

Covenants, Conditions, and Restrictions (CC&R'S) of the Oak Shores Community Association

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Supplementary Declaration, made this 9th day of August, 1974

The following Declaration of Covenants, Conditions and Restrictions for Oak Shores, San Luis Obispo County, California, have been compiled from the following: Declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 378 recorded on May 18, 1970 as Document No. 11284 in Volume 1565 at Pages 667-689; Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores, Tract No. 379 recorded September 28, 1970 as Document No.,. 23732 in Volume 1585 at Pages 548-570; Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 380 recorded August 20, 1970 and as Document No. 17031 in Volume 1574 at Pages 635-657; Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 381 recorded August 3, 1971 as Document No. 20813 in Volume 1626 at Pages 122-145 (Said Declarations as amended to the date hereof are referred to herein as the "Declarations").

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR OAK SHORES, TRACTS NO. 378, 379, 380 AND 381 SAN LUIS OBISPO COUNTY, CALIFORNIA

WHEREAS, Declarant is the owner of that certain real property located in the County of San Luis Obispo, State of California, described as above; and

WHEREAS, Declarant has deemed it desirable to impose a general plan for the improvement and development of Tracts 378 379, 380 and 381 and such additional real property as may be annexed thereto and the adoption and establishment of covenants, conditions

and restrictions upon said real property and each and every lot and portion thereof and upon the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of said tract; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of said tract and such additional property as may be annexed thereto, pursuant to the provisions of this Declaration, to create a corporation to which should be delegated and assigned the powers of maintaining and administering the common area and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to; and

WHEREAS, Declarant has caused OAK SHORES COMMUNITY ASSOCIATION, a non-profit corporation, to be incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid; and

WHEREAS, Declarant will convey title to all of said lots in Tracts 378, 379, 380 and 381 subject to certain protective covenants, conditions and restrictions hereinafter set forth;

NOW, THEREFOR, Declarant hereby covenants, agrees and declares that Tracts 378, 379, 380 and 381, each of the lots therein and such additional real property as may be annexed thereto shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements, liens and charges which are hereby declared to be for the benefit of the whole tract and such additional real property as may be annexed thereto; the owners thereof and their successors and assigns. Said covenants, conditions, restrictions, easements, liens and charges shall run with the said real property and shall be binding on all parties having or acquiring any right, title or interest in said real property or any part thereof and shall inure to the benefit of each owner thereof and are imposed upon said real property and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements.

ARTICLE I Definitions

Whenever used in this Declaration, the following terms will have the following meanings:

Section 1: "Association" shall mean and refer to Oak Shores Community Association, a nonprofit corporation, incorporated under the laws of the State of California on May 13, 1970, its successors and assigns.

Section 2: "Tract Committee" shall mean and refer to the body established according to Article VIII, Section 1, hereof.

Section 3: "Property" and "Lots" shall mean and refer to all of the real property known as, described and included in Tracts 378, 379, 380 and 381 and such additional real property as may be annexed thereto except lots 306 through 311.

Section 4: "Common Area" and "Common Facilities" shall mean all real and personal property owned, leased, controlled or occupied by the Association for the common use and enjoyment of the members of the Association.

Section 5: "Lot" shall mean and refer to a recorded lot within Tracts 378, 379, 380, and 381 or such additional real property as may be annexed thereto, but shall not mean or include any common area.

Section 6: "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 8: "Declarant" shall mean and refer to General Resource Development, a California corporation, its successors and assigns.

Section 9: "Deed of Trust" shall mean a document by which the conveyance of any lot or other portion of the property is made to secure the performance of an obligation.

Section 10: "Living Unit" shall mean and refer to any building or portion of a building situated on the property designed and intended for use as a single residential unit and mobile homes situated on the property.

Section 11: "Renter" shall mean and refer to one or more persons or entities who are the lessees of all or a portion of any lot or living unit within Tracts 378, 379, 380 and 381 or such additional real property as may be annexed thereto.

ARTICLE II Annexation of Additional Property Subject to the Jurisdiction of the Association

The real property described on Exhibit "A" hereto and/or any other real property, may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article as follows:

Section 1: Annexation Without Approval and Pursuant to General Plan. All or any part of the real property described in Exhibit "A" attached hereto and/or any other real property may be annexed to and become subject to the provisions of this Declaration and subject to the jurisdiction of the Association without the approval assent or vote of the Association or its members, providing and on condition that;

(a) Any annexation pursuant to this section shall be made prior to the expiration of three (3) years from the date of the last public report.

(b) The development of the annexed property shall be in accordance with a general plan of development submitted to and approved by the Division of Real Estate of the State of California by Declarant in furtherance of Declarant's plan of

development of Tracts 378, 379, 380 and 381 as set forth in the application of Declarant for a Subdivision Public Report on Tracts 378, 379, 380 and 381 in the County of San Luis Obispo, State of California.

(c) Prior to the conveyance of title to any improved lots within the real property described in Exhibit "A" attached hereto, to the individual purchasers thereof, fee simple title to the common area within said real property shall be conveyed to the Association, or held in trust for conveyance to the Association, free and clear of any and all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and easements, covenants, conditions and restrictions (other than those requiring the payment of money) then of record, including those set forth in this Declaration.

(d) A Supplementary Declaration of Covenants, Conditions and Restrictions, as described hereinafter in Section 3 of this Article covering said real property described on Exhibit "A" attached hereto, shall be executed and recorded by Declarant. The recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to the provisions of this (Supplementary) and subject to the functions, powers and jurisdiction of the Association, and thereafter all of the owners and renters of lots and living units of said real property shall automatically be members of the Association (except as provided herein and in the By-Laws).

