of the Association Property which are also Meadowood Property pursuant to the Meadowood Declaration or any Supplemental Declaration. The Association may not interfere with the Meadowood Association as it performs its maintenance obligations pursuant to the Meadowood Declaration.

2.14 Delegation of Use. Any Owner entitled to the right and easement of use and enjoyment of the Association Property may delegate those rights and easements to such Owner's tenants, contract purchasers or subtenants who reside in such Owner's Dwelling Unit, subject to reasonable regulation by the Board.

2.15 Sideyard Easements.

2.15.1 Creation of Easements. In addition to the easements provided for elsewhere in this Declaration, Declarant hereby reserves an exclusive easement of use and enjoyment as a private sideyard area ("Sideyard"), for the benefit of Lots 12 through 18, inclusive, of said Tract No. 15448 ("Dominant Lots"), over each of the following numbered Lots ("Adjoining Lots"), of Tract No. 15448: 13 through 19, inclusive. Each Sideyard shall extend along the common side Lot lines separating the Dominant Lot from the Adjoining Lot, across the Adjoining Lot to the wall or foundation lines of the structures as are or may hereafter be initially constructed by Declarant on the Adjoining Lot, as such lines are extended parallel to the common side Lot line to the front walls or fences as originally constructed by Declarant and to the rear Lot lines of the Adjoining Lot. The Sideyards in Phase 1A are generally shown and described on the drawing which is attached hereto, marked Exhibit "E" and by this reference is incorporated herein. Declarant further reserves for the Owner of each Dominant Lot and each corresponding Adjoining Lot, a nonexclusive easement for reasonable ingress and egress to and from the particular Sideyard for the respective purposes enumerated in Section 2.15.2, below. Declarant further reserves for Owners (including Declarant) of Adjoining Lots easements appurtenant to such Adjoining Lots over the respective Sideyards located on such Adjoining Lots for purposes of accommodating (1) encroachment of overhanging eaves and other items as initially constructed on the Adjoining Lot by Declarant or as constructed with Architectural Review Committee approval and (2) drainage over the Sideyards in accordance with the established drainage, as defined in Section 7.12 of the Meadowood Declaration.

2.15.2 Restrictions on Sideyard Use. Each Sideyard shall be used and enjoyed subject to the following terms and conditions and no use of the Sideyard shall be made except as provided below:

2.15.2.1 Authorized Uses. The Sideyard shall be used only as a general recreation and garden area by the owner of the Dominant Lot, and each such Owner shall have the right to enter upon the Sideyard for such purpose. Such purpose shall include the right of each owner to plant vegetation and establish an irrigation system thereon, provided such system shall be first approved by the Architectural Review Committee. The Sideyard and every part thereof, including the fence or wall enclosing the Sideyard and the drainage system established as part of the original grading and original construction upon the Adjoining Lot, shall be repaired, replaced and maintained continuously in a neat and orderly condition by the Owner of the Dominant Lot.

2.15.2.2 Access by Adjoining Lot Owner. The Owner of the Adjoining Lot shall have the right, at reasonable times, upon reasonable notice to the Owner of the Dominant Lot and in a reasonable manner, to enter upon the Sideyard for the purpose of maintaining, repairing or restoring the structural wall of his Residence, the structure of which it is a part, any gutter and downspout attached to his Residence and any fence or wall owned by him which adjoins or abuts the Sideyard.

2.15.2.3 Storage Prohibited. No storage of any kind shall be permitted in the Sideyard, nor shall any object or device of any kind be affixed to the structural wall or fence on the Adjoining Lot adjoining and abutting the Sideyard without the prior written consent of the Owner of such wall or fence.

2.15.2.4 Fences. Except for the fences and structures established as part of the original construction upon the Adjoining Lot, and except as authorized by Section 2.15.2.1, above, no fence, wall or other structure of any kind shall be constructed within, upon or adjacent to the Sideyard, without the prior written approval of the Architectural Review Committee. The foregoing is in addition to any required building permit or other City approval

or requirements, including City setback requirements for patio covers, spas or similar Improvements.

2.15.2.5 Sideyard Drainage. No planting or other material or authorized structure (including patios) shall be constructed, altered, placed or permitted to remain upon the Sideyard which may change the direction of flow of the established drainage on the Adjoining Lot or which may damage or alter any drainage system serving the Adjoining Lot or may obstruct, interfere or regard the flow of water through such system. The Owners of each Adjoining Lot shall have the right to use the drainage system established within the Sideyard adjoining and abutting their Lots for the purpose of draining their Lots (including atriums), provided that such right shall not include the right to discharge noxious or offensive matter.

2.16 Courtyard Easements.

2.16.1 Creation of Courtyard Easements. In addition to the easements provided for elsewhere in this Declaration, Declarant hereby reserves an exclusive easement of use and enjoyment as a nonexclusive courtyard area ("Courtyard"), for the benefit of Lots 6 through 19, inclusive, of said Tract No. 15448 ("Benefited Lots"), over each of the following numbered Lots ("Courtyard Lots") of Tract No. 15448: 6 through 11, inclusive. The Courtyards in Phase 1A are generally shown and described on the drawing which is attached hereto, marked Exhibit "F" and by this reference is incorporated herein. Declarant further reserves for the Owner of each Benefited Lot and each corresponding Courtyard Lot, a nonexclusive easement for reasonable ingress and egress to and from the particular Courtyard for the respective purposes enumerated in Section 2.16.2, below. Declarant further reserves for Owners (including Declarant) of Courtyard Lots easements appurtenant to such Courtyard Lots over the respective Courtyards located on such Courtyard Lots for purposes of accommodating (1) encroachment of overhanging eaves and other items as initially constructed on the Courtyard Lot by Declarant or as constructed with Architectural Review Committee approval and (2) drainage over the Courtyards in accordance with the established drainage, as defined in Section 7.12 of the Meadowood Declaration.

2.16.2 Restrictions on Courtyard Use. Each Courtyard shall be used and enjoyed subject to the following terms and conditions and no use of the Courtyard shall be made except as provided below:

2.16.2.1 Authorized Uses. The Courtyard shall be used only for ingress and egress and as a general recreation and courtyard area by each of the owners of the Benefited Lots and the Courtyard Lots and each such Owner shall have the right to enter upon the Courtyard for such purpose.

2.16.2.2 Improvements/Storage Prohibited. No Improvement of any kind shall be placed in the Courtyard by any Owner unless previously approved by the Architectural Review Committee nor shall storage of any kind be permitted in the Courtyard.

ARTICLE III

3. LanesEnd Homeowners Association.

3.1 Organization of Association. The Association is or shall be incorporated under the name of LanesEnd Homeowners Association, as a corporation not for profit organized under the California Nonprofit Mutual Benefit Corporation Law, as required by Section 1363 of the California Civil Code.