



HERITAGE RANCH PLANNED COMMUNITY

COVENANTS, CONDITIONS AND RESTRICTIONS

TRACT #474 (SUPPLEMENTARY)

In accordance with California Senate Bill 222, effective January 1, 2020, if this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

**TRACT #474
SUPPLEMENTARY DECLARATION**

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This document, referred to as the DECLARATION, has been re-typed from the original. Modifications have been made only for purposes of better comprehension and consistency, including adding all subsequent amendments also filed. The original and all amendments are on file at the County of San Luis Obispo, State of California and are referenced by document # on the RECORDED DOCUMENTS page at the end of this document. Copies of the originals are also available at the Heritage Ranch Owners’ Association Office.

SUPPLEMENTARY DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR TRACT 474 – TWIN LAKES UNIT NO. I

Whereas, the Heritage Ranch and Cattle Company, a California corporation, has recorded on May 25, 1972 in Book 1670, Page 367, as Document No. 16590, Official Records, County of San Luis Obispo, State of California, a DECLARATION of COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter referred to as “DECLARATION”), together with any duly recorded modifications and amendments thereto.

And, Whereas, Article II of said DECLARATION provides that additional real property, including the area described below, may be annexed to and become a part of the HERITAGE RANCH PLANNED COMMUNITY (as that term is defined in said DECLARATION) subject to the provisions of said DECLARATION, and the jurisdiction of the Heritage Ranch Owners’ Association, a California non-profit corporation (hereinafter referred to as “ASSOCIATION”) by said Heritage Ranch and Cattle Company, its successors and assigns.

And, Whereas, the Heritage Ranch and Cattle Company (hereinafter referred to as the “DECLARANT”) are the OWNERS of the following real property to be annexed at this time:

Annexation Property:

TRACT 474, Twin Lakes Unit No. I, LOTs 1 through 45, inclusive, and COMMON AREA LOTs 46 through 47, as RECORDED in Book 8, Page 33, of Maps, Official Records, County of San Luis Obispo, State of California

And, Whereas, by recordation of this Supplementary DECLARATION of COVENANTS, CONDITIONS AND RESTRICTIONS for TRACT 474 – Twin Lakes Unit No. I (hereinafter referred to as “SUPPLEMENTARY DECLARATION”), DECLARANT hereby intends to cause the Annexation Property to become annexed to the HERITAGE RANCH PLANNED COMMUNITY and thereby to become subject to said DECLARATION and subject to the rights, powers and duties of said ASSOCIATION, upon the terms and conditions stated herein.

Now, Therefore, DECLARANT hereby declares that said Annexation Property shall be

annexed to the HERITAGE RANCH PLANNED COMMUNITY and thereby shall be subject to said DECLARATION and this SUPPLEMENTARY DECLARATION, and subject to the rights, powers and duties of said ASSOCIATION on the following terms and conditions:

ARTICLE I

PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Member's Easements of Enjoyment. Every 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 BOARD to establish uniform rules and regulations pertaining to the use of the COMMON AREA.

(b) The right of the BOARD, in accordance with its ARTICLES and BYLAWS, to borrow money in the name of the ASSOCIATION for the purpose of improving the COMMON AREA and facilities.

(c) The right of the BOARD to suspend the voting rights and/or use privileges of a MEMBER for any period during which any assessment against ~~his~~ **the MEMBER's** LOT remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the HERITAGE RANCH RULES, provided that any suspension of such voting rights except for failure to pay assessments, shall be made only by the BOARD or a duly appointed committee thereof, after notice and hearing given and held in accordance with the BYLAWS. The BOARD shall have the right to suspend a MEMBER's voting and use privileges if the HERITAGE RANCH RULES have been violated by a lessee or other person who is a delegated user of a MEMBER. **(Amended December 5, 2001)**

(d) The right of the BOARD to dedicate or transfer all or any part of the COMMON AREA held in the ASSOCIATION's name to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the MEMBERS. No such dedication or transfer shall be effective unless an instrument signed by MEMBERS entitled to cast two-thirds (2/3s) 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, provided, however, the foregoing requirements shall not apply to dedication in the events specified in subparagraph (f).

(e) The right of DECLARANT (and its sales agents and representatives) to the non-exclusive use of the COMMON AREA and the facilities thereof for special events, affairs, promotional activities, displays, exhibit purposes and otherwise, in connection with DECLARANT's public relations program or in connection with the sale of LOTs within the HERITAGE RANCH or any property annexed thereto, which right DECLARANT hereby reserves; provided, however, that such use shall terminate if DECLARANT terminates its sales efforts and public relations program at any point in time for a period of more than one (1) continuous year. Provided, however, in the event of any Act of God or of any Governmental order which might be decreed in time of war or national emergency which has the effect of interrupting DECLARANT's sales efforts and public relations program, such interruption shall not limit DECLARANT's right to resume and continue to use the COMMON AREA and facilities. It is further provided that DECLARANT, in exercising its rights hereunder, shall endeavor at all times to conduct its activities in such a manner as not to unreasonably restrict the MEMBERS in their use and enjoyment of the COMMON AREA or facilities.

(f)(i) The County of San Luis Obispo, State in California, in consideration of granting exceptions to zoning and subdivision requirements, and thereby authorizing the development of the HERITAGE RANCH, and in particular this TRACT 446, may enforce the provisions of the DECLARATION and this Supplementary DECLARATION relating to the covenants pertaining to the COMMON AREA within the property, in the event that DECLARANT (its successors and assigns, including the ASSOCIATION) shall fail to maintain the COMMON AREA. The County of San Luis Obispo, State of California, assumes no obligation to enforce any of the COVENANTS, CONDITIONS AND RESTRICTIONS contained herein. The rights of the County of San Luis Obispo, State of California to enforce the covenants, as they relate to maintenance of the COMMON AREA, shall only accrue in the event that the COMMON AREA, together with all IMPROVEMENTs thereon, are not maintained in an orderly manner without constituting either a public or private nuisance. DECLARANT

covenants, for the benefit of the County of San Luis Obispo, State of California, and for the benefit of OWNERS of LOTS, that the COMMON AREA within TRACT 446, and that other COMMON AREA conveyed to the ASSOCIATION, shall be maintained for the exclusive use and benefit of the MEMBERS of the ASSOCIATION, their delegated users and their guests.

(f)(ii) The DECLARANT hereby offers to dedicate the COMMON AREA to the County of San Luis Obispo, State of California, which dedication is contingent upon the failure of the ASSOCIATION to maintain the COMMON AREA in accordance with generally accepted standards for maintenance of shrubs, trees and UNDEVELOPED NATURAL COMMON AREA, and all IMPROVEMENTS contained within the COMMON AREA (including, without limitation, recreational buildings, ROADS, curbs, sidewalks and other facilities). The rights of dedication set forth in this subparagraph (ii) are independent of and in addition to the other rights provided for in this subparagraph (f).

(f)(iii) The County of San Luis Obispo, State of California, in the event the COMMON AREA is not properly maintained in accordance with the generally accepted standards for maintenance of shrubs, trees and UNDEVELOPED NATURAL COMMON AREA, and all IMPROVEMENTS contained within the COMMON AREA (including without limitation, recreational buildings, ROADS, curbs, sidewalks, and other facilities), or in the event there is a delinquency in the payment of taxes or assessments imposed by law upon the COMMON AREA portions owned by the ASSOCIATION, and of this TRACT, which continues for thirty (30) days after written notice from the County of San Luis Obispo, State of California, to the ASSOCIATION and to DECLARANT, may make and enforce assessments, which shall be a lien against the LOTS within this TRACT and any other LOTS annexed to TRACT 424 and to the ASSOCIATION, and the COMMON AREA, and DECLARANT hereby acknowledges on behalf of itself, its successors and assigns, that any such assessment shall be a lien against the LOTS within this TRACT and any other LOT annexed to TRACT 424 and to the ASSOCIATION, and on the COMMON AREA of the ASSOCIATION. This lien of the County of San Luis Obispo, State of California, on each LOT and the COMMON AREA may be enforced by civil action or foreclosure of lien or other remedy. It is the intent of this provision that the County of San Luis Obispo, State of California, is to enforce its assessments and liens on the LOTS in this TRACT and any other LOTS annexed to TRACT 424 and to the

ASSOCIATION, and to the COMMON AREA to insure the maintenance of the COMMON AREA which is required to be maintained by the ASSOCIATION.

Section 2. Title to the Common Area. The DECLARANT hereby covenants for itself, its successors and assigns, that it will convey, in accordance with said DECLARANT's DEVELOPMENT PLAN, title to the COMMON AREA either directly to the ASSOCIATION or to a trust company authorized to do business in the State of California, subject to deed restrictions imposed by DECLARANT, providing for the COMMON AREA to be restricted to the non-commercial recreational uses provided for in DECLARANT's DEVELOPMENT PLAN and to conditions, reservations and easements then of RECORD, including those set forth in the DECLARATION and this Supplementary DECLARATION. The trust company shall convey such COMMON AREA to the ASSOCIATION on the happening of either of the following events, whichever occurs earlier:

- (a) When 4,080 LOTS have been sold; or
- (b) Three (3) years after the date of issuance of the most recent Final Subdivision Public Report by the Real Estate Commissioner of the State of California pertaining to the real property described in Exhibit "B" or any part thereof.

ARTICLE II

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The DECLARANT, for each LOT owned by it within the TRACT and within any additional TRACTs annexed to the HERITAGE RANCH PLANNED COMMUNITY, hereby covenants and agrees to pay, and each OWNER of any LOT in the HERITAGE RANCH PLANNED COMMUNITY which becomes subject to the jurisdiction of the ASSOCIATION, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, is deemed to covenant and agrees 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 LOT at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the ASSOCIATION shall be used exclusively for the purpose of safety and welfare of the MEMBERS of the ASSOCIATION and, in particular, for the IMPROVEMENT, operation and maintenance of the properties of the ASSOCIATION, and the services and facilities devoted to this purpose, and related to the use of the COMMON AREA and all IMPROVEMENTs contained on such COMMON AREA.

Section 3. Regular Assessments. The amount and time of payment of regular assessments shall be determined by the BOARD pursuant to the ARTICLES and BYLAWS of said ASSOCIATION, after giving due consideration to the current maintenance and operation 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 of the payment of same shall be set forth in said notice. Regular assessments shall be fixed on an annual basis.

Section 4. Special Assessments for Capital Improvements. In addition to the regular assessments, the ASSOCIATION may levy in any fiscal year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of the capital improvements upon the COMMON AREA, including the necessary fixtures and personal property related thereto, provided that any such assessment which is more than a sum equal to ten percent (10%) of the regular annual assessment, shall have the assent of the majority of the MEMBERS who are eligible to vote, excluding the DECLARANT, in person or by proxy at any such meeting duly called for this purpose.

Section 5. Uniform Rate of Assessment. Both regular and special assessments shall be fixed at a uniform rate for all LOTs and may be collected on a monthly or annual basis.

Section 6. Date of Commencement of Regular Assessments and Fixing Thereof. Regular assessments of the ASSOCIATION shall commence as to all LOTs in each area annexed into the HERITAGE RANCH PLANNED COMMUNITY and the ASSOCIATION on the first

day of the month following the RECORDation of a Supplementary DECLARATION annexing the said area to the HERITAGE RANCH PLANNED COMMUNITY and to the ASSOCIATION.

Section 7. Certificate of Payment. The ASSOCIATION shall, upon demand, furnish to any OWNER liable for said 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 these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Exempt Property. The following property subject to this Supplementary 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 owned by the ASSOCIATION.

ARTICLE III

ASSESSMENTS

Section 1. Lien. The amount of each regular and special assessment, plus any other charges thereon, such as interest when delinquent, and costs of collection (including attorney's fees), if any, shall constitute and become a lien on the LOT so assessed when the BOARD causes to be RECORDED in the Office of the Recorder of the County of San Luis Obispo, State of California a "Notice of Assessment", which shall state the amount of such assessment and such other charges, a description of the LOT which has been assessed, and the name of the RECORD OWNER thereof. Such notice shall be signed by the Secretary of the ASSOCIATION on behalf of the ASSOCIATION. Upon payment of said assessment and charges in connection with which such notice has been so RECORDED, or other satisfaction thereof, the BOARD shall cause to be RECORDED further notice stating the satisfaction and release of the lien thereof.

Section 2. Delinquency. Any assessment (or any installment of such assessment) provided for in the DECLARATION, which is not paid when due, shall be delinquent. With respect to each assessment or any installment of each assessment not paid within fifteen (15) days after its due date, the ASSOCIATION may, at its election, require the OWNER to pay a late

charge in a sum to be determined by the ASSOCIATION, but not to exceed \$10.00 per each delinquent assessment or installment of such assessment. If any such assessment or installment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the ASSOCIATION may, at its option, bring an action at law against the OWNER personally obligated to pay the same, or any necessary proceedings to foreclose the lien provided for in Section 1 of this Article VI against the LOT, and there shall be added to the amount of such assessment: a) the late charge, b) the costs of preparing and filing the complaint in such action, c) in the event a judgment is obtained, such judgment shall include said interest, court costs and reasonable attorney's fees, d) in the event a foreclosure proceeding is commenced, then the costs and attorney's fees connected with the foreclosure. Each OWNER vests in the ASSOCIATION or its assigns, their right and power to bring all actions at law or lien foreclosure proceedings against such OWNER or other OWNERS for the collection of such delinquent assessments.

The BOARD shall have the option to declare that the entire unpaid balance of an assessment is due and payable in the event a default should be made on the payment of any installment of such assessment.

Section 3. 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 Foreclosure" of the lien is deposited in the U. S. 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 Recorder of the San Luis Obispo County, State of California, in which the properties are located; said notice must recite a good and sufficient legal description of any such LOT, the RECORD OWNER or reputed OWNER thereof, the amount claimed (which shall include interest on the unpaid assessment at the rate of ten percent (10%) per annum, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of claimant.

Section 4. Foreclosure Sale. Any such sale provided for above is to be conducted in accordance with the provisions of Section 2924, 2924(b) and 2924(c) of the Civil Code of the State of California, applicable to the exercise and 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 the foreclosure sale, and to acquire and hold, lease, MORTGAGE and convey the same.

Section 5. 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 of Foreclosure”, upon payment by the defaulting OWNER of a fee, to be determined by the ASSOCIATION, but not to exceed \$25.00 to cover the costs of preparing and filing or RECORDing such release, together with the payment of such other costs, interest or fees that shall have been incurred.

Section 6. Cumulative Remedies. The assessment lien and the rights to foreclose and sale thereunder shall be in addition to and not in substitution for 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 7. Subordination of Assessment Liens. If any LOT subject to a monetary lien created by any provision hereof shall be subject to the lien of a deed of trust made in good faith and for value, and which is RECORDED prior to the RECORDation of such “Notice of Foreclosure”: (1) the foreclosure of any lien created by anything set forth in the DECLARATION shall not operate to affect or impair the lien of such deed of trust; (2) the foreclosure of the lien of such deed of trust or the acceptance of a deed in lieu of foreclosure of the deed of trust shall not operate to affect or impair the liens provided by the DECLARATION, except that the liens provided by the DECLARATION for said charges as shall have accrued up to the foreclosure or the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the deed of trust, with the foreclosure-purchaser or deed-in-lieu-grantee taking title free of the liens created by the provisions of the DECLARATION for all said charges that have accrued up to the time of the foreclosure or deed given in lieu of foreclosure, however, title shall be subject to the liens provided for in the DECLARATION for all said charges that shall accrue subsequent to the date of the completion of foreclosure or RECORDation of the deed given in lieu of foreclosure.

ARTICLE IV

ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEES

Section 1. Architectural and Environmental Control Committees. All plans and specifications for any IMPROVEMENT or STRUCTURE whatsoever to be erected on or moved upon or to any LOT, and the proposed location thereof on any LOT or LOTs, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof, and any remodeling, reconstruction, alterations or additions thereto on any LOT, and any EXCAVATION, FILL or removal of trees, shall be subject to and shall require the approval in writing before any such work is commenced of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 2. Number of Committees. There shall be seven (7) separate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEES. There shall be a separate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE for each of the following types of usage or development to be contained on real properties subject to the jurisdiction of the ASSOCIATION:

- (1) RECREATION VEHICLE LOTs;
- (2) Twenty (20) Acre LOTs (LOT approximately twenty (20) acres in size);
- (3) Single Family Residential LOTs;
- (4) CONDOMINIUMs and Multiple Family Residential LOTs;
- (5) MOBILE HOME LOTs;
- (6) Commercial and Industrial LOTs;
- (7) Unsubdivided Parcels Larger Than Twenty (20) Acres.

Section 3. Composition of Committees. Each ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall be composed of three (3) MEMBERs to be appointed by ~~DECLARANT~~ **the BOARD**. Each committee shall include two (2) MEMBERs who own LOTs within the HERITAGE RANCH PLANNED COMMUNITY in an area permitting the same land use as would come within the jurisdiction of the appropriate committee. (The third committee member may be an OWNER of any type of LOT in the HERITAGE RANCH PLANNED COMMUNITY, or may be a non-OWNER or non-MEMBER.) Each of said MEMBERs shall be an OWNER of a LOT in the usage area to be governed by such

committee; for the purpose of this Article, Officers and/or Directors of a corporate owner shall qualify to serve as a member of such committee. ~~ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE~~ members shall be subject to removal by ~~DECLARANT~~ and any vacancies from time to time existing shall be filled by appointment by ~~DECLARANT~~, or in the event of ~~DECLARANT's~~ failure to so appoint within two (2) months after any such vacancy, then by the ~~BOARD~~. The ~~BOARD~~ shall have complete control of the appointments and removal of the committee members, six (6) years after the date of the conveyance of the first LOT in the ~~HERITAGE RANCH PLANNED COMMUNITY~~ to an individual OWNER or when 6,120 LOTS have been conveyed in the ~~HERITAGE RANCH PLANNED COMMUNITY~~, whichever occurs earlier, provided, however, ~~DECLARANT~~ may, at any time prior to the ~~ASSOCIATION~~ having such membership, relinquish ~~DECLARANT's~~ rights of appointment in favor of the ~~BOARD~~. (Obsolete Developer language shown as *bold italic and double struck*)

Section 4. Submission of Plans. There shall be submitted to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE two (2) complete sets of plans and specifications for any and all proposed IMPROVEMENTs and STRUCTUREs, the erection or alteration of which is desired. No IMPROVEMENTs or STRUCTUREs of any kind shall be erected, altered, placed or maintained upon any LOT unless and until the final plans and specifications for such IMPROVEMENT or STRUCTURE have received the written approval of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE. Plans submitted to the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall include plot plans showing the location on the LOT of the building, wall, fence or other IMPROVEMENT or STRUCTURE proposed to be constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof, proposed EXCAVATION, FILL and tree removal, if any, and proposed landscape planning. In addition, topography maps prepared by a registered civil engineer or a licensed land surveyor shall be included as part of all plans. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE may, at its discretion, accept photographs or manufacturers' brochures in lieu of architectural plans when such plans are not available. The appropriate ARCHITECTURAL AND ENVIRONMENTAL

CONTROL COMMITTEE shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof, or shall notify the person submitting them that an additional period of time, not to exceed fifteen (15) days, is required for such approval or disapproval. Plans, specifications and details not approved or disapproved within the time limits provided herein shall be deemed approved as submitted. One (1) set of said plans, specifications and details with the approval or disapproval, endorsed thereon by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, shall be returned to the person submitting them and the other copy thereof shall be retained by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE for its permanent files. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the provisions of the DECLARATION or applicable Supplementary DECLARATION, if the design or color scheme of the proposed IMPROVEMENT or STRUCTURE is not in harmony with the general surroundings of such LOT or with the adjacent IMPROVEMENTs or STRUCTUREs, or entails excessive grading, EXCAVATION or FILL, or removal of trees, or does not provide adequate drainage of a LOT and adjacent areas; or if the plans and specifications are incomplete. The decisions of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall be binding. Provided, however, that any OWNER who desires to appeal the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision may do so by filing a written request for review with the BOARD specifying each and every reason for any dissatisfaction with the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision. The BOARD, in its discretion, may consider the factors specified, the request for review and any additional information related to such factors. The BOARD may then reject the OWNER's appeal or reverse the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision and the BOARD's decision shall be final. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, the ASSOCIATION, the DECLARANT, and their architects or agents shall not be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects, and any work

done according to such plans and specifications.