Section 2: Annexation Pursuant to Approval. Upon approval in writing by a two-thirds majority of the voting power of the Association, excluding the voting power of Declarant and the owner of the real property to be annexed, Declarant or any member may file of record a Supplementary Declaration, as described in Section 3 of this Article, with respect to any portion of the real property described in Exhibit "A" and/or any other real property.

Section 3: Supplementary Declarations. The additions authorized under the foregoing Sections shall be made by filing of record a Supplementary Declaration of Covenants, Conditions and Restrictions, or similar instrument, with respect to the additional property which shall extend the plan of this Declaration to such property.

Such Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration with respect to Lots 1 to 134 of Tract 378, except as hereinafter otherwise provided.

The recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdictions of the Association, and thereafter all of the owners and renters of lots and living units in said real property shall automatically be members of the Association (except as provided herein and in the By-Laws).

Section 4: Mergers or Consolidations. Upon a merger or consolidation of the Association with or into another Association, as provided in its Articles of Incorporation, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association or alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association. The surviving or, consolidated association shall administer the covenants, conditions and restrictions established by this Declaration with respect to Lots 1 to 134 of Tract 378, together with the covenants and restrictions established upon any other property, as one plan.

ARTICLE III Membership

Section 1: Membership. There shall be two types of membership in the Association, members and associate members. Every owner or renter of a lot or living unit (including Declarant) which is subject by covenants of record to assessment by the Association, shall be a member of the Association; provided, however, that no lot or living unit shall have more than four owners or renters. Every member of the Association shall be subject to the provisions of the Articles of Incorporation and the By-Laws. The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation.

Section 2: Associate Members. The following shall be entitled to associate membership in the Association:

- (a) Co-owners or co-renters of any lot or living unit (not exceeding four such co-owners or co-renters with respect to any one lot or living unit);
- (b) Any person who is a tenant in a guesthouse, inn or hotel facility on the property;
- (c) Officers and directors of the Association who are not otherwise members;
- (d) Officers and employees of Declarant and of Declarant's marketing organization;
- (e) Such other persons as may be approved by the Board of Directors of the Association.

Associate members shall have no rights to vote or receive notices of any meeting. Associate members shall not be required to pay dues or assessments, but they shall be entitled to enjoy all privileges of membership subject to their observance of rules and regulations of the Association. Associate membership shall cease automatically on termination of the status giving rise to such membership.

Section 3: Voting Rights. Members, other than associate members, shall be either Class "A" members or Class "B" members. Class "A" members shall be entitled to one vote for each lot or living unit in which they hold the interest required for membership. Except as provided below, declarant, the sole Class "B" member, shall be entitled to three votes for each lot in which it holds the interest

required for membership. Said voting rights shall be subject to the restrictions and limitations provided hereinafter and in the Articles of Incorporation of the Association and the By-Laws. Upon the first to occur of the following, Class "B" membership shall cease and be converted into Class "A" membership:

- (a) When the total number of votes to which Class "A" members are entitled equals the total number of votes to which the Class "B" member is entitled; or
- (b) Three years from the date of the last final public report issued on the property.

Section 4: Transfer. The membership held by any owner or renter of a lot or living unit shall not be transferred, pledged or alienated in any way, except upon the sale of such lot or living unit and then only to the purchaser of such lot or living unit. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event the owner of any lot or living unit should fail or refuse to transfer the membership registered in his name to the purchaser of such lot or living unit, the Association shall have the right to record the transfer upon the books of the Association and shall issue a new certificate to the purchaser, and thereupon the old certificate outstanding in the name of the seller shall be null and void as though the same had been surrendered.

ARTICLE IV Property Rights in the Common Areas

Section 1: Members' Easements of Enjoyment. Every member and associate member shall have a right and easement of enjoyment in and to the common area, and such easement shall be appurtenant to and shall pass with the title to every assessed lot, subject to the following provisions:

- (a) The right of the Association to limit the number of guests of members.
- (b) The right of the Association to establish uniform rules and regulations pertaining to the use of the common area and the recreational facilities thereof.
- (c) The right of the Association, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the common area and facilities and in aid thereof, to mortgage said property, provided that the rights of such mortgages shall be subordinate to the rights of the members. The Association is limited to incurring indebtedness of one thousand dollars (\$1,000) or less except upon the authorization of members having two-thirds of the voting power of the Association.
- (d) The right of the Association to suspend the voting rights and right to use of the recreational facilities by a member for any period during which any assessment against his lot remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the rules or regulations of the Association, provided that any suspension of such voting rights or right to use the recreational facilities, except for failure to pay assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the By-laws of the Association.
- (e) The right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast two-thirds of the votes of the membership has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than thirty (30) nor more than sixty (60) days in advance.
- (f) The right of Declarant (and its sales agents and representatives) to the nonexclusive use of the common areas and the facilities thereof, for display and exhibit purposes in connection with the sale of residential units within the property, which right Declarant hereby reserves; provided, however, that such use shall not be for a period of more than four (4) years after the conveyance of the common area to the Association, or the sale of all the residential lots within the aforesaid real property, whichever is the earlier; provided, further, that no such use by Declarant or its sales agents or representatives shall otherwise restrict the members in their use and enjoyment of the common areas or facilities thereof.
- (g) The right of the Association to transfer any part of the common area to other persons or entities in exchange for real property of equal or greater value comparably situated provided that, in the opinion of the Board of Directors of the Association and the Board of Supervisors of San Luis Obispo County reasonably exercised, (I) no such transfer shall materially adversely effect the access of other rights of owners or renters of lots or living units and (ii) such transfer shall be in furtherance of the purpose of the Association.

