

**MUTUAL BENEFIT AGREEMENT
FOR RANCHO MURIETA**

This Mutual Benefit Agreement (“Mutual Benefit Agreement”) is made as of this ____ day of _____, 2003, between RANCHO MURIETA ASSOCIATION, a California nonprofit mutual benefit corporation (“Rancho Murieta Association”), and RANCHO NORTH PROPERTIES LLC, a California limited liability company (“Rancho North”), and PTF for Operating Engineers, LLC, a Delaware limited liability company (“PTF”). Rancho Murieta Association, Rancho North, and PTF are collectively referred to herein as the “parties.”

RECITALS

This Mutual Benefit Agreement is made with respect to the following facts.

A. Rancho Murieta Association is an association, as defined in Civil Code Section 1351(a), created under and governed by the RMA Declaration (as defined in Section 1.34, below).

B. Rancho North is the owner of all of the real property described in Exhibit “A”, excepting the Park Sites (as defined in Section 1.18, below) known as Calero Park, Clementia Lakeside Park and Murieta Parkway Park. The Calero Park, Clementia Lakeside Park and Murieta Parkway Park were conveyed to Rancho Murieta Association on the day this Mutual Benefit Agreement was Recorded. Exclusive of those Park Sites, the property described in Exhibit “A” is referred to herein as the “Rancho North Property”.

C. PTF is the owner of all the real property located within Rancho Murieta more particularly described in Exhibit “B” (the “Golf Course Property”), which property is leased to Rancho Murieta Country Club for the purpose of operating golf courses and related facilities.

D. Rancho Murieta Association currently owns the following facilities, hereafter referred to as the “Recreational Facilities,” located in Rancho Murieta:

(i) The lakes and reservoirs described in sections 7(a), 7(b), 7(c), 7(d) and 7(e) of the RMA Declaration.

(ii) All facilities described in the Park Matrix contained in the Park Development Agreements (as defined in Section 1.17, below), as such matrix exists on the date of this Mutual Benefit Agreement. Certain Park Sites and park areas were conveyed to Rancho Murieta Association on the same day this Mutual Benefit Agreement was Recorded.

E. The Recreational Facilities are part of the Association Common Facilities (as defined in the RMA Declaration) of the Rancho Murieta Association.

F. On the day this Mutual Benefit Agreement is Recorded, Rancho North and Rancho Murieta Association caused the Grant of Easements Agreement, attached hereto as Exhibit "D", to be Recorded in the Official Records of the County of Sacramento, California.

G. Rancho North does not possess the unilateral right to annex the Rancho North Property to the Rancho Murieta Association pursuant to the RMA Declaration. Furthermore the plan of phased development contemplated by this Mutual Benefit Agreement (and the Exhibits attached hereto), the New Master Declaration and the other Governing Documents of the Rancho Murieta North Association do not contemplate annexation of the Rancho North Property to the Rancho Murieta Property at any time while the Rancho North Property is being made available for development by Rancho North and is being developed and marketed by Subdividers. Nevertheless, in order to facilitate and coordinate the development of all lands comprising Rancho Murieta as a part of a unified planned development consistent with the Rancho Murieta Planned Development Ordinance, the parties have entered into this Mutual Benefit Agreement. The parties believe this Mutual Benefit Agreement, and the covenants and equitable servitudes it imposes, provide substantial advantages and benefits to all parties, and fairly and equitably accommodates their different needs, with respect to Rancho North, its holding as an investment of land, and with respect to the others, the development, use, and enjoyment of all lands and improvements within the Rancho Murieta Planned Development Ordinance.

H. A dispute has arisen between Rancho Murieta Association and its members, on the one hand, and Rancho North and PTF, on the other hand, concerning their respective rights, duties and obligations and, in the case of Rancho North, the rights, duties and obligations of the future members of Rancho Murieta North Association and their invitees, families, licensees, guests, service providers, agents, contractors, employees and delivery persons with respect to each party's right of ingress, egress, passage, access to, and obligation for maintenance of the current and future Improved Roads, Park Sites and bicycle paths located within the Rancho Murieta Property and with respect to each party's right to exclude or limit the use of such Improved Roads, Park Sites and bicycle paths by the other party, parties or persons mentioned in this Recital H. In order to resolve this dispute and for the other purposes set forth in this Mutual Benefit Agreement, the parties have entered into this Mutual Benefit Agreement.

I. It is not intended, nor will, the obligations of Rancho North constitute development activities. Rather, Rancho North is entering into this Agreement to gain the benefits outlined in Section 4.01(a) among the other benefits included in this Agreement and to further protect and enhance its investment in the Rancho North Property, based on the County of Sacramento plan that Rancho Murieta be one cohesive planned development community pursuant to the Rancho Murieta Planned Development Ordinance. It is Rancho North's intent that any and all development activities be conducted by Subdividers who may acquire all or portions of the Rancho North Property currently owned by Rancho North.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and for other good and valuable consideration, receipt of which is acknowledged, and expressly for the benefit of the parties to this Mutual Benefit Agreement and their respective successors in interest

who acquire any portion of the real properties described herein or in any Exhibit attached hereto, the foregoing recitals being incorporated herein, the parties agree as follows:

ARTICLE I DEFINITIONS

As used herein, the following terms shall have the following meanings:

Section 1.01. “Basic Cable Service” means the minimum cable service or comparable programming that was provided to Members of the Rancho Murieta Association as a component of the Association’s Regular Assessment as of December 1, 2001. Basic Cable Service does not include purchased premium programs (premium channels), shopping channels, converter services, pay-for-view, and internet/broadband and telephone services.

Section 1.02. “Basic Cable Service Expenses” means the actual out-of-pocket costs incurred by Rancho Murieta Association during each calendar year during the term of this Mutual Benefit Agreement that are required to provide Basic Cable Service to the Members of Rancho Murieta Association, including an equitable share of costs to maintain cable facilities and capital replacement reserves for those facilities that are owned, leased and maintained by Rancho Murieta Association to provide only Basic Cable Service (calculated in the same manner as members of Rancho Murieta Association are assessed for capital replacement reserves).

Section 1.03. “Cable Service” means all cable and telephone services, if any, provided, from time to time, by Rancho Murieta Association to its members. Cable Service includes Basic Cable Service and any other services broadcast or transmitted over the Rancho Murieta Association cable system now existing or later contrived or implemented.

Section 1.04. “Clementia Community Park” means the approximately 20 acre site shown on Exhibits F-1 and F-2 of the Park Development Agreements, copies of which exhibits are attached hereto as Exhibit “E”. The Clementia Community Park is located within the Rancho North Property.

Section 1.05. “Declaration” means any declaration, as defined in Civil Code section 1351(h), that is Recorded against any portion of Rancho Murieta, including, without limitation, the RMA Declaration, the New Master Declaration and any Supplemental Declaration Recorded in the chain of title to any portion of the Rancho North Property.

Section 1.06. “District” means the Rancho Murieta Community Services District, a California special district formed pursuant to California Government Code §66100 et seq., and any successor governmental unit that succeeds to District ’s authority and responsibilities.

Section 1.07. “Gate Facilities” refer to the access gate structure improvement project (and related improvements) that are planned for the north entrance to Rancho Murieta from State Highway 16. The Gate Facilities are more particularly defined in Section 3.01(a), below. “Gate Facilities Payment” shall be the amount that Rancho North has agreed to contribute to the Gate Facilities project pursuant to Section 3.01(b) and (c), below.

Section 1.08. “Governing Documents” shall be as defined in California Civil Code § 1351.

Section 1.09. “Grant of Easements Agreement” means the agreement, entitled “Grant of Easements Agreement” recorded on the same day as this Mutual Benefit Agreement is recorded and attached hereto as Exhibit “D”.

Section 1.10. “Improved Roads” means all roads and streets within Rancho Murieta that are shown on a Recorded Subdivision Map, whether now existing or hereafter constructed, that have been improved so that they are reasonably usable for their intended purpose (including, without limitation, all roads identified in the Grant of Easements Agreement, as amended from time to time) and all roads within the Golf Course Property. “Improved Roads” shall not include any roads that may be subsequently located within any gated community that may be subsequently developed in any portion of the Rancho North Property.

Section 1.11. “Individual Contribution Amount” means that portion of the RMA Contribution allocable to each Lot in the Rancho North Property, all as more particularly provided in Section 4.04, below.

Section 1.12. “Lot” means any parcel of real property designated by a number on any Subdivision Map for any portion of the Rancho North Property and intended for residential use and development, excluding any common area and any open space parcel that may be designated as a lot on a Subdivision Map.

Section 1.13. “Lot Owners”, “Owner” and “Owners” means any person, firm, trust, corporation or other legal entity that owns a fee simple interest in any Lot in the Rancho North Property. Lot Owners shall be members of the Rancho Murieta North Association and of any other Rancho North Association that is given jurisdiction over the Owner’s Lot pursuant to a Recorded Supplemental Declaration.

Section 1.14. “Mutual Benefits Plans” is defined in the first paragraph of Section 3.01(a), below.

Section 1.15. “New Master Declaration” means the Declaration that, pursuant to this Mutual Benefit Agreement, will be Recorded against all lands comprising the Rancho North Property, thereby imposing equitable servitudes on the Rancho North Property, while at the same time: (i) permitting the modification of those servitudes as applied to various Subdivision Phases (subject to the limitations described in Section 2.02, below); and (ii) permitting the future annexation of any other portion of Rancho Murieta to the Rancho North Property that is subsequently developed in accordance with the Rancho Murieta Planned Development Ordinance and annexed in the manner permitted by the Regulations of the California Department of Real Estate. The New Master Declaration shall provide for establishment of the Rancho Murieta North Association, and shall include the provisions set forth in Exhibit “F”. In the event of any conflict between the New Master Declaration, as amended from time to time, and this Mutual Benefit Agreement (and its Exhibits), the terms of this Mutual Benefit Agreement shall prevail.

Section 1.16. “Parks Access Easements” or, individually, “Park Access Easement” means the easements described in Section 7.01, below, and in Exhibit “C”.

Section 1.17. “Park Development Agreements” means (i) the Park Development Agreement Dated as of September 19, 1990 (recorded in the Official Records of Sacramento County on November 8, 1990 at Book 9011-08, Page 720) by and among Rancho Murieta Association and Winncrest Homes, Inc., F.N. Projects, Inc. and N.T. Hill, Inc. and Rancho Murieta Community Services District; (ii) the Park Development Agreement-Dated as of February 20, 1991 (recorded in the Official Records of Sacramento County on February 21, 1991 at Book 9102-21, Page 1274) by and among Rancho Murieta Association, RMPI, CBC Builders and SHF Acquisitions and (iii) the Park Development Agreement-Dated as of June 28, 1991 (recorded in the Official Records of Sacramento County on November 25, 1991, at Book 9111-25, Page 1295) by and among Rancho Murieta Association, the District and First Interstate Bank of California, a California corporation, as Corporate Co-Trustee for Pension Trust Fund for Operating Engineers.

