RANCHO SAN CLEMENTE COMMUNITY ASSOCIATION ARCHITECTURAL REVIEW PROCESS

Please consider this to be your notice regarding the architectural process of the Rancho San Clemente Community Association. This notice is generated in compliance with California Civil Code §4765. The Association's architectural process is listed in Article IX on pages 44-50 of the "Covenants, Conditions & Restrictions & Reservation." Excerpts from this Article are provided below.

Section 9.03. Review of Plans and Specifications. Subject to Article XI of this Master Declaration, no construction, alteration, grading, addition, excavation, modification, decoration, redecoration or reconstruction of an Improvement in the Properties or other activity within the jurisdiction of the Architectural Committee pursuant to this Master Declaration (collectively "Construction Activities") shall be commenced or maintained by any Owner, until the plans and specifications therefore showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Architectural Committee and approved in writing by the Architectural Committee as follows:

- (a) <u>Declarant.</u> Declarant need not seek approval of the Architectural Committee with respect to any of its activities until the Close of Escrow for the sale of the last Declarant-owned Lot or Condominium in the Properties from Declarant to (i) a Participating Builder, or (ii) a member of the public pursuant to a Final Subdivision Public Report issued by the DRE.
- (b) <u>Participating Builders and Commercial and Apartment Area Owners.</u> All Participating Builders and Owners of Commercial and Apartment Areas must seek Architectural Committee approval in the manner herein provided for all Construction Activities for so long as a majority of the members of the Architectural Committee are appointees of Declarant; provided that Participating Builders should not be required to furnish any bonds or other security pursuant to this Section 9.03. At any time that a majority of the Architectural Committee members are not appointees of Declarant, then the Participating Builders and Owners of Commercial and Apartment Areas need not seek approval of the Architectural Committee with respect to any matter subject to Architectural Committee jurisdiction pursuant to this Master Declaration.
- (c) <u>Sub-Associations and Other Owners.</u> Each Sub-Association and all Owners (other than as specified in Subsections 9.03 (a) and (b) above) must obtain Architectural Committee approval in the manner provided herein for any Construction Activity which visually impacts upon any portion of the Properties located outside the boundaries of the Condominium Project or Planned Development in which the Lot, Condominium or Common Area of such Owner or Sub-Association is located. If the Architectural Committee determines that any proposed Construction Activity will not visually impact upon any portion of the Properties located outside the boundaries of the applicable Condominium Project or Planned Development, and upon the request of the Owner or Sub-Associations proposing such Construction Activity, the Architectural Committee (or its representative designated pursuant to Section 9.04) shall furnish the Owner or Sub-Association with a certificate stating that such Construction Activity does not require Architectural Committee approval. Such certificate shall be conclusive upon the Master Association and the Owners and Sub-Associations as to the necessity of Architectural Committee approval for the Construction Activity described in such certificate.

Persons submitting plans and specifications to the Architectural Committee must obtain a dated, written receipt for such plans and specifications and furnish the Architectural Committee with the address to which communications from the Architectural Committee are to be directed.

The Architectural Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Master Declaration and perform such other duties as are specified in this Master Declaration or are from time to time assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. The Architectural Committee shall approve plans and specifications submitted for its approval only if it deems that (a) the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Properties as a whole, (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures, (c) the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Association Property or the enjoyment thereof by the Members, and (d) the upkeep and maintenance thereof will not become a burden on the Master Association.

The Architectural Committee may condition its approval of proposals or plans and specifications for any Improvement (1) upon the agreement by the person (referred to in this Section as "Applicant") submitting the same to furnish to the Architectural Committee a bond or other security acceptable to the Architectural Committee in an amount reasonably sufficient to (i) assure the completion of such Improvement or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (ii) to protect the Master Association and the other Owners against mechanic's liens or other encumbrances which may be Recorded against their respective interests in the Properties or damage to the Association Property as a result of such work, (2) on such changes therein as it deems appropriate. (3) upon the agreement by the Applicant to grant appropriate easements to the Master Association for the maintenance of the Improvement, (4) upon the agreement of the Applicant to reimburse the Master Association for the cost of maintenance, or all four, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Architectural Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval (or request for a certificate stating that Architectural Committee approval is not required), or stating additional factors which will take into consideration in reviewing submissions. The Architectural Committee may provide that the amount of such fee shall be uniform, or that it may be determined in any other reasonable manner, such as based upon the reasonable cost of the construction, alterations or additions contemplated or the cost of architectural or other professional fees incurred by the Master Association in reviewing plans.

