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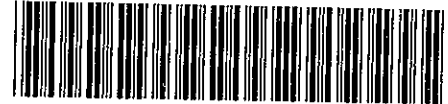
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D.R. Horton San Diego Holding Company, Inc.
1010 South Coast Highway 101, Suite 101
Encinitas, CA 92024
Attn: Ms. Stacie Donahue



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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
OF
MIRAVAL AT RANCHO DEL ORO

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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
OF
MIRAVAL AT RANCHO DEL ORO

This Declaration of Covenants, Conditions and Restrictions of Miraval at Rancho Del Oro ("Miraval Declaration") is made as of this 2 day of May, 2001 by D.R. Horton San Diego Holding Company, Inc., a California corporation ("Declarant").

RECITALS

A. Declarant is the owner in fee simple of that certain real property situated in the City of San Diego, County of San Diego, State of California, more particularly described on Exhibit "A" attached hereto and incorporated herein (herein referred to as the "Property").

B. The Property is subject to that certain Master Declaration of Covenants, Conditions and Restrictions for the Villages of Rancho Del Oro recorded in the Office of the County Recorder of San Diego County on September 4, 1986 as Document No. 86-388367 ("Master Declaration"), as amended, and Amended and Restated Declaration of Annexation and Supplementary Declaration of CC&R's for Rancho Del Oro Village III, recorded in the Office of the County Recorder of San Diego County on May 25, 1989, as Document No. 89278103 ("Village III Declaration").

C. In addition to the restrictions set forth in the Master Declaration, Declarant desires to improve certain protective covenants, conditions and restrictions, which are for the mutual benefit of all of the Property and certain other real property as hereinafter described and which shall run with the land and inure to and pass with each and all of such Property, and will apply to and bind the respective successors-in-interest of the Property.

NOW, THEREFORE, in order to establish such plan and effect such desires, the Declarant agrees as set forth below.

DECLARATION

Declarant declares that the Property is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the limitations, restrictions, covenants and conditions herein set forth, all of which are declared and agreed to be in furtherance of a general plan for the improvement, protection, use, maintenance and sale of all of the Property and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of said Property. All of the limitations, restrictions, covenants and conditions herein contained shall inure to the benefit of and pass with all of such Property and certain other real property owned by Declarant and shall apply to and bind the heirs, assignees and successors-in-interest of any owner thereof.

ARTICLE 1

DEFINITIONS

Except as the context otherwise requires, all defined terms shall have the meanings set forth below.

1.1 Benefitted Property. The term "Benefitted Property" refers to any portion of the Property owned by Declarant.

1.2 City. The term "City" means City of Oceanside.

1.3 County. The term "County" means the County of San Diego, California.

1.4 Declarant. The term "Declarant" means D.R. Horton San Diego Holding Company, Inc., a California corporation, and each of its successors and assigns if such successors and assigns acquire any or all of Declarant's interest in the Property or the Benefitted Property for the purpose of development or sale, and Declarant has expressly transferred or assigned to such successors or assigns its rights and duties as Declarant to a portion or all of the Property. A successor declarant shall also be deemed to include the beneficiary under any deed of trust securing an obligation from a then existing Declarant encumbering all or any portion of the Property, which beneficiary has acquired any such Property by foreclosure, power of sale or deed in lieu of such foreclosure or sale.

1.5 Miraval Declaration. The term "Miraval Declaration" means this Declaration of Covenants, Conditions and Restrictions of Miraval at Rancho Del Oro, as said Miraval Declaration may from time to time be amended.

1.6 Improvements. The term "Improvements" means all buildings, landscaping, fences, screening walls, retaining walls, stairs, decks, structures, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, or any other physical alteration of the natural terrain of the Property or the alteration of any building or structure on the natural terrain of the Property.

1.7 Master Association. The term "Master Association" means the Villages of Rancho Del Oro Association, Inc., a California non-profit mutual benefit corporation.