Section 2: Easement with Respect to Beach Lots. Owners and renters of lots contiguous to Lots 212,214, 128, 218 and 219 of Tract 379 and to Lots 306 through 311 of Tract 381 (the "Beach Lots") and only such owners and renters shall have a right and easement of enjoyment in and to the contiguous "Beach Lot" and such easement shall pass with the title of said contiguous lots, said "Beach Lots" and their contiguous lots being respectively:

Tract 379 Beach Lot 212 and lots 204, 205, 206 and 207;
Beach Lot 214 and lots 202 and 203;
Beach Lot 216 and lots 199, 200 and 201;
Beach Lot 218 and lots 196, 197 and 198;
Beach Lot 219 and lots 193, 194, and 195;
Tract 381 Beach Lot 306 and lots 77, 78, 79, 80, 81, 82 and 83;
Beach Lot 307 and lots 84, 85 and 86;
Beach Lot 308 and lots 104, 105, 106, 107 and 108;

Beach Lot 309 and lot 131;
Beach Lot 310 and lots 132, 133, 134, 135, 136, 137, 138, 143, 145, 146, 149, 151, 152, 153, 154, 155 and 156;
Beach Lot 311 and lots 160, 161, 162, 163 and 164.

Section 3: Delegation of Use. Any member may delegate, in accordance with the By-laws, his right of enjoyment to the common area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

Section 4: Waiver of Use. No member may exempt himself from personal liability for assessments duly levied by the Association, nor release the lot owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the common area and the facilities thereon or by abandonment of his lot.

Section 5: Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the common areas in Tracts 378, 379, 380 and 381 to the Association free and clear of all encumbrances and liens, except current property taxes, which taxes shall be prorated to the date of transfer, and easements, conditions and reservations then of record, including those set forth in this Declaration. Said conveyance shall be made by irrevocable trust. The trust instrument shall provide that the trustee shall convey title to the common area to the Association when sixty percent (60%) of all the lots have been sold or within three (3) years, whichever occurs first.

ARTICLE V Covenants for Maintenance Assessments

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned by it within Tracts 378, 379, 380 and 381 hereby covenants and agrees to pay, and each owner and renter of a lot or living unit in Tracts 378, 379, 380 and 381 or in each additional real property as may be annexed thereto, by acceptance of a deed or other conveyance therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) regular assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

Section 2: Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association and, in particular, for the improvement and maintenance of the properties, services and facilities devoted to this purpose, and related to the use and enjoyment of the common area.

Section 3: Regular Assessments. The amount and time of payment of regular assessments shall be determined by the Board of Directors of the Association pursuant to the Articles of Incorporation and By-laws of said Association after giving due consideration to the current maintenance costs and future needs of the Association. Written notice of the amount of an assessment, regular or special, shall be sent to every owner, and the due date for the payment of same shall be set forth in said notice.

Section 4: Special Assessments for Capital Improvements. In addition to the regular assessments, the Association may levy in any calendar year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of fifty-one percent of the voting power of the members who are voting in person or by proxy, excluding Declarant, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 5: Assessment for Beach Lots. In addition to regular and special assessments, the Association shall levy an assessment against the owners and renters of the lots in Tract 379 and Tract 381 which are contiguous to the beach lots (as defined in Article IV, Section 2) for the purpose of maintaining each such beach lot in clean, weed free, safe condition and repair. The amount and time of payment of such assessments shall be determined from time to time, by the Board of Directors of the Association and shall be payable by each such owner and renter only with respect to the particular beach lot to which the lot of each owner and renter is contiguous.

Section 6: Uniform Rate of Assessment. Both regular and special assessments shall be fixed at a uniform rate for all lots and living units and may be collected on a monthly basis.

Section 7: Date of Commencement of Regular Assessments and Fixing Thereof. The regular assessments provided for herein shall commence as to all lots and living units in Tracts 378, 379, 380 and 381 on the first day of the month following the conveyance of the first lot within said tract to an owner. The regular assessments as to lots and living units in other tracts, provided said lots and living units shall have become subject to assessment by the Association, shall commence with respect to all lots and living units within each such tract on the first day of the month following the conveyance of the first lot therein to an individual owner. Provided, however, that the Association, by a majority vote of its Board of Directors, may extend the commencement date of regular assessments to a time not later than two (2) months following the completion all improvements and landscaping within the common area, or two (2) months from the date of conveyance of the common area to the Association, whichever is later, if Declarant, by a written agreement with the Association, commits to maintain the common area until such extended date.

Section 8: Certificate of Payment. The Association shall, upon demand, furnish to any owner liable for any assessment, a certificate in writing signed by an officer of the Association, setting forth whether the regular and special assessments on a specified lot have been paid, and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of this certificate. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9: Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the common area; and (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of California. However, no land or improvements devoted to dwelling use shall be exempt from said assessment.

ARTICLE VI Non-payment of Assessments

Section 1: Delinquency. Any assessment provided for in this Declaration, which is not paid when due, shall be delinquent. With respect to each assessment, not paid within fifteen (15) days after its due date, the Association may, at its election, require the member to pay a "late charge" in a sum to be determined by the Association, but not to exceed \$1.00 per each delinquent assessment. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the then legal rate, and the Association may, at its option, bring an action at law against the member personally obligated to pay the same, or, upon compliance with the notice provisions set forth in Section 2 hereof, to foreclose the lien (provided for in Section 1 of Article V hereof) against the lot, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of action. Each member vests in the Association or its assigns, the right and power to bring all actions at law or lien collection foreclosures against such member or other members for the collection of such delinquent assessments.

