



HERITAGE RANCH PLANNED COMMUNITY

COVENANTS, CONDITIONS AND RESTRICTIONS

TRACT #720

In accordance with California Assembly Bill 446, 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, victim of abuse status, disability, 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 720 – OAK BAY CONDOMINIUMS
RECORDED SUMMARY PAGE

The original Supplementary DECLARATION, consisting of 3 pages, was recorded on September 9, 1982, as Document #38219.

The original sub-association DECLARATION, consisting of 35 pages, was recorded on September 9, 1982, as Document #38218. The DECLARATION has subsequently been amended as follows:

Amended by Board of Directors, to comply with California Civil Code 1352.5(a)&(b) and California Government Code 12955(1), on December 31, 2001, as Document #2001102034

- Section 2.1.7
- Section 2.1.10
- Section 2.1.11
- Section 2.1.12
- Section 2.1.13
- Section 3.2
- Section 3.7
- Section 3.8
- Section 4.3
- Section 4.7
- Section 5.3.10
- Section 6.5
- Section 6.8
- Section 7.2.1.1
- Section 8.1.2
- Section 8.1.4
- Section 8.2.4
- Section 9.1
- Section 9.2
- Section 9.8
- Section 9.17(I)
- Section 9.18
- Section 12.2
- Section 13.4

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COUNTY RECORDER

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF OAK BAY CONDOMINIUMS
A CONDOMINIUM PROJECT IN
SAN LUIS OBISPO COUNTY, CALIFORNIA

NOT A COPY OFFICIAL

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF
OAK BAY CONDOMINIUMS

RECITALS

This Declaration, made on the date hereinafter set forth by SIX CORPORATION, a California corporation ("Declarant"), is made with reference to the following facts:

A. Declarant is the owner of a certain tract of real property ("Project") located in San Luis Obispo County, California and more particularly described as follows:

Lot 1A as shown on that certain map entitled "Tract No. 720, Lake Side Unit No. 2" filed SEP 14 1982, 1982, in Book 11 of maps at Page 7, San Luis Obispo County Records (including Units 1 through 12, inclusive, 29 through 32, inclusive, and 45 through 60, inclusive, and all Common Area, according to that certain condominium plan entitled "Oak Bay Condominiums" filed SEP 14 1982, 1982, in Book 2432 of OR's at Page 121, San Luis Obispo County Records);

B. Declarant has improved or intend to improve the Project by subdividing and constructing improvements on it containing 32 dwelling units ("Units") and other facilities in accordance with the Condominium Plan affecting the Project and prepared and recorded pursuant to California Civil Code Section 1351, and in accordance with development plans, maps and specifications on file with San Luis Obispo County and the Veterans Administration. By this Declaration, Declarant intends to establish a plan of Condominium ownership.

C. The development of the Project is the first phase of a planned two (2) phase condominium project. The building types, architectural styles and unit size shall conform in each phase of the Project to the development plan on file with the Veterans Administration. The second phase, if annexed, will consist of 28 condominium units and other facilities located on Lot 1B of that certain Tract No. 720 described above, all constructed in accordance with the development plans, maps and specifications on file with San Luis Obispo County and the Veterans Administration. Declarant may, but is not required to, annex this "second phase" of the Project. Any annexation by Declarant shall be done in accordance with the provisions of Article 11 of this Declaration.

D. Declarant has or intends to record a Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums which Supplementary Declaration will cause said real property to be annexed to the Heritage Ranch Project and will cause the Owners of Units within said real property to be Members of the Heritage Ranch Owners Association, together with all rights and duties appurtenant thereto, all as set forth in that certain Declaration of Covenants, Conditions and Restrictions of Heritage Ranch and Cattle Company recorded on May 25, 1972 in Book 1670, Page 367, as Document No. 16590, Official Records, San Luis Obispo County, California, together with any duly recorded amendments or modifications thereto.

NOW THEREFORE, Declarant declares that the Project is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, easements, covenants, conditions, servitudes, liens and charges, all of which are declared and agreed to be in furtherance of a plan of Condominium ownership as described in California Civil Code, Sections 1350-1360 for the subdivision, improvement, protection, maintenance, and sale of Condominiums within the Project, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Project. All of the limitations, restrictions, easements, reservations, covenants, conditions, servitudes, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the Project, and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code Section 1355.

ARTICLE 1

DEFINITIONS

In addition to other definitions provided for herein, the following terms shall have the following meanings.

1.1 "Articles" shall mean the Articles of Incorporation of the Oak Bay Association as amended from time to time.

1.2 "Assessments" shall mean the Regular and Special Assessments levied against each Condominium and Owner as provided herein.

1.3 "Oak Bay Association" shall mean Oak Bay Condominiums Homeowners Association, a California nonprofit mutual benefit corporation, the Members of which shall be the Owners.

1.4 "Board" shall mean the Board of Directors of the Oak Bay Association.

1.5 "Bylaws" shall mean the Bylaws of the Oak Bay Association as amended from time to time.

1.6 "Common Area" shall mean the entire Project, excepting therefrom all Units, as defined in this Declaration and as shown on the Condominium Plan. Common Area includes all "Restricted Common Area". The Common Area of any Phase of the Project shall be owned by the Owners of the Condominiums in that Phase as tenants-in-common, in equal undivided interests, or undivided interest for each Condominium.