1.8 Master Declaration. The term "Master Declaration" means that certain Master Declaration of Covenants, Conditions and Restrictions for the Villages of Rancho Del Oro recorded in the Office of the County Recorder of San Diego County on September 4, 1986 as Document No. 86-388367 and any amendments thereto.

1.9 Owner. The term "Owner" means a record owner of fee simple title to any Residential Lot included in the Property whether held by one or more persons or entities, and shall

include Declarant. A contract purchaser under a recorded installment land sales contract shall be included as an "Owner," but those merely having an interest in Property as security for the performance of an obligation shall not be "Owners."

1.10 Person or Persons. The term "person" or "persons" means individuals, partnerships, firms, associations, and corporations or any other form of business entity.

1.11 Property. The term "Property" means all of the real property described in Exhibit "A" of this Miraval Declaration.

1.12 Residence. The term "Residence" means any dwelling constructed on a Residential Lot.

1.13 Residential Lot. The term "Residential Lot" means each of the Residential Lots described on Exhibit "A".

1.14 Single Benefit Assessment. The term "Single Benefit Assessment" refers to the assessment which will be levied on the Residential Lots within the Property subject to the Master Declaration by the Master Association for the maintenance of the private streets, drainage facilities and park area situated within the Property.

1.15 Village III Declaration. The term "Village III Declaration" means that certain Amended and Restated Declaration of Annexation and Supplementary Declaration of CC&R's for Rancho Del Oro Village III recorded in the Office of the County Recorder of San Diego County on May 25, 1989 as Document No. 89-278103 and any amendments thereto.

ARTICLE 2

USE RESTRICTIONS

2.1 Post Tension Slabs. The concrete slab for the Residences in the Project may be reinforced with a grid of steel cables which were installed in the concrete and then tightened to create very high tension. This type of slab is commonly known as a "Post Tension Slab." Cutting into a Post Tension Slab for any reason (e.g. to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence and/or personal injury. By accepting a grant deed to a Residence in the Project, each Owner specifically covenants and agrees that: (1) such Owner shall not cut into or otherwise tamper with the Post Tension Slab; (2) such Owner shall not knowingly permit or allow any person to cut into or tamper with the Post Tension Slab so long as such Owner owns any interest in the Residence; (3) such Owner shall disclose the existence of the Post Tension Slab to any tenant, lessee or subsequent purchaser of the Residence; and (4) such Owner shall indemnify, protect, defend and hold Declarant and its respective officers, employees, contractors and agents, free and harmless from and against any and all claims, damages, losses, or

other liability (including, without limitation, attorneys' fees) arising from any breach of this Section.

2.2 Single Benefit Assessment. Each Owner whose Residential Lot is subject to the Master Declaration, by acceptance of a deed, acknowledges that in addition to the amounts levied under the Master Declaration, the Master Association shall levy a Single Benefit Assessment for the maintenance of the private streets, drainage facilities and park situated within the Property and that such Owner shall be obligated to pay such covenants to the Association in accordance with the Master Declaration.

2.3 Masonry Retaining Wall. As part of the development of the Property, Declarant has built a masonry retaining wall ("Retaining Wall") inside of the property line of Residential Lots 64 through 73 ("Affected Lots") as shown on Exhibit "B" attached hereto and incorporated herein. The Owners of the Affected Lots shall have the obligation to maintain, repair and replace the Retaining Wall. In order to maintain the integrity of the Retaining Wall and the slope areas behind the Retaining Wall, the Retaining Wall has been constructed with a special reinforcing membrane called "Geogrid". Due to the type of structural components of the Retaining Wall, and the placement of the Retaining Wall on the Residential Lots, the Affected Lots shall have an area between the Retaining Wall, the property line and a portion of Lot "A" that has been designated by the Declarant and City as a non-buildable" area ("Non-Buildable Area") as shown on Exhibit "B". The Owners of the Affected Lots shall be restricted from altering the Non-Buildable Area, such restrictions shall include, without limitation, a restriction of no excavating or drilling through the "Geogrid" or altering the drainage system installed by Declarant which has been specially designed by Declarant for specific drainage requirements of the Retaining Wall. The Owners of the Affected Lots shall also be restricted from planting any trees, plants or shrubs within the Non-Buildable Area which require digging below the ground surface by more than 1.6 feet.