Section 2: Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the owner of said lot, and a copy thereof is recorded by the Association in the office of the County Recorder in which the properties are located; said notice of claim must recite a good and sufficient legal description of any such lot, the record owner or reputed owner thereof, the amount claimed (which may at Association's option include interest on the unpaid assessment at the legal rate, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien) and the name and address of the claimant.

Section 3: Foreclosure Sale. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the lot at foreclosure sale and acquire and hold, lease, mortgage and convey the same.

Section 4: Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting owner of a fee, to be determined by the Association, but not to exceed \$15.00 to cover the costs of preparing and filing or recording such release, together with the payment of such other costs, interest or fees as shall have been incurred.

Section 5: Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution of all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 6: Subordination of Assessment Liens. If any lot subject to a lien created by any provision hereof shall be subject to the lien of a deed of trust: (1) the lien created hereby shall be subordinate to the lien of such deed of trust; (2) the foreclosure of the lien created hereby shall not operate to affect or impair the lien of such deed of trust; and (3) upon the foreclosure of the lien of such deed of trust or trustee's sale or the acceptance of a deed in lieu of foreclosure, the purchaser at foreclosure or the trustee's sale or the grantee under the deed in lieu of foreclosure shall take title free of the lien hereof for all said charges that have accrued up to the time of the foreclosure or trustee's sale or the recording of the deed in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to such time.

ARTICLE VII Duties and Powers of the Association

Section 1: Duties and Powers. In addition to the duties and powers enumerated in its Articles of Incorporation and By-laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, maintain and otherwise manage all of the common areas and all facilities, improvements and landscaping thereon, and all other property acquired by the Association.

(b) Pay any real and personal property taxes and other charges assessed against the common areas.

(c) Have the authority to obtain, for the benefit of all of the common areas, all water, gas and electric services and refuse collection.

(d) Grant easements where necessary for utilities and sewer facilities over the common areas to serve the common areas and the lots.

(e) Maintain such policy or policies of insurance as the Boards of Directors of the Association deem necessary or desirable in furthering the purposes of and protecting the interests of the Association and its members.

(f) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent shall provide for the right of the Association to terminate the same at the first annual meeting of the members of the Association.

(g) Have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association.

ARTICLE VIII Architectural Control

Section 1: Appointment of Tract Committee. The Declarant shall initially appoint the Tract Committee, consisting of not less than three (3) members, who need not be owners, who shall remain in office until: (a) three (3) years from the date of the most recent public report relating to Tracts 378, 379, 380 and 381 or (b) ninety percent (90%) of the lots in Tracts 378, 379, 380 and 381 and the lots in such real property as may have been annexed thereto have been conveyed, whichever shall first occur. From and after such time or event, as the case may be, the Tract Committee shall be composed of the Board of Directors of the Association or of three (3) or more representatives appointed by the Board, who need not be members of the Association. Prior to the time when the Board of Directors of the Association is vested with authority, any and all members of the Tract Committee shall remain in office until they are removed by Declarant, and their successors are appointed and have assumed office. Should any member of the Tract Committee be removed, die, resign or become unable to act, prior to the time the Board of Directors of the Association is vested with authority, Declarant shall forthwith appoint a successor.

Section 2: General Provisions. The members of the Tract Committee shall receive no compensation, but shall be reimbursed for their expenses. They shall represent the interests of all members in good faith. Said members shall not be held liable for damages or otherwise to any member for decisions or actions made or executed in good faith in the performance of their functions. The Tract Committee shall appoint from among its members, to serve until their successors shall have been appointed and assumed office, a Chairman, Vice Chairman and Secretary-Treasurer. The vote of any two committee members shall be sufficient to decide any question or to take any action provided for herein. The files of the Tract Committee, including its Book of Minutes, shall be open for inspection by any owner at all reasonable times. The powers and duties of the Tract Committee shall continue for a term of forty (40) years from the date this Declaration is recorded after which time said powers and duties shall be extended automatically for successive periods of ten (10) years, unless an instrument, signed by members having a majority of the voting power of the Association, has been recorded, agreeing to change said powers and duties in whole or in part.

Section 3: Approval of Plans. No residence, garage, stable, out-building, fence, wall, sidewalk, steps, or other structure and no improvement, planting, landscaping, utility, swimming pool, parking area or driveway shall be erected, constructed, laid down, altered or maintained and no cutting down, filling up or grading shall be done on, under or about any land of Tracts 378, 379, 380 and 381 or any tract in real property annexed thereto unless: (i) complete landscaping, grading, drainage, erosion control and building plans (including elevations, and, if requested by the Tract Committee, a rendering) and specifications thereof showing the nature, kind, shape, height, type, material and color scheme thereof and (ii) a plot plan indicating the location on the lot or building site shall have been submitted to and approved in writing by the Tract Committee and a copy of such plan, specifications and plot plan, as finally approved shall have been permanently deposited with the Committee. The Tract Committee will not approve unusually high buildings or roofs which may obstruct the view from other property. The Tract Committee shall encourage the erection of one story or split level homes conforming to existing contours where possible and minimizing excavation. No trees shall be cut without written approval of the Tract Committee if the diameter of such trees is more than three inches at its base.