Section 1.18. “Park Sites” means the real property conveyed to District and from District to Rancho Murieta Association under the grant deeds recorded concurrently with the Recordation of this Mutual Benefit Agreement in the official records of Sacramento County, California, consisting of Calero Park (3.144± acres) and Clementia Lakeside Park (9.474± acres). In addition, Rancho North conveyed Murieta Parkway Park (11.034± acres) to the District under a grant deed recorded concurrently with the Recordation of this Mutual Benefit Agreement in the official records of Sacramento County, California, without any limitation that such property become part of the Common Area of Rancho Murieta Association. Murieta Parkway Park shall become a Park Site within the meaning of this Section 1.18 unless Rancho Murieta Association, at its sole election, exchanges Murieta Parkway Park for other property. If such an exchange occurs, the other property shall become a Park Site within the meaning of this Section 1.18. The Stonehouse Park site (26± acres) conveyed to Rancho Murieta Association as described in Section 9.01 is a Park Site within the meaning of this Section 1.18. Further, the Murieta South Park (7.57± acres) and the Murieta South Remote Park (1.87± acres) will become Park Sites, as described in this Section 1.18, when conveyed to Rancho Murieta Association in accordance with the Park Development Agreements. All Park Site conveyances may reserve or grant to Rancho North and to Rancho Murieta North Association and its members, and the families, lessees and guests of such members, rights of ingress, egress, access and use consistent with this Mutual Benefit Agreement.

Section 1.19. “PTF” means and refers to the PTF for Operating Engineers, LLC, a Delaware limited liability company.

Section 1.20. “Public Report” means any subdivision Public Report issued by the California Department of Real Estate pursuant to Business & Professions Code section 11010.2 which pertains to any portion of the Rancho North Property.

Section 1.21. “Rancho Murieta” means all lands included within the Rancho Murieta Planned Development Ordinance, whether or not a part of the Rancho North Property or annexed to the Rancho Murieta Property.

Section 1.22. “Rancho Murieta Association” means Rancho Murieta Association, a California nonprofit mutual benefit corporation, its successors and assigns. Rancho Murieta Association is the association with jurisdiction and authority within the Rancho Murieta Property pursuant to the RMA Declaration.

Section 1.23. “Rancho Murieta North Association ” means an association, as defined in Civil Code Section 1351(a), whose members will be comprised of all of the Lot Owners within the Rancho North Property and any subsequent real property that is annexed to the Rancho North Property and subjected to the jurisdiction of the Rancho Murieta North Association pursuant to the annexation provisions of the New Master Declaration.

Section 1.24. “Rancho Murieta Planned Development Ordinance” means the ordinance adopted by the Sacramento County Board of Supervisors entitled “Rancho Murieta Planned Development Ordinance”, which Ordinance is numbered for reference purposes as Ordinance No. 77-PD-10, as amended through the date of this Mutual Benefit Agreement.

Section 1.25. “Rancho Murieta Property” shall mean all real property that is subject to the RMA Declaration, including any real property subsequently annexed to the RMA Declaration. The term “Rancho Murieta Property” does not include any real property that has not been annexed to the RMA Declaration and the jurisdiction of the Rancho Murieta Association, except Recreational Facilities, Park Sites, Parks Access Easements and the trail system described in the Park Development Agreements located in areas of Rancho Murieta that are not annexed to the Rancho Murieta Association. On the date of this Mutual Benefit Agreement, none of the Rancho North Property is part of the Rancho Murieta Property.

Section 1.26. “Rancho North” means Rancho North Properties LLC, a California limited liability company, its successors and assigns.

Section 1.27. “Rancho North Associations” is a collective term which means and refers to the Rancho Murieta North Association and any other association (as defined in Civil Code section 1351(a)) that is given jurisdiction within any Subdivision Phase(s) of the Rancho North Property pursuant to a Recorded Supplemental Declaration.

Section 1.28. “Rancho North Property” means the real property described in Exhibit “A”, excluding the Calero Park, Clementia Lakeside Park and Murieta Parkway Park described in Section 1.18, above that were conveyed to Rancho Murieta Association concurrently with the Recordation of this Mutual Benefit Agreement. “Rancho North Property” shall also include any other property within Rancho Murieta that is located north of Highway 16, that is within the north gate, that is not owned by Rancho North and that subsequently becomes subject to the New Master Declaration, this Mutual Benefit Agreement and the Grant of Easements Agreement by annexation in accordance with Section 2.02, below.

Section 1.29. “Recreational Facilities” is a term that is defined in Recital “D,” above. The Recreational Facilities shall also include any additional facilities acquired by Rancho Murieta Association pursuant to Articles IX and X of this Mutual Benefit Agreement.

Section 1.30. “Record”, “Recorded ”, “Recording”, and “Recordation” means the recording or recordation of any document in the Official Records of the Office of the Sacramento County Recorder, State of California.

Section 1.31. “Resource Protection Area” means the property described in Section 9.02, below.

Section 1.32. “Resource Protection Area Agreement ” means the agreement between the County of Sacramento and Rancho Murieta Properties, Inc. dated December 27, 1978, which agreement was Recorded on October 25, 1979 in Book 79-10-25, Page 1092.

Section 1.33. “RMA Contribution” means the total amount, calculated on an annual basis in accordance with Section 4.02, below, and periodically adjusted as required by subparagraph (c) of Section 4.02, that the Rancho Murieta North Association is obligated to remit to the Rancho Murieta Association pursuant to Article IV, below, and corresponding provisions of the New Master Declaration.

Section 1.34. “RMA Declaration” means the Second Restated Declaration of Covenants, Conditions and Restrictions recorded on September 26, 1996 as Instrument No. 1996092661353 and re-recorded on February 10, 1998 as Instrument No. 199802100773, as amended by the First Amendment of Second Restated Declaration of Covenants, Conditions and Restrictions recorded on February 13, 1998 as Instrument No. 199802130883, and as the same may be further amended from time to time; provided, however, that in the event that any subsequent amendment of the RMA Declaration is in conflict with this Mutual Benefit Agreement, the terms of this Mutual Benefit Agreement shall prevail.

Section 1.35. “RMA Regular Assessment” has the same meaning as set forth in Article IV, Section 2, of the RMA Declaration.

Section 1.36. “Subdivider” means any person or entity that acquires any part of the Rancho North Property for purpose of development and resale for which a Department of Real Estate Public Report is required pursuant to Business & Professions Code §11010. For purposes of this Mutual Benefit Agreement, the term “Subdivider” also includes Rancho North if a Public Report is required for its development and sale of any portion of the Rancho North Property.

Section 1.37. “Subdivision Map” means a final subdivision map for any portion of the Rancho North Property.

Section 1.38. “Subdivision Phase” means the real property included in any Public Report issued by the California Department of Real Estate.

Section 1.39. “Supplemental Declaration” means any Declaration supplementing the New Master Declaration and affecting solely a particular Subdivision Phase or Phases of the Rancho North Property, all as more particularly described in Section 2.02, below.

Section 1.40. “Tree Mitigation Areas” means those areas in Rancho Murieta that have been selected for tree mitigation purposes during the course of development of the Rancho North Property pursuant to an approved mitigation plan. Without limiting the generality of the foregoing, the Clementia Community Park, as defined in Section 1.04, above, and in Exhibit "E", shall be one of the Tree Mitigation Areas.

ARTICLE II RANCHO MURIETA NORTH ASSOCIATION

Section 2.01. Formation of Rancho Murieta North Association. Rancho North agrees to form the Rancho Murieta North Association as a California nonprofit mutual benefit corporation and to Record the New Master Declaration against the Rancho North Property prior to or coincident with the first transfer or conveyance of any portion of the Rancho North Property to a Subdivider that intends to subdivide such property into Lots (with, in some instances, appurtenant common area parcels). The New Master Declaration shall include, among other provisions deemed necessary or appropriate by Rancho North, or its assignee or other declarant, in its sole discretion, the following:

(a) provisions empowering and obligating the Rancho Murieta North Association to collect Individual Contribution Amounts from each Lot Owner as set forth in Section 4.04, below;

(b) provisions imposing the duty and the obligation of the Rancho Murieta North Association to remit the RMA Contribution to the Rancho Murieta Association in accordance with Sections 4.01 and 4.02, below, regardless of whether the Rancho Murieta North Association has received each Lot Owner’s Individual Contribution Amount. Accordingly, the obligation of Rancho Murieta North Association to collect and remit to Rancho Murieta Association the RMA Contribution shall be identified in the New Master Declaration as a Common Expense of Rancho Murieta North Association;

(c) provisions establishing an architectural or design review committee with jurisdiction over all lands subject to the New Master Declaration, in accordance with the applicable regulations of the California Department of Real Estate, which shall include, as a full voting member, one member of the Rancho Murieta Association who is a designee of the Rancho Murieta Association Board of Directors; and

(d) the provisions set forth in Exhibit “F”, attached hereto.

Section 2.02 Authority For Recordation of Supplemental Declarations. Although all of the Rancho North Property will be encumbered by this Mutual Benefit Agreement and the New Master Declaration, the New Master Declaration will include provisions authorizing Supplemental Declarations to be Recorded with respect to Subdivision Phases. A Supplemental Declaration may modify or amend the equitable servitudes created by Recordation of the New Master Declaration, as applicable to lands within the Subdivision Phase to which the Supplemental Declaration pertains in order to address matters that are unique to the development plan for the Subdivision Phase to which the Supplemental Declaration pertains. For example (but not by way of limitation), Supplemental Declarations may provide different or additional property use restrictions, or create new Rancho North Associations with jurisdiction limited to Lots within the Subdivision Phase, or create a subordinate architectural review committee with jurisdiction over improvement projects within the Subdivision Phase (so long as any such committee's project approval is in addition to approval by the committee formed pursuant to the provisions described in Section 2.01(c), above). However, under no circumstances shall a Supplemental Declaration (i) alter, delegate, or eliminate the obligations of Rancho Murieta North Association under Article IV, below, and any corresponding provisions of the New Master Declaration, or (ii) alter, amend or delete any of the provisions required by subparagraphs (c) and (d), of Section 2.01, above.

Section 2.03 Authority for Future Annexations to the Rancho North Property. Real property other than Rancho North Property may be annexed to the Rancho Murieta North Association and the New Master Declaration, provided the property is within Rancho Murieta, is located north of Highway 16, is within the north gate, is not owned by Rancho North and the requirements for the annexation of property under the New Master Declaration and the Regulations of the California Department of Real Estate are satisfied. Nothing in this Section 2.03 shall prevent Rancho Murieta North Association from accepting, as common area of the association, other properties and easements located in Rancho Murieta.

ARTICLE III GATE IMPROVEMENTS

Section 3.01. Upgrade of North Rancho Murieta Gate and Lago Entrance.