ARTICLE 3

ENFORCEMENT

3.1 Disputes Involving Declarant; Waivers. Notwithstanding any provision of this Miraval Declaration to the contrary, any action, claim or dispute by, between or among the Declarant, as the builder of the Project or any director, officer, partner, member, employee, agent or predecessors-in-interest of the Declarant, or any contractor, subcontractor, design professional, engineer or supplier who provided labor, services or materials to the Project and who is bound or has agreed to be bound to the following dispute notification and resolution procedure (collectively, the "Declarant Parties") and any Owner, relating to or arising out of the Project, this Miraval Declaration or any other agreements between the Declarant Parties and an Owner (unless any such agreement specifies another form of dispute resolution), the sale of the Property, the use or condition of the Property or the design or construction of or any condition on or affecting the Project, including, but not limited to, construction defects, surveys, soils conditions, grading, specifications, installation of improvements or disputes which allege fraud, misrepresentation or breach of implied or express

warranties as to the condition of the Property or Project where the amount in controversy is greater than \$25,000 or in which non-monetary relief is sought that cannot be granted by a Municipal Court in the State of California as of January 1, 1998 (collectively, "Dispute(s)"), shall be subject to the provisions set forth below.

3.1.1 Notice. Any person with a claim defined as a Dispute, above ("Claimant") shall notify each applicable Declarant Party in writing of the claim, which writing shall describe the nature of such claim and any proposed remedy (the "Claim Notice").

3.1.2 Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Claim Notice, which period shall not exceed sixty (60) days, the applicable Declarant Parties and the Claimant(s) shall meet at a mutually-acceptable place within or near the Project to discuss the Dispute claim. At such meeting or at such other mutually-agreeable time, the applicable Declarant Parties and their respective representatives shall have full access to the property that is subject to the Dispute and shall have the right to conduct inspections, testing and/or destructive or invasive testing of the same in a manner deemed appropriate by the Declarant (and any applicable Declarant Parties), which rights shall continue until such time as the Dispute is resolved as provided in this Section 3.1.2. The parties to the Dispute shall negotiate in good faith in an attempt to resolve the claim. If any applicable Declarant Parties elect to take any corrective action, the applicable Declarant (and any applicable Declarant Parties) and their respective representatives and agents shall be provided full access to the Project to take and complete corrective action.

3.1.3 Mediation. If the parties to the Dispute cannot resolve the claim pursuant to the procedures described in Section 3.1.2 above (including, if applicable, Civil Code Section 1375 procedures), the matter shall be submitted to mediation pursuant to the mediation procedures adopted by the American Arbitration Association (except as such procedures are modified by the provisions of this Section 3.1.3) or any successor thereto or to any other entity offering mediation services that is mutually acceptable to such parties. No person shall serve as a mediator in any Dispute in which the person has any financial or personal interest in the result of the mediation, except by the written consent of all parties to the Dispute participating in the mediation. Prior to accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process. Except as provided in Section 3.1.6 below, and each Owner covenants that each Owner shall not commence any litigation against the Declarant Parties without complying with the procedures described in this Section 3.1.3.

(a) Position Memoranda; Pre-Mediation Conference. Within ten (10) days of the selection of the mediator, each party to the Dispute participating in the mediation shall submit a brief memorandum setting forth its position with regard to the issues that need to be resolved. The mediator shall have the right to schedule a pre-mediation conference and all parties to the Dispute participating in the mediation shall attend unless otherwise agreed. The mediation shall be

commenced within ten (10) days following the submittal of the memoranda and shall be concluded within fifteen (15) days from the commencement of the mediation unless the parties to the Dispute participating in the mediation mutually agree to extend the mediation period. The mediation shall be held in the county in which the Project is located or such other place as is mutually acceptable to the parties to the Dispute participating in the mediation.