The erection, alteration, location or relocation of any clothesline pole, fence, hedge, mast, aerial for radio or television or other structure of a similar or dissimilar nature, whether separate or an integral part of the dwelling, shall be disapproved whenever such structure, because of its kind, shape, height, material, or location, in the opinion of the Tract Committee would be unsightly, detrimental to, or otherwise tend to lower the value of any other lots. No alteration shall be made in the exterior appearances and design of any of the items mentioned in the first paragraph of this Section 3 at any time after its erection or construction, or in the shape, contours and condition of any land, unless written approval of such alteration first shall have been obtained from the Tract Committee.

Section 4: Sets of Plans. Sets of plans with specifications shall be submitted in duplicate, accompanied by the fee referred to in Section 5 below. If approval is granted, one copy of the plans and specifications shall be returned to applicant duly certified. Sets of plans legibly must show the following information: date, name and address of owner(s), street address of job, full legal description of lot or building site, set-backs indicated in numerals (in case of discrepancy between numerals and scale drawings, the numerals shall prevail).

Sets of plans or specifications presented shall not be considered properly submitted until errors, changes or deficiencies shall have been corrected, made or added, so that they fully comply with all requirements of the Tract Committee. Any deviation from, or alteration of, the plans and specifications as approved (except changes of the interior layout not affecting exterior appearance and design as approved) during the construction or at any time thereafter shall render the approval null and void, unless the Tract Committee's written approval thereof is obtained in advance.

Section 5: Fees. The Tract Committee shall charge a fee for its services which shall be \$25 per set of plans with specifications for residences and appurtenant structures, and \$10 per set of plans and specifications presented separately for appurtenant structures. Acceptance of such fee shall not be considered a waiver of the rights of the Tract Committee to take action against owners starting construction work without written approval or otherwise violating the restrictions.

ARTICLE IX Utilities

Section 1: Rights and Duties. The rights and duties of owners and renters of lots and living units within Tracts 378, 379, 380 and 381 and tracts within such real property as may be annexed thereto with respect to sanitary sewer, water, electricity, gas and telephone lines and drainage facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines or drainage facilities are installed within said tract or tracts, which connections, lines or facilities, or any portion thereof, lie in or

upon lots owned by an owner other than the owner of a lot served by said connections, lines or facilities, the owners and renters of any lot or living unit served thereby shall have the nonexclusive right, and are hereby granted a nonexclusive easement to the full extent necessary therefore, to enter upon the lots and to have utility companies enter upon the lots within said tract or tracts in or upon which said connections, lines or facilities, or any portion thereof, lie, to repair, replace and generally maintain said connections, lines or facilities as and when the same may be necessary as set forth below.

(b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines or drainage facilities are installed within said tract or tracts, which connections serve more than one lot, the owner and renter of each lot or living unit served by said connections shall be entitled to the full use and enjoyment of such portions of said connections, lines or facilities as service his lot or living unit.

Section 2: Easements. Nonexclusive easements over the lots and common areas within Tracts 378, 379, 380 and 381 and tracts within such real property as may be annexed thereto, for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and drainage facilities as shown on the recorded tract map of said tract or tracts, are hereby reserved by Declarant, together with the right to grant and transfer the same.

ARTICLE X Use Restrictions

Section 1: Uses other than Residential Prohibited. All of the lots in Tracts 378, 379, 380 and 381 and tracts within such real property as may be annexed thereto shall be used exclusively for private, single-family residential purposes, condominiums, low rise apartments not exceeding 4 units and mobile home parks, and no part of any such lot shall be used directly or indirectly, for any business or profession or for any commercial, manufacturing, mercantile, mail-order, storing, vending, civic, education, religious, musical, medical, hospital, cemetery, crematory, institutional, or other non-residential purpose; for the drilling thereon for oil, gas or any other mineral substance; for the manufacture or sale of malt, vinous or spirituous liquors or for the carrying on of any noxious activity or pursuit or any act or thing which may be or become an annoyance or nuisance to the neighborhood.

Section 2: Livestock Prohibited. No horses, cows, cattle, goats or sheep shall be kept or permitted to be kept on any property or lots except that the Tract Committee may grant permission to owners of large lots to keep horses thereon. No dogs, cats, birds, poultry, bees, horses, rabbits or other pets shall be raised or traded as business, either directly or indirectly, on any of said properties or lots. No pets shall be kept which, in the opinion of the Association, disturb the neighborhood by excessive noise, or, which, if other than dogs, cats or birds, are allowed to leave the premises while not under owners control.

Section 3: Construction Diligently Prosecuted. The work of construction of any building or structure shall be prosecuted diligently and continuously from the time of commencement until fully completed, and all structures, once the foundations are erected, shall be completed in 18 months.

Section 4: Occupancy of Unfinished, Temporary or Mobile Structures Prohibited. No residence in any manner shall be occupied or lived in until the exterior is made to comply with all requirements set forth herein. No building or structure anywhere on any properties or lots subject to the jurisdiction of the Tract Committee, other than a completed residence, shall ever be lived in or used for dwelling purposes, including mobile homes, campers, tents, shacks, outbuildings or other structures. Nothing herein shall prohibit a contractor's tool house and his equipment being used during construction and then removed or the temporary use of a mobile home, of approved design, for such limited periods as the County of San Luis Obispo shall prescribe by ordinance and as may be approved by the Tract Committee.

Section 5: Limitation of Use of Signs. No signs or billboards of any kind shall be erected, permitted or maintained on any properties or lots or on any county right of way adjoining such properties or lots except upon prior written approval by the Tract Committee, which approval in the discretion of the Tract Committee may be revoked at any time.