(a) Rancho North's Agreement to Improve Rancho Murieta's North Gate Entrance and Certain Related Improvements. Subject to the following terms and conditions of this Article III, Rancho North agrees to upgrade the north gate entrance to Rancho Murieta, including, without limitation, access control building at the intersection of Murieta Parkway and State Highway 16, the entrance to Lago Drive, landscaping along a portion of Highway 16 and median strip improvements along Murieta Parkway. The final plans and specifications for such work are referred to as the "Mutual Benefit Plans." The improvements to be completed pursuant to the Mutual Benefit Plans are referred to herein as the "Gate Facilities". Rancho North's contribution to the Gate Facilities Improvement Costs, as defined and limited in subparagraph (b), below, shall be made to a neutral escrow depository at the time and otherwise in accordance with subparagraph (c), below.

(b) Rancho North's Contribution to Gate Facilities Project; Additional Contributions by Rancho Murieta Association and/or the District. In consideration of the benefits provided for in Section 4.01(a) and other good and valuable consideration, Rancho North agrees to deposit One Million Four Hundred Thousand Dollars (\$1,400,000.00 below; the "Gate Facilities Payment") to fund the Gate Facilities Improvement Costs. Rancho North shall make its Gate Facilities Payment at the time and in the manner provided in subparagraph (c), below. It is the parties' intention that the final Mutual Benefit Plans encompass all aspects of the RMA Plans (defined below) and all of Rancho North's design elements for such facilities and for the landscape and median strip improvements. The costs of constructing the Gate Facilities and all related architectural fees, permit costs, escrow fees and costs, legal fees, construction management, demolition costs (see subparagraph (g), below), costs of construction of all improvements and landscaping included in the scope of work developed pursuant to subparagraph (e), below, the cost of any other improvements required as a condition to issuance of applicable building permits and a contingency line item equal to fifteen percent (15%) of the construction cost of the Gate Facilities are referred to collectively as the "Gate Facilities Improvement Costs". It is the further intention of the parties that the Gate Facilities Payment be the limit of Rancho North's financial obligations to the Gate Facilities Improvement Costs, except that Rancho North shall remain liable for additional costs of the original construction of the Gate Facilities (but not other costs, for example, costs of correcting defective construction), if any, that arise out of or relate to any default in performance by any architect, contractor or subcontractor engaged by Rancho North to perform the improvement work arising out of an act or omission by Rancho North in its administration of the improvement work pursuant to the Mutual Benefit Plans.

The limitations on Rancho North's contribution to the Gate Facilities Improvement Costs (as stated in the first paragraph of this subparagraph (b)), shall not preclude Rancho Murieta Association (for itself or on behalf of the District) from contributing additional funds to pay the Gate Facilities Improvement Costs if the Gate Facilities Improvement Costs exceed Rancho North's Gate Facilities Payment. Rancho North shall have no responsibility for Gate Facilities Improvement Costs in excess of the Gate Facilities Payment, arising from or attributable to any cause, improvement component, or factor other than those identified in the immediately preceding paragraph.

(c) Opening of Escrow and Deposit of Gate Facilities Payment. Rancho North's Gate Facilities Payment, less any Gate Facilities Improvement Costs paid prior to the Commencement Date, shall be deposited by Rancho North in a neutral escrow depository (the "Escrow Holder ") selected by Rancho North and acceptable to Rancho Murieta Association, no later than the Commencement Date. The Escrow Holder selected by the parties shall discharge its duties pursuant to a written agreement providing for disbursements from such escrow as work on the Gate Facilities is completed. The written agreement with the Escrow Holder shall not contain terms or conditions that are inconsistent with this Mutual Benefit Agreement. Rancho North will direct investment of its funds on deposit in accounts reasonably acceptable to Escrow Holder. Escrow Holder shall release to Rancho North any of Rancho North's funds in excess of the remaining Gate Facilities Improvement Costs when such costs are finally established under subparagraph (g).

Any sums due under Exhibit "I" for upgrades and additions, shall be deposited with the neutral escrow depository by Rancho Murieta Association (which deposit may include funds obtained from the District) within ten (10) business days following Rancho North's award of the fixed price contract and final determination of the Gate Facilities Improvements Costs pursuant to subparagraph (g).

(d) Commencement Date for Gate Facilities Project. Rancho Murieta Association shall provide Rancho North with a diagram prepared by its engineer showing the items listed on Exhibit "I" ("RMA Plans"). Unless the parties mutually agree to an earlier commencement date for the design of the Gate Facilities, Rancho North shall retain an architect to prepare the conceptual plans and specifications for the Gate Facilities upon the first to occur of either of two events, namely: (i) the close of escrow for the sale of the 333rd Lot in any portion of the Rancho North Property or (ii) the close of escrow for the last sale to Subdividers of the two developments commonly known as Murieta Hills and The Retreats (as those developments are identified on Exhibit "H") (the "Commencement Date"). Provided, however, if Rancho North has not received the RMA Plans by the scheduled Commencement Date, the Commencement Date shall be delayed until the day the RMA Plans are delivered to Rancho North.

(e) Description of and Deadlines For Plan Review Process. Within sixty (60) days following the Commencement Date, Rancho North shall deliver conceptual plans and specifications for the Gate Facilities to Rancho Murieta Association for its review and approval, which approval shall not be withheld if the conceptual plans and specifications incorporate all material elements of the RMA Plans, as developed pursuant to Exhibit I. Rancho Murieta Association reserves no right of approval over the architectural elements of the conceptual plans and specifications. Along with the conceptual plans and specifications, Rancho North shall deliver a contractor's estimate of the cost to construct the Gate Facilities as presented in the conceptual plans and specifications and a calculation of all other related fees and expenses to be included in the Gate Facilities Improvement Costs. If the estimated Gate Facilities Improvement Costs exceed Rancho North's Gate Facilities Payment and Rancho Murieta Association does not want to deposit the difference as required under subparagraph (c), Rancho Murieta Association shall promptly give notice to Rancho North and Rancho North shall redesign the Gate Facilities to bring the costs in line with the Gate Facilities Payment. Rancho Murieta Association agrees to consult with the District regarding conformity of the conceptual plans and specifications with the RMA Plans and shall communicate its approval or disapproval to Rancho North within sixty (60) days following receipt of the conceptual plans and specifications. In order to reduce any deposit that will be required of Rancho Murieta Association under subparagraph (c), Rancho Murieta Association, at its election, may modify the RMA Plans to delete or modify elements thereof. Any disapproval of the conceptual plans and specifications shall be accompanied by a specific statement of the grounds for disapproval and recommendations for modification of the conceptual plans and specifications so they shall be in compliance with the RMA Plans (as modified, if applicable). Nothing herein shall preclude Rancho North, Rancho Murieta Association and the District from discussing and reviewing drafts of conceptual plans or elements thereof during the conceptual planning process, rather than waiting until such time as conceptual plans and specifications have been prepared and presented by Rancho North.

Should Rancho Murieta Association fail to specify the grounds for the disapproval and all modifications of the conceptual plans and specifications or the RMA Plans desired by Rancho Murieta Association within sixty (60) days after receipt of the conceptual plans and specifications, such plans and specifications shall be deemed to have been approved by Rancho Murieta Association. If Rancho Murieta Association specifies the grounds for the disapproval and all changes or modifications it requires, Rancho North and Rancho Murieta Association shall consult with each other in order to work out their differences and agree to a final set of conceptual plans and specifications and all other related fees and expenses to be included in the Gate Facilities Improvement Costs. If the parties have not reached a final agreement within thirty (30) days, either party may thereafter elect to resolve their differences over the conceptual plans and specifications by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. If arbitration is not initiated by written notice within five (5) business days following the expiration of the 30-day period, the conceptual plans and specifications shall be deemed approved by both parties. The arbitrator shall establish the prevailing and the non-prevailing party in the arbitration and the non-prevailing party shall pay all costs of the arbitration, including the fees of the arbitrator, and the costs of the prevailing party, including the fees of experts, architects and attorneys engaged by the prevailing party in the arbitration.

In the absence of any resort to arbitration pursuant to this subparagraph (e), it is the intention of the parties to conclude the planning process, to make all required deposits and to commence construction of the Gate Facilities within one hundred and eighty (180) days following the Commencement Date. If the landscape and median improvements cost more than \$560,000 (which sum shall include a reasonable allocation of the other Gate Facilities Improvement Costs attributable to such work, such as, costs incurred in planning and securing governmental approvals for the work), such excess shall be paid by Rancho North and shall not be included as part of Rancho North's Gate Facilities Payment.

(f) Preparation of Mutual Benefit Plans; Application for Project Permits and Governmental Approvals. Following the approval of the conceptual plans and specifications by Rancho North and Rancho Murieta Association or the entry of the decision of the arbitrator, Rancho North shall cause the Mutual Benefit Plans to be prepared based on the approved conceptual plans and specifications or decision of the arbitrator, whichever is applicable, and shall deliver a set of the Mutual Benefit Plans to Rancho Murieta Association. Once the Mutual Benefit Plans are prepared, Rancho North shall apply for all permits necessary to construct the Gate Facilities, including, without limitation, permits from the California Department of Transportation.

(g) Proceeding With Improvement Work. Following final issuance of all necessary permits, Rancho North shall obtain a fixed price contract from a general contractor selected by Rancho North to complete the Gate Facilities pursuant to the Mutual Benefit Plans and all permit conditions. The Gate Facilities Improvement Costs shall be adjusted by Rancho North to take into account the contract price. Rancho North shall deliver a copy of the adjusted Gate Facilities Improvement Costs to Rancho Murieta Association. Rancho North shall cause the existing gate

facilities to be demolished (with all resulting debris removed) and to construct the new Gate Facilities in accordance with the Mutual Benefit Plans. Rancho Murieta Association shall be given reasonable access to the construction site in order to observe the progress of the work and to make comments regarding such progress and conformance of the completed Gate Facilities to the approved Mutual Benefit Plans. Although Rancho North and its contractors shall undertake and complete the Gate Facilities in the sole direction and control of Rancho North, reasonable consideration shall be given to comments received from Rancho Murieta Association (for itself or on behalf of the District) regarding the progress of construction of the Gate Facilities and its conformance to the Mutual Benefit Plans. Reasonable efforts shall be made to prosecute and complete the Gate Facilities work in a way that does not unnecessarily impede the flow of traffic and/or security operations at the north gate of Rancho Murieta or along Murieta Parkway.

(h) Ownership of Gate Facilities Upon Completion of Work. Upon Recordation of a notice of completion (as presently defined in Civil Code §3093) for the Gate Facilities, Rancho Murieta Association shall become the owner of the Gate Facilities. Thereafter, Rancho Murieta Association shall be responsible for maintenance, repair and replacement of the Gate Facilities. Prior to the execution of a notice of completion, Rancho Murieta Association, the District and Rancho North shall schedule a walk-through of the Gate Facilities. Subject to that obligation and the further obligation of Rancho North and its contractors to initiate appropriate remedial or corrective action in response to any punch-list items reasonably noted during the walk-through, Rancho Murieta Association agrees to reasonably cooperate in the execution and Recordation of the notice of completion.