(b) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Dispute. The mediator is authorized to conduct joint and separate meetings with the parties to the Dispute participating in the mediation and to make oral and written recommendations for settlement. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties to the Dispute participating in the mediation agree and assume the expenses of obtaining such advice. The mediator does not have the authority to impose a settlement on the parties to the Dispute participating in the mediation.

(c) Exclusion Agreement. Prior to the commencement of the mediation session, the mediator and all parties to the Dispute participating in the mediation shall execute an agreement pursuant to California Evidence Code Section 1115 et seq. and any successor statutes or laws in order to exclude the use of any testimony or evidence produced at the mediation in any subsequent dispute resolution forum, including, but not limited to, court proceedings, reference proceedings or arbitration hearings. Pursuant to California Evidence Code Section 1115 et seq. the agreement shall specifically state that evidence of anything said or of any admission made in the course of the mediation is not admissible evidence, and disclosure of any such evidence shall not be compelled in any civil action in which, pursuant to law, testimony can be compelled to be given. Unless the document provides otherwise, no document prepared for the purpose of, or in the course of, or pursuant to, the mediation, or copy thereof, is admissible in evidence; and disclosure of any such document shall not be compelled in any civil action in which, pursuant to law, testimony can be compelled to be given. The provisions of California Evidence Code Sections 1115 through 1128 shall also be applicable to such mediation process.

(d) Persons Permitted at Sessions. Persons other than the parties to the Dispute participating in the mediation, their representatives and the mediator may attend mediation sessions only with the permission of the parties to the Dispute participating in the mediation and the consent of the mediator; provided, however, that such permission and consent shall not be required to allow participation of such parties' insurer in the mediation to the extent required under such parties' liability insurance policy. Confidential information disclosed to a mediator by such parties or by witnesses in the course of the mediation while serving in such capacity shall be confidential. There shall be no stenographic record of the mediation process.

(e) Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including, but not limited to, the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any

proof or expert advice produced at the direct request of the mediator, shall be borne equally by the parties to the Dispute participating in the mediation unless they agree otherwise. Each party to the Dispute participating in the mediation shall bear its own attorneys' fees and costs in connection with such mediation.

3.1.4 Judicial Reference. Should mediation pursuant to Section 3.1.3 above not be successful in resolving any Dispute, such Dispute shall be resolved by general judicial reference pursuant to California Code of Civil Procedure Sections 638 and 641 through 645.1 or any successor statutes thereto, as modified or as otherwise provided in this Section 3.1.4. Subject to the limitations set forth in this Section 3.1.4, the judicial referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The judicial referee shall be the only trier of fact or law in the reference proceeding, and shall have no authority to further refer any issues of fact or law to any other party, without the mutual consent of all parties to the judicial reference proceeding.