1.7 "Condominium" shall mean an estate in real property as defined in California Civil Code Section 783 consisting of an undivided interest as tenant-in-common in the Common Area, together with a separate interest in a Unit as described on the Condominium Plan and such other appurtenant rights and interests as are provided in the Condominium Plan and herein.

"Condominium" shall include the Condominiums within any subsequent Phase.

1.8 "Condominium Plan" shall mean that certain plan entitled "Oak Bay Condominiums" filed SEPT. 14, 1982, in Book 2432 of O.R.'s at Page 121, San Luis Obispo County Records, and any properly recorded amendments thereto.

"Condominium Plan" shall include the Condominium Plan(s) for any subsequent Phase(s) of the Project.

1.9 "Declarant" shall mean Six Corporation, a California corporation, or any successors-in-interest by merger or by express assignment of the rights of Declarant hereunder by an instrument executed and acknowledged by Declarant and (i) recorded in the Office of the San Luis Obispo County Recorder, and (ii) filed with the Secretary of the Oak Bay Association.

1.10 "Declaration" shall mean this instrument as amended from time to time. "Declaration" shall include any recorded Declaration of Annexation for a subsequent phase of the Project.

1.11 FHA shall mean and refer to the United States Federal Housing Administration.

1.12 "Individual Charges" shall mean those charges levied against an Owner other than Assessments.

1.13 "Map" shall mean that final subdivision map affecting the Project and entitled: "Tract No. 720, Lakeside Unit No. 2" filed SEPT. 14, 1982, in Book 11 of MAPS at Page 7, San Luis Obispo County Records and incorporated herein by this reference.

"Map" shall include the final subdivision map(s) for any subsequent Phase of the Project.

1.14 "Member" shall mean a person entitled to membership in the Oak Bay Association as provided herein. Each Owner or Co-Owner of a Condominium shall be a Member.

1.15 "Mortgage" shall mean a mortgage or deed of trust encumbering a Condominium or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. An "Institutional" Mortgagee is a Mortgagee that is a bank or savings and loan association or Mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property, or any insurance company or any federal or state agency. A "First Mortgage" or "First Mortgagee" is one having priority as to all other mortgages or holders of mortgages encumbering the same Condominium or other portions of the Project. A "First Mortgagee" shall include any holder, insurer or guarantor of a First Mortgage on a Condominium within the Project.

1.16 "Owner" shall mean each person or entity holding a recorded ownership interest in a Condominium, including Declarant, and contract Sellers under recorded contracts of sale. "Owner" shall not include persons or entities who hold an interest in a Condominium merely as security for the performance of an obligation.

1.17 "Phase" shall mean the real property included in the original Project ("First Phase") and any parcel of real property which becomes part of the Project as a subsequent Phase pursuant to the annexation provisions of the Project Documents.

1.18 "Project" shall mean the real property and improvements located in San Luis Obispo County, California and more particularly described as:

Lot 1A as shown on that certain map entitled "Tract No. 720, Lake Side Unit No. 2" filed SEPT. 14, 1982, in Book 11 of MAPS at Page 7, San Luis Obispo County Records (including Units 1 through 12, inclusive, 29 through 32, inclusive, and 45 through 60, inclusive, and all Common Area, according to that certain condominium plan entitled "Oak Bay Condominiums" filed SEPT. 14, 1982, in Book 2432 of O.R.'s at Page 121, San Luis Obispo County Records);

"Project" shall include any subsequent Phase of the Project, when annexed pursuant to the provisions of Article 11 of this Declaration.

1.19 "Project Documents" shall mean the Articles, Bylaws, Declaration, any Rules and Regulations of the Oak Bay Association and any Declaration of Annexation recorded pursuant to the Annexation provisions of the Project Documents.

1.20 "Restricted Common Area" shall mean that portion of the Common Area which is reserved for the exclusive use of a Unit as shown and defined in the Condominium Plan. Such Restricted Common Area is either a Patio or a Balcony adjacent to the Unit.

1.21 "Unit" shall mean the elements of a Condominium that are not owned in common with the Owners of other Condominiums in the Project, each Unit and its respective elements and boundaries being shown and particularly described in the Condominium Plan. In interpreting deeds or other documents the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the dimensions as shown on the Condominium Plan shall be conclusively presumed to be the boundaries rather than the description expressed in the deed or other documents, regardless of minor variance between boundaries shown on the maps or in the deed and those of the building and regardless of settling or lateral movement of the building. Whenever reference is made in the Project Documents, in the Condominium Plan, in any deed or elsewhere to a Unit it shall be assumed that such reference is made to the Unit as a whole, including each of its component elements, and to any and all exclusive easements appurtenant to such Unit over Restricted Common Area.

"Unit" shall include the Units within any subsequent Phase.

1.22 "VA" shall mean and refer to the United States Veterans Administration.

ARTICLE 2

DESCRIPTION OF PROJECT
RIGHTS OF OWNERS, DECLARANT

2.1. Description of Project, Rights of Owners

2.1.1 Project

The Project consists of all of the real property described in subarticle 1.17, and all of the improvements thereon.

2.1.2 Condominiums

The Project consists of 32 condominiums as described in subarticle 1.7. Each Condominium shall be composed of a separate interest in a particular Unit coupled with an undivided 1/32 interest in the Common Area of Lot 1A, and such other appurtenant interests as are described in subarticle 2.1.5.