(i) Assignment of Warranties for Gate Facilities. Any assignable warranty received by Rancho North from contractors constructing the Gate Facilities shall be assigned to Rancho Murieta Association when Rancho Murieta Association becomes responsible for maintenance of the Gate Facilities. The construction contracts and subcontracts for the Gate Facilities shall disclose the intention of Rancho North to assign its warranty claims to Rancho Murieta Association and shall contain an agreement on the part of the contractors and subcontractors to accept that assignment.

Section 3.02. Release of Liability in Favor of Rancho North Regarding The Gate Facilities Improvement Project. Rancho North, its agents or representatives and their respective directors, members, officers and employees (“Rancho North Parties”) shall not be liable for any claims, injury, defect, damage or loss (“Damages”) suffered or claimed by anyone arising out of, related to, or as a consequence of, (i) any defect in the Mutual Benefit Plans or Gate Facilities, whether or not the Gate Facilities were constructed in accordance with the Mutual Benefit Plans, and (ii) the design, construction, operation, repair and maintenance of the Gate Facilities. Provided, however, Rancho North is not released from its obligation to pay, and shall be responsible for, mechanic’s liens recorded against Rancho Murieta Property or property of the District arising out of Rancho North’s construction of the Gate Facilities as required under Section 3.01, above. Rancho Murieta Association agrees that it will bring no action or suit against Rancho North Parties with respect to the Damages. Upon completion of the Gate Facilities and all punch-list items, Rancho North shall assign to Rancho Murieta Association an exclusive interest in all of Rancho North’s existing and future claims (including claims under

warranties) against any architect, engineer, and design professional involved in the preparation of the Mutual Benefit Plans and any contractor and sub-contractor involved in the construction of the Gate Facilities. Rancho Murieta Association agrees to indemnify, protect, hold harmless and defend all Rancho North Parties from and against all Damages asserted against Rancho North Parties by any person or entity. Rancho North Parties are hereby released from all responsibility and liability to Rancho Murieta Association regarding the Damages. In that connection, Rancho Murieta Association, on behalf of itself, its successors, assigns and successors-in-interest and such other persons and entities, waives the benefit of California Civil Code Section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Section 3.03. Escuela Gate. Rancho North agrees to contribute to Rancho Murieta Association the lesser of (a) the actual cost of construction or (b) the sum of Seventy-Five Thousand Dollars (\$75,000.00) for construction of a vehicle and pedestrian gate on Escuela Drive (the “Escuela Gate Facilities”). However, this contribution by Rancho North shall not be due or payable until both conditions (a) and (b), below, have occurred.

(a) Vesting tentative subdivision maps shall have been approved by the County of Sacramento for development of that portion of the Rancho North Property commonly known as Murieta Hills.

(b) A building permit shall have been issued for the Escuela Gate Facilities and Rancho Murieta Association shall have entered into a binding construction contract for the construction of the Escuela Gate Facilities. Rancho Murieta Association shall provide reasonable evidence of satisfaction of this condition to Rancho North.

If condition (b) has not occurred within three (3) years from the date of the approval of the vesting tentative map for Murieta Hills, then Rancho North shall no longer have any obligation to make the contribution to Rancho Murieta Association for Gate Facilities on Escuela Drive, as set forth above. If and when conditions (a) and (b) have been satisfied, Rancho North shall tender its payment to Rancho Murieta Association within ten (10) business days.

Rancho Murieta Association shall be solely responsible for construction of the Escuela Gate Facilities. If the County of Sacramento requires Stonehouse Road to be improved or any other improvements to be made solely as a result of the installation of a gate on Escuela Drive, Rancho Murieta Association shall be solely responsible for the cost and construction of those improvements. Rancho North and the Subdividers shall have no obligation to comply with any condition imposed by the County of Sacramento or any other governmental or quasi-governmental entity by reason of installation of the Escuela Gate Facilities, including, without limitation, any obligation to improve or pay for the improvement of Stonehouse Road.

Section 3.04. Obligations of Rancho North Are Personal; District Not a Third Party Beneficiary. The obligations of Rancho North under this Article III are personal to Rancho

North, its successors and assigns and do not constitute a covenant running with the Rancho North Property. Rancho North and Rancho Murieta Association agree neither District nor any other person or entity is an intended or third party beneficiary of any provision of this Article III.

ARTICLE IV CONTRIBUTION TO RANCHO MURIETA ASSOCIATION

Section 4.01. Contribution to the Rancho Murieta Association.

(a) Establishment of Obligation to Remit the RMA Contribution to Rancho Murieta Association. For the consideration recited in this Section 4.01 and for other good and valuable consideration, the Rancho Murieta North Association shall be obligated to remit to the Rancho Murieta Association the RMA Contribution with respect to Lots in the Rancho North Property that are subject to assessment (as defined in Civil Code §1366) by Rancho Murieta North Association. This obligation shall commence in accordance with Section 4.02 (b), below.

Among other benefits and consideration, the obligation of the Rancho Murieta North Association to remit the RMA Contribution to Rancho Murieta Association is in consideration of the following: (i) the easements and rights of use and enjoyment granted by the Rancho Murieta Association with respect to its roads and recreational common facilities to Rancho North, the Rancho Murieta North Association, and the other Intended Beneficiaries identified in Section 2.03(b) of the Grant of Easements Agreement, attached hereto as Exhibit “D”; (ii) the operation, maintenance and repair obligations of the Rancho Murieta Association with respect to its roads, parks and other common areas as set forth in Section 2.11(b) and (c) of the Grant of Easements Agreement, (iii) the other development conditions described in Article V, below, (iv) Rancho Murieta Association’s staffing and operation of the Recreational Facilities for the benefit of its Members and the Interested Parties identified in Section 2.03(b) of the Grant of Easements Agreement; and (v) the terms of settlement of the claims, demands, and causes of action in Sacramento County Superior Court Civil Action No. 96AS03878, *Rancho Murieta Association v. Pension Trust Fund*.

(b) The RMA Contribution Is A Common Expense of the Rancho Murieta North Association and a Covenant Running With the Land. The RMA Contribution shall be a Common Expense of the Rancho Murieta North Association. Subject to the terms, conditions and restrictions set forth in this Mutual Benefit Agreement, the obligation of the Rancho Murieta North Association to pay the RMA Contribution to Rancho Murieta Association shall be appurtenant to the common areas of the Rancho Murieta North Association and a covenant running with the common areas of the Rancho Murieta North Association as provided in Section 14.02, below. The lands to be benefited by receipt of the RMA Contribution payments include all lands comprising the Rancho Murieta Property and the owners of such lands.

Section 4.02. Calculation, Commencement and Periodic Adjustment of the RMA Contribution.

(a) Determination of the RMA Contribution Amount. The amount of the RMA Contribution shall be determined annually by the Rancho Murieta North Association as part of its budgeting process (and related member disclosure requirements) by multiplying the number of Lots in the Rancho North Property that are subject to assessment by the Rancho Murieta North Association times the amount of the Rancho Murieta Association's Regular Assessment (Article IV, section 2 of the RMA Declaration), as levied on the members of Rancho Murieta Association from time to time (less the amounts identified in the next succeeding paragraph, to the extent those amounts are included in the Regular Assessment of the Rancho Murieta Association). Although the RMA Contribution shall be determined annually (and adjusted, if necessary, in the manner provided in subparagraph (c), below), the RMA Contribution shall be paid to the Rancho Murieta Association in equal monthly installments. For purposes of determining the RMA Contribution the following expenses, if any, included by the Rancho Murieta Association in its Regular Assessment shall be excluded: (i) any portion of Rancho Murieta Association's Regular Assessment attributable to Cable Television Services other than expenses or charges for Basic Cable Service which Rancho Murieta Association is obligated to provide to all owners of Lots in Rancho Murieta pursuant to the Cable Television Agreement dated February 24, 1989 between Rancho Murieta Properties Inc., as lessor, and Rancho Murieta Association, as lessee (the "Cable Television Agreement"), a memorandum of which was recorded in the official records of Sacramento County, California, on July 19, 1991 in Book 910719 at page 0224; and (ii) costs associated with the Rancho Murieta Internet/Broadband Project and future telephone services, unless the Rancho Murieta North Association and its members approve participation of the Rancho North Property and the Lots therein in the Internet/Broadband Project and the facilities and services of that project are made available to all Lots in the Rancho North Property; and (iii) costs incurred by Rancho Murieta Association to repair, maintain and replace those Recreational Facilities described in Section 9.03, below (possible future park sites and recreational facilities), that are not approved by the Rancho Murieta North Association and made available for access and use by Lot Owners in the Ranch North Property. Basic Cable Service Expenses are included in the Rancho Murieta Regular Assessment and shall not be excluded in determining the RMA Contribution by virtue of this paragraph.

The Rancho Murieta Association shall provide the Rancho Murieta North Association with a copy of the annual budget calculations of Rancho Murieta Association with respect to the RMA Contribution amount for the next succeeding fiscal year not less than sixty (60) days prior to the beginning of the fiscal year of the Rancho Murieta North Association.

(b) Commencement of Obligation to Remit the RMA Contribution. As to any Subdivision Phase of the Rancho North Property, the obligation of Rancho Murieta North Association to remit the RMA Contribution to Rancho Murieta Association with respect to lands comprising a Subdivision Phase shall begin to accrue on the first day of the calendar month next following the conveyance of the first Lot in that Subdivision Phase under the authority of a Public Report, with the first payment of the RMA Contribution amount with respect to Lots in

the Subdivision Phase being due and payable on the first day of the calendar month next following the sale of the first Lot in the Subdivision Phase. For example, if the close of escrow in the first sale of a Lot in a Subdivision Phase occurs on March 15, 2003, payment of the RMA Contribution amount (calculated on the total number of Lots in the Subdivision Phase) shall accrue as to all Lots in the Phase on April 1, 2003. Thereafter, each such payment shall be due on the first day of each calendar month for amounts due for the previous calendar month and shall be delinquent if not paid by the fifteenth (15th) day of each calendar month in which the payment is due.

(c) Periodic Adjustment of RMA Contribution As Lots Are Sold. During the course of the development and sale of Lots in the Rancho North Property, the amount of the RMA Contribution payable by the Rancho Murieta North Association shall be adjusted monthly, as required to reflect the addition of new Lots under the jurisdiction of the Rancho Murieta North Association in Subdivision Phases where the obligation to pay the RMA Contribution amount has commenced.

Section 4.03. Remedies Available to Rancho Murieta Association to Collect RMA Contribution Amounts From Defaulting Rancho Murieta North Association. In the event that the Rancho Murieta North Association fails to remit to the Rancho Murieta Association the full RMA Contribution for which the Rancho Murieta North Association is liable pursuant to this Mutual Benefit Agreement and the Rancho Murieta North Association's Governing Documents on or before the delinquency date established for the payment, the Rancho Murieta Association shall be entitled to impose a late charge equal to ten percent (10%) of the amount in default as well as interest in the maximum amount permitted by law, commencing thirty (30) days after the RMA Contribution amount became due. If the Rancho Murieta North Association remains in default in the payment of its RMA Contribution amount for more than thirty (30) days, Rancho Murieta Association shall be entitled to pursue an action at law to recover the delinquent RMA Contribution only from the Rancho Murieta North Association and in any such action the prevailing party shall be entitled to recover its costs of suit, including reasonable attorneys fees as determined by the court.