(a) In the event that the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE should reject any plans suggesting revisions and modifications, then any resubmittal of such plans, as revised and modified, shall be handled in the same manner as if the plans were an original submission to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

(b) The OWNER of a LOT shall submit ~~his~~ **the required** particular plans to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, subject to the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES and procedures as are established from time to time by the BOARD for the filing and approval or disapproval of plans and specifications by the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEEs. **(Amended December 5, 2001)**

(c) Each ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall notify the Planning and Building Department of the County of San Luis Obispo, State of California, and the ASSOCIATION's General Manager, in writing, of the name and address of an OWNER whose plans have been approved by such committee, and the date of approval of such plans.

Section 5. Number of Parking Spaces per Lot. Each OWNER in this TRACT shall construct or cause to be constructed upon ~~his~~ **the OWNER's** LOT two (2) off-ROAD parking spaces at such time as the LOT is improved with a residential dwelling. Each space shall be of sufficient size to accommodate a standard size automobile and at least one (1) of the parking spaces shall be in the form of a carport or garage constructed in accordance with the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES. **(Amended December 5, 2001)**

Section 6. Construction Timeline. Every building, dwelling, IMPROVEMENT or STRUCTURE, the construction or placement of which is begun on any LOT in this TRACT shall have the exterior of the building, dwelling, IMPROVEMENT or STRUCTURE, and all landscaping, completed within six (6) months after the beginning of such construction or placement of such building, dwelling, IMPROVEMENT or STRUCTURE on the LOT, and the interior shall be completed within twelve (12) months after the beginning of such construction or

placement of such building, dwelling, IMPROVEMENT or STRUCTURE on the LOT.

Section 7. Roofing Materials. Every building, dwelling, IMPROVEMENT or STRUCTURE having a roof shall use a roof covering material of cedar shakes, wood shingles, asphalt shingles of brown, green or wood tone colors only having a weight of not less than 235 pounds per one hundred (100) square feet in weight, clay or cement tile, or built up roofing covered with colored rock, or other material approved by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, provided, however, the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE may not, under any conditions, allow any asphalt shingles not hereinbefore specified, or rolled roofing to be used as a roof covering material.

Section 8. Mandatory Construction Site Trash Container. During the period of construction on any LOT, all building materials, equipment and activities shall be confined and carried out within the boundaries of the LOT and shall not encroach upon adjacent property. All trash and debris shall be placed in a trash container on a daily basis which is equipped with a cover, and construction materials shall be kept in a neat and orderly condition.

Section 9. Construction Site Materials. All IMPROVEMENTs or STRUCTUREs constructed or placed on any LOT shall be constructed with new material and no used IMPROVEMENTs, STRUCTUREs or material (except used brick) shall be placed, moved onto or erected on, or relocated on any LOT.

Section 10. Grading of Lot. The grading of any LOT in this TRACT shall be kept to an absolute minimum and shall not be permitted except to accommodate IMPROVEMENTs, STRUCTUREs, driveways and drainage. All LOT grading must be done in accordance with an approved plan and design submitted to and approved by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 11. Fences. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall have the authority to set up regulations as to the size, type, design and location of all fences and walls which may be constructed on a LOT.

Section 12. Exterior Lighting. There shall be no exterior lighting of any sort either installed or maintained on any LOT, IMPROVEMENT or STRUCTURE, the light source of which is VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS.

ARTICLE V

SIZE AND PLACEMENT OF RESIDENCE AND STRUCTURE

Section 1. Minimum Square Footage of Residence. Every residence dwelling constructed on a LOT in this TRACT shall contain the following minimum square feet of fully enclosed floor area, devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages and other outbuildings).

LOT No. 13: 720 square feet.

LOT Nos. 1 through 8, 12, 14 through 21, 27 through 45: 900 square feet.

LOT Nos. 9 through 11, 22 through 26: 1,000 square feet

Split-level or two (2) story residences may be built on all LOTs within this TRACT.

Section 2. Contiguous Lots. Whenever two (2) or more contiguous LOTs in this TRACT shall be owned by the same person, such person shall, if ~~he~~ so ~~desires~~ **desired**, use the said two (2) or more LOTs as a site for a single dwelling house. On LOTs which slope from front to rear, it shall be permissible to construct a limited lower floor area below the main floor which does not exceed one-half (1/2) the floor area of the main floor. In no event shall the main floor elevation be constructed more than eighteen (18) inches above the finished ground level along the elevation of the dwelling facing any ROAD when any partial floor is built below the main floor. **(Amended December 5, 2001)**

Section 3. Single Family Residence. No LOT in this TRACT shall be used except for single family residential purposes. No STRUCTURE shall be erected, placed or permitted to remain on any LOT in this TRACT other than one detached, single family residence dwelling and such attached outbuildings as are usually accessory to a single family residence dwelling, including a private garage or carport.

Section 4. Setbacks. Each LOT in this TRACT has a specified and dimensioned area set forth on the SUBDIVISION MAP, which limits the extent of the portion thereof upon which

any IMPROVEMENT or STRUCTURE can be constructed. No IMPROVEMENT or STRUCTURE shall be erected on any LOT in this TRACT unless within the building setback lines (except fences or walls, or roof overhangs, where approved or required by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE). The following are the minimum dimensions for front, side and rear setbacks on all LOTS in this TRACT:

(a) Twenty (20) feet from the FRONT LINE of each LOT abutting the street or ROAD.

(b) Twenty (20) feet from the REAR LINE of each LOT.

(c) Side yard setbacks are as designated on the SUBDIVISION MAP for this TRACT; (side yard setbacks are delineated by the SIDE LINE contained on the SUBDIVISION MAP for this TRACT. Where a zero (0) side yard is designated, the rights and liabilities of the adjacent LOT OWNERS shall be as follows:

(1) Dwelling units may be located immediately adjacent to a SIDE LINE where the setback line is the same as the SIDE LINE.

(2) Exterior walls of a single family residence which are located within twelve (12) inches of a LOT line shall be designated party walls. Each party wall shall be owned by the OWNER of the LOT on which the residence is located.

(3) The party wall OWNER shall have a five (5) foot maintenance easement over the LOT adjacent to the party wall. This easement shall be adjacent to and parallel with the party wall. The easement is to allow the party wall OWNER and ~~his~~ **the OWNER's** agents, employees or contractors access during daylight hours only for maintenance and repair purposes. **(Amended December 5, 2001)**

(4) The OWNER of the LOT on which the maintenance easement is located may landscape within the easement, subject to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES. The OWNER of the party wall shall have no liability for damage to or removal of any STRUCTURES, decorations or landscaping erected or placed within four (4) feet of the party wall; provided, however, that such damage or removal is not unreasonable and is necessarily required by such maintenance or repair work. Before initiating any maintenance or repair work, the party wall owner shall give the OWNER of the LOT upon which the maintenance easement is located twenty-four (24) hours notice of ~~his~~

the party wall OWNER's intention to begin said repair or maintenance. (Amended December 5, 2001)

~~(5) The party wall OWNER shall have the right to maintain eaves or projections or other architectural features of a single family home over the easement up to a minimum maximum of thirty six (36) inches from the party wall when such eaves or features are a part of the original STRUCTURE. (Amended June 15, 1973) (Shown as double struck due to being obsolete according to the Planning and Building Department of the County of San Luis Obispo, State of California.)~~

(6) The party wall OWNER's easement shall be limited to the purposes, terms and conditions as set forth herein.

ARTICLE VI

EASEMENTS

Section 1. Ingress/Egress/Maintenance of Property Over Common Area. An easement over the COMMON AREA for the purposes of ingress, egress and maintenance of IMPROVEMENTs on property adjacent to the COMMON AREA is hereby reserved by DECLARANT, together with a right to grant and transfer the same or any part or right thereof or therein.

Section 2. Utility Easements Over the Common Area. Easements over the COMMON AREA for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities are hereby reserved by DECLARANT, together with the right to grant and transfer the same.

Section 3. Utility Easements Over Lots. There is hereby reserved by DECLARANT an easement over the rear six (6) feet of each LOT, and six (6) feet along each SIDE LINE of each LOT. The reservation shall allow DECLARANT to place on, under or across such easement area, public utilities, (including, but not limited to, water, gas, sanitary sewer, electric, telephone and drainage), drainage facilities, transmission lines and facilities for a community antenna television system and the right to enter upon the easement area of such LOT to service, maintain, repair, reconstruct and replace said utilities, lines or facilities, together with the right to grant and transfer the same; provided, however, that the exercise of such rights does not

unreasonably interfere with the OWNER's reasonable use and enjoyment of said LOT. Within these easements, no STRUCTURE, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or lines, or which may damage, interfere, or change the direction of flow of drainage facilities in the easements. The easement area of each LOT in this TRACT and all of OWNER's IMPROVEMENTs thereon shall be maintained continuously by the OWNER of the LOT, or if in the COMMON AREA, by the ASSOCIATION, except for those IMPROVEMENTs for which a public authority or utility company is responsible.

Section 4. Reciprocal Appurtenant Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each LOT in this TRACT, and such portion or portions of the COMMON AREA adjacent thereto, and/or as between adjacent LOTs due to settling or shifting of the IMPROVEMENTs and STRUCTUREs constructed, reconstructed or altered thereon (in accordance with the terms of this DECLARATION) to a distance of not more than two (2) feet as measured from any point on the common boundary between each LOT and the adjacent portions of the COMMON AREA or as between said adjacent LOTs, as the case may be, along a line perpendicular to such boundary at such point.

ARTICLE VII

GENERAL USE RESTRICTIONS

Section 1. Lot Use. LOTs shall be used only for those purposes prescribed by DECLARANT's DEVELOPMENT PLAN, the COVENANTS, CONDITIONS AND RESTRICTIONS and Conditional Use Permits issued by the County of San Luis Obispo, State of California.

Section 2. Trash. No trash, rubbish, garbage or other refuse shall be dumped or stored on any LOT. No outside burning of trash or garbage shall be permitted on any LOT.

Section 3. Noxious or Offensive Activities. No noxious or offensive activities shall be carried on upon any LOT nor shall anything be done on any LOT that shall be or become an unreasonable annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the OWNERS of each respective LOT.

Section 4. Maintenance of Lots. All LOTS, whether occupied or unoccupied, and any IMPROVEMENTS or STRUCTURES placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such LOT or the accumulation of rubbish or debris thereon. In the event any such LOT or any IMPROVEMENT or any STRUCTURE thereon is not so maintained, the ASSOCIATION shall have the right, through its agents and employees to enter thereon for the purpose of maintenance, restoration or repair, the cost of which shall be added to and become a part of the annual assessment to which such LOT is subject.

Section 5. Fuel Storage, Trash Screening. Every tank for the storage of fuel installed outside any building, IMPROVEMENT, or other STRUCTURE in this TRACT shall be buried below the surface of the ground or otherwise completely screened, to the satisfaction of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE. Every outdoor receptacle for ashes, trash, rubbish or garbage in this TRACT shall be installed underground, screened or so placed and kept as not to be visible from any COMMON AREA, including ROADS, or lake within the property at any time except during refuse collection.

Section 6. Parking/Storing Campers, Recreational Vehicle Units, Boats/Trailers. The parking, storage or keeping of any camper, boat, trailer or RECREATIONAL VEHICLE upon a LOT in this TRACT is permitted *in a driveway*, under a carport, ~~or~~ in a garage, **a side yard or backyard.** **Street parking must have a temporary parking permit from the General Manager and must not interfere with emergency vehicles, mail delivery or neighborhood traffic.** ~~If parked in a side yard or backyard it must be screened so as not to be VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS.~~ **(Amended May 14, 1992) (Amended November 23, 1998)**

Section 7. Mobile Homes, Recreation Vehicle Units, Tents, Temporary Living Quarters. No mobile home, RECREATIONAL VEHICLE UNIT, tent, or other temporary living quarters may be placed, maintained or occupied on any LOT in this TRACT; except that the OWNER thereof, upon completion and occupancy of the principal dwelling, may store such items on ~~his~~ **the OWNER's** LOT in a reasonable manner, within the areas allowed, and subject to the restrictions, as described in Section 6 of this Article, unless otherwise prohibited by the COVENANTS, CONDITIONS AND RESTRICTIONS in this Supplementary

DECLARATION. (Amended December 5, 2001)

Section 8. Motorcycle Riding. No motorcycle riding shall take place within the TRACT having a decibel rating higher than that established from time to time by the HERITAGE RANCH RULES.

Section 9. Outside Laundry Areas. There shall be no outside drying or laundry areas VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS.

Section 10. Signs. No sign of any kind or for any use or purposes whatsoever shall be erected, posted, pasted, painted or displayed upon any of said LOTS in this TRACT, or upon any building, IMPROVEMENT or other STRUCTURE, except house numbering devices and signs giving notice that the property is for sale or lease, which signs shall not exceed five (5) square feet in size, and shall be of a design and configuration commonly used in the area. Provided, that the foregoing covenant shall not apply to the business activities, signs and billboards, if any, of DECLARANT (including its assigns), and DECLARANT's agents, during the period of construction and sale of LOTS within the HERITAGE RANCH PLANNED COMMUNITY.

Section 11. Quantity and Type of Animals Allowed. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said LOTS in this TRACT, except that two (2) dogs, cats or other usual household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. The BOARD shall have the power and right to adopt rules and regulations for the control of household pets within the TRACT, including but not limited to, the control of pets in the COMMON AREA, or in areas open to the general public.

Section 12. Television and Radio Antennas. OWNERS shall not construct, install or maintain an outside television or radio antenna after the time that cable television becomes available to them at rates of charge for installation and monthly service commensurate with the rates charged by comparable systems.

Section 13. Prohibition of Wells. No well for the production of, or from which there is produced water, oil or gas, shall be operated or constructed upon any LOT in this TRACT, nor shall any machinery, appliance or STRUCTURE be placed, operated or maintained thereon for use in connection with any commercial, retail, service, trading, manufacturing or repairing business.

Section 14. Common Area Restrictions. OWNERS shall not alter or construct on or

remove from the COMMON AREA anything except upon the written consent of the ASSOCIATION.

Section 15. Commercial Use Restrictions in Common Area. No part of the COMMON AREA of this TRACT shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, store, vending or any other purpose other than maintaining same as an UNDEVELOPED NATURAL COMMON AREA, ROAD, sidewalk, riding trail, bicycle trail or other recreational usage. Nothing contained in this Section shall be construed to impede or prohibit commercial and business vehicles, automobiles, trucks or other means of conveyance from using the private ROADS and easements located in the COMMON AREA for purposes of ingress and egress to and from LOTS, parking areas and other areas served by such ROADS and easements.

Section 16. Tree Cutting. No tree in excess of three (3) inches in diameter, measured at a point of twelve (12) inches above the ground shall be removed from any LOT without first obtaining the written consent of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 17. Outside Toilets. No outside toilet shall be constructed upon any LOT. All plumbing, fixtures, dishwashers, toilets or sewage disposal systems shall be connected to the community sewage system.

Section 18. Occupancy Permits. No residence, IMPROVEMENT or STRUCTURE shall be occupied until the same has been substantially completed in accordance with its plans and specifications and the certificate permitting occupancy shall have been issued by the Planning and Building Department of the County of San Luis Obispo, State of California, or other appropriate governmental agency.

Section 19. Rebuilding After Destruction. An IMPROVEMENT or STRUCTURE which has been partially or totally destroyed by fire, earthquake or otherwise, shall not be allowed to remain in such state for more than three (3) months from the time of such destruction.

Section 20. Commercial Trash Service. In order to enhance the appearance and orderliness of the subdivision, the DECLARANT hereby reserves for itself the exclusive right to operate a commercial scavenging service within the HERITAGE RANCH PLANNED

COMMUNITY for the purpose of removing garbage, trash and other like household refuse. Such refuse collection and removal service shall be provided not less often than once each week on a day or days designated by the DECLARANT. The charge to be made for such refuse collection and removal service shall be at a reasonable rate commensurate with the rates charged by commercial scavengers serving other subdivisions of high standards in the area and shall be subject to change from time to time.

Section 21. Temporary Structures. No temporary STRUCTURE or other outbuildings shall be placed or erected on a LOT in this TRACT; provided, however, that the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE may grant permission for any such temporary STRUCTURE for storage of materials during construction. No such temporary STRUCTURES which may be approved shall be used at any time as a dwelling place. For purposes of this Section, outbuildings and temporary STRUCTURES do not include items which may be stored on a LOT as provided in Sections 6 and 7 of this Article.

Section 22. Wrecked/Junked Vehicle, Size of Vehicle. No stripped down, partially wrecked or junked motor vehicle or sizable part thereof, shall be permitted to be parked on any ROAD or on any LOT in such a manner as to be VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS. No truck larger than three-quarter (3/4) ton shall be parked, for overnight (or longer), or stored, on any LOT in this TRACT.

Section 23. Model Homes. No OWNER of any LOT in this TRACT shall build or permit the building on such LOT, or the advertising of any dwelling unit or other IMPROVEMENT or STRUCTURE that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 24. Fences in Front Setback. ~~No part of any fence or wall shall be constructed or placed within the front yard setback area of any LOT in this TRACT.~~ ***A three (3) foot fence or wall can be constructed or placed within the front yard setback area of any LOT in this TRACT.*** For the purposes of this paragraph, front yard setback area shall mean the part of the LOT that lies between the line of the street or ROAD on which the LOT abuts and the required setback from the FRONT LINE of the LOT. Any fence that is permitted within the TRACT may have a height not in excess of ~~five (5)~~ **six (6)** feet. **(Amended May 19, 1997) (Amended**

January 9, 2004)

Section 25. Prohibition of Judicial Partition of the Common Area. There shall be no judicial partition of the COMMON AREA, nor shall any person acquiring any interest in the TRACT or any part thereof seek any judicial partition thereof, provided, however, that if any LOT shall be owned by two (2) or more co-tenants as tenants in common, or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such co-tenants.