2.1.3. Units

The Project consists of 32 Units as defined in subarticle 1.20 and as designated on the Condominium Plan as Units 1 through 12, inclusive, Units 29 through 32, inclusive, and Units 45 through 60, inclusive. Each Unit is composed of a living area and a garage. The Units do not include the Common Area.

2.1.4 Common Area

The Common Area means the entire Project except all Units. The Common Area includes any Restricted Common Area. The Common Area of any Phase of the Project is owned by the Owners of the Units in that Phase as tenants-in-common, in equal undivided interests, one undivided interest per Unit in that Phase. The Owner or Owners of a Unit in this First Phase of the Project shall own an undivided 1/32 interest as tenant-in-common in and to the Common Area of this First Phase of the Project.

2.1.5 Components of Condominium Ownership

Every Condominium shall be composed of, in addition to a separate interest in a particular Unit coupled with an undivided 1/32 interest in the Common Area, the following component interests:

(i) a membership in the Oak Bay Association.

(ii) a non-exclusive easement of use, enjoyment, ingress, egress and support in, to and throughout the Common Area. The Common Area shall be subject to such non-exclusive easements but such non-exclusive easement shall be subordinate to, and shall not interfere with, exclusive easements, appurtenant to Units, over the Common Area. Such non-exclusive easement shall be subject to such restrictions and limitations as are contained in the Project Documents and subject to other reasonable regulation by the Oak Bay Association.

(iii) an exclusive easement for use, possession and enjoyment in and to all Restricted Common Area appurtenant to the Unit. Such Restricted Common Area is shown and defined on the Condominium Plan as either a Patio or a Balcony directly adjacent to the Unit. Such Restricted Common Areas are depicted on the Condominium Plan by the letters "P" (Patio) and "B" (Balcony).

2.1.6 Non-Severability of Component Interests in a Condominium

The component interests of a Condominium, including the Unit, undivided interest in the Common Area, Oak Bay Association membership, and non-exclusive and exclusive easements over the Common Area, shall be appurtenant to and inseparable from ownership of the Unit component of the Condominiums. Any attempted sale, conveyance, hypothecation, encumbrance, or other transfer of these interests without the Unit shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Unit shall automatically transfer these interests to the same extent. This restriction on the severability of component interests shall not extend beyond the period set forth in subarticle 2.1.8 respecting suspension of the right of partition. It is intended hereby to restrict severability pursuant to California Civil Code Section 1355(g). Any conveyance of a component interest in a Condominium by an Owner shall be presumed to convey the entire Condominium. However, nothing contained in this subarticle shall preclude the Owner of any

Condominium from creating a cotenancy or joint tenancy in the ownership of the Condominium with any other person or persons.

2.1.7 Delegation of Use; Contract Purchasers, Lessees, Tenants

Any Owner may delegate his rights of use and enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to the Project Documents. However, if an Owner of a Condominium has sold his Condominium to a contract purchaser, leased or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Unit is occupied by such contract purchaser or tenant. Instead, the contract purchaser or tenant, while occupying such Unit, shall be entitled to use and enjoy the Project and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of his occupancy. Each Owner shall notify the secretary of the Oak Bay Association of the names of any contract purchasers or tenants of such Owner's Condominium. Each Owner, contract purchaser, lessee or tenant also shall notify the secretary of the Oak Bay Association of the names of all persons to whom such Owner, contract purchaser, lessee or tenant has delegated any rights of use and enjoyment in the Project and the relationship that each such person bears to the Owner, contract purchaser, lessee or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

2.1.8 Limitation on Partition

The right of partition is suspended pursuant to California Civil Code Section 1354 as to the Project. Partition of the Project can be had on showing that the conditions for such partition as stated in subarticle 8.2.7 or in subarticle 8.3.5 have been met. Nothing in the Project Documents shall prevent partition or division of the interest between joint or common Owners of any Condominium.

Proceeds or property resulting from a partition shall be distributed to and among the respective Owners and their Mortgagees as their interests shall appear as follows: The Board shall select an independent SREA ("Society of Real Estate Appraisers") appraiser who shall determine the relative fair market values of the Condominiums in accordance with SREA Standards; The proceeds or property shall then be apportioned among the Owners, and their respective Mortgagees, according to such relative values; Such relative values shall be determined as of a date immediately prior to any sale, taking or destruction of the Project.

Pursuant to California Civil Code Section 1355(b) (9), each of the Owners hereby grants the Oak Bay Association an irrevocable power of attorney to sell the Project for the benefit of the Owners when partition can be had. Exercise of said power is subject to the approval of at least seventy-five percent (75%) of the Owners and First Mortgagees.

2.1.9 Minor Encroachments

If any portion of the Common Area encroaches on any Unit or if any portion of a Unit encroaches on the Common Area regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and, all Units and the Common Area are made subject to such easements. If any structure containing a Unit is partially or totally destroyed and then rebuilt and any encroachment on the Common Area results, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and, all Units and the Common Area are made subject to such easements.

2.1.10 Owner's Obligation to Maintain the Unit and Restricted Common Area

Each Owner of a Condominium shall be responsible for maintaining his Unit, including the equipment and fixtures in the Unit and its interior walls, ceilings, windows and doors in a clean, sanitary, workable and attractive condition. Each Owner has complete discretion as to the choice of furniture, furnishings, and interior decorating; but windows can be covered only by drapes, shutters or shades and cannot be painted or covered by foil, cardboard, or other similar materials. Each Owner also shall be responsible for repair, replacement and cleaning of the windows and glass of his Unit, both exterior and interior.

