

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.

3.2 Duties and Powers. The Association has the duties and powers set forth in the Restrictions and also has the general and implied powers of a nonprofit mutual benefit corporation, generally to do all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Owners, subject only to the limitations upon the exercise of such powers set forth in the Restrictions.

3.3 Membership. Every Owner shall automatically be a Member and shall remain a Member until such Owner's Lot ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot is the sole qualification for Membership. Memberships are not assignable except to the Person to whom title to the Lot has been transferred, and every Membership is appurtenant to and may not be separated from the fee ownership of such Lot.

3.4 Transfer. The Membership of any Owner may not be transferred, pledged or alienated in any way, except upon the transfer or encumbrance of such Owner's Lot, and then only to the transferee or Mortgagee of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase may delegate his Membership rights to the contract purchaser. The delegation must be in writing and must be delivered to the Board before the contract purchaser may vote. The contract seller shall remain liable for all charges and assessments attributable to the contract seller's Lot which accrue before fee title to the Lot is transferred. If an Owner fails or refuses to transfer his Membership to the purchaser of such Owner's Lot upon transfer of fee title thereto, the Board may record the transfer upon the Association's books. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser will not be entitled to vote at Association meetings. The Association may levy a reasonable transfer fee against a new Owner and such Owner's Lot (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the Membership to the new Owner on the Association's records. Such fee may not exceed the Association's actual cost involved in changing its records.

ARTICLE IV

4. Voting Rights.

4.1 Classes of Voting Membership. The Association classes of voting Membership are as follows:

Class A. Class A Members are all Members except Declarant and Merchant Builders for so long as there exists a Class B Membership. Class A Members are entitled to one (1) vote for each Lot owned by such Class A Members which is subject to assessment. Declarant and Merchant Builders shall become Class A Members upon conversion of their Class B Membership as provided below. When more than one (1) Person owns any Lot, all such Persons are Members. The vote for such Lot shall be exercised in accordance with Section 4.2, but no more than one (1) Class A vote may be cast for any Lot.

Class B. The Class B Members are Declarant and Merchant Builders. The Class B Members are entitled to three (3) votes for each Lot owned by such Class B Member which is subject to assessment. The Class B Membership shall be converted to Class A Membership upon the first to occur of the following events:

- (a) The second anniversary of the first Close of Escrow in the most recent Phase; or