As additional consideration for the agreements set forth in this Mutual Benefit Agreement, Rancho Murieta Association shall not have any collection rights or remedies for the recovery of delinquent Individual Contribution Amounts and/or RMA Contribution amounts directly or indirectly against any Lot Owner. Instead, it shall be an independent and separate obligation only of the Rancho Murieta North Association to the Rancho Murieta Association to make timely payment of the RMA Contribution for which the Rancho Murieta North Association is responsible regardless of receipt by Rancho Murieta North Association of timely payment of all Individual Contribution Amounts by Rancho North Property Lot Owners. That independent obligation to remit the full RMA Contribution, regardless of the delinquency of one or more Individual Contribution Amounts, shall be appurtenant to the Common Areas owned by the Rancho Murieta North Association and shall be a Common Expense of that Association.

Section 4.04. The Individual Contribution Amount.

(a) Imposition of the Obligation to Pay Individual Contributions to the Rancho Murieta North Association. The RMA Contribution shall be allocated equally among all Lots in the Rancho North Property that are subject to assessment by the Rancho Murieta North Association. Each Lot Owner's allocable share of the RMA Contribution shall be called an "Individual Contribution Amount" and shall be collected from each Owner of a Lot in the Rancho North Property by the Rancho Murieta North Association. The Individual Contribution Amount shall be due in advance on the first day of each calendar month and shall be paid by each Lot Owner together with that Owner's assessment obligation to the Rancho Murieta North Association. Individual Contribution Amounts shall be delinquent if not paid in full by the Lot Owner to the Rancho Murieta North Association within fifteen (15) days after the due date.

(b) Commencement of Obligation to Pay the Individual Contribution Amount. As to any Subdivision Phase of the Rancho North Property, the obligation of Owners of Lots to pay the Rancho Murieta North Association the Individual Contribution Amount shall commence, with respect to all Lots in the Subdivision Phase, on the first day of the calendar month next following the first conveyance of a Lot in that Subdivision Phase under the authority of a Public Report. No Lot Owner in any portion of the Rancho North Property may waive or otherwise escape liability for the Individual Contribution Amount that is appurtenant to the Owner's Lot by abandonment of the Owner's Lot or by the election of such Owner, his or her tenants, guests, family members or invitees to refrain from using or enjoying any private roads or recreational facilities of the Rancho Murieta Association. The obligation of each Lot Owner to pay the Individual Contribution Amount that is appurtenant to the Owner's Lot in the Rancho North Property shall be a covenant running with the land that is for the benefit of the Rancho Murieta North Association.

(c) Collection of Individual Contribution Amounts from Defaulting Lot Owners. Any portion of any Individual Contribution Amount not paid by Lot Owners in Rancho North on or before the delinquency date established for the payment of Individual Contribution Amounts, together with interest, costs, and reasonable attorneys' fees for the collection thereof, may be collected by the Rancho Murieta North Association from the delinquent Lot Owner using the same remedies that the Rancho Murieta North Association is entitled to pursue under its Governing Documents and California law for the collection of delinquent assessments. Rancho Murieta Association and its members (and their families, lessees and guests) shall have no right to maintain a collection action against any Lot Owner on account of any default in the Lot Owner's payment of Individual Contribution Amounts.

Section 4.05. Estoppel Certificate. The Rancho Murieta North Association or its appointed manager shall, on not less than thirty (30) days prior written request of any Lot Owner, execute, acknowledge and deliver to any Lot Owner and to any holder, insurer or guarantor of a first mortgage Recorded with respect to the Owner's Lot making such request a statement in writing stating whether or not, to the knowledge of the Rancho Murieta North Association (1) the requesting Lot Owner is in default in the payment of the Owner's Individual Contribution Amount allocable to his or her Lot, (2) the amount of any Individual Contribution Amount paid

by the Owner during the fiscal year the request is received and (3) the amount of any delinquent Individual Contribution Amount, interest, attorneys' fees and other reasonable costs of collection (if any) on the Owner's Lot. The Rancho Murieta North Association, or its designated manager, may charge the requesting party a reasonable fee to recover its actual costs in preparing the statement. Any estoppel certificate delivered pursuant to this Section may be relied upon by any prospective purchaser or first mortgagee of such Lot, but such reliance may not extend to any default involving the payment of Individual Contribution Amounts and associated interest, costs and expenses of which the party executing the certificate had no actual knowledge. If any holder, insurer or guarantor of a first mortgage Recorded with respect to the Owner's Lot also wants an estoppel certificate from Rancho Murieta Association with respect to the status of payments of RMA Contributions by the Rancho Murieta North Association, Rancho Murieta Association agrees to provide such an estoppel certificate at a charge which shall not exceed the actual expense incurred by Rancho Murieta Association (as reasonably determined by that Association) to prepare and deliver the estoppel certificate to the requesting party.

Section 4.06. Rancho Murieta North Association Audit Rights. The Rancho Murieta North Association shall be entitled, in its discretion and at its sole expense, to examine, inspect, audit, and copy the records of Rancho Murieta Association regarding any and all of the following: (i) items and expenses that are included in the Rancho Murieta Association's Regular Assessment for Cable Television Service, including Basic Cable Service and (ii) items and expenses that are required to be excluded from the Rancho Murieta Association's Regular Assessment pursuant to section 4.02(a), above, for purposes of determining the RMA Contribution ("Audit"). Any review of records of the Rancho Murieta Association shall be conducted at the Rancho Murieta Association's principal office during normal business hours. The Rancho Murieta North Association may conduct an Audit for any particular fiscal year until six (6) months have expired following the end of the fiscal year that would be the subject of the Audit. Unless the Rancho Murieta North Association takes written exception to any item or sum included within the RMA Contribution within six (6) months following completion of an Audit, the RMA Contribution for that fiscal year shall be considered as final and accepted by the Rancho Murieta North Association and the Rancho Murieta Association.

If the Rancho Murieta North Association requests an Audit, that Association agrees diligently to pursue and complete (or to terminate) any Audit once it has commenced, and the Rancho Murieta Association agrees it shall not unreasonably interfere with the execution of the Rancho Murieta North Association's Audit rights. All fees and costs of any Audit conducted by Rancho Murieta North Association pursuant to this Section shall be borne exclusively by that Association.

If, upon completion of any Audit, it is found that Rancho Murieta North Association is entitled to a credit for overpayment of the RMA Contribution, such sums shall be subtracted from future payments of the Rancho Murieta North Association's RMA Contribution until the entire credit is recovered.

ARTICLE V OTHER DEVELOPMENT CONDITIONS

Section 5.01. Advance Funding for Park and Recreational Facilities. The Park Financing Plan fees (as defined in the Park Development Agreements) that are payable by Subdividers for the Lots within a Subdivision Phase of the Rancho North Property shall be payable upon Recordation of the final Subdivision Map for the Subdivision Phase. Rancho Murieta Association's contribution for its share of the Park Financing Plan fees will be made thirty (30) days after the Park Financing Plan fee is paid by a Subdivider.

Section 5.02. Conveyance of Cable Television Site and Provision of Cable Service to Rancho North Property. The Cable Television Agreement (as defined in Section 4.02(a), above) provides that fee simple title to the cable television site, as depicted in the Cable Television Agreement, shall be conveyed to Rancho Murieta Association when the parcel can be legally transferred. In order to complete the transfer, the lessor and lessee must pay certain closing costs as set forth in the lease. The cable television site is part of Rancho North Property. Rancho North agrees that the option to acquire the cable television site remains in full force and effect in accordance with the terms of the Cable Television Agreement as modified by this Section 5.02. As part of any transfer of the cable television site to Rancho Murieta Association, the Elk Grove Unified School District bonds, the Improvement District No. 1 bonds and Community Facilities District No. 2 bonds that encumber the cable television site shall be reallocated to the remaining portion of the Subdivision Phase of which the cable television site is a part at the cost of Rancho North. In accordance with Sections 7 and 8 of the Cable Television Agreement, Rancho Murieta Association agrees to provide Basic Cable Service throughout the boundaries of Rancho North Property at the same rate charged to subscribers within Rancho Murieta Property.

Rancho North may reserve an easement from the conveyance of the Cable Television Site for the installation of telecommunication system facilities, television services, radio services and related improvements, including, without limitation, conduits for the benefit of Rancho North and its successors (the Rancho Murieta North Association and its members). The Rancho Murieta Association will make reasonable efforts to accommodate Rancho North's telecommunication system's needs as applicable to this site.

Section 5.03. Reconveyance of Option to Acquire Clementia Park. Rancho Murieta Association relinquishes and releases all of its right, title and interest to acquire the Clementia Community Park under the terms set forth in the Park Development Agreements. Instead, the Clementia Community Park site shall be conveyed, at no expense and in the manner set forth in Section 9.03, to the Rancho Murieta Association as one of the Tree Mitigation Areas, said conveyance to occur at such time as the Clementia Community Park is established as a separate legal parcel under a Subdivision Map Recorded by a Subdivider as part of the development of that area of the Rancho North Property. The grantor shall reserve such easements for tree mitigation planting and ingress and egress for any purpose related to such tree mitigation uses.

Section 5.04. Consent to Development. Rancho Murieta Association endorses and will support development of the Rancho North Property in a manner that is consistent with Exhibit "H". Except as provided in Article III, above, nothing in this Mutual Benefit Agreement shall be

deemed to require construction of or expenditure of any costs for a second entrance to the north portion of Rancho Murieta along Stonehouse Road or at any other point in connection with the development of the Rancho North Property consistent with Exhibit "H".

ARTICLE VI RECREATIONAL FACILITIES

Section 6.01. Maintenance Responsibilities. Rancho Murieta Association, at its cost, shall maintain all Recreational Facilities in good condition and repair and in accordance with the provisions of the Park Development Agreements, the RMA Declaration and this Mutual Benefit Agreement, subject to the delegation to the District by Rancho Murieta Association of the obligation to maintain the lakes and any related water facilities located within the Common Areas of the Rancho Murieta Property pursuant to other easements and agreements that exist between Rancho Murieta Association and the District.

Section 6.02. Open Space; Limited Uses. Except for any improvements constructed in accordance with the park matrix in the Park Development Agreements as such matrix exists on the day this Mutual Benefit Agreement is recorded, Recreational Facilities shall be preserved as open space and used for those service or recreational purposes originally planned by the original subdivider or subsequently installed by Rancho Murieta Association or by a subdivider of any phases of the Rancho Murieta Property in accordance with the provisions of the Park Development Agreements, the RMA Declaration and this Mutual Benefit Agreement.