Each Owner shall be responsible for cleaning and maintaining the interior surfaces of any Patio or Balcony area (Restricted Common Area) which is directly adjacent to his Unit and any improvements thereto installed by such Owner or any predecessor Owner.

In the event an Owner fails to maintain his Unit and/or Restricted Common Area as provided herein in a manner which the Board reasonably deems necessary to preserve the appearance and value of the Project, the Board may notify the Owner of the work required and request that it be done within thirty (30) days from the giving of such notice. In the event that the Owner fails to carry out such maintenance within said period, the Board shall have the right to enter upon the Unit or Restricted Common Area to cause such work to be done and Individually Charge the cost thereof to such Owner.

2.1.11 Owners Right to Enter Another's Unit

Any Owner or his representative shall have the right to enter the Unit or Restricted Common Area of any other Owner to perform permissible installations, alterations or repairs to mechanical or electrical services, including installation of television antennae and related cables, if requests for entry are made in advance and such entry is at a time reasonably convenient to the Owner whose Unit or Restricted Common Area is being entered except that in case of an emergency such right of entry shall be immediate.

2.1.12 Indemnification

Each Owner shall be liable to the other Owners for any damage to the Common Area that may be sustained by reason of the negligent or willful act of that Owner, members of his family, his contract purchasers, lessees, tenants, guests or invitees, but only to the extent that any such damage is not covered by insurance maintained by the Oak Bay Association. Each Owner, for himself and members of his family, his contract purchasers, lessees, tenants, guests or invitees, covenants to indemnify each and every other Owner, and to hold him harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the Unit or Restricted Common Area of that particular Owner unless the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in said Unit or Restricted Common Area or is fully covered by insurance.

2.1.13 Owners Obligation for Taxes

To the extent allowed by law, all Condominiums shall be separately assessed and taxed so that all taxes, assessments and charges which may become liens prior to First Mortgages under local law shall relate only to the individual Condominiums and not to the Project as a whole. Each Owner shall be obligated to pay any taxes or assessments assessed by the County Assessor of the County in which the Project is located against his Condominium and against his personal property.

Until such time as real property taxes have been segregated by the County Assessor of the County in which the Project is located, they shall be paid by the respective Owners of Condominiums through the Oak Bay Association. The proportionate share of the taxes for a particular Condominium shall be determined by dividing the initial offered sales price of the Condominium into the total initial offered sales price of all Condominiums in the Project. The "initial offered sales price" of each Condominium shall be the price at which each Condominium was offered for sale on the day immediately preceding the close of escrow for the first sale of a Condominium in the Project. The Oak Bay Association may levy a Special Assessment against all Condominiums to collect these funds.

2.1.14 Personal Property Acquired by the Oak Bay Association

The Oak Bay Association may acquire and hold, for the benefit of the Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest in such personal property shall be owned by the Owners in the same proportion as their respective interests in the Common Areas, and shall not be transferable except with a transfer of a Condominium. A transfer of a Condominium shall transfer to the transferee ownership of the transferor's beneficial interest in such personal property.

2.2 Rights of Declarant

2.2.1 Reservation of Easements to Complete, Sell

Declarant hereby reserves in itself and its successors and assigns the following easements over the Project:

(i) easements for ingress and egress, drainage, encroachment, maintenance of temporary structures, operation and storage of construction equipment and vehicles, for doing all acts reasonably necessary to complete or repair the Project, or to develop subsequent Phases, or to discharge any other duty of Declarant under the Project Documents or sales contracts or otherwise imposed by law.

(ii) easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Condominiums. This easement shall exist until the earlier of (i) the date on which the last Condominium is sold by Declarant or (ii) three (3) years from the original issuance of the most-recently-issued public report for a Phase of the Project.

Declarant covenants to use the above easements in a manner that will reasonably minimize any adverse impact upon the possession, use and enjoyment of the Project by the Owners.

ARTICLE 3

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Project and each Condominium therein is subject to the following:

3.1 Use of Individual Units

No Unit shall be occupied and used except for single family residential purposes by the Owners, their contract purchasers, lessees, tenants, or guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any Unit in the Project owned by Declarant for a model home site and/or sales office subject to the provisions of subarticle 2.2 above.

3.2 Nuisances.

No noxious, illegal, or offensive activities shall be carried on in any Unit, or on any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Unit, or which shall in any way increase the rate of insurance for the Project or for any other Unit, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

3.3 Parking

Unless otherwise permitted by the Board, no motor vehicles nor boat shall be parked or left on any portion of the Project other than within a Unit's garage.

No truck larger than three-quarter (3/4) ton, nor trailer, nor motor home, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor vehicles designed and operated as off the road equipment for racing, dragging and other sporting events, shall be permitted on the Project for longer than twenty-four (24) hours without the consent of the Board.

3.4 Signs

No sign of any kind shall be displayed to the public view from any Unit or from the Common Area without the approval of the Board except (i) one (1) sign of customary and reasonable dimensions advertising a Condominium for sale, lease or rent displayed from a Unit, and (ii) such signs as may be used by Declarant or its assignees for the purpose of selling, leasing or renting Condominiums as permitted by subarticle 2.2.1.