Section 26. Development and the Sale of Lots. DECLARANT intends to develop the TRACT in accordance with DECLARANT's DEVELOPMENT PLAN as same may be, from time to time, modified. Completion of that work and the sale, rental and other disposal of the LOTS and parcels in the HERITAGE RANCH PLANNED COMMUNITY is essential to the establishment and welfare of this TRACT. In order that said work may be completed and this TRACT be established as part of a fully planned community as rapidly as possible, nothing contained in Section 15 of this Article XI, nor anything contained in any other Article or Section of this or any other DECLARATION shall be understood or construed to:

(a) Prevent DECLARANT, or its contractors, or subcontractors, from doing on this TRACT or any parts thereof, whatever it determines to be reasonably necessary or advisable in connection with the completion of DECLARANT's development work; or

(b) Prevent DECLARANT, or its representatives, from erecting, constructing and maintaining on any part or parts of this TRACT owned or controlled by DECLARANT, or its contractors or subcontractors, such IMPROVEMENTs or STRUCTUREs as may be reasonably necessary for the conduct of its business of completing said work and establishing this TRACT as a residential subdivision and disposing of the same in LOTS and parcels by sale, lease, or otherwise; or

(c) Prevent DECLARANT, or its contractors or subcontractors, from maintaining such sign or signs on any of said LOTS owned or controlled by it as may be necessary in connection with the sale, lease or otherwise of the TRACT. As used in subparagraphs in this Section, the words "its transferees" specifically does not include purchasers of individual LOTS within the TRACT.

(d) Prevent DECLARANT from obtaining ingress and egress over the

COMMON AREA or exercising any rights, easements or licenses in, on, or over the COMMON AREA, as more particularly reserved to DECLARANT in the DECLARATION or as may be contained in other RECORDED documents.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Right to Enforce Governing Documents. DECLARANT, the ASSOCIATION, or any OWNER, shall have the right to enforce, by any proceeding at law or in equity, all COVENANTS, CONDITIONS AND RESTRICTIONS, and reservations, liens and charges now or hereafter imposed by the provisions of this Supplementary DECLARATION. Failure by the DECLARANT, the ASSOCIATION or by any OWNER to enforce any of the COVENANTS, CONDITIONS AND RESTRICTIONS herein contained shall in no event be deemed a waiver of the right to do so thereafter. The foregoing right shall include the right to commence proceedings at law or in equity to prevent the occurrence, continuation or violation of any of the COVENANTS, CONDITIONS AND RESTRICTIONS, and/or equitable servitudes set forth in the DECLARATION and this Supplementary DECLARATION. The remedies specified in the DECLARATION and this Supplementary DECLARATION are cumulative, and this specification of said remedies shall not be taken to preclude an aggrieved party's resort to any other remedy at law, in equity, or under any statute.

Section 2. Invalid Covenants, Conditions and Restrictions. In the event any of the COVENANTS, CONDITIONS AND RESTRICTIONS herein contained shall be invalid or held invalid or void by any court of competent jurisdiction, such invalidity or nullity shall in no way affect any of the other COVENANTS, CONDITIONS AND RESTRICTIONS herein contained.

Section 3. Covenants, Conditions and Restrictions Run With the Land. The COVENANTS, CONDITIONS AND RESTRICTIONS in this Supplementary DECLARATION shall run with the land and bind the land, and shall inure to the benefit of, and be enforceable by the DECLARANT, the ASSOCIATION, the OWNER of any LOT subject to this Supplementary DECLARATION or the OWNER of any LOT subject to any of the COVENANTS, CONDITIONS AND RESTRICTIONS in the DECLARATION or any other Supplementary DECLARATIONS, their respective legal representatives, heirs, successors and assigns, for a

term of fifty (50) years from the date the DECLARATION is RECORDED, after which time, said DECLARATION or Supplementary DECLARATION shall be automatically extended for successive periods of ten (10) years unless the then OWNERS of the LOTs subject to the DECLARATION or Supplementary DECLARATION, agree to change the COVENANTS, CONDITIONS AND RESTRICTIONS in whole or in part.

Section 4. Amending the Covenants, Conditions and Restrictions. These restrictions may be amended at any time and from time to time by an instrument in writing, signed by the OWNERS of seventy-five percent (75%); or more, of the LOTs in this TRACT. The written instrument amending these restrictions shall become effective upon the RECORDing of same in the Office of the Recorder of the County of San Luis Obispo, State of California.

Section 5. Declarant Rights, Powers or Remedy. No delay or omission on the part of DECLARANT in exercising any rights, powers or remedies herein provided, in the event of any breach of the COVENANTS, CONDITIONS AND RESTRICTIONS in this Supplementary DECLARATION herein contained, shall be construed as a waiver thereof or acquiescence therein; nor shall a waiver of any breach as described herein be construed as a waiver of any subsequent breach. No right of action shall accrue nor shall any action be brought or maintained by anyone against DECLARANT for or on account of its failure to bring any action on account of any breach of the COVENANTS, CONDITIONS AND RESTRICTIONS in this Supplementary DECLARATION, or for imposing any of the COVENANTS, CONDITIONS AND RESTRICTIONS in this Supplementary DECLARATION which may be unenforceable by DECLARANT.

Section 6. Violation of Covenants, Conditions and Restrictions by Act or Omission. The result of every act or omission, whereby any provision, any of the COVENANTS, CONDITIONS AND RESTRICTIONS, or any reservation or easement contained in this Supplementary 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 ASSOCIATION, or any other OWNER in the HERITAGE RANCH PLANNED COMMUNITY. Such remedies shall be deemed cumulative and not exclusive.

Section 7. Singular/Plural. Whenever the context of this Supplementary

DECLARATION requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8. Declarant's Development Plan. The DECLARANT herein intends to develop the real property described in Exhibit "B" in accordance with DECLARANT's DEVELOPMENT PLAN. DECLARANT's DEVELOPMENT PLAN provides for development of the said real property in increments over a period of years. From time to time, DECLARANT may modify, amend, delete or otherwise change its DEVELOPMENT PLAN. No right of action shall accrue nor shall any action be brought or maintained by anyone against DECLARANT for or on account of any modification, amendment, deletion or other change from or to DECLARANT's DEVELOPMENT PLAN, or for the DECLARANT's failure to complete any particular item contained on its DEVELOPMENT PLAN; provided, however, that recreational facilities which DECLARANT advertises that it shall build, will be built by DECLARANT or its agents, employees, contractors or subcontractors, and DECLARANT shall obtain, at its cost and expense, a completion bond in favor of the County of San Luis Obispo, State of California, and/or the ASSOCIATION insuring the completion of such recreational facilities.

Section 9. Fire Insurance in the Common Area. The ASSOCIATION shall carry fire insurance with an extended coverage endorsement or other form of coverage providing equal or greater protection in the amount of the full insurable value of all buildings, IMPROVEMENTS and other STRUCTURES situated within the COMMON AREA, excluding trees, shrubs and other foliage. All losses covered by insurance shall be payable to the ASSOCIATION and are to be used for repair, rebuilding or replacement of any IMPROVEMENT or STRUCTURE which is damaged or destroyed by fire. In the event of damage to or destruction of any building, IMPROVEMENT or STRUCTURE situated within the COMMON AREA, the BOARD shall cause the same to be repaired, rebuilt or replaced if the insurance proceeds are sufficient to cover the cost of repair. In the event the cost of such repair, rebuilding or replacement exceeds the insurance proceeds payable by reason of said damage or destruction, the BOARD shall pro rate the excess cost of repair among the OWNERS of LOTS in the form of a special assessment. The levying of said special assessment shall be subject to the BOARD obtaining written consent or vote of a majority of the OWNERS to make such repairs, rebuilding or replacement in accordance with the provisions of Section 4, Article V of the DECLARATION.

ARTICLE IX
GRANTEE'S TITLE

Section 1. Declarant Conveys Fee Title. DECLARANT shall convey fee title to LOTs within the TRACT by grant deed subject to:

(a) The COVENANTS, CONDITIONS AND RESTRICTIONS, and equitable servitudes as set forth herein;

(b) Covenants, conditions, reservations, easements and rights of way of record;

(c) The reservation to DECLARANT of all oil, gas, gasoline and other hydrocarbon substances and all other minerals underlying and within the boundaries of such LOT below a depth of one-hundred (100) feet, without right of surface entry (subject, however, to existing reservations, if any, which are valid and of RECORD); and

(d) The reservation of any and all water rights regarding said property, without right of surface entry.

Such grant deed shall convey title to the LOT only, the boundaries of which shall be the SIDE LINES, REAR LINES and FRONT LINES as designated on the SUBDIVISION MAP, excluding any fee interest in the COMMON AREA, including, but not limited to, adjacent ROADS in the TRACT.

ARTICLE X
GRANTEE'S ACCEPTANCE

Section 1. Grantee's Acceptance to Title. The grantee of any LOT subject to the coverage of this Supplementary DECLARATION by acceptance of a deed conveying title to any LOT, or the execution of a contract for the purchase thereof, whether from DECLARANT or a subsequent OWNER of such LOT, shall accept such deed or contract upon and subject to each and all of these COVENANTS, CONDITIONS AND RESTRICTIONS, and/or equitable servitudes and the agreements herein contained, and by such acceptance shall for himself the

grantee, his the grantee's heirs, personal representatives, successors and assigns, covenant, consent and agree to and with DECLARANT, and to and with the grantees and subsequent OWNERS of each of the LOTS within this TRACT and within the HERITAGE RANCH PLANNED COMMUNITY to keep, observe, comply with and perform said COVENANTS, CONDITIONS AND RESTRICTIONS, equitable servitudes and agreements. (**Amended December 5, 2001**)

Section 2. Assumption of Risk. Each such grantee also agrees, by such acceptance, to assume, as against DECLARANT, all the risks and hazards of ownership or occupancy attendant to such LOT.

ARTICLE XI

ANNEXATION OF ADDITIONAL PROPERTY

The real property legally described in Exhibit "B" attached hereto and as delineated on the DECLARANT's DEVELOPMENT PLAN map attached hereto, marked Exhibit "A", and/or any other real property, may be annexed to the HERITAGE RANCH PLANNED COMMUNITY and become subject to the jurisdiction of the ASSOCIATION by any of the methods set forth hereinafter in this Article, as follows:

Section 1. Annexation Without Approval and Pursuant to General Plan. DECLARANT may, in its sole discretion, from time to time, annex all or any part of the real property described in Exhibit "B" and as delineated on Exhibit "A" to TRACT 424 and to the ASSOCIATION. Upon such annexation, such real property shall become subject to the jurisdiction and a part of the ASSOCIATION without the approval, assent or vote of the ASSOCIATION or its MEMBERS, providing and on condition that DECLARANT imposes COVENANTS, CONDITIONS AND RESTRICTIONS applicable to such property, which are substantially similar to the COVENANTS, CONDITIONS AND RESTRICTIONS in the DECLARATION, provided, however, such COVENANTS, CONDITIONS AND RESTRICTIONS imposed by DECLARANT shall contain provisions which DECLARANT deems appropriate for the development of the particular type of use being created for the real property being annexed; (DECLARANT shall, in adopting COVENANTS, CONDITIONS AND RESTRICTIONS on annexed property, modify, amend, delete and add provisions to the

basic COVENANTS, CONDITIONS AND RESTRICTIONS in the DECLARATION whenever necessary or desirable to effectuate the development and use of the annexed property as part of the HERITAGE RANCH PLANNED COMMUNITY in accordance with DECLARANT's DEVELOPMENT PLAN.) Such additional DECLARATION may, from time to time, be referred as a Supplementary DECLARATION.

(a) Prior to the conveyance of title to LOTS to individual purchasers thereof, title to any COMMON AREA shall be conveyed either to the ASSOCIATION or to a trust company licensed to do business in the State of California, to be held pursuant to the trust, as more particularly set forth in other provisions of the DECLARATION, until such time as title is delivered to the ASSOCIATION.

(b) When DECLARANT RECORDS a Supplementary DECLARATION on any real property to be annexed, the RECORDation of such Supplementary DECLARATION shall constitute and effectuate the annexation of the said real property described in such Supplementary DECLARATION, making said real property subject to the functions, powers and jurisdiction of the ASSOCIATION, and thereafter all of the OWNERS of LOTS in said real property shall automatically be MEMBERS of the ASSOCIATION.

(c) DECLARANT may, in its sole discretion, annex any real property or any interest therein as COMMON AREA to the HERITAGE RANCH PLANNED COMMUNITY by deeding the same to the ASSOCIATION or in trust for the ASSOCIATION, and imposing on such COMMON AREA, restrictions which will be set forth in the deed to such COMMON AREA.

Section 2. Annexation Pursuant to Approval. Any real property not described in Exhibit "B" or delineated on the map attached as Exhibit "A", may be annexed into the ASSOCIATION pursuant to an affirmative vote of a two-thirds (2/3s) majority of the voting power of the MEMBERS (**excluding the vote of the DECLARANT**), or the written assent of a two-thirds (2/3s) majority of the voting power of the MEMBERS (**excluding the vote of the DECLARANT**). In the event of such approval, any real property to be so annexed must have RECORDED against it a Supplementary DECLARATION which is substantially similar to the

COVENANTS, CONDITIONS AND RESTRICTIONS imposed upon real properties which are subject to the jurisdiction of the ASSOCIATION, provided, however, such COVENANTS, CONDITIONS AND RESTRICTIONS shall be appropriate for the development of the particular type of use to be contained on the real property being annexed. Upon such annexation, the OWNERS of LOTS in such annexed property shall enjoy all the rights, privileges and obligations of membership in the ASSOCIATION. **(Modified to correspond to the Master, Amended July 10, 1972)**

Section 3. Supplementary Declarations. The Supplementary DECLARATIONS contemplated in this Article II shall contain such COVENANTS, CONDITIONS AND RESTRICTIONS as DECLARANT deems appropriate, necessary or desirable to reflect the different character of use, if any, of the added property, so that such annexed property will become an integral part of the HERITAGE RANCH PLANNED COMMUNITY in accordance with DECLARANT's plan of development. In no event, however, shall any such Supplementary DECLARATION revoke or modify the COVENANTS, CONDITIONS AND RESTRICTIONS in the DECLARATION unless the procedures for modification and amendment provided for in Article XII, Section 4, of the DECLARATION have been complied with.

The RECORDation of said Supplementary DECLARATION shall constitute and effectuate the annexation of the said real property described in such Supplementary DECLARATION, making said real property subject to the functions, powers and jurisdiction of the ASSOCIATION, and thereafter all of the OWNERS of LOTS in said real property shall automatically be MEMBERS of the ASSOCIATION.

Section 4. Mergers or Consolidations. Upon a merger or consolidation of the ASSOCIATION with another association, as provided in its Articles of Incorporation, its properties, rights and obligations shall 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 as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the COVENANTS, CONDITIONS AND RESTRICTIONS established by the DECLARATION within the existing property, together with any COVENANTS, CONDITIONS AND RESTRICTIONS in any Supplementary DECLARATION

established upon any other property, as one plan.

ARTICLE XII
ANNEXATION

Section 1. Annexation. This DECLARATION shall be considered a Supplementary DECLARATION of COVENANTS, CONDITIONS AND RESTRICTIONS annexing this TRACT to all previously recorded TRACTs of the HERITAGE RANCH PLANNED COMMUNITY, including, but not limited to, TRACT 424.

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has hereunto set its hand and seal this 6th day of September, 1977.

DECLARANT:

SIX CORPORATION,
A California Corporation

By: /s/ John J. Wiebe

Title: Vice President

RECORDED SUMMARY PAGE

The original Supplementary DECLARATION, consisting of 42 pages, was recorded on September 23, 1977 as Document #47326. The Supplementary DECLARATION has subsequently been amended as follows:

Amended by vote of the membership and recorded on July 23, 1976, as Document #28843

Article I, Section 22, Paragraph (3)
Article I, Section 22, Paragraph (7)
Article III, Section 1
Article III, Section 5, Paragraph (e)
Article XI, Section 6

Not included in this document, as none of the Articles shown are part of the original Supplementary DECLARATION for Tract 474; and Article XI, Section 6 which corresponds to Article VII, Section 6 reads the same as stated to be amended.

Amended by vote of the membership and recorded on May 14, 1992, as Document #32864

Article VII, Section 6

Amended by vote of the membership and recorded on May 19, 1997, as Document #1997-025429

Article VII, Section 24

Amended by vote of the membership and recorded on November 23, 1998, as Document #1998-078005

Article VII, Section 6

Discriminatory language corrected by the Board of Directors and recorded on December 5, 2001, as Document #2001094232

Article I, Section 1, Paragraph (c)
Article IV, Section 4, Paragraph (b)
Article IV, Section 5
Article V, Section 2
Article V, Section 4, Paragraph (c) (3)
Article V, Section 4, Paragraph (c) (4)
Article VII, Section 7
Article X, Section 1

Amended by vote of the membership and recorded on January 9, 2004, as Document #2004001638

Article VII, Section 24

MASTER CC&RS

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This document, referred to as the DECLARATION, has been re-typed from the original. Modifications have been made only for purposes of better comprehension and consistency, including adding all subsequent amendments also filed. The original and all amendments are on file at the County of San Luis Obispo, State of California and are referenced by document # on the RECORDED DOCUMENTS page at the end of this document. Copies of the originals are also available at the Heritage Ranch Owners' Association Office.

DECLARATION

OF
COVENANTS, CONDITIONS AND RESTRICTIONS
HERITAGE RANCH AND CATTLE COMPANY

This DECLARATION, made on the date hereinafter set forth by the Heritage Ranch and Cattle Company, a California corporation, hereinafter referred to as DECLARANT.

WITNESSETH:

Whereas, DECLARANT is the OWNER of certain property in the County of San Luis Obispo, State of California, which is more particularly described as:

TRACT 424, Big Valley Estates Unit No. I, LOTs 1 through 133, inclusive, and COMMON AREA LOTs 134 and 135, as RECORDED in Book 8, Page 16, of Maps, Official Records, County of San Luis Obispo, State of California.

And, Whereas, it is the desire and intention of the DECLARANT to subdivide said property as part of a planned development pursuant to the provisions of Section 11003 et seq. of the Business and Professions Code of the State of California, and to impose upon said property mutually beneficial restrictions under a master plan of development for the benefit of all OWNERS thereof.

And, Whereas, the TRACT described above is being developed in accordance with DECLARANT's DEVELOPMENT PLAN submitted to and approved by the County of San Luis Obispo, State of California which DEVELOPMENT PLAN provides for, or may be amended to provide for, various uses, including but not limited to, the following:

(1) Private: single family and multiple family home sites, CONDOMINIUMs, MOBILE HOME sites, RECREATION VEHICLE sites, twenty (20) acre ranches and large acreage parcels.

(2) Commercial and Industrial: villages, retail stores, service businesses, tourist facilities, medical and dental facilities, hospitals, RECREATION VEHICLE parks, dude ranches, campsites, marinas, boat and RECREATION VEHICLE storage and repair facilities, light industrial and general commercial.

