

EXHIBIT 1

ARTICLE XXIII
Term: Termination

This Declaration shall be effective upon the date of Recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of thirty years (the "Initial Term"), and thereafter shall continue for successive periods of fifteen years each, unless there is an affirmative vote, not more than 360 days prior to the date otherwise scheduled for commencement of the next extension of the term of this Declaration, to terminate this Declaration by a vote of a majority of the Members at a duly held meeting of the Members, or without any meeting if all Members have been duly notified and if a majority of the Members consent in writing to such termination within said 360-day period. This Declaration may be terminated at any time after the Initial Term upon a vote in favor of termination by ninety percent (90%) of the Members, including Declarant, at a duly held meeting of the Members for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period of 180 days prior to such vote to 180 days after such vote, from the holders of Recorded First Mortgages on seventy-five percent (75%) of the Lots upon which there are such Recorded First Mortgages. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or a vice president of the Association and attested by the secretary or an assistant secretary of the Association. Thereupon, this Declaration, as of the date the next extension of the term hereof would otherwise have commenced, shall have no further force and effect, and the Association shall be dissolved.

ARTICLE XXIV

Claims and Litigation

Negotiation, Mediation and Arbitration

Section 24.1. Limitation on Liability. Notwithstanding anything to the contrary in this Declaration, each Owner, by accepting title to any Lot, acknowledges and agrees that no officer, director, partner or shareholder of Declarant (or of Declarant's successor or assignee) shall have any personal liability to any Owner or other person, arising under, in connection with, or resulting from (including without limitation resulting from action or failure to act with respect to) this Declaration.

Section 24.2. Negotiation, Mediation and Arbitration.

(a) **No Litigation.** Except as specifically permitted in this Section no judicial or administrative (inclusive of arbitrations) proceeding shall be commenced or maintained by Owner in respect of a Covered Matter. Further, no judicial proceeding shall be commenced or prosecuted by the Association except those specifically permitted by this Section. This Section shall not apply, however, to, and the following judicial actions are permitted by the Association: (i) actions brought by the Association to enforce the provisions of this Declaration, the Bylaws, the Association Rules or the Design Guidelines (including without limitation, the foreclosure of liens) excluding those covered by the Declarant's limited warranty; (ii) the imposition and collection of Assessments as provided in Article IX; or (iii) counterclaims brought by the

Association in proceedings instituted against it. Further, the limitation on the commencement of judicial proceedings contained in this Section 24.2(a) may not be amended except at a duly held meeting of the Members upon the affirmative vote of Class "A" Members representing eighty-five percent (85%) of the Class "A" voting power of the Association but in no event may the provision be amended to permit a judicial action or proceeding against PWC.

(b) Negotiation, Mediation and Arbitration.

(1) Each Owner on behalf of Owner, Owner's successors and assigns agree that there shall be no right to litigate in respect of the Covered Matters, hereinafter defined, and in the event Owner or any other person with an interest in the Community shall have any claim or cause of action arising out of or in any way related to this Declaration (and any and all rules, regulations and Supplemental Declarations promulgated pursuant to the foregoing, and the enforcement thereof), the design, orientation of the improvements to the Lot (e.g., the Home and related facilities) or the Lot as they relate to exposure to the sun and/or wind and/or adjacent properties, the development, construction, quality, sales, marketing, disclosures concerning, financing, delivery of the Community or any Lot, improvements to the Lot, Declarant's limited warranty, each of those items identified in the attached limited warranty, all of which are incorporated into this Section by this reference, Declarant's "Customer Care Program" or any other aspect of or activity with respect to the Community or the Property (herein collectively the "Covered Matters"), against any of those persons hereinafter defined as Covered Parties, such claim or cause of action (a "Dispute") whether such dispute is based on contract, tort, or statute, including, without limitation, any dispute over (1) the disposition of any deposits hereunder, (2) breach of contract, (3) negligent or intentional misrepresentation or fraud, (4) nondisclosure, (5) breach of any alleged duty of good faith and fair dealing, (6) allegations of latent or patent construction defects, or (7) any other matter arising from or related to the interpretation of any term or provision of this Declaration, or any defense going to the formation or validity of this Declaration, or any provision of this Declaration, including, without limitation, allegations of unconscionability, fraud in the inducement, or fraud in the execution, whether such dispute arises before or after the close of escrow, shall be arbitrated pursuant to the Federal Arbitration Act and subject to the procedures set forth in this Section ("Arbitration" or "arbitration"), after it shall have first been submitted to the process of "Negotiation" and "Mediation" defined and described below. Any such claim or cause of action shall be subject to Negotiation, Mediation and Arbitration regardless of whether the claim is against another Owner, Declarant, PWC, Declarant's real estate broker, agent or attorney, the architects, engineers, or other design consultants for the Community, the contractor, subcontractors, sub-subcontractors, material suppliers, managing agent or other persons involved with the Community, and their respective officers, directors, agents, servants, employees or representatives, and each of those persons or entities described in Declarant's limited warranty (the "Covered Parties"), provided that such person(s) has entered into an agreement or otherwise agree to negotiate, mediate and/or arbitrate such disputes; or if such claim or cause of action is filed jointly and severally against other parties, it shall be subject to mediation and arbitration with respect to those parties that have agreed to arbitration, regardless of whether other parties are bound to or are willing to submit to arbitration as herein provided. Any dispute concerning the interpretation or the enforceability of this Section, including, without limitation, its revocability or voidability for any cause, any challenges to the enforcement or the validity of this Declaration, or this Section, or the scope of arbitrable issues under this Section, and any defense relating to the enforcement of this Section, including, without limitation, waiver, estoppel, or laches, shall be decided by an arbitrator in accordance with this Section and not by a court of law. Further, in the event that a Dispute is raised between the parties after an Owner's acquisition of the Owner's Property (sometimes a