3.5 Animals

No animals of any kind shall be raised, bred, or kept on any portion of the Project; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept in a Unit, provided that they are not kept, bred or maintained for any commercial purposes, and provided that they are kept under reasonable control at all times. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept.

3.6 Garbage and Refuse Disposal

All rubbish, trash and garbage shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view of other Units, streets and the Common Area except on the scheduled day for trash pick up.

3.7 Antennae, External Fixtures, Etc.

No television or radio poles, antennae, flag poles, clotheslines, or other external fixtures, other than those originally installed by Declarant or approved by the Board and any replacements, shall be constructed, erected or maintained on or within the Common Area or any structures on it. No wiring, insulation, air-conditioning or other machinery or equipment, other than that originally installed by Declarant or approved by the Board and replacements, shall be constructed, erected or maintained on or within the Common Area, including any structures on it. Each Owner shall have the right to maintain television or radio antennae within completely enclosed portions of his Unit. However, if cable television is or becomes available to an Owner his right to maintain television antennae within completely enclosed portions of his Unit shall terminate immediately unless the Board continues to authorize their maintenance.

3.8 Right to Lease

Nothing in this Declaration shall prevent an Owner from leasing or renting his Condominium. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. In addition, no Condominium may be leased or rented for a period of less than thirty (30) days.

3.9 Clothes Lines

No exterior clothes lines shall be erected or maintained, nor outside laundering or drying of clothes without the consent of the Board.

3.10 Power Equipment and Car Maintenance

No power equipment, work shops, or car maintenance of any nature whatsoever shall be permitted on the Project without the consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

3.11 Landscaping

Except as to original construction by Declarant, no alteration of existing landscaping, including removal of any tree or archaeological resource, shall be commenced or undertaken without the express prior written approval of both the Board and the San Luis Obispo County Planning Department.

3.12 Architectural Approval

Except as to original construction of improvements by Declarant, no building, fence, wall or other structure shall be commenced, erected or maintained on the Project, nor shall any exterior addition to or change or alteration in any such structures or change in color be made until the plans and specifications showing the nature, kind, shape, materials, color and location of the same have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures

and topography by the Board. In the event the Board or its designated representatives fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this subarticle shall be deemed to have been complied with in full.

3.13 Compliance with Project Documents

Each Condominium Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a Unit or user of the Common Area shall comply with the provisions of the Project Documents.

ARTICLE 4

OAK BAY ASSOCIATION MEMBERSHIP AND VOTING

4.1 Oak Bay Association

The Oak Bay Condominiums Homeowners Association, a California nonprofit mutual benefit corporation, shall be the Association, herein referred to as "Oak Bay Association".

4.2 Management of Project

The management of the Project shall be vested in the Oak Bay Association in accordance with the Project Documents and all applicable laws, regulations and ordinances of any governmental or quasi governmental body or agency having jurisdiction over the Project.

4.3 Membership

Each Owner and Co-Owner shall be a Member of the Oak Bay Association and shall remain a Member thereof until such time as his ownership ceases for any reason at which time his Membership in the Oak Bay Association shall automatically cease.

4.4 Transferred Membership

Membership in the Oak Bay Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Condominium to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Any transfer of title to a Condominium or interest in it shall operate automatically to transfer the appurtenant Membership rights in the Oak Bay Association to the new Owner.

4.5 Voting

The Oak Bay Association shall have two (2) classes of voting Membership established according to the following provisions:

4.5.1 Class A Membership

Class A Members shall be all Owners, except Declarant, and shall be entitled to one vote for each Condominium owned. When more than one person or entity owns a Condominium, all such persons and entities shall be Members and the vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Condominium.

4.5.2 Class B Membership

The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Condominium owned. Said Class B Membership shall be automatically converted to Class A Memberships and said Class B Membership shall cease to exist on the occurrence of whichever of the following is first in time:

(A) when the total votes held by Class A Members equal the total votes held by the Class B Members, or

(B) the second anniversary of the original issuance of the most-recently-issued Final Public Report for a Phase of the Project; or

(C) the fourth anniversary of the original issuance of the Final Public Report for the first Phase of the Project.

4.6 Voting Requirements

Any action by the Oak Bay Association which must have the approval of the Membership before being undertaken shall require the vote or written assent of the Members as follows.

4.6.1 Generally

Except as provided in subarticles 4.6.2 and 4.6.3, the specified percentage (or if not specified a majority) of the voting power of each class of Members present at a duly held meeting at which a quorum is present shall be required.

4.6.2 Exception: Approval of Members other than Declarant

Except as provided in subarticle 4.6.3, where a provision of the Project Documents requires the approval of the Members other than Declarant it shall be read to require, at a duly held meeting at which a quorum is present:

(A) while there are two (2) outstanding classes of Membership, the vote of the prescribed percentage (or if not prescribed a majority) of the voting power of each class of Members present; or

(B) after conversion of the Class B to Class A Membership the vote of a majority of the voting power of the Members present as well as the vote of the prescribed percentage (or if not prescribed a majority) of the voting power of Members present other than Declarant.

4.6.3 Exception: Special Director Election; Completion Enforcement

Provisions in the Project Documents which provide for (i) the election or removal of Special Directors as provided at Bylaws subarticle 4.2 and 4.3 (3), or (ii) the enforcement of the Declarant's completion bond, if any, as provided at Declaration Article 10; shall be read to require the vote of a majority of the voting power of Members other than Declarant, present at a duly held meeting at which a quorum is present.