(3) Recreational: parks, golf courses, riding trails, campgrounds, lakes, motorcycle

trails, equestrian centers, hunt club, marinas, launch ramps, archery and rifle ranges, amusement parks, swimming pools and baseball parks.

(4) Public Agency: sewage collection, treatment and disposal facilities, water distribution, storage and treatment facilities, sanitary landfills, fire stations, public schools, police stations, county service area facilities, library and hospitals.

(5) Open Space: real estate which is located within the boundaries of the HERITAGE RANCH PLANNED COMMUNITY and which is a part of, or adjacent to a subdivision TRACT which is restricted in use as UNDEVELOPED NATURAL COMMON AREA, which real property shall be owned by the ASSOCIATION.

(6) Institutional: churches, synagogues, private schools, colleges, religious centers, Y.M.C.A.s, Y.W.C.A.s, Boys Clubs and other similar types of institutional uses.

(7) Other purposes and uses as in the judgment of DECLARANT deemed to be appropriate and as allowed by the County of San Luis Obispo, State of California, or other appropriate governmental body.

Now, Therefore, DECLARANT hereby declares that all of said TRACT described above and such additions thereto as may hereafter be made pursuant to Article II is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied or improved, subject to the following COVENANTS, CONDITIONS AND RESTRICTIONS, and easements, all of which are declared and agreed to be for the purpose of enhancing and perfecting the value, desirability and attractiveness of the above described TRACT and such other real property as may be annexed to this TRACT, as hereinafter provided, and every part thereof and that all of the COVENANTS, CONDITIONS AND RESTRICTIONS shall run with the land, and shall be binding on all parties having or acquiring any right, title or interest in the said TRACT or any part thereof and shall be for the benefit of each OWNER of any portion of said TRACT, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the said OWNERS.

ARTICLE I

DEFINITIONS

Section 1. The term "ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE" shall mean the committee(s) created pursuant to Article VIII.

Section 2. The term "ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES" shall mean rules adopted and amended from time to time by the BOARD pursuant to the powers granted to them under this DECLARATION and the BYLAWS.

Section 3. The term "ARTICLES" shall mean the Articles of Incorporation of the ASSOCIATION which are filed in the Office of the Secretary of the State of California, as such Articles of Incorporation may from time to time be amended.

Section 4. The term "ASSOCIATION" shall mean and refer to the Heritage Ranch Owners' Association, a California nonprofit corporation, its successors and assigns.

Section 5. The term "BOARD" shall mean the Board of Directors of the ASSOCIATION.

Section 6. The term "BYLAWS" shall mean the bylaws of the ASSOCIATION which are or shall be adopted by the BOARD, as such bylaws may from time to time be amended.

Section 7. The term "COMMON AREA" shall mean a LOT or LOTs restricted in perpetuity as open space on a SUBDIVISION MAP which has been conveyed in fee or in trust for or to the ASSOCIATION, together with all of the IMPROVEMENTs from time to time constructed thereon. COMMON AREA shall also mean and include any real property interest deeded to the ASSOCIATION from time to time by the DECLARANT or others, which real property interest is restricted to the common use of the MEMBERS of the ASSOCIATION. Such COMMON AREA shall be used for the common use and enjoyment of the OWNERS, including, but not limited to, ROADS, easements, drainage facilities, parkways, parks, recreational facilities, riding trails and UNDEVELOPED NATURAL COMMON AREA.

Section 8. The term "CONDOMINIUM" shall mean a condominium as defined in Section 783 of the Civil Code of the State of California.

Section 9. The term "CORNER LOT" defines a LOT having a FRONT LINE on the street or ROAD on which the shortest dimension abutting a street or ROAD occurs, and of which

one of the SIDE LINES is the LOT line in that particular portion of the subdivision which is nearest to a street or ROAD intersection.

Section 10. The term "COVENANTS, CONDITIONS AND RESTRICTIONS" shall mean, with respect to all property within the HERITAGE RANCH, the covenants, conditions, restrictions and limitations set forth in this DECLARATION, as such DECLARATION may from time to time be amended pursuant to Article XII, Section 4, and, with respect to any property which is annexed pursuant to Article II, covenants, conditions and restrictions imposed by DECLARANT, filed with respect to such annexed property pursuant to Article II, which DECLARATION is sometimes referred to as a Supplementary DECLARATION.

Section 11. The term "DECLARANT" shall mean and refer to the Heritage Ranch and Cattle Company, a California corporation, its successors and assigns.

Section 12. The term "DEVELOPER" shall mean and refer to the Heritage Ranch and Cattle Company, a California corporation, its successors and assigns.

Section 13. The term "DEVELOPMENT PLAN" shall mean and refer to the plan considered and approved by the Planning Commission of the County of San Luis Obispo, State of California, on August 11, 1971, which reflects the DEVELOPER's plan and intention, subject to future modifications and amendments for the overall development of the HERITAGE RANCH.

Section 14. The term "EXCAVATION" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for planting) which results in the removal of earth, rock or other substance from a depth of more than eighteen (18) inches below the natural surface of such land.

Section 15. The term "FILE" or "FILED" shall mean, with respect to the SUBDIVISION MAP, that said SUBDIVISION MAP shall have been filed in the Office of the Recorder of the County of San Luis Obispo, State of California.

Section 16. The term "FILL" shall mean any addition of rock or earth materials to the surface of the land which increases the natural elevation of such surface by more than eighteen (18) inches.

Section 17. The term "FRONT LINE" defines a LOT boundary line that is abutting the

right-of-way of the street or ROAD on which the LOT abuts.

Section 18. The term "HERITAGE RANCH" shall mean and refer to the real property legally described in Exhibit "B" attached hereto, portions of which are being developed and subdivided by DECLARANT for the purposes and uses described herein, in accordance with DECLARANT's DEVELOPMENT PLAN.

Section 19. The term "HERITAGE RANCH PLANNED COMMUNITY" shall mean and refer to the real properties subject to the jurisdiction of the ASSOCIATION (either through the RECORDing of this DECLARATION or any annexation), together with all real property (located within the boundaries legally described in Exhibit "B") which is developed and/or subdivided by DECLARANT for the purposes and uses described herein, in accordance with DECLARANT's DEVELOPMENT PLAN.

Section 20. The term "HERITAGE RANCH RULES" shall mean the rules from time to time in effect pursuant to the provisions of Article VII, Section 1(d).

Section 21. The term "IMPROVEMENT" shall include dwellings, buildings, accessory buildings, MOBILE HOMES, modular homes, ROADS, driveways, parking areas, fences, retaining walls, stairs, decks, hedges, poles, signs and any STRUCTURES of any type or kind. The foregoing shall not include RECREATION VEHICLES.

Section 22. The term "LOT" shall mean and refer to:

(1) all numbered LOTS and parcels which have been subdivided, either pursuant to the Subdivision Map Act or the Subdivided Lands Act of the State of California (or other similar Act providing for the subdivision of real property (or any interest therein) from time to time adopted by the State Legislature), provided, however, the foregoing shall not include numbered LOTS on SUBDIVISION MAPS or Records of Survey which are restricted in use to COMMON AREA.

(2) all numbered CONDOMINIUM UNITS shown on a Diagrammatic Condominium Map.

(3) each individual dwelling unit or dwelling area of any multiple family residential building (~~including, but not limited to, guesthouses and dwelling units in a commercial inn, hotel, motel and dude ranch~~). ~~Dwelling unit shall include each hotel room, motel room, guest~~

~~room or other similar accommodation designed for rental or usage to or by persons on a temporary occupancy basis. (Amended July 23, 1976)~~

(4) each dwelling area or vehicle space of a RECREATION VEHICLE park and MOBILE HOME park.

(5) each twenty (20) acre parcel which is designated on either a SUBDIVISION MAP or a Record of Survey Map.

(6) acreage parcels larger than twenty (20) acres upon which a dwelling unit may be constructed.

~~(7) each individual commercial unit or individual commercial area of any commercial establishment in any area of real property developed for, and restricted to commercial or industrial use. (Amended July 23, 1976)~~

(87) each individual ownership interest of an undivided interest in unsubdivided land within the HERITAGE RANCH.

Section 23. The term "MEMBER" shall mean and refer to every person or business entity who holds membership in the ASSOCIATION.

Section 24. The term "MOBILE HOME" shall mean and refer to independent trailer coaches designed for permanent residential occupancy.

Section 25. The term "MORTGAGE" shall mean and include a deed of trust as well as a mortgage in the conventional sense.

Section 26. The term "MORTGAGEE" shall mean and include a beneficiary of a deed of trust, as well as a mortgagee.

Section 27. The term "OWNER" shall mean and refer to one (1) or more persons or business entities who appear in the RECORDS in the Office of the Recorder of the County of San Luis Obispo, State of California as the OWNER of a fee simple title to any LOT, but excluding those having such interest merely as security for the performance of an obligation.

Section 28. The term "REAR LINE" defines the boundary line of the LOT that is farthest from and substantially parallel to the line of the street or ROAD on which the LOT abuts.

Section 29. The term "RECORD" or "RECORDED" shall mean, with respect to any

document, that said document shall have been recorded in the Office of the Recorder of the County of San Luis Obispo, State of California.

Section 30. The term "RECREATION VEHICLE" or "RECREATIONAL VEHICLE UNIT" is hereby defined to include each of the following:

(1) Trailers designed for temporary periods of occupancy, commonly referred to as travel trailers, but not including tent trailers.

(2) Self-propelled motor homes designed for temporary periods of occupancy.

(3) Camper units mounted on truck beds or mounted on a truck chassis and designed for temporary periods of occupancy.

Section 31. The term "ROAD" shall mean any paved vehicular way constructed within or upon any portion of the COMMON AREA designated a private road on a SUBDIVISION MAP.

Section 32. The term "SIDE LINE" defines a LOT boundary line that extends from the street or ROAD on which the LOT abuts to the REAR LINE of the LOT.

Section 33. The term "STRUCTURE" shall mean anything constructed or erected, the use of which requires location on the ground or attachment to something having location on the ground.

Section 34. The term "SUBDIVISION MAP" shall mean (a) any final map within the meaning of the provisions of Division 4, Part 2, Chapter 2, of the Business and Professions Code of the State of California, (b) any final plan within the meaning of the provisions of Division 2, Part 4, Title 6 of the Civil Code of the State of California, or (c) any final Record of Survey Map within the meaning of the provisions of Division 4, Part 2, Chapter 2, of the Business and Professions Code of the State of California, as such provisions may from time to time be amended.

Section 35. The term "TRACT" shall mean and refer to that certain real property hereinbefore described as Tract 424, Big Valley Estates, Unit No. I, Official Records, County of San Luis Obispo, State of California.

Section 36. The term "UNDEVELOPED NATURAL COMMON AREA" shall mean and refer to COMMON AREA which is part of, or adjacent to individual subdivision TRACTs

of the HERITAGE RANCH PLANNED COMMUNITY which will be maintained in an undeveloped and natural state as open space for recreational use, subject only to construction of STRUCTURES and facilities for recreational purposes, drainage, parking, utilities and access to only those LOTs shown on SUBDIVISION MAPs.

Section 37. The term "UNIT" shall mean the portion of any CONDOMINIUM not owned in common with the OWNERS of other CONDOMINIUMs in a project.

Section 38. The term "USED STRUCTURE" shall mean any building or STRUCTURE which was previously built on, or situated at, a location other than the LOT, except factory built STRUCTURES (including, but not limited to, modular housing or MOBILE HOMEs), which have been stored at a location other than the LOT on a temporary basis.

Section 39. The term "VISIBLE FROM NEIGHBORING LOTS" shall mean, with respect to any given object or activity, that such object or activity is or would be in any line of sight originating from any point six (6) feet above any other property, excluding contiguous property owned by the OWNER of the property involved, but including COMMON AREA, assuming that such other property has an elevation equal to the highest elevation of the ground surface of that portion of the property upon which such object or activity is located.

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTY

The real property legally described in Exhibit "B" attached hereto and as delineated on the DECLARANT's DEVELOPMENT PLAN map attached hereto, marked Exhibit "A", and/or any other real property, may be annexed to the HERITAGE RANCH PLANNED COMMUNITY and become subject to the jurisdiction of the ASSOCIATION by any of the methods set forth hereinafter in this Article, as follows:

Section 1. Annexation Without Approval and Pursuant to General Plan. DECLARANT may, in its sole discretion, from time to time, annex all or any part of the real property described in Exhibit "B" and as delineated on Exhibit "A" to TRACT 424 and to the ASSOCIATION. Upon such annexation, such real property shall become subject to the jurisdiction and a part of the ASSOCIATION without the approval, assent or vote of the

ASSOCIATION or its MEMBERS, providing and on condition that DECLARANT imposes COVENANTS, CONDITIONS AND RESTRICTIONS applicable to such property, which are substantially similar to the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION, provided, however, such COVENANTS, CONDITIONS AND RESTRICTIONS imposed by DECLARANT shall contain provisions which DECLARANT deems appropriate for the development of the particular type of use being created for the real property being annexed; (DECLARANT shall, in adopting COVENANTS, CONDITIONS AND RESTRICTIONS on annexed property, modify, amend, delete and add provisions to these basic COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION whenever necessary or desirable to effectuate the development and use of the annexed property as part of the HERITAGE RANCH PLANNED COMMUNITY in accordance with DECLARANT's DEVELOPMENT PLAN.) Such additional DECLARATION may, from time to time, be referred to in this DECLARATION as a Supplementary DECLARATION.

(a) Prior to the conveyance of title to LOTS to individual purchasers thereof, title to any COMMON AREA shall be conveyed either to the ASSOCIATION or to a trust company licensed to do business in the State of California, to be held pursuant to the trust, as more particularly set forth in other provisions of this DECLARATION, until such time as title is delivered to the ASSOCIATION.

(b) When DECLARANT RECORDS a Supplementary DECLARATION on any real property to be annexed, the RECORDation of such Supplementary DECLARATION shall constitute and effectuate the annexation of the said real property described in such Supplementary DECLARATION, making said real property subject to the functions, powers and jurisdiction of the ASSOCIATION, and thereafter all of the OWNERS of LOTS in said real property shall automatically be MEMBERS of the ASSOCIATION.

(c) DECLARANT may, in its sole discretion, annex any real property or any interest therein as COMMON AREA to the HERITAGE RANCH PLANNED COMMUNITY by deeding the same to the ASSOCIATION or in

trust for the ASSOCIATION, and imposing on such COMMON AREA, restrictions which will be set forth in the deed to such COMMON AREA.

Section 2. Annexation Pursuant to Approval. Any real property not described in Exhibit "B" or delineated on the map attached as Exhibit "A", may be annexed into the ASSOCIATION pursuant to an affirmative vote of a two-thirds (2/3s) majority of the voting power of the MEMBERS **(excluding the vote of the DECLARANT)**, or the written assent of a two-thirds (2/3s) majority of the voting power of the MEMBERS **(excluding the vote of the DECLARANT)**. In the event of such approval, any real property to be so annexed must have RECORDED against it a Supplementary DECLARATION which is substantially similar to the COVENANTS, CONDITIONS AND RESTRICTIONS imposed upon real properties which are subject to the jurisdiction of the ASSOCIATION, provided, however, such COVENANTS, CONDITIONS AND RESTRICTIONS shall be appropriate for the development of the particular type of use to be contained on the real property being annexed. Upon such annexation, the OWNERS of LOTS in such annexed property shall enjoy all the rights, privileges and obligations of membership in the ASSOCIATION. **(Amended July 10, 1972)**

Section 3. Supplementary Declarations. The Supplementary DECLARATIONS contemplated in this Article II shall contain such COVENANTS, CONDITIONS AND RESTRICTIONS as DECLARANT deems appropriate, necessary or desirable to reflect the different character of use, if any, of the added property, so that such annexed property will become an integral part of the HERITAGE RANCH PLANNED COMMUNITY in accordance with DECLARANT's plan of development. In no event, however, shall any such Supplementary DECLARATION revoke or modify the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION unless the procedures for modification and amendment provided for in Article XII, Section 4, of this DECLARATION have been complied with.

The RECORDation of said Supplementary DECLARATION shall constitute and effectuate the annexation of the said real property described in such Supplementary DECLARATION, making said real property subject to the functions, powers and jurisdiction of the ASSOCIATION, and thereafter all of the OWNERS of LOTS in said real property shall automatically be MEMBERS of the ASSOCIATION.

Section 4. Mergers or Consolidations. Upon a merger or consolidation of the ASSOCIATION with another association, as provided in its Articles of Incorporation, its properties, rights and obligations shall 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 as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the COVENANTS, CONDITIONS AND RESTRICTIONS established by this DECLARATION within the existing property, together with any COVENANTS, CONDITIONS AND RESTRICTIONS in any Supplementary DECLARATION established upon any other property, as one plan.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Each LOT has appurtenant to it one (1) membership in the ASSOCIATION. If there is only one (1) RECORD OWNER of the LOT, then the membership shall inure to that particular OWNER, however, if more than one (1) individual has an ownership in the LOT, or if the LOT is owned by a corporation, partnership or other business entity, then the membership shall inure to the benefit of the person or persons provided for in the BYLAWS and HERITAGE RANCH RULES. No OWNER shall have more than one (1) membership for each LOT owned by such OWNER. Membership shall be appurtenant to and may not be separated from the fee ownership of any LOT or undivided interest of an unsubdivided land which is subject to assessment by the ASSOCIATION, ~~provided, however, V.I.P. Memberships, Charter Life Memberships and Associate Memberships are limited classes of membership which are not appurtenant to any LOT as more particularly set forth in the BYLAWS of the ASSOCIATION.~~ Ownership of such LOT shall be the sole qualification for membership. The terms and provisions set forth in this DECLARATION which are binding upon all OWNERS of LOTs and all MEMBERS in the ASSOCIATION, are not exclusive, as the MEMBERS shall, in addition, be subject to the terms and provisions of the ARTICLES, BYLAWS, HERITAGE RANCH RULES and ARCHITECTURAL AND ENVIRONMENTAL CONTROL

COMMITTEE RULES. (Amended July 23, 1976) (Obsolete Developer language shown as ~~double struck~~)

Section 2. Transfer. The membership held by any OWNER of a LOT shall not be transferred, pledged or alienated in any way, except upon the sale of such LOT, and then only to the purchaser of such LOT. 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 should fail or refuse to transfer the membership registered in ~~his~~ **the OWNER's** name to the purchaser of such LOT, the ASSOCIATION shall have the right to record the transfer upon the books of the ASSOCIATION upon receipt of proof that the purchaser is the OWNER as reflected in the Official Records in the Office of the Recorder of the County of San Luis Obispo, State of California. (Amended December 5, 2001)

Section 3. Voting Rights. The ASSOCIATION shall have ~~two (2)~~ **one (1)** types of voting membership:

~~Type A.~~ Each OWNER who is entitled to the rights of membership in the ASSOCIATION, as provided in Section 1 and in the ARTICLES, BYLAWS and HERITAGE RANCH RULES, shall be entitled to one (1) vote for each LOT owned by such OWNER on all matters properly submitted for vote to the membership of the ASSOCIATION; provided, however, that every OWNER entitled to vote at any election or removal of the MEMBERS of the BOARD may cumulate ~~his~~ votes and give any one (1) or more candidates a number of votes equal to the number of LOTs owned by the OWNER multiplied by the number of Directors to be elected. The right to vote may not be severed or separated from any LOT, and any sale, transfer or conveyance of any LOT to a new OWNER shall operate to transfer the appurtenant vote without the requirement of any express reference thereto. (Amended December 5, 2001)