Section 6.03. Rancho North Owners' Non-Exclusive Easements of Enjoyment. Lot Owners in the Rancho North Property (and their families, lessees and guests) shall have the same rights and easements as Rancho Murieta Association members (and their families, lessees and guests) to the use and enjoyment of the Recreational Facilities, which rights and easements shall be appurtenant to and shall pass with the title to each Lot in the Rancho North Property.

Section 6.04. Application of Rancho Murieta Association Rules to Use of Recreational Facilities. The rules and regulations of the Rancho Murieta Association pertaining to access to or use of Recreational Facilities shall be applied uniformly to Rancho Murieta Association members and to Lot Owners in the Rancho North Property.

Section 6.05. Other Recreational and Cultural Programs. Rancho Murieta Association agrees to make available to Lot Owners in the Rancho North Property (and their families, lessees and guests) on the same basis it makes available to its own members (and their families, lessees and guests) all recreational, cultural and civic programs and/or activities sponsored by Rancho Murieta Association. If access to or participation in such programs by members (and their families, lessees and guests) of Rancho Murieta Association requires payment of a fee in addition to the RMA Regular Assessment, the Rancho North Property Lot Owners and their families, lessees and guests shall be entitled to the same right of access and participation upon payment of the same fees. Such programs include, without limitation: (i) activities, events, programs and day care services that currently exist or are hereafter created; and (ii) Cable Services other than Basic Cable Service in accordance with Sections 7 and 8 of the 1989 Cable Television Agreement. Among other things, those sections require either the developers of

subdivisions within any portion of the Service Area that is not within the Rancho Murieta Property (or homeowners associations within those Service Areas) to pay the cost of extending the physical cables and other equipment and facilities necessary to extend the Cable Service to portions of the Service Area outside of the Rancho Murieta Property.

ARTICLE VII TEMPORARY EASEMENTS FOR PARK ACCESS

Section 7.01. Grant of Temporary Park Access Easements. Rancho North grants to Rancho Murieta Association and its members (and their families, lessees and guests) nonexclusive easements of ingress and egress over and across the Parks Access Easements more particularly described in Exhibit "C" for vehicular and pedestrian access and movement among, within and between the Park Sites and Rancho Murieta Property. Rancho North also grants to Rancho Murieta Association and its respective service providers, agents, employees, contractors, delivery persons and invitees nonexclusive easements of ingress and egress over and across the Park Access Easements for vehicular and pedestrian access and movement among, within and between the Park Sites and Rancho Murieta Property for the purpose of improving and maintaining the Park Access Easements in accordance with this Mutual Benefit Agreement and improving and maintaining the Park Sites. Until reasonable alternative access to the Park Sites has been provided, (i) Rancho Murieta Association, at its sole discretion and expense, shall maintain all Parks Access Easements unless construction of reasonable alternative access to any Park Site interferes with the continuing use of a Park Access Easement and (ii) Rancho Murieta Association may improve the roadways within the Parks Access Easements, at its sole discretion and expense, but subject to the provisions of this Mutual Benefit Agreement and the Park Development Agreements (to the extent the Park Development Agreements are not inconsistent with this Mutual Benefit Agreement). Rancho North shall have no obligation to maintain or improve the Parks Access Easements. Rancho Murieta Association consents to the temporary interruption of its use of the Parks Access Easements caused by construction of reasonable alternative access to the Park Sites.

Notwithstanding the foregoing provisions of this Section 7.01, road access to Clementia Swim Park shall be maintained without interruption due to such construction activities between May 1 and October 1. Such roadway access to the Clementia Swim Park may be subject to typical construction controls, such as flagmen temporarily halting traffic on the temporary roads, but reasonable use of the Clementia Swim Park and access over temporary roads shall not be blocked.

Section 7.02. Maintenance of Temporary Park Access Roadways. The existing roadways within the Parks Access Easements are graded and graveled. Any roadway that is constructed, improved or maintained by Rancho Murieta Association within any Park Access Easement, as required or permitted in Section 7.01, above, shall be constructed, improved and maintained to the same condition as the roadways serving the Calero Park and Clementia Lakeside Park on the date of this Mutual Benefit Agreement. Rancho Murieta Association may grade and re-gravel all such roadways to provide a well maintained graveled surface, but shall not pave or permanently improve or oil seal the roadways. Rancho Murieta Association may add

gravel and an environmentally approved protective dust control product not containing asphalt or petroleum or petroleum fractions, such as a resin modified emulsion (“Dust Control Product”). Rancho Murieta Association shall remove, at its sole cost, promptly following termination of its right to use the Park Access Easement any gravel or Dust Control Product added by Rancho Murieta Association.

Section 7.03. Insurance; Indemnification. Rancho Murieta Association shall maintain insurance against claims from Rancho Murieta Association’s and its members use of the Park Access Easements in amounts, coverages and companies at least equivalent to the insurance amounts, coverages and companies covering the roadways in Rancho Murieta Property owned by Rancho Murieta Association. Rancho Murieta Association indemnifies and shall defend and hold Rancho North and their successors in interest, including, without limitation, any grantee and successor holder of an interest in the Rancho North Property, harmless from any losses, damages, expenses, liabilities, claims, mechanic’s liens, demands and causes of action (together with any reasonable legal fees and other expenses incurred by such parties) to the extent arising from or connected with use of the Parks Access Easements by Rancho Murieta Association or any person permitted by Rancho Murieta Association to use such easements.

Section 7.04. No Further Restrictions. Rancho North, future Subdividers of any portion of the Rancho North Property and the Rancho Murieta North Association shall have no right to impose restrictions on the use of the Parks Access Easements and reasonable alternative access within the Rancho North Property that are inconsistent with the rights and easements granted under this Mutual Benefit Agreement to Rancho Murieta Association pursuant to Section 7.01, above.

Section 7.05. Termination of Parks Access Easements. Any Park Access Easement that is included within a Subdivision Phase shall automatically terminate after reasonable alternative access to the Park Site has been provided without necessity of further action on the part of any party to this Mutual Benefit Agreement. Without limiting the foregoing, the parties agree that “reasonable alternative access” shall conclusively be presumed to include any Improved Roads that provide access to the Park Sites. At the request of the Subdivider, Rancho Murieta Association shall quitclaim to the Subdivider and otherwise extinguish any rights under this Mutual Benefit Agreement to use any applicable Parks Access Easement for which an Improved Road to the Park Site has been established.

ARTICLE VIII TRAILS; CONSTRUCTION ACCESS; UTILITIES; MAINTENANCE

Section 8.01. Trails. To the extent such trails, walkways and paths have been established pursuant to the Park Development Agreements, Rancho North and Rancho Murieta Association mutually grant to each other, to the members of Rancho Murieta Association and of Rancho Murieta North Association and their respective families, lessees, guests, easements of ingress and egress over and across all pedestrian and bicycle trails, walkways and paths now existing or hereafter created within Rancho Murieta Property and Rancho North Property for

bicycle and pedestrian access and movement among, within and between Rancho Murieta Property and Rancho North Property.

Section 8.02. Temporary Construction Access. Any Subdivider of any part of the Rancho North Property that is constructing any dwelling, common area improvement or public improvement shall cause their contractors and their contractor's subcontractors construction vehicles and construction equipment to use available roadways solely within Rancho North Property for access to and from construction, storage and yard sites whenever possible. If reasonable access is not available within the roadways of Rancho North Property, a Subdivider may permit their contractors and subcontractors to use roadways within Rancho Murieta Property to obtain access to and from construction, storage and yard sites provided the Subdivider pays a road mitigation fee to Rancho Murieta Association of \$0.20 per square foot of living space including garage as established by the plans for the permitted dwelling units in the Subdivider's Subdivision Phase, which fee shall be paid to Rancho Murieta Association at the time the permit is issued. The amount of the road mitigation fee imposed by this Section 8.02 shall be adjusted annually in an amount based on the ENR Construction Cost Index for the San Francisco Region. Prior to commencement of construction, the Subdivider shall pay for the cost of a road survey to determine the condition of the roads within the Rancho Murieta Property to be used for access. The Subdivider will also pay to periodically monitor those roads during construction. Rancho Murieta Association agrees that the road mitigation fee shall be full compensation to it for any deterioration or damage to its roads caused by or related to such use. Provided, however, the foregoing shall not be deemed to relieve any Subdivider or its contractors or subcontractors from liability for negligent or willful conduct or from any responsibility to Rancho Murieta Association for damages to the roads over and above the reasonable wear and tear caused by the use of the roads by the Subdivider or its agents, contractors and subcontractors. Use of the private roads within Rancho Murieta shall be subject, at all times, to observance by the vehicle operator of all published or posted traffic rules and regulations.

Section 8.03. Underground Utilities. Rancho Murieta Association grants Subdividers and their agents and contractors the right to install underground improvements in the streets owned by Rancho Murieta Association. Any such installation shall be subject to the following conditions: (i) such work shall be coordinated with appropriate management and personnel of the Rancho Murieta Association; (ii) no installation or work within any portion of the Rancho Murieta Association Common Areas shall be permitted if the installation or work will adversely affect the development or the intended use and enjoyment of the affected Common Areas; and (iii) any damage to Rancho Murieta Association roads resulting from the installation or work shall be repaired and the roads or Common Area shall be reasonably restored to its pre-existing condition at the sole expense of the Subdivider. Any repair or restoration work shall be undertaken in compliance with Rancho Murieta Association's published improvement standards dated 2001 and currently entitled "Rancho Murieta Association Permit Procedure, Fees and Specifications For Repair and Restoration of Street Surfaces and Facilities." Among other provisions, those improvement standards authorize and empower Rancho Murieta Association to collect a deposit from Subdividers to assure their compliance with the conditions stated in this Section 8.03.

ARTICLE IX FUTURE PARK OR COMMON AREA SITES

Section 9.01. Exchange for Stonehouse Park Site. Concurrent with the Recordation of this Mutual Benefit Agreement, Rancho North, the Rancho Murieta Association and the District will participate in an exchange transaction with Rancho Murieta and Rancho North whereby the District will convey a single parcel of land, approximately 26 acres in size and commonly known as the Stonehouse Park Site, to Rancho Murieta Association without necessity of any payment by Rancho Murieta Association and free and clear of any liens or encumbrances, other than liens for current taxes and assessments, easements for sewer effluent and rights of way of record. Simultaneously and also as part of this exchange between Rancho Murieta Association and the District, Rancho North shall convey to the District a parcel of land, approximately 10 acres in size and commonly known as the Industrial Parcel.

Section 9.02. Conveyance of Resource Protection Area. Rancho North and Rancho Murieta Association agree to cooperate to attempt to persuade the County of Sacramento to terminate its easement rights over the Resource Protection Area, as described in the Resource Protection Area Agreement. Rancho North agrees to convey fee title to the Resource Protection Area, exclusive of land leased to Rancho Murieta Country Club or mapped subdivisions, and all of its right, title and interest in the Resource Protection Area Agreement to Rancho Murieta Association, which property shall become part of the Common Area of Rancho Murieta Association and part of the Recreational Facilities. Rancho North may reserve an easement or easements for ingress and egress to and from the Resource Protection Area at its sole discretion, which easement shall be appurtenant to the Rancho North Property. The duty of cooperation shall not include the expenditure of any funds or payment for any costs.