4.7 Joint Owner Votes

The vote for each Condominium may not be cast on a fractional basis. If the joint Owners of a Condominium are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Owner exercises the vote of a particular Condominium, it will be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Condominium. If more than one joint Owner exercises the vote for a particular Condominium, the vote for that Condominium shall not be counted and shall be deemed void.

4.8 Record Date

The Oak Bay Association shall fix, in advance, a date as a record date for the determination of the Members entitled to notice of and to vote at any meeting of the Oak Bay Association and entitled to cast written ballots. The record date shall be not less than ten (10) days nor more than ninety days (90) prior to any meeting or action.

4.9 Commencement of Voting Rights

Voting rights attributable to any Condominium shall not vest until Assessments have been levied against that Condominium.

4.10 Membership Meetings

Regular and special meetings of Members of the Oak Bay Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

4.11 Board of Directors

The affairs of the Oak Bay Association shall be managed by a Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws.

ARTICLE 5

OAK BAY ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

5.1 Generally

The Oak Bay Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article 5 or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Oak Bay Association shall have all the powers and rights of a nonprofit mutual benefit corporation under the laws of the State of California.

The Oak Bay Association shall act through its Board of Directors and the Board shall have the power, right and duty to act for the Oak Bay Association except that actions which require the approval of the Members of the Oak Bay Association shall first receive such approval.

The powers, rights, duties and limitations of the Oak Bay Association set forth in this Article 5 and elsewhere in the Project Documents shall vest in and be imposed on the Oak Bay Association for each phase of the Project concurrently with the close of escrow for the first sale of a Condominium in that phase.

5.2 Enumerated Rights

In addition to those Oak Bay Association rights which are provided elsewhere in the Project Documents the Oak Bay Association shall have the following rights:

5.2.1 Delegation

To elect, employ, appoint, to assign and to delegate the rights and duties of the Oak Bay Association to officers, employees, agents and independent contractors.

5.2.2 Enter Contracts

To enter contracts with third parties to furnish goods or services to the Project subject to the limitations of subarticle 5.4.

5.2.3 Borrow Money

To borrow money and, with the approval of a majority of the voting power of each class of Members, to mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Oak Bay Association as security for money borrowed or debts incurred.

5.2.4 Dedicate and Grant Easements

To dedicate or transfer, including the right to grant permits, licenses and easements, all or any part of the Common Area to any public agency, authority or utility company or any other entity for such purposes and subject to such conditions as may be agreed to by the Oak Bay Association; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by a majority of the voting power of each class of Members, and (ii) an instrument in writing is signed by the Secretary of the Oak Bay Association certifying that such dedication or transfer has been approved by the required vote or written assent.

5.2.5 Establish Rules

To adopt reasonable rules not inconsistent with this Declaration, the Articles, or the Bylaws relating to the use of the Common Area and all facilities thereon, and the conduct of Owners and their contract purchasers, lessees, tenants, guests and invitees with respect to the Project and other Owners, including the adoption of a reasonable schedule of monetary penalties pursuant to subarticle 6.5. A copy of the Rules shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Common Area.

5.2.6 Entry

To enter upon any portion of the Common Area, or upon any Unit after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the exercise by the Oak Bay Association of its rights or performance of its duties under the Project Documents. In the event of an emergency such right of entry upon any Unit shall be immediate. Any damage to property caused by the exercise of this right of entry shall be repaired by the Oak Bay Association.

5.3 Enumerated Duties

In addition to those Oak Bay Association duties which are imposed elsewhere in the Project Documents the Oak Bay Association shall have the following duties:

5.3.1 Manage and Maintain Common Area

To manage, operate, improve, maintain, repair and replace the Common Area and all its structures, facilities, improvements, and landscaping (including but not limited to the residence buildings, the swimming pool, the two tennis courts, the bathhouse and the pool equipment room) and private streets and guest parking areas located on the Common Area, and any other property acquired by or subject to the control of the Oak Bay Association, including personal property, in a first-class condition and in a good state of repair.

This duty does not include the duty to maintain and repair the interior surfaces or Owner installed improvements within that Restricted Common Area directly adjacent to a Unit ("Patio" and "Balcony").

5.3.2 Enforce Project Documents

To enforce the provisions of the Project Documents by appropriate means as provided at Article 7.

5.3.3 Levy and Collection of Assessments and Individual Charges

To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles 6 and 7.

5.3.4 Taxes and Assessments

To pay all real and personal property taxes and assessments and all other taxes levied against the Common Area, personal property owned by the Oak Bay Association or against the Oak Bay Association. Such taxes and assessments may be contested or compromised by the Oak Bay Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

To prepare and file annual tax returns with the federal government and the State of California and to make such elections as may be necessary to reduce the tax liability of the Oak Bay Association. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Oak Bay Association for any taxable year shall meet the following limitations and restrictions:

(A) At least sixty percent (60%) of the gross income of the Oak Bay Association for any taxable year shall consist solely of amounts received as Membership dues, charges, fees, or Assessments from Condominium Owners;

(B) At least ninety percent (90%) of the expenditures of the Oak Bay Association for any taxable year shall be for the management, maintenance, and care of Association property or for the general welfare of the Oak Bay Association community;

(C) No part of the net earnings of the Oak Bay Association shall inure (other than by providing management, maintenance, and care of Oak Bay Association property and other than by a rebate of excess Membership dues, charges, fees, or Assessments) to the benefit of any private Member or individual;

5.3.5 Water and Other Utilities

To acquire, provide and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other utility services as necessary for the Common Area and for Units if the Units are not separately billed.