~~Type B.~~ ~~The Type B MEMBER shall be the DECLARANT. The Type B MEMBER shall be entitled to three (3) votes for each LOT owned by DECLARANT on all matters properly submitted for a vote to the membership of the ASSOCIATION; DECLARANT shall have the right to cumulate its votes and give any one (1) or more candidates a number of votes equal to three (3) votes per each LOT owned by DECLARANT multiplied by the number of Directors to be elected. DECLARANT shall have the voting rights provided for herein until~~

~~the earlier of the following: i) six (6) years from the date of admission of the first MEMBER other than the DEVELOPER to the ASSOCIATION; or ii) three (3) years after the date of the issuance of the last Public Subdivision Report issued by the Department of Real Estate of the State of California. (Obsolete Developer language shown as *bold italic and double struck*)~~

~~Section 4. Meetings. The first meeting of the ASSOCIATION shall take place not later than six (6) months from the date the first LOT is sold in TRACT 424, or when sixty-eight (68) of the LOTS have been sold at HERITAGE RANCH, whichever first occurs. (Obsolete Developer language shown as **double struck**)~~

Section 5. Classes of Membership. The BYLAWS shall set forth the various classes of membership in the ASSOCIATION, which classes shall include, but not be limited to: (a) HERITAGE RANCH MEMBERS; (b) HERITAGE RANCH Entity MEMBERS; (c) HERITAGE RANCH Co-OWNER MEMBERS; *and* (d) HERITAGE RANCH DEVELOPER's Membership; ~~(e) Charter Life Members; (fe) V.I.P. Memberships; and (gf) Associate MEMBERS.~~ The rights, privileges, duties and obligations of MEMBERS, in addition to those imposed by the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION shall be as set forth in the BYLAWS. (Amended July 23, 1976) (Obsolete Developer language shown as *bold italic and double struck*)

Section 6. Heritage Ranch Developer's Membership. DECLARANT shall be a MEMBER of the ASSOCIATION by reason of its inventory of unsold LOTS. This membership shall be known as the "HERITAGE RANCH DEVELOPER's Membership", and shall entitle the Directors, Officers and certain management employees designated by DECLARANT to the use of all of the COMMON AREA and recreational facilities within HERITAGE RANCH. Nothing contained herein shall be deemed to limit the use of the COMMON AREA as recreation facilities by delegated users (as such delegation is provided for in Section 2 of Article IV) or guests of the DECLARANT in accordance with the provisions of this DECLARATION, the BYLAWS and HERITAGE RANCH RULES applicable to the use of facilities by delegated users (as such delegation is provided for in Section 2 of Article IV) and guests of OWNERS of LOTS, nor shall it limit the DECLARANT's right of use pursuant to Section 1 (e) of Article IV of this DECLARATION.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON AREA

Section 1. Member's Easements of Enjoyment. Every 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 BOARD to establish uniform rules and regulations pertaining to the use of the COMMON AREA.

(b) The right of the BOARD, in accordance with its ARTICLES and BYLAWS, to borrow money in the name of the ASSOCIATION for the purpose of improving the COMMON AREA and facilities.

(c) The right of the BOARD to suspend the voting rights and/or use privileges of a MEMBER for any period during which any assessment against ~~his~~ **the MEMBER's** LOT remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the HERITAGE RANCH RULES, provided that any suspension of such voting rights except for failure to pay assessments, shall be made only by the BOARD or a duly appointed committee thereof, after notice and hearing given and held in accordance with the BYLAWS. The BOARD shall have the right to suspend a MEMBER's voting and use privileges if the HERITAGE RANCH RULES have been violated by a lessee or other person who is a delegated user of a MEMBER. **(Amended December 5, 2001)**

(d) The right of the BOARD to dedicate or transfer all or any part of the COMMON AREA held in the ASSOCIATION's name to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the MEMBERS. No such dedication or transfer shall be effective unless an instrument signed by MEMBERS entitled to cast two-thirds (2/3s) 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, provided, however, the foregoing requirements shall not apply to dedication in the events specified in subparagraph (f).

(e) The right of DECLARANT (and its sales agents and representatives) to the non-exclusive use of the COMMON AREA and the facilities thereof for special events, affairs, promotional activities, displays, exhibit purposes and otherwise, in connection with DECLARANT's public relations program or in connection with the sale of LOTS within the HERITAGE RANCH or any property annexed thereto, which right DECLARANT hereby reserves; provided, however, that such use shall terminate if DECLARANT terminates its sales efforts and public relations program at any point in time for a period of more than one (1) continuous year. Provided, however, in the event of any Act of God or of any Governmental order which might be decreed in time of war or national emergency which has the effect of interrupting DECLARANT's sales efforts and public relations program, such interruption shall not limit DECLARANT's right to resume and continue to use the COMMON AREA and facilities. It is further provided that DECLARANT, in exercising its rights hereunder, shall endeavor at all times to conduct its activities in such a manner as not to unreasonably restrict the MEMBERS in their use and enjoyment of the COMMON AREA or facilities.

(f)(i) The County of San Luis Obispo, State in California, in consideration of granting exceptions to zoning and subdivision requirements, and thereby authorizing the development of the HERITAGE RANCH, and in particular this TRACT 424, may enforce the provisions of this DECLARATION relating to the covenants pertaining to the COMMON AREA within the property, in the event that DECLARANT (its successors and assigns, including the ASSOCIATION) shall fail to maintain the COMMON AREA. The County of San Luis Obispo, State of California, assumes no obligation to enforce any of the COVENANTS, CONDITIONS AND RESTRICTIONS contained herein. The rights of the County of San Luis Obispo, State of California to enforce the covenants, as they relate to maintenance of the COMMON AREA, shall only accrue in the event that the COMMON AREA, together with all IMPROVEMENTS thereon, are not maintained in an orderly manner without constituting either a public or private nuisance. DECLARANT covenants, for the benefit of the County of San Luis Obispo, State of California, and for the benefit of OWNERS of LOTS, that the COMMON AREA within TRACT 424, and that other COMMON AREA conveyed to the ASSOCIATION, shall be maintained for the exclusive use and benefit of the MEMBERS of the ASSOCIATION, their delegated users (as

such delegation is provided for in Section 2 of this Article IV), and their guests.

(f)(ii) The DECLARANT hereby offers to dedicate the COMMON AREA to the County of San Luis Obispo, State of California, which dedication is contingent upon the failure of the ASSOCIATION to maintain the COMMON AREA in accordance with generally accepted standards for maintenance of shrubs, trees and UNDEVELOPED NATURAL COMMON AREA, and all IMPROVEMENTS contained within the COMMON AREA (including, without limitation, recreational buildings, ROADS, curbs, sidewalks and other facilities). The rights of dedication set forth in this subparagraph (ii) are independent of and in addition to the other rights provided for in this subparagraph (f).

(f)(iii) The County of San Luis Obispo, State of California, in the event the COMMON AREA is not properly maintained in accordance with the generally accepted standards for maintenance of shrubs, trees and UNDEVELOPED NATURAL COMMON AREA, and all IMPROVEMENTS contained within the COMMON AREA (including without limitation, recreational buildings, ROADS, curbs, sidewalks, and other facilities), or in the event there is a delinquency in the payment of taxes or assessments imposed by law upon the COMMON AREA portions owned by the ASSOCIATION, and of this TRACT, which continues for thirty (30) days after written notice from the County of San Luis Obispo, State of California, to the ASSOCIATION and to DECLARANT, may make and enforce assessments, which shall be a lien against the LOTS within this TRACT and any LOTS annexed to this TRACT and to the ASSOCIATION, and the COMMON AREA, and DECLARANT hereby acknowledges on behalf of itself, its successors and assigns, that any such assessment shall be a lien against the LOTS within this TRACT and any LOT annexed to this TRACT and to the ASSOCIATION, and on the COMMON AREA of the ASSOCIATION. This lien of the County of San Luis Obispo, State of California, on each LOT and the COMMON AREA may be enforced by civil action or foreclosure of lien or other remedy. It is the intent of this provision that the County of San Luis Obispo, State of California, is to enforce its assessments and liens on the LOTS in this TRACT and any LOTS annexed to this TRACT and to the ASSOCIATION, and to the COMMON AREA to insure the maintenance of the COMMON AREA which is required to be maintained by the ASSOCIATION.

Section 2. Delegation of Use. Any MEMBER may delegate, in accordance with the BYLAWS and HERITAGE RANCH RULES, ~~his~~ **that MEMBER's** right of enjoyment of the COMMON AREA and the facilities to MEMBERS of ~~his~~ **that MEMBER's** family or ~~his~~ lessees (tenants) who reside on the MEMBER's LOT. **(Amended December 5, 2001)**

Section 3. Waiver of Use. No MEMBER may ~~exempt himself~~ **create an exemption** from personal liability for assessments duly levied by the ASSOCIATION, nor release the LOT owned by ~~him~~ the MEMBER 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~~ **the MEMBER's** LOT. **(Amended December 5, 2001)**

Section 4. Title to the Common Area. The DECLARANT hereby covenants for itself, its successors and assigns, that it will convey, in accordance with said DECLARANT's DEVELOPMENT PLAN, title to the COMMON AREA either directly to the ASSOCIATION or to a trust company authorized to do business in the State of California, subject to deed restrictions imposed by DECLARANT, providing for the COMMON AREA to be restricted to the non-commercial recreational uses provided for in DECLARANT's DEVELOPMENT PLAN and to conditions, reservations and easements then of RECORD, including those set forth in this DECLARATION and Supplementary DECLARATIONS. The trust company shall convey such COMMON AREA to the ASSOCIATION on the happening of either of the following events, whichever occurs earlier:

- (a) When 4,080 LOTs have been sold; or
- (b) Three (3) years after the date of issuance of the most recent Final Subdivision Public Report by the Real Estate Commissioner of the State of California pertaining to the real property described in Exhibit "B" or any part thereof.

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 the TRACT and within any additional

TRACTs annexed to the HERITAGE RANCH PLANNED COMMUNITY, hereby covenants and agrees to pay, and each OWNER of any LOT in the HERITAGE RANCH PLANNED COMMUNITY which becomes subject to the jurisdiction of the ASSOCIATION, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, is deemed to covenant and agrees 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 LOT at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the ASSOCIATION shall be used exclusively for the purpose of safety and welfare of the MEMBERS of the ASSOCIATION and, in particular, for the IMPROVEMENT, operation and maintenance of the properties of the ASSOCIATION, and the services and facilities devoted to this purpose, and related to the use of the COMMON AREA and all IMPROVEMENTs contained on such COMMON AREA.

Section 3. Regular Assessments. The amount and time of payment of regular assessments shall be determined by the BOARD pursuant to the ARTICLES and BYLAWS of said ASSOCIATION, after giving due consideration to the current maintenance and operation 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 of the payment of same shall be set forth in said notice. Regular assessments shall be fixed on an annual basis.

Section 4. Special Assessments for Capital Improvements. In addition to the regular assessments, the ASSOCIATION may levy in any fiscal year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of the capital improvements upon the COMMON AREA, including the necessary fixtures and personal property related thereto,

provided that any such assessment which is more than a sum equal to ten percent (10%) of the regular annual assessment, shall have the assent of the majority of the MEMBERS who are eligible to vote, excluding the DECLARANT, in person or by proxy at any such meeting duly called for this purpose.

Section 5. Uniform Rate of Assessment. Both regular and special assessments shall be fixed at a uniform rate for all LOTs and may be collected on a monthly or annual basis. ~~The aggregate of regular and special assessments shall be not less than \$108.00 nor more than \$396.00 per LOT per year for the purposes stated in Section 2 and Section 4 of this Article~~ ~~✓~~ (Amended July 27, 1972 but shown ~~double struck~~ due to being obsolete per California Law.)

Section 6. Date of Commencement of Regular Assessments and Fixing Thereof. Regular assessments of the ASSOCIATION shall commence as to all LOTs in TRACT 424 on the first day of the month following the conveyance of the first LOT within TRACT 424 to an individual OWNER. Regular assessments of the ASSOCIATION shall commence as to all LOTs in each area annexed into the HERITAGE RANCH PLANNED COMMUNITY and the ASSOCIATION on the first day of the month following the RECORDation of a Supplementary DECLARATION annexing the said area to the HERITAGE RANCH PLANNED COMMUNITY and to the ASSOCIATION.

Section 7. Certificate of Payment. The ASSOCIATION shall, upon demand, furnish to any OWNER liable for said 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 these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. 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 owned by the ASSOCIATION.

ARTICLE VI

ASSESSMENTS

Section 1. Lien. The amount of each regular and special assessment, plus any other charges thereon, such as interest when delinquent, and costs of collection (including attorney's fees), if any, shall constitute and become a lien on the LOT so assessed when the BOARD causes to be RECORDED in the Office of the Recorder of the County of San Luis Obispo, State of California a "Notice of Assessment", which shall state the amount of such assessment and such other charges, a description of the LOT which has been assessed, and the name of the RECORD OWNER thereof. Such notice shall be signed by the Secretary of the ASSOCIATION on behalf of the ASSOCIATION. Upon payment of said assessment and charges in connection with which such notice has been so RECORDED, or other satisfaction thereof, the BOARD shall cause to be RECORDED further notice stating the satisfaction and release of the lien thereof.

Section 2. Delinquency. Any assessment (or any installment of such assessment) provided for in this DECLARATION, which is not paid when due, shall be delinquent. With respect to each assessment or any installment of each assessment not paid within fifteen (15) days after its due date, the ASSOCIATION may, at its election, require the OWNER to pay a late charge in a sum to be determined by the ASSOCIATION, but not to exceed \$10.00 per each delinquent assessment or installment of such assessment. If any such assessment or installment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the ASSOCIATION may, at its option, bring an action at law against the OWNER personally obligated to pay the same, or any necessary proceedings to foreclose the lien provided for in Section 1 of this Article VI against the LOT, and there shall be added to the amount of such assessment: a) the late charge, b) the costs of preparing and filing the complaint in such action, c) in the event a judgment is obtained, such judgment shall include said interest, court costs and reasonable attorney's fees, d) in the event a foreclosure proceeding is commenced, then the costs and attorney's fees connected with the foreclosure. Each OWNER vests in the ASSOCIATION or its assigns, their right and power to bring all actions at law or lien foreclosure proceedings against such OWNER or other OWNERS for the collection of such delinquent assessments.

The BOARD shall have the option to declare that the entire unpaid balance of an

assessment is due and payable in the event a default should be made on the payment of any installment of such assessment.

Section 3. 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 Foreclosure” of the lien is deposited in the U. S. 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 Recorder of the San Luis Obispo County, State of California, in which the properties are located; said notice must recite a good and sufficient legal description of any such LOT, the RECORD OWNER or reputed OWNER thereof, the amount claimed (which shall include interest on the unpaid assessment at the rate of ten percent (10%) per annum, plus reasonable attorney’s fees and expenses of collection in connection with the debt secured by said lien), and the name and address of claimant.

Section 4. Foreclosure Sale. Any such sale provided for above is to be conducted in accordance with the provisions of Section 2924, 2924(b) and 2924(c) of the Civil Code of the State of California, applicable to the exercise and 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 the foreclosure sale, and to acquire and hold, lease, MORTGAGE and convey the same.

Section 5. 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 of Foreclosure”, upon payment by the defaulting OWNER of a fee, to be determined by the ASSOCIATION, but not to exceed \$25.00 to cover the costs of preparing and filing or RECORDing such release, together with the payment of such other costs, interest or fees that shall have been incurred.

Section 6. Cumulative Remedies. The assessment lien and the rights to foreclose and sale thereunder shall be in addition to and not in substitution for 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 7. Subordination of Assessment Liens. If any LOT subject to a monetary lien created by any provision hereof shall be subject to the lien of a deed of trust made in good faith and for value, and which is RECORDED prior to the RECORDation of such “Notice of Foreclosure”: (1) the foreclosure of any lien created by anything set forth in this DECLARATION shall not operate to affect or impair the lien of such deed of trust; (2) the foreclosure of the lien of such deed of trust or the acceptance of a deed in lieu of foreclosure of the deed of trust shall not operate to affect or impair the liens provided by this DECLARATION, except that the liens provided by this DECLARATION for said charges as shall have accrued up to the foreclosure or the acceptance of the deed in lieu of foreclosure shall be subordinate to the lien of the deed of trust, with the foreclosure-purchaser or deed-in-lieu-grantee taking title free of the liens created by the provisions of this DECLARATION for all said charges that have accrued up to the time of the foreclosure or deed given in lieu of foreclosure, however, title shall be subject to the liens provided for in this DECLARATION for all said charges that shall accrue subsequent to the date of the completion of foreclosure or RECORDation of the deed given in lieu of foreclosure.

ARTICLE VII

DUTIES AND POWERS OF THE ASSOCIATION

Section 1. Duties and Obligations of the Association. The ASSOCIATION shall have the duties and obligations, subject to the DECLARATION, to do and perform each and every of the following for the benefit of the OWNERS, and for the maintenance and IMPROVEMENT of the properties of the ASSOCIATION and all properties annexed to TRACT 424, the HERITAGE RANCH PLANNED COMMUNITY and the ASSOCIATION.

(a) The ASSOCIATION shall accept as part of the ASSOCIATION, all property annexed to the HERITAGE RANCH PLANNED COMMUNITY and the ASSOCIATION, pursuant to Article II, and shall accept all OWNERS entitled to membership as MEMBERS of the ASSOCIATION.

(b) The ASSOCIATION shall accept title to all COMMON AREA and

easements from time to time conveyed to it by DECLARANT.

(c) The ASSOCIATION shall maintain, or provide for the maintenance of, the COMMON AREA, recreational facilities and all IMPROVEMENTs of whatever kind and for whatever purpose from time to time located on the COMMON AREA in good order and repair, including but not limited to the private ROADS, park areas, riding trails and bike trails; ROADS shall be maintained in a condition of repair at least equal to that of comparable streets of the County of San Luis Obispo, State of California.

(d) The BOARD shall, from time to time, make, establish, promulgate, amend and repeal the HERITAGE RANCH RULES according to the procedures set forth in the BYLAWS.

(e) The BOARD shall, from time to time, make, establish, promulgate, amend and repeal the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES and criteria pertaining to the functions and decisions of the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEES.

(f) The ASSOCIATION shall take such action, whether or not expressly authorized by this DECLARATION and any Supplementary DECLARATIONs, as may reasonably be necessary to enforce the COVENANTS, CONDITIONS AND RESTRICTIONS, of this DECLARATION and all Supplementary DECLARATIONs, the HERITAGE RANCH RULES, BYLAWS and the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES.

(g) The ASSOCIATION shall pay any real and personal property taxes and other charges assessed against the COMMON AREA.

(h) The ASSOCIATION shall have the authority to obtain, for the benefit of all of the COMMON AREA, all water, gas and electric services and refuse collection.