(a) Participation by Declarant Parties. The parties to the Dispute shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. Declarant or an Owner, as applicable in a particular judicial reference proceeding (individually, "Party" or collectively, the "Parties"), shall not be required to participate in the judicial reference proceeding if (i) all parties against whom the applicable Party would have cross-claims or counterclaims necessary to afford complete relief to such Party cannot be joined in the judicial reference proceeding, including, but not limited to, any Declarant Party (collectively, a "Necessary Party"), or (ii) the enforcement of the provisions of this Section 3.1.4 would impair the insurance coverage of a Party or a Declarant Party for any claim arising out of the Dispute that would otherwise provide coverage for such claim. If a Party determines that it cannot join all Necessary Parties or that its insurance coverage would be impaired with respect to the Dispute, or if Declarant is advised by a Declarant Party that it contends its insurance coverage will be impaired by enforcement of this Section 3.1.4, such Party may elect not to participate in the judicial reference proceeding. If a Party so elects not to participate in the judicial reference proceeding, such Party will provide notice to Claimant(s) and the other Parties to the judicial reference proceeding that the Dispute will not be resolved by judicial reference. In such circumstances, the other Parties may seek determination of the Party's right not to participate by way of a motion under California Code of Civil Procedure Sections 638, 641 through 645.1, or any successor statutes thereto. If a determination is made as a result of such a motion that a Party is not required to participate in the judicial reference proceeding, unless the remaining Parties agree otherwise, the Dispute shall not be resolved by judicial reference and the Claimant(s) may proceed with an action with respect to the subject Dispute in an appropriate court of law. In the event that Claimant(s) are permitted to pursue legal proceedings as provided herein, subsections (b) through (f) and (h) through (n) of this Section 3.1.4 will not apply in such legal proceeding, provided that the legal proceeding shall be tried by a judge and not a jury and Claimant(s) and all parties shall waive their rights to a jury (unless all parties to such proceeding mutually consent otherwise).

(b) Place. The proceedings shall be heard in the county in which the Project is located.

(c) Referee. The referee shall be an attorney or retired judge with experience in relevant real estate matters. The referee shall not have any relationship to the parties to the Dispute or interest in the Project. The parties to the Dispute participating in the judicial reference proceeding shall meet to select the referee within ten (10) days after service of the initial complaint on all defendants named therein. Any dispute regarding the selection of the referee shall be promptly resolved by the judge to whom the matter is assigned, or if there is none, to the presiding judge of the Superior Court of the County in which the Project is located, who shall select the referee.

(d) Commencement and Timing of Proceeding. The referee shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(e) Pre-hearing Conferences. The referee may require one or more pre-hearing conferences.

(f) Discovery. The parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange between such parties of only the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute, including but not limited to, destructive or invasive testing; and (vi) trial briefs. Such parties shall also be entitled to conduct further tests and inspections as provided in Section 3.1.2 above and to conduct depositions of the expert witness. Any other discovery provided for in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the mutual agreement of the parties to the judicial reference proceeding. The referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(g) Motions. The referee shall have the power to hear and dispose of motions, including motions relating to provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary adjudication motions, in the same manner as a trial court judge, except the referee shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense. Notwithstanding the foregoing, if prior to the selection of the referee as provided herein, any provisional remedies are sought by the parties to the Dispute, such relief may be sought in the Superior Court of the County in which the Project is located.

(h) Rules of Law. The referee shall apply the laws of the State of California except as expressly provided herein, including the California Evidence Code, unless expressly waived by all parties to the judicial reference proceeding.

(i) Record. A stenographic record of the hearing shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(j) Statement of Decision. The referee's statement of decision shall contain findings of fact and conclusions of law to the extent required by law if the case were tried to a judge. The decision of the referee shall stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

(k) Post-hearing Motions. The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(l) Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(m) Expenses. The fees and costs of any judicial reference proceeding hereunder shall be equally shared by the parties to the judicial reference proceeding. Each party to the judicial reference proceeding shall bear its own attorneys' fees and costs in connection with such proceeding.

3.1.5 AGREEMENT TO DISPUTE RESOLUTION; WAIVERS OF JURY TRIAL. DECLARANT AND BY ACCEPTING A DEED, EACH OWNER AGREES TO HAVE ANY DISPUTE RESOLVED ACCORDING TO THE PROVISIONS OF THIS SECTION 3.1 AND WAIVES THEIR RIGHTS TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THIS SECTION 3.1. SUCH PARTIES ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 3.1, THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY. IF YOU REFUSE TO SUBMIT TO MEDIATION OR JUDICIAL REFERENCE IN VIOLATION OF THE TERMS OF THIS SECTION 3.1, YOU MAY BE COMPELLED TO DECIDE THIS MATTER BEFORE A JUDICIAL REFEREE. THIS SECTION 3.1 SHALL NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT.