However, the following signs may be displayed without such specific approval, under the responsibility of the landowner:

(a) Provided plans have been duly approved by the Tract Committee, professionally lettered signs naming the architect, construction company or sub-contractors may be displayed on the site during actual construction, but no such sign shall exceed the dimensions of 24" x 36".

(b) One "for sale" or "for lease" sign only may be maintained at any time on a lot, building site, or building, provided it does not exceed the dimensions of 18" x 24", is professionally lettered, and contains no price but only the name, address and telephone number of the owner or his duly authorized broker. Smaller riders may be added to the main sign provided they do not contain words or text tending to depreciate values or impair the character of the neighborhood such as "sacrifice", "special price", "your terms", etc.

(c) Up to four pennants and one "open" sign not exceeding 18" x 24" may be displayed on the premises while a sales representative is actually present.

(d) After a sale a broker may continue his sign with a "sold" rider attached for 30 days, after which it must be removed. Signs not authorized in writing by the Association or not conforming to the above exceptions may be removed summarily and destroyed without notice by the Association in the manner provided for in Section 7 of Article XII. Signs that are allowed to deteriorate and become unsightly shall be considered unauthorized, even if originally approved or permissible.

Section 6: Privies. No privy shall be erected, maintained or used upon any properties or lots except a temporary privy during the course of construction of a building. Any lavatory, toilet or water closet shall be enclosed and located within a building permitted to be erected on said land as herein provided for.

Section 7: Land to be kept Cleared of Weeds, Rubbish. Each landowner shall keep his property free and clear of all weeds, debris and

rubbish (including rubbish dumped by others), shall prevent it from becoming unsightly by reason of deterioration of paint or other materials and, in general, shall do all other things necessary or desirable to keep his property neat, clean, attractive and in good order. If a garden or lawn has been installed, it shall be adequately cultivated, mowed and watered.

Failure of a landowner to comply with this provision may be remedied by any of the measures provided for in Article XII but should the association elect to proceed under Section 7 of Article XII, the reasonable expenses involved in the removal of weeds and rubbish, or other acts necessary to put the premises in a neat and orderly condition shall become due and payable from such landowner to the Association within five days after written demand therefore shall have been mailed to the last known address of such owner.

Section 8: Right to Maintain Vacant or Unimproved Land. The Association shall have the right at all times to enter upon any vacant or unimproved land of said tract and to plant or replant, trim, cut back, remove, replace or maintain hedges, trees, shrubs, or flowers on the front half thereof or on the area within fifteen feet of any rear line, or within ten feet of any side lines, and the said Association shall not thereby be deemed guilty of any manner of trespass. However, unsold lots shall be beautified, planted or landscaped only upon majority vote of the members of the Association, excluding Declarant.

Section 9: Reservation of Declarant's Rights. The Declarant, in carrying out the improvements and development of the tract shall have the right to remove or add to any soil on any land owned by Declarant and shall have the right of ingress to and egress from all other properties or lots for the purpose of grading, constructing and completing the street improvements, bridle trails, the installation of utilities, and the carrying out of any and all other things necessary to complete the general plans of improvements. Anything to the contrary in this Article X notwithstanding, Declarant, or Declarant's duly authorized agent or agents, may conduct tract business (development of the tract or sale of lots therein) or erect, place and maintain signs, trailer offices, or buildings, construction equipment and materials yards in connection with the conduct of such business.

Section 10: Tanks and Receptacles. Every tank for the storage of fuel installed outside any structure on the property or lots shall be either buried below the surface of the ground or screened to the satisfaction of the Tract Committee by fencing or shrubbery. Every outdoor receptacle for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible from any street or from anywhere on the common area at any time except during refuse collections.

Section 11: Mining or Drilling. No drilling, refining, quarrying or mining operations of any kind shall be permitted upon or in any lot or any portion of the common area.

Section 12: Radio Stations and Antennas. No radio station or shortwave operators of any kind shall operate from any lot or residence. No exterior television or radio antenna of any kind shall be constructed or erected on any lot or residence after such time as a community antenna television system has been made available to residences at rates charged for installation in monthly service commensurate with rates charged for comparable systems.

ARTICLE XI Building and Planting Restrictions

Section 1: Single-Family Residences. On each lot or property in Tracts 378, 379, 380 and 381 or any other tracts annexed thereto, not more than one detached, single-family residence shall be erected, constructed or maintained, together with the customary accessory out-buildings appurtenant thereto. Garages may be attached to, or detached from, the residence. No lots shall be divided. Buildings supported on posts shall have exterior wall material covered to grade or lattice having sixty percent (60%) solid area surface.

Section 2: Moving of Buildings onto Property. Except as provided in Section 3 of Article VIII, no residence or other structure shall be moved onto any lot or properties of said tract or tracts.

Section 3: Lots Not to be Used for Storage. No lot in Tracts 378, 379, 380 or 381 or any other tract annexed thereto shall at any time be used for open air storage of building materials, vehicles, implements, tools, furniture, landscaping materials or equipment, irrigation pipes or apparatus, junk, trash or any other things whatsoever; provided, however, that building and landscaping materials, tools or equipment may be placed and maintained on any lot or building site from and after the approval in writing by the Tract Committee of plans and specifications for a structure of any kind to be constructed on such land, as provided for in Article VIII, Section 3, of this Declaration, and for use in such construction; provided, further that such construction shall commence within a reasonable time and shall be completed within 18 months from time of laying foundations. Should such construction not commence within such reasonable time, the materials, tools, or equipment, must be removed forthwith upon request of the Association. The Association shall be the sole judge of what is a "reasonable time."