Section 9.03. Acceptance of Tree Mitigation Areas. Provided no fee or consideration is charged for such conveyance, Rancho Murieta Association agrees to accept one or more conveyances of the Tree Mitigation Areas that Rancho North or any Subdivider shall elect, at such person's sole discretion, to convey to Rancho Murieta Association. Any Tree Mitigation Area shall be available for the sole use of Rancho North and the designees of Rancho North for tree mitigation purposes. Unless otherwise agreed in writing by Rancho Murieta Association, no Tree Mitigation Area shall be conveyed to Rancho Murieta Association until such area is a separate parcel under the Subdivision Map Act. Any conveyance of a Tree Mitigation Area shall be free of any assessments, including, but not limited to assessments for the Elk Grove School District Community Facilities District No. 1, for Rancho Murieta Community Services District Community Facilities District No. 1 (Mello-Roos Bonds) and for Rancho Murieta I.D. #1 (1915 Act Bonds), which bonds may be allocated to the remainder of the parcel of which the Tree Mitigation Area was a part before the parcel was subdivided. The cost of such reallocation shall be borne by Rancho North. The Tree Mitigation Areas shall become Common Area of Rancho Murieta Association. With the prior consent of Rancho Murieta Association, Subdividers may elect to utilize the replacement tree services of Rancho Murieta Association. If a Subdivider so elects and Rancho Murieta Association so consents, Rancho Murieta Association may impose its regular tree mitigation fee on Subdividers' use of the Tree Mitigation Areas. Such regular tree

mitigation fee shall not be included within, and shall be a charge in addition to, the RMA Contribution.

Section 9.04. Approval of Future Park Sites. Except for the Recreational Facilities described in Recital D, the Park Sites and those areas identified in Sections 9.01, 9.02 and 9.03, above, no costs for any other Recreational Facilities or common areas shall be payable by Rancho Murieta North Association as part of the RMA Contribution until (i) the Rancho Murieta North Association, by majority vote of its Board of Directors and, if applicable, a vote of the Rancho Murieta North Association's members approves such construction, acquisition or addition, such approval not to be unreasonably withheld, and (ii) all Lot Owners in the Rancho North Property are provided adequate access to such new areas. Adequate access may be provided by amendment of this Mutual Benefit Agreement or by other means reasonably approved by Rancho Murieta North Association and Rancho Murieta Association. A vote by members of the Rancho Murieta North Association to reject any proposal that the Association contribute to the cost of new Recreational Facilities or common areas pursuant to this Section 9.04 shall not be considered as an unreasonable withholding as approval, so long as the Board of Directors of Rancho Murieta North Association has provided reasonable procedures in conducting the member vote.

ARTICLE X MURIETA SOUTH PARK

Section 10.01. Murieta South Park. Rancho Murieta Association has accepted the condition of Murieta South Park as constructed and completed in accordance with the requirements of the Park Development Agreements. In the event Rancho North or Pension Trust Fund for Operating Engineers acquires title to Murieta South Park pursuant to the pending action to foreclose against Parcel 6 (which parcel includes Murieta South Park) and conveys Murieta South Park to District and District conveys the property to Rancho Murieta Association, Murieta South Park shall be included within the terms "Park Sites" and "Recreational Facilities" as used in this Mutual Benefit Agreement.

ARTICLE XI RANCHO MURIETA ASSOCIATION'S REPRESENTATIONS AND COVENANTS

Section 11.01. Rancho Murieta Association's Representations. In consideration of Rancho North entering into this Mutual Benefit Agreement, Rancho Murieta Association makes the following representations and warranties and covenants and agreements set forth in this Section 11.01 for the benefit of Rancho North:

(a) Rancho Murieta Association has the legal power, right, and authority to enter into this Mutual Benefit Agreement and to carry out the terms hereof.

(b) All action required of Rancho Murieta Association to enter into this Mutual Benefit Agreement and to carry out of the terms hereof has been taken. No consent or vote of

any member of Rancho Murieta Association, other owner or occupant of property within Rancho Murieta Property, creditor, investor, judicial or administrative body, governmental authority (other than the District) or other party is required for Rancho Murieta Association to enter into this Mutual Benefit Agreement and to carry out of the terms hereof.

(c) The persons executing this Mutual Benefit Agreement on behalf of Rancho Murieta Association have the legal power, right and actual authority to bind Rancho Murieta Association to the terms and conditions this Mutual Benefit Agreement and the instruments referenced herein.

(d) The conveyances of the Calero Park, Clementia Lakeside Park and Murieta Parkway Park described in Section 1.18, above, from Rancho North to the District and from the District to Rancho Murieta Association are exempt from further compliance with the California Subdivision Map Act, including without limitation, recordation of a Subdivision Map, parcel map or certificate of compliance, because District is a California governmental agency.

Section 11.02. Rancho Murieta Association's Indemnification. Rancho Murieta Association indemnifies and shall defend and hold Rancho North harmless from any losses, damages, expenses, liabilities, claims, demands and causes of action (together with any reasonable legal fees and other expenses incurred by Rancho North in connection therewith) to the extent arising from or connected with any misrepresentation or breach of warranty or covenant in Section 11.01.

ARTICLE XII RANCHO NORTH'S REPRESENTATIONS AND COVENANTS

Section 12.01. Rancho North's Representations. In consideration of Rancho Murieta Association entering into this Mutual Benefit Agreement, Rancho North makes the following representations and warranties and covenants and agreements set forth in this Section 12.01 for the benefit of Rancho Murieta Association.

(a) Rancho North has the legal power, right, and authority to enter into this Mutual Benefit Agreement and to carry out the terms hereof.

(b) All action required of Rancho North to enter into this Mutual Benefit Agreement and to carry out of the terms hereof has been taken. No consent or vote of any trustee, member, creditor, investor, judicial or administrative body, governmental authority or other party is required for Rancho North to enter into this Mutual Benefit Agreement and to carry out of the terms hereof.

(c) The persons executing this Mutual Benefit Agreement on behalf of Rancho North have the legal power, right and actual authority to bind Rancho North to the terms and conditions this Mutual Benefit Agreement and the instruments referenced herein.

Section 12.02. Rancho North's Indemnification. Rancho North indemnifies and shall defend and hold Rancho Murieta Association harmless from any losses, damages, expenses, liabilities, claims, demands and causes of action (together with any reasonable legal fees and other expenses incurred by Rancho Murieta Association in connection therewith) to the extent arising from or connected with any misrepresentation or breach of warranty in Section 12.01.

ARTICLE XIII RIGHTS OF INGRESS, EGRESS AND OTHER ACCESS RIGHTS

Rancho Murieta Association acknowledges, agrees and confirms that the Pension Trust Fund for Operating Engineers historically possessed the right of ingress, egress, passage, and access to the current and future Improved Roads, Park Sites and bicycle paths located within the Rancho Murieta Property since the date the Unit 1 map for the Rancho Murieta Property was recorded and the roads within that unit were conveyed to Rancho Murieta Association, such rights arising out of the Rancho Murieta Planned Development Ordinance, the subdivision maps recorded for the Rancho Murieta Property, including the Unit 1, 2, 3, 3A and 4 subdivision maps, and the development activities of Pension Trust Fund for Operating Engineers and Rancho Murieta Properties, Inc. Rancho Murieta Association further acknowledges, agrees and confirms that those rights historically held by Pension Trust Fund for Operating Engineers are appurtenant to the Rancho North Property and the Golf Course Property and that Rancho North and PTF have succeeded to and possess those rights by virtue of their ownership of said land. The rights currently held by Rancho North and PTF will be automatically conveyed and transferred to the future owners of all or any part of the Rancho North Property and the Golf Course Property. Such rights of ingress, egress passage and access will extend to Rancho Murieta North Association, its members and employees and their invitees, families, licensees, guests, service providers, agents, contractors, and delivery persons.

In addition to the grants of easements pursuant to the Grant of Easements Agreement attached hereto as Exhibit "D", the following easements are hereby granted.

Section 13.01. Mutual Grant of Easements.

(a) Grant of Easements by Rancho North. Subject to the provisions of this Mutual Benefit Agreement and except as otherwise expressly provided in the Grant of Easements Agreement, below, with respect to Gated Communities, Rancho North grants to PTF for the benefit of, and appurtenant to, the Golf Course Property a nonexclusive perpetual easement for vehicular, bicycle and pedestrian ingress and egress in, over and across all Improved Roads now existing or hereafter created within the Rancho North Property.

(b) Grant of Easements by Rancho Murieta Association for Benefit of the Golf Course Property. Subject to the provisions of this Mutual Benefit Agreement, the Rancho Murieta Association grants to PTF for the benefit of, and appurtenant to, the Golf Course Property, nonexclusive perpetual easements for vehicular ingress and egress in, over and across all Improved Roads now existing or hereafter created within the Rancho Murieta Property, subject to the limitation that in the case of any persons who are using the roads of the Rancho Murieta Association to access the Golf Course Property who are not Owners of Lots in Rancho

Murieta (or guests of Owners), this easement for ingress and egress shall only extend to that portion of Murieta Parkway that begins at the intersection of Murieta Parkway with State Highway 16 and ends at the Golf Course Property.

(c) Grant of Easements by Rancho Murieta Association for the Benefit of Parcel 9
Subject to the provisions of this Mutual Benefit Agreement, the Rancho Murieta Association grants to the ROMAN CATHOLIC BISHOP OF SACRAMENTO, a corporation sole, for the benefit of, and appurtenant to, Parcel 9, as more particularly described in Exhibit "J", attached hereto, a nonexclusive perpetual easements for vehicular ingress and egress in, over and across all Improved Roads now existing or hereafter created within the Rancho Murieta Property that are owned by the Rancho Murieta Association in fee for purposes of ingress to and egress from Parcel 9.

(d) Grant of Easements by PTF. Subject to the provisions of this Mutual Benefit Agreement, PTF grants to the Rancho Murieta Association and Rancho North for the benefit of, and appurtenant to, the Rancho Murieta Property and the Rancho North Property nonexclusive perpetual easements for vehicular, bicycle and pedestrian ingress and egress in, over and across the existing Improved Roads within the Golf Course Property and those portions of the Golf Course Property described on Exhibit "G". This grant of easements is intended to supersede and replace the easement granted by PTF to Rancho Murieta Association in that certain Easement Agreement Recorded on October 25, 2001, in Book 20011025, Page 1152.

Section 13.02. Intended Beneficiaries.

(a) The easements created in this Article XIII for the benefit of the Rancho Murieta Association are also created for the benefit of the members of the Rancho Murieta Association and the respective invitees, families, lessees, guests, service providers, agents, contractors, employees, and delivery persons of the Rancho Murieta Association and its members, including, without limitation, members owning or leasing interests in property, if any, that is subsequently annexed to the Rancho Murieta Association after the date this Mutual Benefit Agreement is Recorded.