3.1.6 Statutes of Limitation. Nothing in this Section 3.1 shall be considered to toll, stay, reduce or extend any applicable statutes of limitation; provided, however, that the Declarant Parties or any Owner shall be entitled to commence a legal action which in the good faith determination of such Party(ies) is necessary to preserve their rights under any applicable statute of limitations, provided that such Party shall take no further steps in prosecuting the action until it has complied with the procedures described in Sections 3.1.3 and 3.1.4 above.

ARTICLE 4

EXTINGUISHMENT, AMENDMENT AND DE-ANNEXATION

4.1 Term of Miraval Declaration. This Miraval Declaration, and every provision hereof, and every covenant, condition or restriction contained herein, shall continue in full force and effect until fifty (50) years from the date this Miraval Declaration is recorded in the Office of the County Recorder of San Diego County, California; provided, however, that this Miraval Declaration, or any provision hereof, may be terminated as to all of the Residential Lots with the written consent of each of the Owners of the Residential Lot; and, provided further, however, that so long as the Declarant owns any portion of the Benefitted Property, no such termination shall be effective without the written approval of Declarant thereto. No such termination shall be effective until the proper instrument in writing has been approved by and executed, acknowledged and recorded in the Office of the County Recorder of San Diego County, California. Termination of this Miraval Declaration does not terminate any obligations of the Owners to Pay the Single Benefit Assessments under the Master Declaration.

4.2 Amendments. This Miraval Declaration may be amended, modified or extended by an instrument in writing signed by all the Owners of the Residential Lots; provided, however, that so long as Declarant owns any portion of the Property or the Benefitted Property, no such modification or amendment shall be effective without the written approval of Declarant thereto. Said modification or amendment shall be effective upon a proper instrument in writing being executed, acknowledged and recorded in the Office of the County Recorder of San Diego County, California.

4.3 De-annexation. Declarant may delete all or any portion of the Property subject to this Miraval Declaration, so long as Declarant is the sole Owner of the Residential Lot to be deleted. Such deletion shall be effective upon the recordation of a document signed by Declarant and recorded in the Official Records of San Diego County memorializing the deletion of such property.

ARTICLE 5

MISCELLANEOUS PROVISIONS

5.1 Constructive Notice and Acceptance. Every person who now or hereafter owns or acquires any right, title, estate or interest in or to any portion of the Property is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction contained herein, whether or not any reference to this Miraval Declaration is contained in the instrument by which such person acquired an interest in said property.

5.2 Rights of Lender. Any Owner of a Residential Lot may encumber such Owner's land by deed of trust or mortgage. The beneficiary of any bona fide deed of trust or mortgage made in good faith and for value encumbering any portion of the Property is referred to in this paragraph as

a "lender." A breach of any of the provisions of this Miraval Declaration shall not affect or impair the lien or charge of any bona fide deed of trust or mortgage made in good faith and for value encumbering any portion of the Property. A lender who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Miraval Declaration which is noncurable or of a type which is not practical or feasible to cure but otherwise this Miraval Declaration shall be binding upon and effective against any Owner who acquires title by foreclosure, by Trustee's sale or otherwise. It is intended that any loan to facilitate the resale of any portion of the Property after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value.

5.3 Mutuality, Reciprocity, Runs With Land. All restrictions, conditions, covenants and agreements contained herein are made for the direct, mutual and reciprocal benefit of each and every part and Residential Lot on the Property; shall create mutual, equitable servitudes and burdens upon each Residential Lot in favor of every other Residential Lot; shall create reciprocal rights and obligations between the respective Owners of all Residential Lots and privity of contract and estate between all grantees of said Residential Lots, their heirs, successors and assigns; and shall, as to the Owner of each Residential Lot, his heirs, successors and assigns, operate as covenants running with the land, for the benefit of all other Residential Lots.