(i) The ASSOCIATION may grant easements where necessary for utilities and ROADS over the COMMON AREA to serve the COMMON AREA and the LOTs.

(j) The ASSOCIATION shall maintain such policy or policies of insurance as the BOARD deems necessary or desirable in furthering the purpose of protecting the interests of the ASSOCIATION and its MEMBERS.

(k) The ASSOCIATION shall 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.~~ (Obsolete Developer language shown as **double struck**)

(l) The ASSOCIATION shall have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the BOARD.

ARTICLE VIII
ARCHITECTURAL AND ENVIRONMENTAL CONTROL
COMMITTEES

Section 1. Architectural and Environmental Control Committees. All plans and specifications for any IMPROVEMENT or STRUCTURE whatsoever to be erected on or moved upon or to any LOT, and the proposed location thereof on any LOT or LOTs, the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof, and any remodeling, reconstruction, alterations or additions thereto on any LOT, and any EXCAVATION, FILL or removal of trees, shall be subject to and shall require the approval in writing before any such work is commenced of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 2. Number of Committees. There shall be seven (7) separate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEES. There shall be a separate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE for each of the following types of usage or development to be contained on real properties subject to the jurisdiction of the ASSOCIATION:

- (1) RECREATION VEHICLE LOTs;
- (2) Twenty (20) Acre LOTs (LOT approximately twenty (20) acres in size);
- (3) Single Family Residential LOTs;
- (4) CONDOMINIUMs and Multiple Family Residential LOTs;

- (5) MOBILE HOME LOTS;
- (6) Commercial and Industrial LOTS;
- (7) Unsubdivided Parcels Larger Than Twenty (20) Acres.

Section 3. Composition of Committees. Each ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall be composed of three (3) MEMBERS to be appointed by ~~DECLARANT~~ *the BOARD*. Each committee shall include two (2) MEMBERS who own LOTS within the HERITAGE RANCH PLANNED COMMUNITY in an area permitting the same land use as would come within the jurisdiction of the appropriate committee. (The third committee member may be an OWNER of any type of LOT in the HERITAGE RANCH PLANNED COMMUNITY, or may be a non-OWNER or non-MEMBER.) Each of said MEMBERS shall be an OWNER of a LOT in the usage area to be governed by such committee; for the purpose of this Article, Officers and/or Directors of a corporate owner shall qualify to serve as a member of such committee. ~~ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE members shall be subject to removal by DECLARANT and any vacancies from time to time existing shall be filled by appointment by DECLARANT, or in the event of DECLARANT's failure to so appoint within two (2) months after any such vacancy, then by the BOARD. The BOARD shall have complete control of the appointments and removal of the committee members, six (6) years after the date of the conveyance of the first LOT in the HERITAGE RANCH PLANNED COMMUNITY to an individual OWNER or when 6,120 LOTS have been conveyed in the HERITAGE RANCH PLANNED COMMUNITY, whichever occurs earlier, provided, however, DECLARANT may, at any time prior to the ASSOCIATION having such membership, relinquish DECLARANT's rights of appointment in favor of the BOARD.~~ (**Obsolete Developer language shown as *bold italic and double struck***)

Section 4. Submission of Plans. There shall be submitted to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE two (2) complete sets of plans and specifications for any and all proposed IMPROVEMENTS and STRUCTURES, the erection or alteration of which is desired. No IMPROVEMENTS or STRUCTURES of any kind shall be erected, altered, placed or maintained upon any LOT unless and until the final plans

and specifications for such IMPROVEMENT or STRUCTURE have received the written approval of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE. Plans submitted to the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall include plot plans showing the location on the LOT of the building, wall, fence or other IMPROVEMENT or STRUCTURE proposed to be constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof, proposed EXCAVATION, FILL and tree removal, if any, and proposed landscape planning. In addition, topography maps prepared by a registered civil engineer or a licensed land surveyor shall be included as part of all plans. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall approve or disapprove plans, specifications and details within thirty (30) days from the receipt thereof, or shall notify the person submitting them that an additional period of time, not to exceed fifteen (15) days, is required for such approval or disapproval. Plans, specifications and details not approved or disapproved within the time limits provided herein shall be deemed approved as submitted. One (1) set of said plans, specifications and details with the approval or disapproval, endorsed thereon by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, shall be returned to the person submitting them and the other copy thereof shall be retained by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE for its permanent files. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the provisions of the applicable DECLARATION, if the design or color scheme of the proposed IMPROVEMENT or STRUCTURE is not in harmony with the general surroundings of such LOT or with the adjacent IMPROVEMENTs or STRUCTUREs, or entails excessive grading, EXCAVATION or FILL, or removal of trees, or does not provide adequate drainage of a LOT and adjacent areas; or if the plans and specifications are incomplete. The decisions of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall be binding. Provided, however, that any OWNER who desires to appeal the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision may do so by filing a written

request for review with the BOARD specifying each and every reason for any dissatisfaction with the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision. The BOARD, in its discretion, may consider the factors specified, the request for review and any additional information related to such factors. The BOARD may then reject the OWNER's appeal or reverse the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE's decision and the BOARD's decision shall be final. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, the ASSOCIATION, the DECLARANT, and their architects or agents shall not be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects, and any work done according to such plans and specifications.

(a) In the event that the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE should reject any plans suggesting revisions and modifications, then any resubmittal of such plans, as revised and modified, shall be handled in the same manner as if the plans were an original submission to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

(b) The OWNER of a LOT shall submit ~~his~~ **the required** particular plans to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, subject to the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES and procedures as are established from time to time by the BOARD for the filing and approval or disapproval of plans and specifications by the ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEES. **(Amended December 5, 2001)**

(c) Each ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall notify the Planning and Building Department of the County of San Luis Obispo, State of California, and the ASSOCIATION's General Manager, in writing, of the name and address of an OWNER whose plans have been approved by such committee, and the date of approval of such plans.

Section 5. Number of Parking Spaces per Lot. Each OWNER in this TRACT shall construct or cause to be constructed upon ~~his~~ **the OWNER's** LOT two (2) off-ROAD parking

spaces at such time as the LOT is improved with a residential dwelling. Each space shall be of sufficient size to accommodate a standard size automobile and at least one (1) of the parking spaces shall be in the form of a carport or garage constructed in accordance with the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES. **(Amended December 5, 2001)**

Section 6. Construction Timeline. Every building, dwelling, IMPROVEMENT or STRUCTURE, the construction or placement of which is begun on any LOT in this TRACT shall have the exterior of the building, dwelling, IMPROVEMENT or STRUCTURE, and all landscaping, completed within six (6) months after the beginning of such construction or placement of such building, dwelling, IMPROVEMENT or STRUCTURE on the LOT, and the interior shall be completed within twelve (12) months from the commencement of such construction, placement of the building, dwelling, IMPROVEMENT or STRUCTURE on such LOT.

Section 7. Roofing Materials. Every building, dwelling, IMPROVEMENT or STRUCTURE having a roof shall use a roof covering material of cedar shakes, wood shingles, clay or cement tile, **asphalt composition shingles**, or ~~built-up~~ **built-up** roofing and colored rock or other material approved by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE; provided, however, the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE may not, under any conditions, allow any ~~asphalt shingles or~~ rolled roofing to be used as a roof covering material. **(Amended January 8, 1987)**

Section 8. Mandatory Construction Site Trash Container. During the period of construction on any LOT, all building materials, equipment and activities shall be confined and carried out within the boundaries of the LOT and shall not encroach upon adjacent property. All trash and debris shall be placed in a trash container on a daily basis which is equipped with a cover, and construction materials shall be kept in a neat and orderly condition.

Section 9. Construction Site Materials. All IMPROVEMENTs or STRUCTUREs constructed or placed on any LOT shall be constructed with new material and no used IMPROVEMENTs, STRUCTUREs or material (except used brick) shall be placed, moved onto

or erected on, or relocated on any LOT.

Section 10. Grading of Lot. The grading of any LOT in this TRACT shall be kept to an absolute minimum and shall not be permitted except to accommodate IMPROVEMENTS, STRUCTURES, driveways and drainage. All LOT grading must be done in accordance with an approved plan and design submitted to and approved by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 11. Fences. The appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE shall have the authority to set up regulations as to the size, type, design and location of all fences and walls which may be constructed on a LOT.

Section 12. Exterior Lighting. There shall be no exterior lighting of any sort either installed or maintained on any LOT, IMPROVEMENT or STRUCTURE, the light source of which is VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS.

ARTICLE IX

SIZE AND PLACEMENT OF RESIDENCE AND STRUCTURE

Section 1. Minimum Square Footage of Residence. Every residential dwelling constructed on a LOT in this TRACT shall contain the following minimum square feet of fully enclosed floor area, devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages and other outbuildings):

LOT Nos. ~~109 through 116, 122 through 133, 48, 50, 60, 62, 28, 29, 46, 47, 26 and 27~~ **26 through 29, 46 through 50, 60 through 62, 109 through 116 and 122 through 133:** four-hundred and eighty (480) square feet;

LOT Nos. ~~117 through 121, 87 through 108, 51, 52, 56, 59, 31 through 35, 41, 46, 1 through 6, 13, 16, 21, 22, 23 and 25~~ **1 through 6, 13 through 16, 21 through 25, 30 through 35, 41 through 45, 51, 52, 56 through 59, 87 through 90, 99 through 108, 117 through 121:** seven-hundred and twenty (720) square feet;

LOT Nos. ~~91 through 98, 63 through 86, 53, 55, 32, 33, 36 through 40, 7 through~~

~~12 and 17 through 20~~ **7 through 12, 17 through 20, 36 through 40, 53 through 55, 63 through 86, 91 through 98:** nine-hundred and sixty (960) square feet.

Each such dwelling shall be of single story construction; provided, however, that split level or two (2) story residences may be constructed only on LOT Nos. 8 through 12, 17 through 21, 36 through 40, 51 through 55, 75 through 79 ~~and~~, 96 through 98 **and 118 through 122.**
(Amended July 10, 1972)

Section 2. Contiguous Lots, Single Story Residence Defined. Whenever two (2) or more contiguous LOTS in this TRACT shall be owned by the same person, such person shall, if ~~he so desires~~ **desired**, use the said two (2) or more LOTS as a site for a single dwelling residence. The LOTS constituting the site for such single dwelling residence shall be treated as a single LOT for the purpose of applying these restrictions to said LOTS, so long as the LOT is being improved with a single dwelling residence. For purposes of this DECLARATION, a "single story" residence is defined as follows: the residence shall appear as a single story when viewed from the ROAD. The maximum height of the STRUCTURE shall not exceed fifteen (15) feet in height above the main floor level and the area above the main floor ceiling shall not be designed, built or used for habitable space. On LOTS which slope from front to rear, it shall be permissible to construct a limited lower floor area below the main floor which does not exceed one half (1/2) the floor area of the main floor. In no event shall the main floor elevation be constructed more than eighteen (18) inches above the finished ground level along the elevation of the residence facing any ROAD when any partial floor is built below the main floor. **(Amended December 5, 2001)**

Section 3. Single Family Residence. No LOT in this TRACT shall be used except for single family residential purposes. No STRUCTURE shall be erected, placed or permitted to remain on any LOT in this TRACT other than one (1) detached, single family residential dwelling and such outbuildings as are usually accessory to a single family residential dwelling, including a private garage or carport.

Section 4. Setbacks, Party Walls. Each LOT in this TRACT has a specified and dimensioned area set forth on the RECORDED SUBDIVISION MAP, which limits the extent of

the portion thereof upon which any IMPROVEMENT or STRUCTURE can be constructed. No IMPROVEMENT or STRUCTURE shall be erected on any LOT in this TRACT unless within the building setback lines (except fences or walls where approved or required by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE). The following are the minimum dimensions for front, side and rear setbacks on all LOTS in this TRACT:

(a) Twenty (20) feet from the FRONT LINE of each LOT abutting the street or ROAD.

(b) Twenty (20) feet from the REAR LINE of each LOT.

(c) Side yard setbacks are as designated on the SUBDIVISION MAP for this TRACT; (side yard setbacks are delineated by the setback line contained on the SUBDIVISION MAP for this TRACT). Where a zero (0) side yard is designated, the rights and liabilities of the adjacent LOT OWNERS shall be as follows:

(1) Dwelling units may be located immediately adjacent to a SIDE LINE where the setback line is the same as the SIDE LINE.

(2) Exterior walls of a single family residence which are located within twelve (12) inches of a LOT line shall be designated party walls. Each party wall shall be owned by the OWNER of the LOT on which the residence is located.

(3) The party wall OWNER shall have a five (5) foot maintenance easement over the LOT adjacent to the party wall. This easement shall be adjacent to and parallel with the party wall. The easement is to allow the party wall OWNER and ~~his~~ **the OWNER's** agents, employees or contractors access during daylight hours only for maintenance and repair purposes. **(Amended December 5, 2001)**

(4) The OWNER of the LOT on which the maintenance easement is located may landscape within the easement, subject to the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE RULES. The OWNER of the party wall shall have no liability for damage to or removal of any STRUCTURES, decorations or landscaping erected or placed within four (4) feet of the party wall; provided, however, that such damage or removal is not unreasonable and is necessarily required by such maintenance or repair work. Before initiating any maintenance or repair work, the party wall owner shall give the OWNER of

the LOT upon which the maintenance easement is located twenty-four (24) hours notice of his **the party wall OWNER's** intention to begin said repair or maintenance. **(Amended December 5, 2001)**

~~(5) The party wall OWNER shall have the right to maintain eaves or projections or other architectural features of a single family home over the easement up to a maximum of thirty six (36) inches from the party wall when such eaves or features are a part of the original STRUCTURE.~~ **(Shown as double struck due to being obsolete according to the Planning and Building Department of the County of San Luis Obispo, State of California.)**

(6) The party wall OWNER's easement shall be limited to the purposes, terms and conditions as set forth herein.

ARTICLE X

EASEMENTS

Section 1. Ingress/Egress/Maintenance of Property Over Common Area. An easement over the COMMON AREA for the purposes of ingress, egress and maintenance of IMPROVEMENTs on property adjacent to the COMMON AREA is hereby reserved by DECLARANT, together with a right to grant and transfer the same or any part or right thereof or therein.

Section 2. Utility Easements Over the Common Area. Easements over the COMMON AREA for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities are hereby reserved by DECLARANT, together with the right to grant and transfer the same.

Section 3. Utility Easements Over Lots. There is hereby reserved by DECLARANT an easement over the rear six (6) feet of each LOT, and six (6) feet along each SIDE LINE of each LOT, except the side of the LOT which is within the area designated on the SUBDIVISION MAP of the TRACT as the building area, said building area being delineated by the broken line designated on the said SUBDIVISION MAP as the setback line. The reservation shall allow DECLARANT to place on, under or across such easement area, public utilities, (including, but not limited to, water, gas, sanitary sewer, electric, telephone and drainage), drainage facilities,

transmission lines and facilities for a community antenna television system and the right to enter upon the easement area of such LOT to service, maintain, repair, reconstruct and replace said utilities, lines or facilities, together with the right to grant and transfer the same; provided, however, that the exercise of such rights does not unreasonably interfere with the OWNER's reasonable use and enjoyment of said LOT. Within these easements, no STRUCTURE, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or lines, or which may damage, interfere, or change the direction of flow of drainage facilities in the easements. The easement area of each LOT in this TRACT and all of OWNER's IMPROVEMENTs thereon shall be maintained continuously by the OWNER of the LOT, or if in the COMMON AREA, by the ASSOCIATION, except for those IMPROVEMENTs for which a public authority or utility company is responsible.

Section 4. Reciprocal Appurtenant Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each LOT in this TRACT, and such portion or portions of the COMMON AREA adjacent thereto, and/or as between adjacent LOTs due to settling or shifting of the IMPROVEMENTs and STRUCTUREs constructed, reconstructed or altered thereon (in accordance with the terms of this DECLARATION) to a distance of not more than two (2) feet as measured from any point on the common boundary between each LOT and the adjacent portions of the COMMON AREA or as between said adjacent LOTs, as the case may be, along a line perpendicular to such boundary at such point.

ARTICLE XI

GENERAL USE RESTRICTIONS

Section 1. Lot Use. LOTs shall be used only for those purposes prescribed by DECLARANT's DEVELOPMENT PLAN, the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION and Conditional Use Permits issued by the County of San Luis Obispo, State of California.

Section 2. Trash. No trash, rubbish, garbage or other refuse shall be dumped or stored on any LOT. No outside burning of trash or garbage shall be permitted on any LOT.

Section 3. Noxious or Offensive Activities. No noxious or offensive activities shall

be carried on upon any LOT nor shall anything be done on any LOT that shall be or become an unreasonable annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the OWNERS of each respective LOT.

Section 4. Maintenance of Lots. All LOTs, whether occupied or unoccupied, and any IMPROVEMENTs or STRUCTUREs placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such LOT or the accumulation of rubbish or debris thereon. In the event any such LOT or any IMPROVEMENT or any STRUCTURE thereon is not so maintained, the ASSOCIATION shall have the right, through its agents and employees to enter thereon for the purpose of maintenance, restoration or repair, the cost of which shall be added to and become a part of the annual assessment to which such LOT is subject.

Section 5. Fuel Storage, Trash Screening. Every tank for the storage of fuel installed outside any building, IMPROVEMENT, or other STRUCTURE in this TRACT shall be buried below the surface of the ground or otherwise completely screened, to the satisfaction of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE. Every outdoor receptacle for ashes, trash, rubbish or garbage in this TRACT shall be installed underground, screened or so placed and kept as not to be visible from any COMMON AREA, including ROADS, or lake within the property at any time except during refuse collection.

Section 6. Parking/Storing Campers, Recreational Vehicle Units, Boats/Trailers. The parking, storage or keeping of any ~~truck,~~ camper, boat, trailer or RECREATION VEHICLE upon a LOT in this TRACT ~~so as to visible to the occupants of other lots or the users of any street, or within the area between the street right-of-way line and the front setback line of the lot, or in the side setback area of any corner lot, is expressly prohibited, except as to those lots designated for such parking and storage~~ **is permitted under a carport or in a garage. If parked in a side yard or backyard it must be screened so as not to be visible to the occupants of other lots or streets.** *in a driveway, under a carport, in a garage, in a sideyard or backyard. ROAD parking must have a temporary parking permit from the General Manager and must not interfere with emergency vehicles, mail delivery or neighborhood traffic.* (Amended July 23, 1976) and (Amended May 15, 2001)

Section 7. Mobile Homes, Recreational Vehicle Units, Tents, Temporary Living Quarters. No MOBILE HOME, RECREATIONAL VEHICLE UNIT, tent, or other temporary living quarters may be placed, maintained or occupied on any LOT in this TRACT; except that the OWNER thereof, upon completion and occupancy of the principal dwelling, may store such items on ~~his~~ **the OWNER's** LOT in a reasonable manner, within the areas allowed, as described in Section 6 of this Article, unless otherwise prohibited by the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION. **(Amended December 5, 2001)**

Section 8. Motorcycle Riding. No motorcycle riding shall take place within the TRACT if such motorcycle shall emit sounds having a decibel rating higher than that established from time to time by the HERITAGE RANCH RULES.