The Architectural Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and description or samples of exterior material and colors. The Architectural Committee may further require that all plans and specifications first be approved by any Sub-Association having jurisdiction. Until receipt by the Architectural Committee of any required plans and specifications and any Sub-Association approval, the Architectural Committee may postpone review of any plan submitted for approval (or determination of exemption). Decisions of the Architectural Committee and the reasons therefore shall be transmitted by the Architectural Committee to the Applicant at the address furnished by the Applicant, within thirty (30) days after the date of receipt issued by the Architectural Committee for the final materials required by the Architectural Committee. Any application or request for certificate of exemption submitted pursuant to this Section shall be deemed approved, unless written disapproval or a request for additional information or materials by the Architectural Committee shall have been transmitted to the Applicant within thirty (30) days after the date of receipt by the Architectural Committee of all required materials.

Section 9.04. Meetings of the Architectural Committee. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee may from time to time, by resolution unanimously adopted in writing, designate an Architectural Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Architectural Committee, except the granting of variances pursuant to Section 9.09 of this Article. In the absence of such designation, the vote of a majority of the members of the Architectural Committee, or the written consent of a majority of the members of the Architectural Committee taken without a meeting, shall constitute an act of the Architectural Committee.

Section 9.05. No Waiver of Future Approvals. The approval of the Architectural Committee of 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 subsequently or additionally submitted for approval or consent.

<u>Section 9.06.</u> <u>Compensation of Members</u>. The members of the Architectural Committee shall receive no compensation for services rendered, other than reimbursement by the Master Association for expenses incurred by the them in the performance of their duties hereunder.

Section 9.07. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Architectural Committee or its duly appointed representative may at any time inspect any Improvement for which approval of plans is required under this Article. However the Architectural Committee's right of inspection of Improvements for which plans have been submitted and approved shall terminate sixty (60) days after the work of Improvement has been completed and the respective Owner has given written notice to the Architectural Committee of such completion. The Architectural Committee's rights of inspection shall not terminate pursuant to this paragraph if plans for the work of Improvement have not previously been submitted to and approved (or determined exempt) by the Architectural Committee.

If, as a result of such inspection, the Architectural Committee finds that such Improvement was done without obtaining approval of the plans therefore or was not done in substantial compliance with the plans approved by the Architectural Committee, it shall notify the Owner in writing of failure to comply with this Article IX within sixty (60) days from the inspection, specifying the particulars of noncompliance. The Architectural Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

- (b) If, upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. Upon Notice and Hearing as provided in the Bylaws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may Record a notice of noncompliance and may peacefully remedy the noncompliance, and the Owner shall reimburse the Master Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Master Association, the Board shall levy a Special Assessment against such Owner for reimbursement as provided in this Declaration. The right of the Master Association to remove a non-complying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Master Association may have at law, in equity, or in this Master Declaration.
- (c) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance with previously submitted and approved plans within sixty (60) days after receipt of such written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with such approved plans.
- (d) All construction, alteration or other work shall be performed promptly and diligently as possible and shall be completed within one (1) year after the date on which the work commenced.

<u>Section 9.08.</u> Scope of Review. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of the considerations set forth in Section 9.03 hereof. The Architectural Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 9.09. Variances. The Architectural Committee may authorize variances from compliance with any of the architectural provisions of this Master Declaration or any Supplemental Declaration including, without limitation, restrictions upon 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 evidenced in writing, must be signed by at least a majority of the members of the Architectural Committee, and shall become effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Master Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of this Master Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and Lot set-back lines or requirements imposed by the City, County or other governmental authority.

Section 9.10. Certain Exceptions. The provisions of this Master Declaration may be made less stringent as to any Commercial Lot if, and to the extent that, the Supplemental Declaration covering such Commercial Lot so provides. The Architectural Committee may also exempt certain types or classes of Improvements from the provisions of this Article IX under written guidelines or rules promulgated from time to time by the Architectural Committee if, in the exercise of the Architectural Committee's sole judgment, approval of such types or classes of Improvements is not required to carry out the purposes of this Master Declaration.

The Association must provide for the right of appeal at an open meeting of the Board of Directors, unless the denial was by the Board or a body that has the same membership as the Board of Directors.