"post-closing dispute"), whether such Dispute is related to, or arises from, an act, omission or other event occurring prior to such acquisition, such Dispute shall be decided by an arbitrator in accordance with this Section and not by a court of law.

(2) In respect of all Covered Matters, the Owner agrees to participate in a period of good faith negotiation (the "Negotiation"). Each Owner recognizes that the Negotiation process must be completed before the Mediation and/or Arbitration process described in this Section can begin. As such, the claimant Owner must first give written notice to the Covered Party describing the nature of the Dispute and a description of what the Owner believes ought to be done to resolve the Dispute. Owner must also propose a date and time for a conference, which date must fall on a business day between fifteen (15) and twenty (20) days after the date the claimant sends the foregoing notice to the Covered Party (the "Conference"); unless mutually extended by the parties. The Conference shall be held at a mutually agreed-upon location. Within five business (5) days of this Conference notice, the Covered Party shall provide a follow-up notice to the claimant confirming the time of the Conference and stating the name and title of Covered Party's representative to the Conference. Prior to the Conference, claimant will, in good faith, discuss with the Covered Party's representative and consider possible resolutions of the claim. At the Conference, the claimant (and claimant's representatives, if any) and Covered Party's representatives shall confer together to resolve the Dispute for a maximum period of two (2) hours, although the parties may extend or adjourn the meeting by mutual agreement. If, as a result of the Conference, the Dispute or certain issues in the Dispute have been resolved, the parties shall jointly state in writing the issues that have been resolved and the issues, if any, that remain unresolved and will require Mediation and Arbitration.

(3) In the event that the parties have completed Negotiation as required by this Section but failed to resolve the entire Dispute, then, if either of the parties wishes to pursue the Dispute further, the unresolved aspects of the Dispute shall be resolved, if possible, by mediation conducted with the assistance of a single mediator approved by Construction Arbitration Services, Inc. (hereinafter, "CAS") in accordance with its rules or the rules of the approved mediator in effect at the time of the initiation of the mediation (the "Mediation"). Any counterclaim a Covered Party may have against a claimant shall also be a subject of (and an attempt shall be made to resolve the same in the context of and by) Mediation. Any Mediation shall be conducted in the County where the Property is located. The parties shall share equally the expense of the mediator.

(4) In the event that the parties have completed Negotiation and Mediation as required by this Section but failed to resolve the claim, then, if any one of the parties wishes to pursue the Dispute further, the unresolved aspects of the Dispute shall be submitted to binding arbitration by and pursuant to the rules of CAS in effect at the time of the initiation of the arbitration. Notwithstanding the foregoing, no arbitration may be commenced until Declarant is provided access to the Home or common area which is subject to the Dispute and a reasonable opportunity to cure the alleged defect as permitted under Section 16.9 of this Declaration. Declarant shall be provided a minimum of thirty (30) days to exercise its right to repair or remedy any alleged defect or damage, without a waiver of any right by Declarant to seek recovery of the cost of such effort, following notice of the claimant's intent to proceed to arbitration of a Dispute. Any counterclaim a Covered Party may have against a claimant shall also be resolved in the context of and by Arbitration. In the event an arbitration under this provision involves the PWC as the administrator of Declarant's limited warranty, and CAS is unwilling or unable to serve as the arbitrator, then PWC shall be entitled to select another reputable arbitration service, at its sole discretion, at the time the request for arbitration is

submitted. In the event that PWC selects an alternate arbitration service, the rules and procedures of such arbitration service in effect at the time the request for arbitration is submitted shall be followed. The following provisions shall apply to any arbitration commenced by the parties:

