

## **Rancho Murieta Mutual Benefit Agreement (September 2003) Summary of Provisions**

In September 2003, the Mutual Benefit Agreement (“MBA”) for Rancho Murieta was entered into between the Rancho Murieta Association (“RMA”), Rancho North Properties, LLC (“Rancho North”) and the Pension Trust Fund for Operating Engineers (“PTF”). The stated purpose of the MBA is to facilitate and coordinate the development of all lands within Rancho Murieta in accordance with the Rancho Murieta Planned Development Ordinance (PDO) and to resolve a prior dispute regarding the use of recreation areas and roadways and other public facilities within the existing RMA community by future owners and residents of Rancho North.

The following is a summary of the significant provisions of the MBA. For ease of reference, the summary is organized to follow the MBA, by Article.

### **Article 2 – Rancho Murieta North Association**

The MBA obligates Rancho North to form the Rancho North Association and to record a master declaration against the Rancho North property. These actions are to be taken prior to or concurrently with the first transfer of any portion of the Rancho North property to a subdivider.

The master declaration is required by the MBA to contain provisions establishing the right of the Rancho North Association to collect assessments from Rancho North lot owners, along with the duty of the Rancho North Association to remit the RMA Contribution to the RMA (See Article 5). The master declaration is further required to establish an architectural and design review committee. Exhibit F to the MBA contains additional mandatory provisions for the Rancho North master declaration.

### **Article 3 – Gate Improvements**

Rancho North agreed to contribute \$1.4 million toward the cost of improving Rancho Murieta’s north gate entrance, with funds to be placed in escrow for the RMA. The MBA contains provisions for the timing of design and construction of the specified gate improvements, and provides that the RMA shall own the gate improvements and be responsible for maintenance following completion.

The MBA further requires Rancho North to contribute to the RMA \$75,000 (or the actual construction cost, if less) toward the construction of a vehicle/pedestrian gate at Escuela Drive. The Escuela Drive gate contribution was not due until both (a) vesting tentative maps for the Murieta Hills portion of Rancho North have been approved by the County, and (b) building permits for the gate have been issued and RMA has entered into a construction contract. The MBA provides that if the conditions in (b) above were not satisfied in three years from the Effective Date, Rancho North would no longer have the obligation to contribute toward the Escuela Drive gate.

#### **Article 4 – Contribution to Rancho Murieta Association**

The MBA provides for lots within Rancho North to contribute a property-based assessment (the “RMA Contribution”) to the RMA, as contribution toward roads and common recreational facilities of the RMA utilized by Rancho North residents.

The amount of the RMA Contribution is established as the equivalent of the RMA’s annual assessment per lot, excluding costs associated with Cable Television Services (except Basic Cable charges) and internet/broadband services. Additionally, the RMA Contribution would exclude costs associated with future parks and recreation facilities (defined in Article 9) not approved by Rancho North and not available for use by Rancho North residents.

Rancho North is obligated to pay the RMA contribution for each subdivision phase on the first day of the first month following the sale of the first lot within the subdivision phase to the public. The amount of Rancho North’s RMA Contribution is to be adjusted monthly, as required to reflect the number of new lots within Rancho North subject to this obligation.

Payment of the RMA Contribution by Rancho North to the RMA is an obligation of the Rancho North Association, regardless of whether Rancho North receives assessment payments from individual lot owners. If the Rancho North Association defaults, the RMA does not have the right to pursue individual lot owners within Rancho North. The Rancho North Association is the sole entity with remedies against defaulting Rancho North lot owners.

The MBA provides the Rancho North Association with audit rights to the RMA with respect to the RMA Contribution, at its cost.

#### **Article 5 – Other Development Conditions**

The MBA provides that Park Financing Plan fees payable by subdividers for lots within Rancho North are payable at recordation of the final map in question.

The MBA re-affirms a prior option for the RMA to acquire the Cable Television Site within Rancho North, upon the creation of the site as a legal parcel. Any assessments on the Cable Television Site are to be re-allocated to the remaining parcels in the subdivision phase, at the cost of Rancho North. The MBA re-affirms RMA’s commitment to provide cable service to Rancho North at the same rate as charged to residents within Rancho Murieta.

The MBA provides that Clementia Park is to be conveyed to the RMA at no cost, as a tree mitigation area as set forth in Article 9. The conveyance is to occur upon the creation of the Clementia Park site as a separate legal parcel, at the time the surrounding portion of Rancho North is subdivided.