Section 9. Outside Laundry Areas. There shall be no outside drying or laundry areas VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS.

Section 10. Signs. No sign of any kind or for any use or purposes whatsoever shall be erected, posted, pasted, painted or displayed upon any of said LOTS in this TRACT, or upon any building, IMPROVEMENT or other STRUCTURE, except house numbering devices and signs giving notice that the property is for sale or lease, which signs shall be approved as to size, style and location by the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE, provided, however, the foregoing shall not apply to "For Sale" signs which are of a size, design, color and configuration commonly used in the area, and in no event shall this Section be deemed to place restrictions upon "For Sale" signs which are inconsistent with the provisions of Section 712 et seq. of the Civil Code of the State of California. Provided, that the foregoing covenant shall not apply to the business activities, signs and billboards, if any, of DECLARANT (including its assigns), and DECLARANT's agents, during the period of construction and sale of LOTS within the HERITAGE RANCH PLANNED COMMUNITY.

Section 11. Quantity and Type of Animals Allowed. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said LOTS in this TRACT, except that two (2) dogs, cats or other usual household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. The BOARD shall have the power and right to adopt rules and regulations for the control of household pets within the TRACT, including but not

limited to, the control of pets in the COMMON AREA, or in areas open to the general public.

Section 12. Television and Radio Antennas. OWNERS shall not construct, install or maintain an outside television or radio antenna after the time that cable television becomes available to them at rates of charge for installation and monthly service commensurate with the rates charged by comparable systems.

Section 13. Prohibition of Wells. No well for the production of, or from which there is produced water, oil or gas, shall be operated or constructed upon any LOT in this TRACT, nor shall any machinery, appliance or STRUCTURE be placed, operated or maintained thereon for use in connection with any commercial, retail, service, trading, manufacturing or repairing business.

Section 14. Common Area Restrictions. OWNERS shall not alter or construct on or remove from the COMMON AREA anything except upon the written consent of the ASSOCIATION.

Section 15. Commercial Use Restrictions in Common Area. No part of the COMMON AREA of this TRACT shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, store, vending or any other purpose other than maintaining same as an UNDEVELOPED NATURAL COMMON AREA, ROAD, sidewalk, riding trail, bicycle trail or other recreational usage. Nothing contained in this Section shall be construed to impede or prohibit commercial and business vehicles, automobiles, trucks or other means of conveyance from using the private ROADS and easements located in the COMMON AREA for purposes of ingress and egress to and from LOTs, parking areas and other areas served by such ROADS and easements.

Section 16. Tree Cutting. No tree in excess of three (3) inches in diameter, measured at a point of twelve (12) inches above the ground shall be removed from any LOT without first obtaining the written consent of the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 17. Outside Toilets. No outside toilet shall be constructed upon any LOT. All plumbing, fixtures, dishwashers, toilets or sewage disposal systems shall be connected to the

community sewage system.

Section 18. Occupancy Permits. No residence, IMPROVEMENT or STRUCTURE shall be occupied until the same has been substantially completed in accordance with its plans and specifications and the certificate permitting occupancy shall have been issued by the Planning and Building Department of the County of San Luis Obispo, State of California, or other appropriate governmental agency.

Section 19. Rebuilding After Destruction. An IMPROVEMENT or STRUCTURE which has been partially or totally destroyed by fire, earthquake or otherwise, shall not be allowed to remain in such state for more than three (3) months from the time of such destruction.

Section 20. Commercial Trash Service. In order to enhance the appearance and orderliness of the subdivision, the DECLARANT hereby reserves for itself the exclusive right to operate a commercial scavenging service within the HERITAGE RANCH PLANNED COMMUNITY for the purpose of removing garbage, trash and other like household refuse. Such refuse collection and removal service shall be provided not less often than once each week on a day or days designated by the DECLARANT. The charge to be made for such refuse collection and removal service shall be at a reasonable rate commensurate with the rates charged by commercial scavengers serving other subdivisions of high standards in the area and shall be subject to change from time to time.

Section 21. Temporary Structures. No temporary STRUCTURE or other outbuildings shall be placed or erected on a LOT in this TRACT; provided, however, that the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE may grant permission for any such temporary STRUCTURE for storage of materials during construction. No such temporary STRUCTURES which may be approved shall be used at any time as a dwelling place. For purposes of this Section, outbuildings and temporary STRUCTURES do not include items which may be stored on a LOT as provided in Sections 6 and 7 of this Article.

Section 22. Wrecked/Junked Vehicle, Size of Vehicle. No stripped down, partially wrecked or junked motor vehicle or sizable part thereof, shall be permitted to be parked on any ROAD or on any LOT in such a manner as to be VISIBLE FROM NEIGHBORING LOTS or the COMMON AREA, including ROADS. No truck larger than three-quarter (3/4) ton shall be

parked, for overnight (or longer), or stored, on any LOT in this TRACT.

Section 23. Model Homes. No OWNER of any LOT in this TRACT shall build or permit the building on such LOT, or the advertising of any dwelling unit or other IMPROVEMENT or STRUCTURE that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the appropriate ARCHITECTURAL AND ENVIRONMENTAL CONTROL COMMITTEE.

Section 24. Shortwave Radio or Radio Stations. No radio station or shortwave operators of any kind shall operate from any LOT or any IMPROVEMENT or STRUCTURE situated on such LOT in this TRACT.

Section 25. Fences in Front Setback. No part of any fence or wall shall be constructed or placed within the front yard setback area of any LOT in this TRACT. For the purposes of this paragraph, front yard setback area shall mean the part of the LOT that lies between the line of the street or ROAD on which the LOT abuts and the required setback from the FRONT LINE of the LOT. No fence or wall shall be constructed or placed within that part of any LOT that is contiguous to either a lake or golf course, that lies within twenty (20) feet of the REAR LINE, and no part of any fence or wall constructed or placed in the rear yard of any LOT that is contiguous to a lake or golf course shall exceed three (3) feet in height. Any fence that is permitted within the TRACT and is not subject to the height limitations set out in the preceding sentence may have a height not in excess of ~~five (5)~~ **six (6)** feet. **(Amended November 3, 2008)**

Section 26. Prohibition of Judicial Partition of the Common Area. There shall be no judicial partition of the COMMON AREA, nor shall any person acquiring any interest in the TRACT or any part thereof seek any judicial partition thereof, provided, however, that if any LOT shall be owned by two (2) or more co-tenants as tenants in common, or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such co-tenants.

Section 27. Development and Sale of Lots. DECLARANT intends to develop the TRACT in accordance with DECLARANT's DEVELOPMENT PLAN as same may be, from time to time, modified. Completion of that work and the sale, rental and other disposal of the LOTS and parcels in the HERITAGE RANCH PLANNED COMMUNITY is essential to the

establishment and welfare of this TRACT. In order that said work may be completed and this TRACT be established as part of a fully planned community as rapidly as possible, nothing contained in Section 15 of this Article XI, nor anything contained in any other Article or Section of this or any other DECLARATION shall be understood or construed to:

(a) Prevent DECLARANT, or its contractors, or subcontractors, from doing on this TRACT or any parts thereof, whatever it determines to be reasonably necessary or advisable in connection with the completion of DECLARANT's development work; or

(b) Prevent DECLARANT, or its representatives, from erecting, constructing and maintaining on any part or parts of this TRACT owned or controlled by DECLARANT, or its contractors or subcontractors, such IMPROVEMENTS or STRUCTURES as may be reasonably necessary for the conduct of its business of completing said work and establishing this TRACT as a residential subdivision and disposing of the same in LOTS and parcels by sale, lease, or otherwise; or

(c) Prevent DECLARANT, or its contractors or subcontractors, from maintaining such sign or signs on any of said LOTS owned or controlled by it as may be necessary in connection with the sale, lease or otherwise of the TRACT. As used in subparagraphs in this Section, the words "its transferees" specifically does not include purchasers of individual LOTS within the TRACT.

(d) Prevent DECLARANT from obtaining ingress and egress over the COMMON AREA or exercising any rights, easements or licenses in, on, or over the COMMON AREA, as more particularly reserved to DECLARANT in this DECLARATION or as may be contained in other RECORDED documents.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Right to Enforce Governing Documents. DECLARANT, the ASSOCIATION, or any OWNER, shall have the right to enforce, by any proceeding at law or in equity, all COVENANTS, CONDITIONS AND RESTRICTIONS, and reservations, liens and charges now or hereafter imposed by the provisions of this DECLARATION. Failure by the

DECLARANT, the ASSOCIATION or by any OWNER to enforce any of the COVENANTS, CONDITIONS AND RESTRICTIONS herein contained shall in no event be deemed a waiver of the right to do so thereafter. The foregoing right shall include the right to commence proceedings at law or in equity to prevent the occurrence, continuation or violation of any of the COVENANTS, CONDITIONS AND RESTRICTIONS, and/or equitable servitudes set forth in this DECLARATION. The remedies specified in this DECLARATION are cumulative, and this specification of said remedies shall not be taken to preclude an aggrieved party's resort to any other remedy at law, in equity, or under any statute.

Section 2. Invalid Covenants, Conditions and Restrictions. In the event any of the COVENANTS, CONDITIONS AND RESTRICTIONS herein contained shall be invalid or held invalid or void by any court of competent jurisdiction, such invalidity or nullity shall in no way affect any of the other COVENANTS, CONDITIONS AND RESTRICTIONS herein contained.

Section 3. Covenants, Conditions and Restrictions Run With the Land. The COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION shall run with the land and bind the land, and shall inure to the benefit of, and be enforceable by the DECLARANT, the ASSOCIATION, the OWNER of any LOT subject to this DECLARATION or the OWNER of any LOT subject to any of the COVENANTS, CONDITIONS AND RESTRICTIONS in any Supplementary DECLARATIONS, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date the DECLARATION is RECORDED, after which time, said DECLARATION or Supplementary DECLARATION shall be automatically extended for successive periods of ten (10) years unless the then OWNERS of the LOTS subject to the DECLARATION or Supplementary DECLARATION, agree to change the COVENANTS, CONDITIONS AND RESTRICTIONS in whole or in part.

Section 4. Amending the Covenants, Conditions and Restrictions. These restrictions may be amended at any time and from time to time by an instrument in writing, signed by the OWNERS of seventy-five percent (75%); or more, of the LOTS in this TRACT. The written instrument amending these restrictions shall become effective upon the RECORDING of same in the Office of the Recorder of the County of San Luis Obispo, State of California.

Section 5. Declarant Rights, Powers or Remedy. No delay or omission on the part of DECLARANT in exercising any rights, powers or remedies herein provided, in the event of any breach of the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION herein contained, shall be construed as a waiver thereof or acquiescence therein; nor shall a waiver of any breach as described herein be construed as a waiver of any subsequent breach. No right of action shall accrue nor shall any action be brought or maintained by anyone against DECLARANT for or on account of its failure to bring any action on account of any breach of the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION, or for imposing any of the COVENANTS, CONDITIONS AND RESTRICTIONS in this DECLARATION which may be unenforceable by DECLARANT.

Section 6. Violation of Covenants, Conditions and Restrictions by Act or Omission. The result of every act or omission, whereby any provision, any of the COVENANTS, CONDITIONS AND RESTRICTIONS, or any reservation or easement 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 ASSOCIATION, or any other OWNER in the HERITAGE RANCH PLANNED COMMUNITY. Such remedies shall be deemed cumulative and not exclusive.

Section 7. Singular/Plural. Whenever the context of this DECLARATION requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 8. Declarant's Development Plan. The DECLARANT herein intends to develop the real property described in Exhibit "B" in accordance with DECLARANT's DEVELOPMENT PLAN. DECLARANT's DEVELOPMENT PLAN provides for development of the said real property in increments over a period of years. From time to time, DECLARANT may modify, amend, delete or otherwise change its DEVELOPMENT PLAN. No right of action shall accrue nor shall any action be brought or maintained by anyone against DECLARANT for or on account of any modification, amendment, deletion or other change from or to DECLARANT's DEVELOPMENT PLAN, or for the DECLARANT's failure to complete any particular item contained on its DEVELOPMENT PLAN; provided, however, that recreational

facilities which DECLARANT advertises that it shall build, will be built by DECLARANT or its agents, employees, contractors or subcontractors, and DECLARANT shall obtain, at its cost and expense, a completion bond in favor of the County of San Luis Obispo, State of California, and/or the ASSOCIATION insuring the completion of such recreational facilities.

Section 9. Fire Insurance in the Common Area. The ASSOCIATION shall carry fire insurance with an extended coverage endorsement or other form of coverage providing equal or greater protection in the amount of the full insurable value of all buildings, IMPROVEMENTS and other STRUCTURES situated within the COMMON AREA, excluding trees, shrubs and other foliage. All losses covered by insurance shall be payable to the ASSOCIATION and are to be used for repair, rebuilding or replacement of any IMPROVEMENT or STRUCTURE which is damaged or destroyed by fire. In the event of damage to or destruction of any building, IMPROVEMENT or STRUCTURE situated within the COMMON AREA, the BOARD shall cause the same to be repaired, rebuilt or replaced if the insurance proceeds are sufficient to cover the cost of repair. In the event the cost of such repair, rebuilding or replacement exceeds the insurance proceeds payable by reason of said damage or destruction, the BOARD shall pro rate the excess cost of repair among the OWNERS of LOTS in the form of a special assessment. The levying of said special assessment shall be subject to the BOARD obtaining written consent or vote of a majority of the OWNERS to make such repairs, rebuilding or replacement in accordance with the provisions of Section 4, Article V of this DECLARATION.

ARTICLE XIII

GRANTEE'S TITLE

Section 1. Declarant Conveys Fee Title. DECLARANT shall convey fee title to LOTS within the TRACT by grant deed subject to:

- (a) The COVENANTS, CONDITIONS AND RESTRICTIONS, and equitable servitudes as set forth herein;
- (b) Covenants, conditions, reservations, easements and rights of way of record;
- (c) The reservation to DECLARANT of all oil, gas, gasoline

and other hydrocarbon substances and all other minerals underlying and within the boundaries of such LOT below a depth of one-hundred (100) feet, without right of surface entry (subject, however, to existing reservations, if any, which are valid and of RECORD); and

(d) The reservation of any and all water rights regarding said property, without right of surface entry.

Such grant deed shall convey title to the LOT only, the boundaries of which shall be the SIDE LINEs, REAR LINEs and FRONT LINEs as designated on the SUBDIVISION MAP, excluding any fee interest in the COMMON AREA, including, but not limited to, adjacent ROADs in the TRACT.

ARTICLE XIV

GRANTEE'S ACCEPTANCE

Section 1. Grantee's Acceptance of Title. The grantee of any LOT subject to the coverage of this DECLARATION by acceptance of a deed conveying title to any LOT, or the execution of a contract for the purchase thereof, whether from DECLARANT or a subsequent OWNER of such LOT, shall accept such deed or contract upon and subject to each and all of these COVENANTS, CONDITIONS AND RESTRICTIONS, and/or equitable servitudes and the agreements herein contained, and by such acceptance shall for ~~himself~~ **the grantee, his the grantee's** heirs, personal representatives, successors and assigns, covenant, consent and agree to and with DECLARANT, and to and with the grantees and subsequent OWNERs of each of the LOTs within this TRACT and within the HERITAGE RANCH PLANNED COMMUNITY to keep, observe, comply with and perform said COVENANTS, CONDITIONS AND RESTRICTIONS, equitable servitudes and agreements. **(Amended December 5, 2001)**

Section 2. Assumption of Risk. Each such grantee also agrees, by such acceptance, to assume, as against DECLARANT, all the risks and hazards of ownership or occupancy attendant to such LOT.

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has hereunto set its hand and seal this 2nd day of May, 1972.

DECLARANT:

HERITAGE RANCH AND CATTLE COMPANY
A California Corporation

By /s/ W. Gordon Heath

By /s/ John F. Biggs

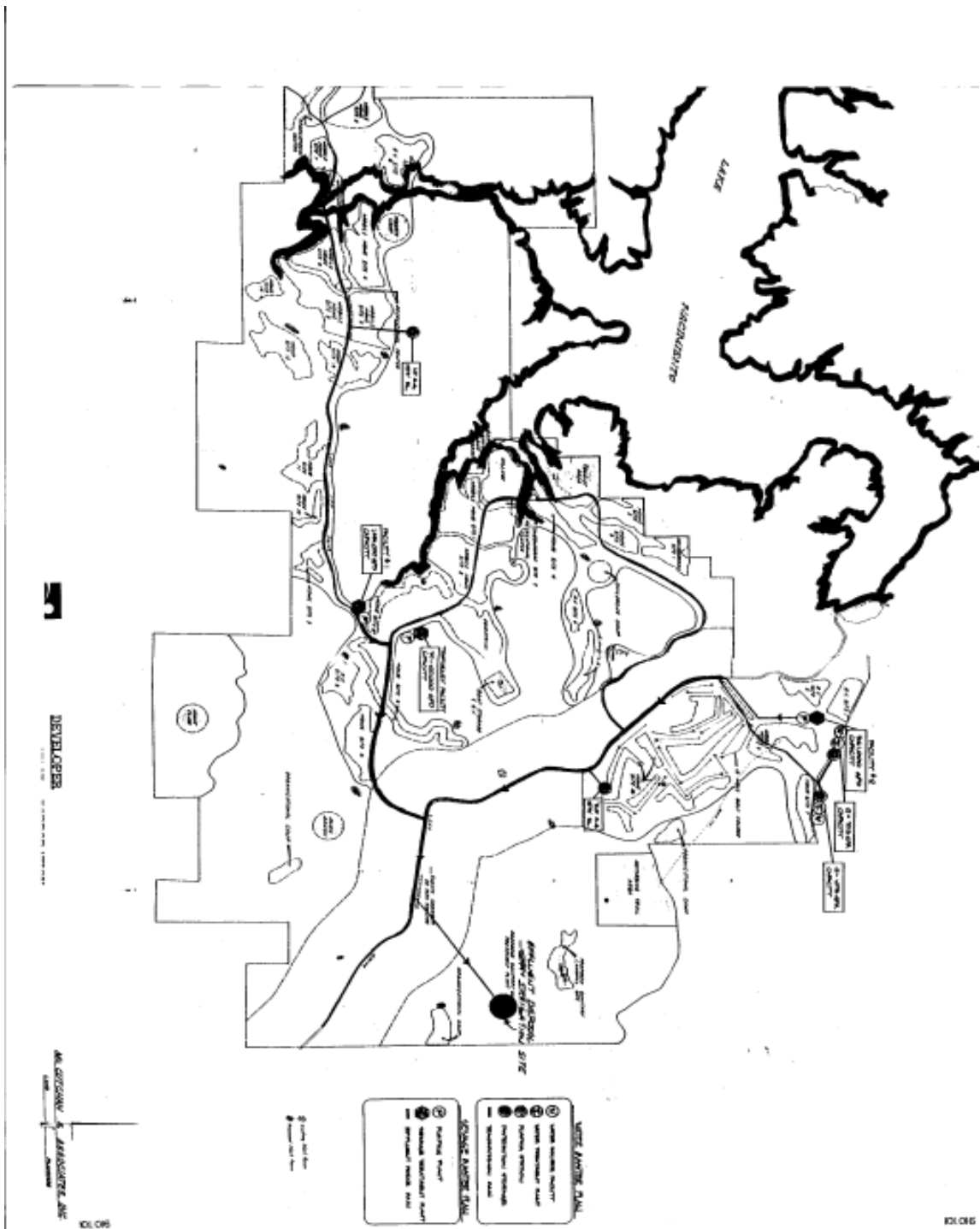


Exhibit "A"