5.4 Severability. Should any provision in this Miraval Declaration be void or become invalid or unenforceable in law or equity by judgment or court order, the remaining provisions hereof shall be and remain in full force and effect.

5.5 Headings. The headings used in this Miraval Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Miraval Declaration.

5.6 No Racial Restriction. No Owner shall execute or cause to be recorded any instrument which imposes a restriction upon the sale, leasing or occupancy of his Residential Lot on the basis of race, sex, color or creed.

5.7 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

5.8 Exhibits. All exhibits referred to herein are incorporated by reference.

5.9 Binding Effect. This Miraval Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Owners.

IN WITNESS WHEREOF, this Miraval Declaration has been executed as of the date first above written.

DECLARANT:

D.R. HORTON SAN DIEGO HOLDING
COMPANY, INC., a California corporation

By: 

Name: GARY CROUCH

Title: VP OPERATIONS

STATE OF California)

COUNTY OF San Diego)

On 5-2-01 before Me, Stacie Donahue, Notary Public

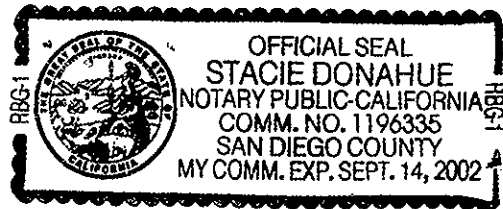
personally appeared Gary Crouch, Assistant Vice President,
DR Horton San Diego Holding Company, Inc.

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose **name(s)** are/**is** subscribed to the within instrument and acknowledged to me that **he**/she/they executed the same in **his**/her/their authorized capacity, and that by **his**/her/their **signature(s)** on the instrument the **person(s)**, or the entity upon behalf of which the **person(s)** acted, executed the instrument.

WITNESS my hand and official seal.

Signature Stacie Donahue

(SEAL)




SUBORDINATION AGREEMENT

The undersigned, as holder of the beneficial interest in that certain Deed of Trust dated June 16, 2000 and recorded in the Office of the County Recorder of San Diego County on June 16, 2000 as Instrument No. 2000-318209, which Deed of Trust encumbers all or a portion of the real property covered by the Declaration of Covenants, Conditions and Restrictions of Miraval at Rancho Del Oro, to which this Subordination Agreement is attached ("Declaration") does hereby intentionally and unconditionally subordinate the lien of said Deed of Trust to the Declaration.

Dated: 4-27-01

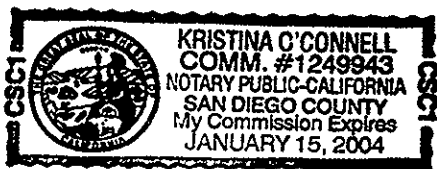
Barratt American Incorporated, a Delaware corporation

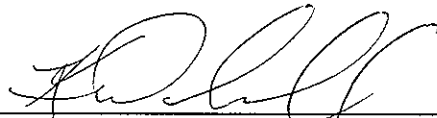
By: 
Name: J. Michael Armstrong
Title: Asst. Vice Pres.

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Diego)

On April 27, 2001, before me, Kristina O'Connell, Notary Public, personally appeared J. Michael Armstrong personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name(s) ~~are~~ is subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity, and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Signature 

(SEAL)

EXHIBIT "A"

Legal Description of the Property

Property:

Lots 1 through 97, inclusive, of Rancho Del Oro Village III, Tract 3.4 in the City of Oceanside, County of San Diego, State of California, according to Map thereof No. 14197 recorded in the Office of the County Recorder of San Diego County April 25, 2001.

Master Common Area:

Lots A through G, inclusive, of Rancho Del Oro Village III, Tract 3.4 in the City of Oceanside, County of San Diego, State of California, according to Map thereof No. 14197 recorded in the Office of the County Recorder of San Diego County April 25, 2001.