The MBA provides a “consent to development” of the Rancho North property consistent with Exhibit H to the MBA (a total of 1,093 residential units)

### **Article 6 – Recreational Facilities**

The MBA provides that the RMA shall maintain all recreation facilities, subject to the responsibility of the District to maintain lakes and other water facilities. The MBA grants owners and residents within Rancho North the equal right as RMA owners and residents to use and enjoy the recreational facilities

### **Article 7 – Temporary Easements for Park Facilities**

The MBA provides that Rancho North provide temporary easements for park access to the RMA, as described in Exhibit C to the MBA. Maintenance of access, and any improvements within the temporary easements is the responsibility of the RMA, not Rancho North. RMA is required to indemnify Rancho North for RMA’s use of the temporary easements.

Under the terms of the MBA, the temporary easements will expire automatically within a Rancho North subdivision phase at the time alternative permanent access is provided to park site facilities by improved roads constructed by Rancho North.

### **Article 8 – Trails, Construction Access; Utilities; Maintenance**

The MBA provides for a mutual grant of access rights by the RMA and Rancho North of reciprocal access rights to trails, walkways and paths within the Rancho Murieta and Rancho North properties.

The MBA provides that temporary construction access for development within Rancho North should be taken from within Rancho North to the extent feasible. Where such access is infeasible and access through Rancho Murieta property is required, subdividers will be required to pay a roadway mitigation fee of \$0.20 per s.f. of building space to the RMA, subject to annual ENR adjustment. Prior to the use of construction access through Rancho Murieta, the subdivider is required to perform a road condition survey for the roads to be used for access. The MBA provides that the mitigation fee is to be the full compensation to the RMA for deterioration or damage to Rancho Murieta roadways associated with Rancho North construction.

The MBA grants Rancho North rights to locate underground utilities in the streets owned by the RMA, subject to the obligation of Rancho North to repair and restore roadways and common areas to pre-construction condition. Rancho North is not permitted to install underground utilities in RMA common areas if such installation or use would affect the development or intended use of the common areas.

## **Article 9 – Future Park or Common Area Sites**

Concurrently with the recordation of the MBA (in 2003), the MBA provides for the RMA, Rancho North and the District to complete a land exchange, as follows: The District was to convey the 26-acre Stonehouse Park site to the RMA at no cost, and Rancho North was to convey the approximately 10-acre “Industrial Parcel.”

The MBA contains an agreement between the RMA and Rancho North to “attempt to persuade” the County to terminate easement rights over the Resource Protection Area, as described. Rancho North agreed to convey fee title to the Resource Protection Area to the RMA (exclusive of land leased to the Rancho Murieta Country Club), subject to Rancho North’s right to reserve access.

The MBA provides that RMA shall accept conveyances (at no cost to the RMA) of tree mitigation areas that Rancho North or a subdivider shall agree to convey to the RMA. The MBA requires that any tree mitigation areas conveyed to the RMA comprise a legally subdivided parcel and free from assessments. The RMA may charge its regular tree mitigation fees for Rancho North’s and subdividers’ use of the tree mitigation areas. Such tree mitigation fees are to be in addition to the RMA Contribution, discussed above.

The MBA provides that the Rancho North Association is not obligated to pay for costs of any recreational facilities not identified in the MBA until (a) the Rancho North Association has approved of the construction or acquisition of such facilities, and (b) owners of Rancho North property are provided access and use rights to the facilities in question.

## **Article 10 – Murieta South Park**

The MBA provides that the RMA has accepted the as-built condition of Murieta South Park. The MBA further provides that in the event that Rancho North or the PTF acquired title to the Murieta South Park pursuant to a then-pending foreclosure action, and subsequently conveyed the site to the District (and the District conveyed the site to the RMA, the Murieta South Park site shall be included as a “Park Site” subject to the MBA.

## **Article 13 – Rights of Ingress, Egress and Other Access Rights**

The MBA provides for a recognition of the historic access rights held by the PTF through the Rancho Murieta property, and further provides that Rancho North and the PTF will continue to possess these access rights by virtue of their ownership of the land. The MBA provides that these access rights shall automatically be conveyed to future owners of property within Rancho North and the golf course, and including the Rancho North Association.

The MBA provides for a grant of access to PTF a perpetual and non-exclusive easement for access through improved roads within Rancho North for the benefit of the golf course.

The MBA provides for a grant of access rights by the RMA to PTF for the benefit of the golf course, across all improved roads within the Rancho Murieta property. With respect to patrons of the golf course that are not owners or guests of Rancho Murieta lots, such access is limited to Murieta Parkway between Highway 16 and the golf course.

The MBA provides for a grant of access rights by the RMA to the Roman Catholic Bishop of Sacramento for Parcel 9, across all improved roads within Rancho Murieta.

The MBA provides for a grant of access rights by PTF for vehicle, pedestrian and bicycle access through the golf course, in favor of the RMA and Rancho North.