Exhibit "B"

The land referred to in this policy is situated in the State of California, County of San Luis Obispo, State of California, and is described as follows:

PARCEL 1

The Southeast $\frac{1}{4}$ of Section 15, The West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 14, together with all that part of the South half of the Northwest quarter, the Southwest quarter of the Northeast quarter and the Southwest $\frac{1}{4}$ of Section 14 and all that part of the Northeast $\frac{1}{4}$ of Section 15 all in Township 25 South, Range 10 East, Mount Diablo Base and Meridian, in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General, that lies Southerly of the center line of Nacimiento River, which said center line is particularly described as follows:

Beginning at a stake marked B. 15 in the South line of the Southwest quarter of the Northwest quarter of Section 16, Township 25 South, Range 10 East, distant thereon South $89\frac{1}{2}$ deg. East, 7.43 chains from the quarter section corner in the West line of said Section, and running thence down the center of said river on the following courses and distances, to wit: North 32 deg. West, 10.56 chains to stake marked B. 14; North $3\frac{3}{4}$ deg. East, 11.07 chains to stake marked B. 13, from which a concrete rock 6 feet in diameter and 8 feet high bears South 61 deg. East, 109 links distant, North 28 deg. East, 10.63 chains to stake marked B. 12 (about 300 feet up the river from the deep hole in Section 16); North $71\frac{1}{4}$ deg. East, 12.66 chains to stake marked B. 11; North $67\frac{3}{4}$ deg. East, 23.62 chains to stake marked B. 10, from which a cottonwood 10 inches in diameter bears South 13 deg. East 81 links distant; North $80\frac{3}{4}$ deg. East, 10.86 chains to stake marked B. 9; South $85\frac{3}{4}$ deg. East, 7.65 chains to stake marked B. 8 from which a sycamore tree 20 inches in diameter bears South $21\frac{1}{2}$ deg. East, 60 links distant; South 54 deg. East, 24.90 chains to stake marked B. 7 from which the Northwest corner of said Section 15 bears North $4\frac{1}{2}$ deg. East, 12.35 chains distant; South $47\frac{3}{4}$ deg. East, 15.14 chains to stake marked B. 5; thence North 65 deg. East, 9.20 chains to stake marked B. 4; thence North $74\frac{1}{2}$ deg. East, 18.18 chains to stake marked B. 3 from which a sycamore tree 12 inches in diameter bears North 49 deg. West, 66 links distant; thence North $85\frac{3}{4}$ deg. East, 24.57 chains to stake marked B. 2; thence South $66\frac{1}{2}$ deg. East, 19.02 chains to Station B. 1 set in bed of Nacimiento River, and in the East line of said Section 15, from which the quarter section corner in the East line of said Section 15 bears South 2 deg. East, 12.93 chains distant, and a live oak tree 12 inches in diameter bears South 25 deg. West 370 links distant; thence continuing down the center line of said Nacimiento River South $66\frac{1}{2}$ deg. East 11.58 chains to a stake marked "A. F. 1" from which a cottonwood tree 18 inches in diameter bears North $64\frac{1}{2}$ deg. East, 132 links distant; thence South $62\frac{1}{2}$ deg. East, 12.76 chains to a stake marked "A. F. 2"; thence South $75\frac{1}{2}$ deg. East, 17.30 chains to a stake marked "A. F. 3"; thence East 10.63 chains to a stake marked "A. F. 4"; thence North $72\frac{3}{4}$ deg. East, 9.95 chains to a stake marked "A. F. 5", at the terminus of said line in said river, from which the Southeast corner of the Southwest quarter of the Northeast quarter of said Section 14 bears South 3.41 chains distant, and a sycamore tree 16 inches in diameter bears North 75 deg. West, 124 links distant.

EXCEPTING that portion of Section 15 herein described condemned to Monterey County Flood Control and Water Conservation District, a body politic and corporate, of the State of California, by the Final Judgment of Condemnation dated October 6, 1958, a certified copy of which was recorded October 22, 1958 in Book 963, page 399 of Official Records.

PARCEL 2

The West $\frac{1}{2}$, the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ and the Southeast $\frac{1}{4}$ of Section 23, the Southwest $\frac{1}{4}$, the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ and the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 24 together with all that part of the Southeast quarter of the Northeast quarter of Section 23, and of the South half of the Northeast quarter, the Northeast quarter of the Southeast quarter and the South half of the Northwest quarter of Section 24, in Township 25 South, Range 10 East, Mount Diablo Base and Meridian, in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General, lying South of the following described line, to wit:

Beginning at a fence post marked "S. B. 1" set in the West line of the East half of the Northeast quarter of said Section 23, distant thereon South $1\frac{3}{4}$ deg. East 30.58 chains from the Northwest corner of said East half of the Northeast quarter of said Section 23; and running thence with a magnetic variation of $16\frac{1}{2}$ deg. East as follows: North $89\frac{1}{4}$ deg. East, 5.25 chains to a white oak 6 inches in diameter, marked "S. B. 2"; thence North $89\frac{1}{2}$ deg. East, 1.93 chains to a live oak 28 inches in diameter marked "S. B. 3"; thence South 76 deg. East, 1.25 chains to a live oak 12 inches in diameter marked "S. B. 4"; thence South 35 deg. East, 3.10 chains to a double white oak 18 inches in diameter marked "S. B. 5", thence South $24\frac{1}{2}$ deg. East, 0.53 chains to a stake set in the center line of the Godfrey and San Miguel Road as surveyed by F. L. Mennet in July, 1892; thence following the survey of said road as follows: North $57\frac{1}{4}$ deg. East, 1.84 chains to a stake marked P. 30; thence South $79\frac{3}{4}$ deg. East, 2.73 chains to a stake marked P. 31; thence North $51\frac{3}{4}$ deg. East, 2.54 chains to a stake marked P. 32; thence North $75\frac{3}{4}$ deg. East, 3.09 chains to a stake marked S. B. set in the line between Sections 23 and 24 abovesaid, from which the Northwest corner of said Section 24 bears North 2 deg. West, 30.45 chains and a white oak 12 inches in diameter bears South 53 deg. East, 117 links distant; thence in Section 24 abovesaid, North $75\frac{3}{4}$ deg., East, 1.32 chains to a stake marked P. 33; thence North $56\frac{3}{4}$ deg. East, 2.67 chains to a stake marked P. 34; thence North 82 deg. East, 2.18 chains to a stake marked P. 35; thence North 62 deg. East, 3.67 chains to a stake marked P. 36; thence North $51\frac{3}{4}$ deg. East, 1.11 chains to a stake marked P. 37; thence South 75 deg. East, 0.95 chains to a stake marked P. 38; thence North $68\frac{1}{4}$ deg. East, 1.38 chains to a stake marked P. 39; thence North $76\frac{1}{2}$ deg. East, 1.67 chains to a stake marked P. 40; thence South $76\frac{3}{4}$ deg. East, 2.50 chains to a stake marked P. 41; from which a live oak 16 inches in diameter bears South 80 deg. East, 27 links distant; thence North 85 deg. East, 1.03 chains to a stake marked P. 42; thence North 63 deg. East, 1.48 chains to a stake marked P. 43; thence South $79\frac{3}{4}$ deg. East, 0.68 chains to a stake marked P. 44; thence North $85\frac{1}{2}$ deg. East, 1.97 chains to a stake marked P. 45; thence North $83\frac{3}{4}$ deg. East, 0.75 chains to a stake marked P. 46; thence South $83\frac{1}{4}$ deg. East, 1.34 chains to a stake marked P. 47; thence North $80\frac{1}{2}$ deg. East, 0.78 chains to a stake marked P. 48; thence North $58\frac{1}{2}$ deg. East, 0.68 chains to a stake marked P. 49; thence North $38\frac{1}{2}$ deg. East, 0.65

chains to a stake marked P. 50; thence South 73 deg. East, 1.02 chains to a stake marked P. 51; thence North 80 $\frac{3}{4}$ deg. East, 2.02 chains to a stake marked P. 52; thence South 81 $\frac{1}{4}$ deg. East, 1.00 chains to a stake marked P. 53; thence South 87 $\frac{3}{4}$ deg. East, 1.26 chains to a stake marked P. 54; thence North 87 $\frac{3}{4}$ deg. East, 0.71 chains to a stake marked P. 55; thence South 83 deg. East, 1.52 chains to a stake marked P. 56; thence South 88 $\frac{1}{4}$ deg. East, 1.34 chains to a stake marked P. 57; thence South 82 deg. East, 1.00 chains to a stake marked P. 58 from which a white oak 8 inches in diameter bears North 68 deg. East, 25 links distant; thence South 81 deg. East, 2.06 chains to a stake marked P. 59; thence South 85 $\frac{3}{4}$ deg. East, 1.35 chains to a stake marked P. 60; thence North 80 $\frac{1}{2}$ deg. East, 1.27 chains to a stake marked P. 61; thence South 82 $\frac{1}{4}$ deg. East, 0.76 chains to a stake marked P. 62; thence South 58 $\frac{3}{4}$ deg. East, 0.93 chains to a stake marked P. 63; thence South 53 deg. East, 0.84 chains to a stake marked P. 64; thence South 71 $\frac{3}{4}$ deg. East, 1.21 chains to a stake marked P. 65; thence South 60 $\frac{1}{2}$ deg. East, 1.02 chains to a stake marked P. 66; thence South 54 $\frac{1}{2}$ deg. East, 1.11 chains to a stake marked P. 67; thence South 87 $\frac{1}{4}$ deg. East, 0.89 chains to a stake marked P. 68; thence South 71 $\frac{3}{4}$ deg. East, 0.81 chains to a stake marked P. 69; thence South 59 $\frac{3}{4}$ deg. East, 1.36 chains to a stake marked P. 70; thence South 46 deg. East, 1.07 chains to a stake marked P. 71; thence South 52 $\frac{3}{4}$ deg. East, 1.14 chains to a stake marked P. 72; thence South 60 $\frac{1}{4}$ deg. East, 1.22 chains to a stake marked P. 73; thence South 67 deg. East, 1.26 chains to a stake marked P. 74; from which a live oak 16 inches in diameter bears North 53 $\frac{1}{2}$ deg. East, 5 links distant; thence South 80 deg. East, 0.67 chains to a stake marked P. 75; thence South 57 deg. East, 0.83 chains to a stake marked P. 76; thence South 29 $\frac{3}{4}$ deg. East, 1.05 chains to a stake marked P. 77; thence South 15 $\frac{1}{4}$ deg. East, 1.78 chains to a stake marked P. 78; thence South 17 $\frac{3}{4}$ deg. East, 1.35 chains to a stake marked P. 79; thence South 32 deg. East, 0.77 chains to a stake marked P. 80; thence South 37 $\frac{3}{4}$ deg. East, 1.27 chains to a stake marked P. 81; thence South 41 $\frac{1}{4}$ deg. East, 1.10 chains to a stake marked P. 82; thence South 20 deg. East, 2.00 chains to a stake marked P. 83; thence South 42 $\frac{1}{2}$ deg. East, 1.40 chains to a stake marked P. 84; thence South 52 $\frac{1}{4}$ deg. East, 1.09 chains to a stake marked P. 85; thence South 23 $\frac{3}{4}$ deg. East, 0.88 chains to a stake marked P. 86; thence South 27 $\frac{1}{4}$ deg. East, 1.58 chains to a stake marked P. 87; thence South 66 deg. East, 1.29 chains to a stake marked P. 88; thence South 31 deg. East, 1.15 chains to a stake marked P. 89; thence South 33 $\frac{1}{2}$ deg. East, 1.78 chains to a stake marked P. 90; thence South 19 deg. East, 2.48 chains to a stake marked P. 91; thence South 43 $\frac{1}{2}$ deg. East, 2.37 chains to a stake marked P. 92; thence South 66 $\frac{1}{4}$ deg. East, 2.64 chains to a stake marked P. 93; thence North 50 $\frac{3}{4}$ deg. East, 6.50 chains to a stake marked P. 94; thence North 75 deg. East, 2.65 chains to a stake marked P. 95; thence North 51 deg. East, 2.84 chains to a stake marked P. 96; from which a live oak 18 inches in diameter bears South 38 deg. East, 28 links distant; thence North 12 $\frac{1}{2}$ deg. East, 1.85 chains to a stake marked P. 97; thence North 43 $\frac{1}{2}$ deg. East, 1.57 chains to a stake marked P. 98, at the East line of the above said Section 24, from which the quarter section corner in said East line of Section 24 bears North 2 deg. West, 310 links distant, and being terminus of said described line.

PARCEL 3

All of Section 22, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said

lands returned to the General Land Office by the Surveyor General.

EXCEPTING that portion of Section 22, herein described, condemned to Monterey County Flood Control and Water Conservation District, a body politic and corporate of the State of California by the Final Judgment of Condemnation dated October 6, 1958, a certified copy of which was recorded October 22, 1958 in Book 963, page 399 of Official Records.

PARCEL 4

The Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$, the Southeast $\frac{1}{4}$, and the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 21, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

EXCEPTING that portion of Section 21, herein described condemned to Monterey County Flood Control and Water Conservation District, a body politic and corporate, of the State of California, by Final Judgment of Condemnation dated October 6, 1958, a certified copy of which was recorded October 22, 1958 in book 963, page 399 of Official Records.

PARCEL 5

The South half of the Southeast quarter and the Southeast quarter of the Southwest quarter of Section 19 in Township 25 South, Range 10 East, Mount Diablo Base and Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 6

All of Section 25, Township 25 South, Range 10 East, Mount Diablo Meridian, in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

EXCEPTING from the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 25 all the coal and other minerals in, under or upon said land.

PARCEL 7

All of Section 26, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 8

All of Section 27, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of

San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 9

All of Section 28, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

EXCEPTING that portion of Section 28 herein described, condemned to Monterey County Flood Control and Water Conservation District, a body politic and corporate, of the State of California, by the Final Judgment of Condemnation dated October 6, 1958 a certified copy of which was recorded October 22, 1958 in Book 963, page 399 of Official Records.

ALSO EXCEPTING from the South half of the South half of said Section 28, all coal and other minerals.

PARCEL 10

Section 29, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

EXCEPTING that portion of Section 29 herein described, condemned to Monterey County Flood Control and Water Conservation District, a body politic and corporate, of the State of California by the Final Judgment of Condemnation dated October 6, 1958 a certified copy of which was recorded October 22, 1958 in Book 963, page 399 of Official Records.

ALSO EXCEPTING from the South half of the Northwest quarter, the North half of the Southwest quarter and the Northwest quarter of the Southeast quarter of said Section 29, all coal and other minerals.

PARCEL 11

The Northeast $\frac{1}{4}$, the Southeast $\frac{1}{4}$, the East $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ and the East $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ all in Section 30, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 12

Government Lots 1 and 2; the Northeast quarter, the East half of the Northwest quarter, the Northeast quarter of the Southeast quarter of Section 31, Township 25 South Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the

official plat or plats of the survey of said lands returned to the General Land Office by the surveyor general.

PARCEL 13

The North $\frac{1}{2}$, the North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$, the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ and the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 32, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 14

The Northwest $\frac{1}{4}$, the Southwest $\frac{1}{4}$, the Northeast $\frac{1}{4}$ and the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 33, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the Official Plat or Plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 15

The Northwest $\frac{1}{4}$, the Northeast $\frac{1}{4}$ and the Southeast $\frac{1}{4}$ of Section 34, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the surveyor general.

PARCEL 16

Section 35, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the surveyor general.

PARCEL 17

The Northwest $\frac{1}{4}$, the Northeast $\frac{1}{4}$, the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ and the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ all in Section 36, Township 25 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 18

Government Lots 1 and 2, Section 3, Township 26 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California according to the official plat or plats of the survey of said lands returned to the General Land Office by the surveyor general.

PARCEL 19

Government Lots 3 and 4, Section 2, Township 26 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 20

Government Lot 4, Section 1, Township 26 South, Range 10 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

PARCEL 21

Government Lots 1, 4 and 5 and the Northeast $\frac{1}{4}$ of Section 31, Township 25 South, Range 11 East, Mount Diablo Meridian in the County of San Luis Obispo, State of California according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General.

SAVING AND EXCEPTING THEREFROM an undivided one half interest in and to all oil, gas and other hydrocarbons and minerals therein and thereunder.

PARCEL 22

That certain right of way for road purposes over and across the Northwest quarter of Section 5, Township 26 South, Range 11 East, Mount Diablo Base and Meridian; the West half of the Southeast quarter, Lots 7 and 8 and the East half of the Southeast quarter of Section 31; and the West half of the Southwest quarter of Section 32, Township 25 South, Range 11 East, Mount Diablo Base and Meridian, in the County of San Luis Obispo, State of California, according to the official plat or plats of the survey of said lands returned to the General Land Office by the Surveyor General, as described in that certain judgment and decree recorded December 15, 1939 in Book 269, page 307 of Official Records.

EXCEPTING from all the parcel above described $\frac{1}{2}$ of all minerals, hydrocarbons, precious metals, valuable substances and mineral rights below a depth of 500 feet under the said real property, without the right of surface entry, as reserved by Carla Lee de Vries, a widow by deed recorded September 17, 1971 as Instrument No. 25985 of Official Records.

RECORDED SUMMARY PAGE

The original DECLARATION, consisting of 57 pages, was recorded on May 25, 1972 as Document #16590. The DECLARATION has subsequently been amended as follows:

Amended by the Heritage Ranch and Cattle Company on July 10, 1972, as Document #21892

Article II, Section 2
Article IX, Section 1

Amended by vote of the membership and recorded on July 27, 1972, as Document #24079

Article V, Section 5

Amended by vote of the membership and recorded on July 23, 1976, as Document #28843

Article I, Section 22, Paragraph (3)
Article I, Section 22, Paragraph (7)
Article III, Section 1
Article III, Section 5, Paragraph (e)
Article XI, Section 6

Amended by vote of the membership and recorded on January 8, 1987, as Document #1187

Article VIII, Section 7

Amended by vote of the membership and recorded on May 15, 2001, as Document #2001-033905

Article XI, Section 6

Discriminatory language corrected by the Board of Directors on December 5, 2001, as Document #2001094227

Article III, Section 2
Article III, Section 3
Article IV, Section 1, Paragraph (c)
Article IV, Section 2
Article IV, Section 3
Article VIII, Section 4, Paragraph (b)
Article VIII, Section 5
Article IX, Section 2
Article IX, Section 4, Paragraph (c), Subparagraph (3)
Article IX, Section 4, Paragraph (c), Subparagraph (4)
Article XI, Section 7
Article XIV, Section 1

Amended by vote of the membership and recorded on November 3, 2008, as Document #2008055153

Article XI, Section 25