5.3.6 Legal and Accounting

To obtain and pay the cost of legal and accounting services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents.

5.3.7 Insurance

To obtain and pay the cost of insurance for the Project as provided in subarticle 8.1.

5.3.8 Bank Accounts

To deposit all funds collected from Owners pursuant to Articles 6 and 7 hereof and all other amounts collected by the Oak Bay Association as follows:

(A) All funds shall be deposited in a separate bank account ("General Account") with a bank located in the State of California. The Oak Bay Association shall keep accurate books and records regarding such account. Funds deposited in such account may be used by the Oak Bay Association only for the purposes for which such funds have been collected.

(B) Funds which the Oak Bay Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest bearing account with a bank or savings and loan association selected by the Oak Bay Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account". Funds deposited into the Reserve Account shall be held in trust and may be used by the Oak Bay Association only for the purposes for which such amounts have been collected.

5.3.9 Preparation and Distribution of Financial Information

To regularly prepare budgets and financial statements and to distribute copies to each Member as follows:

(A) A pro-forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year;

(B) A balance sheet (as of an accounting date which is the last day of the month closest in time to six (6) months from the date of close of escrow for the first sale of a Condominium in the Project) and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments and Individual Charges received and receivable identified by the number of the Unit and the name of the Owner assessed or charged;

(C) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- fiscal year;
- (1) A balance sheet as of the last day of the
- fiscal year;
- (2) An operating (income) statement for said
- fiscal year;
- (3) A statement of changes in financial position
- for said fiscal year; and
- (4) Any information required to be reported under
- Section 8322 of the Corporations Code.

The annual report under subarticle 5.3.9(c) above shall be prepared by an independent public accountant for each fiscal year.

5.3.10 Maintenance and Inspection of Books and Records

To cause to be kept adequate and correct books of account, a register of Members, minutes of Member and Board meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when requested in writing by twenty-five percent (25%) of the voting power of Members other than Declarant.

The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of the Board, and of committees shall be made available for inspection and copying by any Member of the Oak Bay Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Oak Bay Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules with respect to:

- (A) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (B) Hours and days of the week when such an inspection may be made;
- (C) Payment of the cost of reproducing copies of the documents requested by a Member.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Oak Bay Association and the physical properties owned or controlled by the Oak Bay Association. The right of inspection by a Director includes the right to make extracts and copies of documents at no cost to the Director.

5.3.11 Statements of Status

To provide, upon the request of any Owner, Mortgagee, prospective purchaser or prospective Mortgagee, a written statement setting forth the amount, as of a given date, of any unpaid Assessments, Individual Charges, or other debts or arrearages chargeable against any Owner or Condominium. Such statement, for which a reasonable fee may be charged, shall be binding upon the Oak Bay Association in favor of any person who may rely thereon in good faith.

5.4 Enumerated Limitations

Except with the approval of a majority of the total voting power of Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

- (1) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or to the Oak Bay Association for a term longer than one (1) year with the following exceptions:

(A) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

(B) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(C) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

(D) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest.

(2) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Oak Bay Association for that fiscal year;

(3) Selling during any fiscal year property of the Oak Bay Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Oak Bay Association for that fiscal year;

(4) Paying compensation to Directors or to Officers of the Oak Bay Association for services performed in the conduct of the Oak Bay Association's business; provided, however, that the Board may reimburse a Director or Officer for expenses incurred in carrying on the business of the Oak Bay Association;

(5) Filling a vacancy on the Board created by the removal of a Director.

ARTICLE 6

ASSESSMENTS

6.1 Agreement to Pay Assessments and Individual Charges

Declarant for each Condominium owned by it, hereby covenants and agrees, and each Owner, by acceptance of a deed to a Condominium, is deemed to covenant and agree for each Condominium owned, to pay to the Oak Bay Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and Individual Charges to be established and collected as provided in this Declaration and in the other Project Documents.

6.2 Purpose of Assessments

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Oak Bay Association as set forth in the Project Documents.

6.3 Regular Assessments

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years. Not less than ninety (90) days before the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distribute to each Owner, a proposed pro forma operating statement or budget for the forthcoming fiscal year. Any Owner or Mortgagee may make written comments to the Board with respect to said pro forma operating statement. The pro forma operating statement shall be prepared consistently with the prior fiscal year's operating statement and shall include adequate reserves for contingencies and

for maintenance, repairs and replacement of the Common Area improvements or Oak Bay Association personal property likely to need maintenance, repair or replacement in the future.

Not more than ninety (90) days nor less than sixty (60) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed pro forma operating statement or budget, and written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the Regular Assessment for the forthcoming fiscal year. Not less than sixty (60) days before the beginning of each fiscal year the Board shall distribute to each Owner a final copy of the pro forma operating statement or budget for the forthcoming fiscal year and shall include a statement of the Regular Assessment obligation for the period. Regular Assessments shall be payable in equal monthly installments due on the first day of each month, unless the Board adopts some other basis for collection.