(a) Each Owner, the Association and Declarant expressly agree and acknowledge that this Declaration involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 U.S.C. §1, et seq.) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule. Accordingly, any and all Disputes shall be arbitrated – which arbitration shall be mandatory and binding – pursuant to the Federal Arbitration Act. To the extent that any state or local law, ordinance, regulation, or judicial rule shall be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

(b) This Section shall inure to the benefit of, and be enforceable by, Declarant's subcontractors, agents, vendors, suppliers, design professionals, insurers and any other person(s) whom Owner contends is responsible for any alleged defect in or to the Property or the Home or Residence or any improvement or appurtenance thereto.

(c) In the event any Dispute is submitted to arbitration, each party shall bear its own attorneys' fees and costs (including expert costs) for the arbitration.

(d) The decision of the arbitrator shall be final and binding. Owner, the Association and Declarant expressly agree that an application to confirm, vacate, modify or correct an award rendered by the arbitrator shall be filed in any court of competent jurisdiction in the county in which the Property is located.

(e) The participation by any party in any judicial proceeding concerning this Section or any matter arbitrable hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this Section. Any counterclaim a Covered Party may have against a claimant shall also be resolved in the context of and by Arbitration.

(f) Except as otherwise agreed by the parties pursuant to Declarant's limited warranty or as required by applicable law, the administration and/or arbitrator fees charged by the arbitration service shall be borne pro rata by the parties to the arbitration; provided, however, the administration and/or arbitrator fees and any other fees and costs of the arbitration shall ultimately be borne as determined by the arbitrator.

(g) The arbitrator appointed to serve shall be a neutral and impartial individual.

(h) The venue of the arbitration shall be in the county where the Property is located unless the parties agree in writing to another location. To the extent permitted by the Federal Arbitration Act, no punitive damages shall be awarded in any claim against Declarant or any other Covered Parties, and no award for damages attributable to emotional distress or a multiple of actual damages based upon any theory of law may be made or awarded in any claim against or Dispute involving Declarant or any of the other Covered Parties, all of which are expressly waived by the Association and each Owner. No award of

consequential or incidental damages, as defined in the Declarant's limited warranty, shall be awarded. The arbitrator may award equitable relief pursuant to any Arbitration instituted to enforce this Declaration or any Supplemental Declaration.

(i) If any provision of this Section shall be determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

(j) In the event the foregoing arbitration provision is held not to apply or is held invalid, void or unenforceable in its entirety for any reason, Owner, the Association and Declarant agree that all Disputes shall be tried before a judge in a court of competent jurisdiction without a jury. The judge in such court of competent jurisdiction shall have the power to grant all legal and equitable remedies and award compensatory damages. Declarant, the Association and Owner each hereby waive and covenant not to assert their constitutional right to trial by jury of any Disputes, including, but not limited to, Disputes relating to construction defects, misrepresentation or Declarant's failure to disclose material facts. Declarant, the Association and Owner hereby covenant and agree that their mutual waiver of jury trial shall be binding upon their respective successors and assigns and upon all persons and entities asserting rights or claims or otherwise acting on behalf of Declarant or Owner or their successors and assigns.

(5) Notwithstanding the provisions of this Section, the Declarant may proceed by litigation, in connection with: (i) the imposition and collection of assessments by the Declarant under the terms of this Declaration and Supplemental Declaration and/or duly adopted Design Guidelines, including foreclosure actions necessitated by the failure of an Owner to pay the required assessments; or (ii) counterclaims brought by the Declarant in proceedings instituted against it.

ARTICLE XXV

General Provisions

Section 25.1. Notice. Notices to the Association provided for in this Declaration, the Bylaws, Association Rules or Design Guidelines shall be in writing and shall be addressed to the Association at the address specified in the Bylaws or as provided in this Section 25.1. The Association may from time to time designate a different address or addresses for notice by giving written notice of such change of address to all Owners. If notice of any action or proposed action by Declarant, the Association, the Board or any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner or Occupant then, unless otherwise specified herein or in the resolution of the Board, such notice shall be considered delivered and effective upon personal delivery, or three days after posting, when sent by certified mail, to the address of such Owner on file in the records of the Association at the time of such mailing. This Section 25.1 shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner. General notices to all Owners or any classification thereof need not be certified, but may be sent by regular first class mail.

Section 25.2. Captions; Construction. Captions given to various Articles and Sections are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The provisions of this Declaration shall be liberally