Failure of a landowner to comply with any provision of this Section may be remedied by any of the measures provided for in Article XII, but should the Association elect to proceed under Section 7 of Article XII, the reasonable expenses involved in the removal of such objectionable things as described above shall become due and payable from such landowner to the Association within five days after written demand therefore shall have been mailed to the last known address of such owner.

Section 4: Minimum Size of Residence. No residence shall be erected on any lot or property which shall have a floor area of less than 800 square feet of enclosed livable area, excluding outside or sun porches, patios, garages, or carports.

Section 5: Front and Side Set-Back Lines. No residence, garage, or any part thereof, including porches, chimneys, steps, balconies and/or other architectural features, and no other structure (except clothes line poles, pool heaters, fences, walls and the like, provided their location has been duly approved by the Tract Committee) shall be erected, placed, permitted and/or maintained on any lot or property site in said tracts at a location leaving less than a total of 20 feet from both side lines with a 5 foot minimum on one side. Rear yards shall be 25 feet measured from eave line to lot line, unless otherwise noted on that map described on the first page hereof. Front set-backs and all other setback lines also shall be determined with reference to that map described on the first page hereof.

Section 6: Height of Fences, Walls and Planting Limited. No fence, wall hedge or planting (with exception of trees) exceeding 7 feet in height above the finished surface shall be permitted or maintained on lot or property in said tract or tracts.

No trees or shrubs shall be planted or placed on any lot or property in said tract or tracts which substantially obstruct or diminish the view from any other lot or property in said tract or tracts. Upon a finding made by the Association that a view is substantially obstructed or diminished by trees or shrubs on any portion of any such lot or property, the owner thereof, upon written notice sent by the Association, shall remove, cut down or cut back any such trees to the extent specified by the Association within 30 days of such notice.

Section 7: Roof Requirements. No white or shiny material, including shiny metal, shall be used as roofing material. Owners are encouraged to select a fire resistant material.

Section 8: Waste Containers. Rubbish, garbage and waste containers shall be placed near the street curb for collection and shall be removed promptly after collection. At all other times such containers shall not be permitted (a) to stand in such a place as to be exposed to the view of persons in or on any adjacent or neighboring residence or lot; and (b) shall at all times be kept in enclosures completely screened from the view of neighbors.

ARTICLE XII General Provisions

Section 1: Enforcement. The Association, or any owner or the successor in interest of an owner, shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants or reservations and the right to recover damages or other dues for such violation; provided, however, that with respect to assessment liens, the Association shall have the exclusive right to the enforcement thereof.

Section 2: Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3: Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the lots and living units and shall inure to the benefit of and be enforceable by the Association or the owner or renter of any lot or living unit or any leasehold interest therein, their respective legal representatives, heirs, successors and assigns for a term of forty (40) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then owners of the lots and living units has been recorded, agreeing to change said covenants, conditions and restrictions in whole or in part.

Section 4: Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community or tract and common areas. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5: Amendments. This Declaration of Covenants, Conditions and Restrictions may be amended only by the affirmative assent or vote of owners having not less than seventy-five (75%) of the voting power of the Association, and, further, this amendment provision shall not be amended to allow amendments by the assent or vote of owners having less than seventy-five percent (75%) of such voting power.

Section 6: Mortgage Protection Clause. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any owner whose title is derived through foreclosure of trustee's sale, or otherwise.

Section 7: Right of Entry to Correct Violations. The violation or breach of any of the covenants, conditions or restrictions shall give the Association the right to enter upon the lot upon or as to which such violation or breach exists and summarily to abate and remove at the expense of the owner thereof, any structure, thing, or condition that may be or exist thereon contrary to the letter, intent, spirit or meaning of these restrictions, including the right to remove and destroy without notice any unauthorized sign or billboard. For these purposes officers of the Association may enter upon and inspect, within reasonable hours, any or all lots in Tract 378, 379, 380 and 381, or in any tract annexed thereto, either improved or unimproved, to the extent reasonably necessary to determine whether such violation or breach has occurred or is about to occur. The party or parties making such entry thereby shall not be deemed guilty of any manner of trespass or held liable for damages resulting from such entry, inspection, abatement, removal or destruction.

Section 8: Nuisance. The result of every act or omission whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by the Tract Committee, the Association or any owner or renter of a lot or living unit. Such remedy shall be deemed cumulative and not exclusive.

Section 9: Assignment of Powers. Any or all of the rights or powers of Declarant herein contained as to any part of Tract 378, 379, 380 and 381 and any other tracts annexed thereto may be delegated, transferred, assigned, or conveyed to any person, corporation or association, and, wherever Declarant is herein referred to, such references shall be deemed to include Declarant's successors as owners of unsold land.

Section 10: Failure to Enforce not a Waiver. Each and all of the covenants, conditions, and restrictions contained in this Declaration shall be deemed and construed to be continuing and the extinguishment of any right for any breach shall not impair or affect any of

said covenants or restrictions so far as any future or other breach is concerned. The failure by the Tract Committee, the Association or any owner of any lot in Tract 378, 379, 380 and 381 or any tracts within such real property as may be annexed thereto or any of their legal representatives, heirs, successors or assigns at any time or upon any occasion, to enforce any of said restrictions, covenants and conditions, in whole or in part, shall in no event be deemed a waiver of the right to do so thereafter, nor shall any waiver, change or exception granted to any owner give rise to a claim by any other owner to be granted the same or a similar waiver, change or exception.