(b) The easements created in this Article XIII, for the benefit of Rancho North are also created for the benefit of the members of the Rancho Murieta North Association and the invitees, families, lessees, guests, service providers, agents, contractors, employees, and delivery persons of the Rancho Murieta North Association and its members.

(c) The easements created in this Article XIII, for the benefits of PTF are also created for the benefit of future owners of all or any part of the Golf Course Property and the invitees, lessees, guests, service providers, agents, contractors, employees, and delivery persons of PTF and such future owners of any portion of the Golf Course Property.

ARTICLE XIV MISCELLANEOUS

Section 14.01. Conflicts With Park Development Agreements. To the extent of any conflict between the Park Development Agreements and this Mutual Benefit Agreement as to the rights of Rancho Murieta Association and Rancho North vis a vis each other, this Mutual Benefit Agreement shall govern.

Section 14.02. Provisions Constitute Covenants Running With the Land. Except as otherwise expressly set forth in this Mutual Benefit Agreement, the provisions contained in this Mutual Benefit Agreement shall constitute covenants running with the land constituting the Rancho North Property and the Common Area of the Rancho Murieta Property, and every part thereof and all improvements thereon, and shall be binding on the servient tenement and the owners thereof, and shall inure to the benefit of the dominant tenement and the owners thereof, and the respective successors and assigns, including, without limitation, any grantee or successor holder of an interest in the Rancho North Property or the Common Area of Rancho Murieta Property. The Rancho North Property and Common Area of the Rancho Murieta Property may be both a servient tenement and a dominant tenement, depending on the context of this Mutual Benefit Agreement. If Rancho North conveys all or any part of the Rancho North Property, Rancho North shall not be liable for breach of any duties or obligations under this Mutual Benefit Agreement with respect to the property conveyed that first occur or arise after the date of the conveyance except to the extent Rancho North retains or reserves an ownership interest other than an easement, license, lien or other security interest in the property conveyed. It is the intention of the parties that the covenants, conditions, restrictions, and terms of this Mutual Benefit Agreement, and the Exhibits attached hereto, shall satisfy the requirements of California Civil Code section 1468 for covenants running with the land.

Section 14.03. Successors and Assigns. This Mutual Benefit Agreement shall be binding on the respective successors and assigns of the parties. Without limiting the generality of the foregoing and except as otherwise provided in Section 14.11(e), below, should the Rancho Murieta North Association ever dissolve, merge or otherwise cease to exist, the obligation of the Rancho Murieta North Association to collect Individual Contribution Amounts from its members and the obligation to make timely payments of the RMA Contribution to the Rancho Murieta Association shall be binding on the successor(s) in interest to the Rancho Murieta North Association.

Section 14.04. Taxes. Each owner of a servient tenement created by this Mutual Benefit Agreement shall pay real property taxes and assessments levied on the owner's parcel and the owner of the dominant estate shall not be obligated to pay taxes or assessments levied on the parcel encumbered by the easement.

Section 14.05. Not a Public Dedication. Nothing contained in this Mutual Benefit Agreement shall be deemed to be a gift or dedication of any portion of the real property lying within any easement to or for the general public or for any public purpose whatsoever.

Section 14.06. Attorneys' Fees. If any legal action or any arbitration or other proceeding is brought or if an attorney is retained for the enforcement of any claim, legal action, proceeding

or arbitration, arising out of this Mutual Benefit Agreement or any portion thereof, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Mutual Benefit Agreement, the prevailing party shall be entitled to recover from the other reimbursement for the fees of attorneys, expenses and other costs (including court costs and witness fees) incurred by it, in addition to any other relief to which it may be entitled.

Section 14.07. Entire Agreement, Amendments and Waivers. This Mutual Benefit Agreement contains the entire agreement and understanding of the parties in respect to the subject matter hereof, and the parties intend for the literal words of this Mutual Benefit Agreement to govern and for all prior negotiations, drafts, and other extrinsic communications, whether oral or written, to have no significance or evidentiary effect. The parties further intend that neither this Mutual Benefit Agreement nor any of its provisions may be changed, amended, discharged, waived or otherwise modified orally and any such change, amendment, discharge waiver or modification may be made only by an instrument in writing duly executed by the party to be bound thereby. The parties hereto fully understand and acknowledge the importance of the foregoing sentence and are aware that the law may permit subsequent oral modification of a contract notwithstanding contract language which requires that any such modification be in writing; but Rancho North, Rancho Murieta Association and PTF fully and expressly intend that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court which may be asked to decide the question.

Section 14.08. Governing Jurisdiction. This Mutual Benefit Agreement shall be construed under and in accordance with the laws of the State of California.

Section 14.09. Counterparts. This Mutual Benefit Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Mutual Benefit Agreement to present any copy or copies signed by the parties to be charged. Any signature page of this Mutual Benefit Agreement may be detached from any counterpart of this Mutual Benefit Agreement and reattached to any other counterpart of this Mutual Benefit Agreement identical in form hereto but having attached to it one or more additional signature pages.

Section 14.10. Term. Except for the Parks Access Easements granted in Article VII, the easements granted herein shall be perpetual. Except as provided in Section 14.11(e) below, all other covenants, conditions, restrictions and equitable servitudes created imposed by this Mutual Benefit Agreement shall remain in effect for so long as the RMA Declaration shall remain in effect as equitable servitudes with respect to the Rancho Murieta Property.

Section 14.11. Construction and Severability; Singular and Plural; Captions.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Mutual Benefit Agreement shall be liberally construed together to promote and effectuate the fundamental concepts of the development of Rancho North Property and Rancho Murieta Property as private developments with parks for the use and benefit of the residents of Rancho

Murieta Property and the Rancho North Property as set forth in this Mutual Benefit Agreement. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a), above, the covenants, conditions and restrictions of this Mutual Benefit Agreement shall be deemed, independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine or neuter, as the context requires.

(d) Captions. All captions or titles used in this Mutual Benefit Agreement are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of this Mutual Benefit Agreement.

(e) Effect of Merger of Rancho Murieta Association and the Rancho Murieta North Association. In the event that there is a merger of Rancho Murieta Association and the Rancho Murieta North Association in accordance with sections 1810 et. seq, of the California Corporations Code and other applicable laws, if any, and the result of that merger is to give the surviving association both jurisdiction and assessment authority over all Lots that were formerly under the jurisdiction of the Rancho Murieta North Association, the obligation of Owners of those Lots to pay Individual Contribution Amounts to the Rancho Murieta North Association pursuant to Article IV of this Mutual Benefit Agreement shall terminate and be of no further force and effect, since the merger will also result in the elimination of the RMA Contribution obligation.

(f) Rancho North Marketing Signs. Along portions of the Improved Road within the Rancho Murieta Property and/or the Common Areas immediately adjacent thereto it may be desirable for a Subdivider of the Rancho North Property to erect temporary signs for the sale, lease or marketing of Lots in the Rancho North Property. Provided the Rancho Murieta Association gives its approval in response to specific requests for sign placement (which approval shall not be unreasonably withheld), for sale, for lease and other similar signs relating to the marketing of Lots in the Rancho North Property shall be permitted. Rancho Murieta North Association, Rancho North and the Rancho Murieta Association shall use their good faith best efforts to develop appropriate sign display policies addressing such issues as placement permissible colors, size, and number of signs in order to preserve high aesthetic standards with Rancho Murieta.

(g) Establishing Maximum Size of Residences. With the exception of residences constructed in any Subdivision Phase of the Rancho North Property which is developed and marketed as housing for senior citizens, as defined in Civil Code section 51.3, the minimum

square footage of living area for residences constructed in any Subdivision Phase of the Rancho North Property shall be not less than 1,800 square feet. The square feet of living area within a residence shall be based on the interior living space of the residence, exclusive of porch, garage, deck or patio areas.

(h) Exhibits. All Exhibits referred to herein are incorporated by reference into this Mutual Benefit Agreement.

RANCHO MURIETA ASSOCIATION, **RANCHO NORTH PROPERTIES LLC,** a
a California nonprofit mutual benefit California limited liability company
corporation

By: _____ By: McMorgan & Company LLC,
a Delaware limited liability company
Its: Manager

Print: _____ By: _____
Title: David R. Howard
Senior Vice President

By:
Print:
Title:

**PTF FOR OPERATING ENGINEERS, LLC, a
Delaware limited liability Company**

By: McMorgan & Company LLC,
a Delaware limited liability company

Its: Manager

By: _____

David R. Howard
Senior Vice President

Exhibit "I"
(RMA Plans)

The RMA Plans shall consist only of the following items:

1. Plot plan and site plan for the realignment of Lago Drive and Murieta Parkway, the location of the access control building (which shall not be larger than the access control building for the north or south gate), the location of traffic control lanes, and the location for the placement of the control gates, bar code readers, passive control equipment and other access features presently being used in connection with the existing building. The Gate Facilities Improvement Costs shall include the cost of relocating such existing gate control facilities to their new location.
2. The RMA Plans shall include a list of the power, phone, computer, HVAC and specialized equipment needs for the access control building that are new or will be relocated from the existing building.
3. No part of the Gate Facilities Payment shall be applied to any of the following (and such costs shall not be part of the Gate Facilities Improvements Costs):
 - a. Any item that is not in the existing control building or would cost more than the replacement cost of the comparable item in the existing control building.
 - b. Any personal property and fixtures, including, without limitation, furniture, computers and computer wiring, cameras, security equipment, security features (including bullet proof glass), safes and telephone systems and wiring.
 - c. Any requested improvements that are beyond the scope and nature of the existing access control building, traffic control lanes and related access equipment.

Provided, however, if Rancho Murieta Association desires to upgrade or add any item(s) for which the Gate Facilities Payment may not be applied under this paragraph 3, Rancho North shall include such include such item(s) in the conceptual plans and specifications and Mutual Benefit Plans if Rancho Murieta Association deposits, at the time its deposit is due under subparagraph 3.01(c) of the Mutual Benefit Agreement, the additional amount that Rancho North's contractor charges to include such upgrade or additional item within the work of improvement covered by the contract. The RMA Plans shall identify any such upgrade or additional item and shall specify any equivalent item of the existing facility that is being upgraded.

4. The landscape and median improvements along Highway 16 shall be designed by Rancho North and shall not be subject to the approval of Rancho Murieta

Association so long as the improvements outside the north gate do not substantially increase the cost to Rancho Murieta Association to maintain its common areas. All improvements within the north gate designed by Rancho North shall be subject to the reasonable approval of, and be consistent with the plans of, Rancho Murieta Association for the overall improvement of the median of Murieta Parkway; provided, however, Rancho North shall bear no cost for repair or correction of current deficiencies in the median and road beds.

5. Rancho Murieta Association grants Rancho North access to the common areas of Rancho Murieta Property for the purpose of constructing the Gate Facilities.