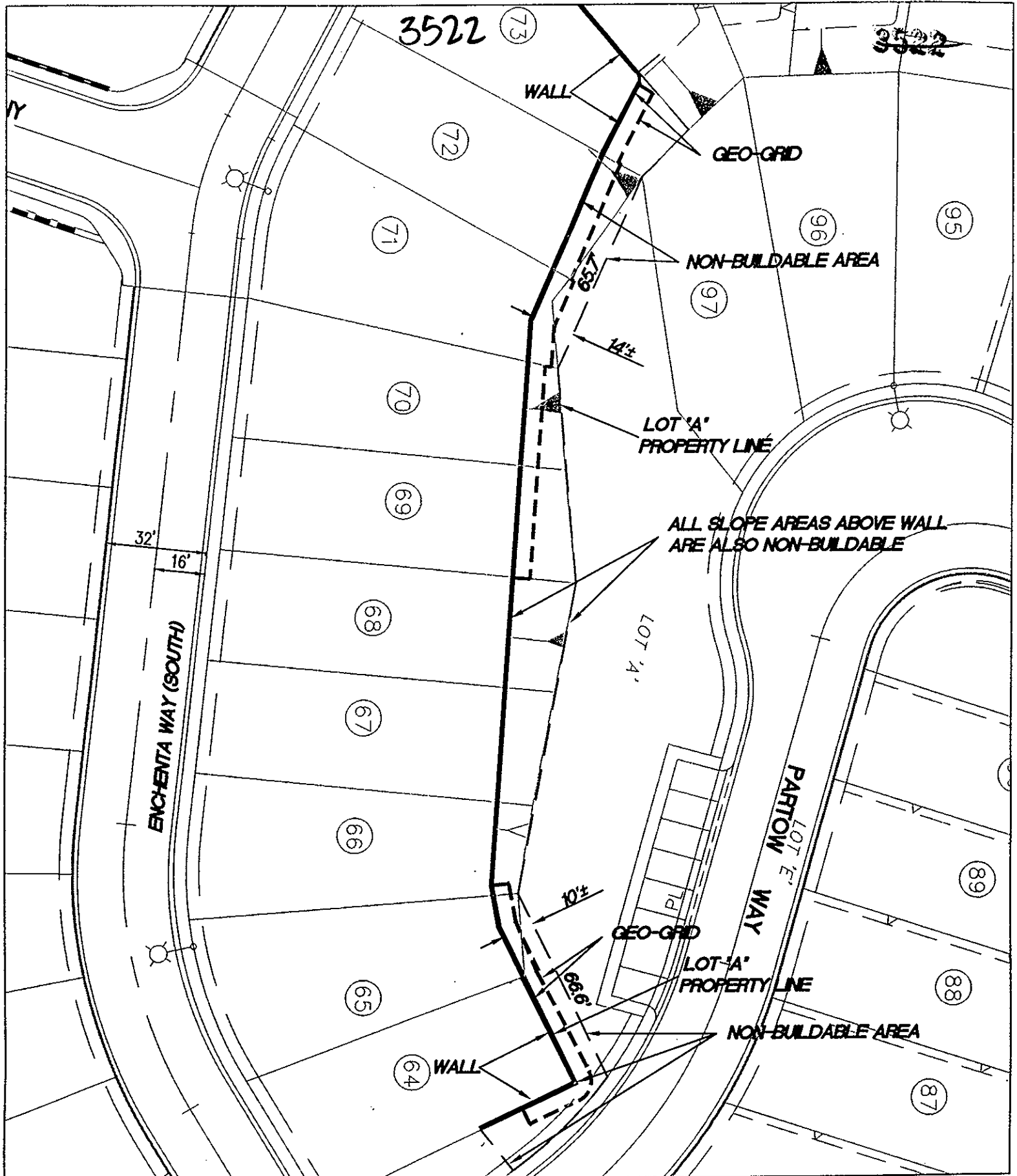


EXHIBIT 'B'
GEO-GRID WALL PROTECTION
NON-BUILDABLE AREAS