ARTICLE XIII General Provisions

Section 1: Singular Includes Plural. Wherever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 2: Notice of Restrictions. The sale and conveyance of any lot in Tract 378, 379, 380 or 381, or any leasehold therein shall state:

"This conveyance is made and accepted and said realty is hereby granted upon the covenants, conditions, restrictions and reserving the easements set forth in that certain Declaration of Restrictions recorded in Book 1565, pages 667 through 690 of Official Records in the Office of the San Luis Obispo County Recorder, all of which are incorporated herein by reference to said Declaration with the same effect as though fully set forth herein."

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first hereinabove written.

GENERAL RESOURCE DEVELOPMENT

Signed by Harry L. Browne, President

Signed by Robert Sachs, Secretary

STATE OF CALIFORNIA, COUNTY OF SAN LUIS OBISPO

Notarized by Mary Jo Milks on May 18, 1970

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR OAK SHORES, SAN LUIS OBISPO COUNTY, CALIFORNIA

This Supplementary Declaration, made this 9th day of August, 1974 by General Resource Development, a California corporation referred to as "Declarant".

WITNESSETH

WHEREAS, Declarant has caused to be recorded that certain declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 378 recorded on May 18, 1970 as Document No. 11284 in Volume 1565 at Pages 667-689; that certain Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores, Tract No. 379 recorded September 28, 1970 as Document No. 23732 in Volume 1585 at Pages 548-570; that certain Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 380 recorded August 20, 1970 and as Document No. 17031 in Volume 1574 at Pages 635-657; that certain Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Shores Tract No. 381 recorded August 3, 1971 as Document No. 20813 in Volume 1626 at Pages 122-145 (Said Declarations as amended to the date hereof are referred to herein as the "Declarations");

WHEREAS, the Declarations provide for the annexation thereto of certain additional property upon the recording of a Supplementary Declaration of Covenants, Conditions and Restrictions with respect to such additional property, the effect of such annexation being to subject such additional property to the provisions of the Declarations;

WHEREAS, the Declarations provide that any such Supplementary Declaration may contain complimentary additions and modifications of the Covenants, Conditions and Restrictions contained in the Declarations as may be necessary to reflect the different character, if any, of the added property and as not inconsistent with the plan of the Declaration;

WHEREAS, Declarant now desires to so annex the property described in Exhibit A attached hereto and incorporated herein by this reference (the "Annexed Property"):

NOW THEREFORE, Declarant hereby covenants, agrees and declares that the Annexed Property, each of the lots into which it may be subdivided and such additional real property as may be annexed thereto shall, except as otherwise provided below, be held, sold and conveyed subject to the covenants, conditions, restrictions, easements, liens and charges set forth in the Declarations, which are hereby declared to be for the benefit of Tract Nos. 378, 379, 380 and 381, the Annexed Property and such additional real property as may be annexed thereto, the owners thereof and their successors and assign. Said covenants, conditions, restrictions, easements, liens and charges shall run with the said real property and shall be binding on all parties having or acquiring any right, title or interest in said real property or any part thereof and shall inure to the benefit of each owner thereof and are imposed upon said real property and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements.

The provisions of the Declarations are hereby incorporated herein by this reference. References in the Declarations to a specific tract covered by any particular Declaration shall be deemed to be a reference to the Annexed Property, and references to all property subject to the Declarations shall include the Annexed Property. In the event of any differences between the provisions of the various Declarations, the provisions of the Declarations with respect to Tract No. 381 shall govern and shall be deemed to have been incorporated herein. All terms used herein shall have the same meaning as in the Declarations.

Notwithstanding any specific provisions of the Declarations to the contrary the following provisions shall apply to the Annexed Property:

1. Since the Annexed Property has not yet been subdivided, the assessments described in Article V shall be deemed to commence as to any portion of the Annexed Property on the first day of the first month following the sale of the first lot in such portion of the Annexed Property, but only after a final subdivision map has been recorded with respect to such portion of the Annexed Property. A sale of all or any portion of the Annexed Property without the recording of a final subdivision map dividing such property into five or more lots shall not be deemed to be a sale of a lot for purposes of Article V, Section 7 of the Declarations.
2. Article IV, Section 2 of the Declarations shall not apply to the Annexed Property. If a final subdivision map recorded with respect to any portion of the Annexed Property provides for lots abutting on Lake Nacimiento to be maintained as unimproved property and to be contributed to the Association (the "Beach Lots"), the owners and renters of all lots contiguous to such Beach Lots, and only such owners and renters, shall have a right and easement of enjoyment in and to said contiguous Beach Lot and such easement shall pass with the title of said contiguous lots.
3. The provisions of Article VIII, Section 3 of the Declarations shall not apply to any improvement constructed on the Annexed Property by Declarant in connection with the development of the Annexed Property or any portion thereof which is provided for in the final subdivision map or the general plan for the development of the Annexed Property or such part thereof submitted to and approved by the Division of Real Estate of the State of California.
4. Article X, Section 7 and 8 and Article XI, Section 3 of the Declarations shall not apply to the Annexed Property except such portion thereof with respect to which a final subdivision map has been recorded.
5. The set-back requirements provided by Article XI, Section 5 of the Declarations shall, as applied to the Annexed Property, be those prescribed on the final subdivision map or maps recorded with respect to the Annexed Property.
6. Edith L. Smith, on her own behalf and as Executrix of the estate of Archie Leland Smith, by her signature hereto agrees that the provisions of this Declaration shall be binding upon such portions of the Annexed Property of which she remains the record owner, such portions being subject to an option to purchase which has been exercised by Declarant but the transfer of which does not yet appear of record.