Until January 1 of the year immediately following the conveyance of the first Condominium in the Project to an Owner, the maximum Regular Assessment shall be ninety-five dollars and sixty-five cents (\$95.65) per month per Condominium. Thereafter, the Regular Assessment may be increased each year in an amount no more than the greater of (1) five percent (5%) or (2) the percentage by which the U.S. Bureau of Labor Statistics L.A. Area Consumer Price Index for all Urban Consumers has increased as of the date of the increase over the level of the Index as of the date the annual assessment was last established without a vote of the membership. The Regular Assessment may be increased above the amount provided in the foregoing sentence with the approval of a majority of the voting power of the Oak Bay Association residing in Members other than Declarant.

6.4 Special Assessments

6.4.1 General

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Oak Bay Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, pro rate such Special Assessment over the remaining months of the fiscal year or levy the Assessment immediately against each Condominium. Special Assessments shall be due on the first day of the month following notice of their levy.

6.4.2 Limitation on Special Assessments

Any Special Assessment, other than a special assessment levied pursuant to subarticle 8.2.1 or 8.2.4, which singly or in the aggregate with previous Special Assessments for the same fiscal year would be greater than five percent (5%) of the budgeted gross expenses of the Oak Bay Association for that fiscal year, shall require approval of a majority of the voting power of the Oak Bay Association residing in Members other than Declarant.

6.5 Individual Charges

Reasonable Individual Charges may be levied against an Owner (i) as a monetary penalty imposed by the Oak Bay Association as a disciplinary measure for the failure of a Member to comply with the Project Documents, or (ii) as a means of reimbursing the Oak Bay Association for costs incurred by the Oak Bay Association for repair of damage to Common Areas and facilities for which the Member was responsible, or (iii) to bring the Member and his Unit into compliance with the Project Documents. Such Individual Charges are not enforceable through the lien provisions of the Project Documents. Individual Charges shall be due on the first day of the month following notice of their levy.

6.6 Allocation of Regular and Special Assessments; Exception

Regular and Special Assessments shall be levied against each Condominium (and its Owner) equally (i.e., each Condominium shall pay a share of each assessment which is equal to a fraction of which the numerator is one

and the denominator is the total number of Condominiums in the Project at the time the assessment is levied); except that a Special Assessment to raise funds for the rebuilding or major repair of the structural Common Area housing Units of the Project shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of floor area of all Units to be assessed and except that a Special Assessment to raise funds to pay unsegregated real property taxes shall be levied as provided in subarticle 2.1.13.

6.7 Commencement of Assessments and Individual Charges

The right to levy Assessments and Individual Charges shall commence as to all Condominiums in the Project or Phase thereof on the close of escrow for the first sale of a Condominium in the Project or Phase thereof. Regular Assessments shall commence on the first day of the month following the close of escrow for the first sale of a Condominium in the Project or Phase thereof. Thereafter Regular Assessments shall commence on the first day of the first month of the fiscal year.

6.8 Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges

The Assessments together with late charges, interest, and costs incurred in collecting delinquent Assessments including reasonable attorneys' fees, shall be a charge and a continuing lien upon the Condominium against which each Assessment is levied, the lien to attach upon recordation of a Notice of Assessment as provided in Article 7. All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees shall also be the personal obligation of the Owner of such Condominium at the time when the Assessments or Individual Charges fell due. If more than one person or entity was the Owner of a Condominium at the time the Assessment or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charges shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.

ARTICLE 7

ENFORCEMENT OF RESTRICTIONS

7.1 General

The Oak Bay Association and/or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce, independently of the Oak Bay Association, any Assessment, Individual Charge, or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Condominium in the manner provided by law. In the event the Oak Bay Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner or Condominium, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts collectable as provided for herein. All sums payable hereunder by an Owner shall bear interest at ten percent (10%) per annum from the due date, or if advanced or incurred by the Oak Bay Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is requested. All enforcement powers of the Oak Bay Association shall be cumulative. Failure by the Oak Bay Association or any Owner, to exercise and remedy or to enforce any covenant or restriction herein shall in no event be deemed a waiver of the right to do so thereafter.

7.2 Specific Enforcement Rights

In amplification of, and not in limitation of, the general rights specified in subarticle 7.1 above, the Oak Bay Association shall have the following rights:

7.2.1 Enforcement by Sanctions

7.2.1.1 Limitation

The Oak Bay Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Condominium on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Oak Bay Association.

7.2.1.2 Disciplinary Action

The Oak Bay Association may impose reasonable monetary penalties, temporary suspensions of reasonable duration (not to exceed thirty (30) days per violation) of an Owner's rights as a Member of the Oak Bay Association or other appropriate discipline for failure to comply with the Project Documents.

Before disciplinary action authorized under this subarticle can be imposed by the Oak Bay Association the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

(a) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

(b) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and question witnesses;

(c) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

7.2.2 Suit to Collect Delinquent Assessments or Individual Charges

A suit to recover a money judgment for unpaid Assessments, together with late charges, interest, costs, and reasonable attorneys' fees shall be maintainable by the Oak Bay Association without foreclosing or waiving the lien securing the same. A suit to recover a money judgment for unpaid Individual Charges together with late charges, interest, costs, and reasonable attorneys' fees shall be maintainable by the Oak Bay Association.

7.2.3 Enforcement of Lien

If there is a delinquency in the payment of any Assessment or installment on a Condominium, any amounts that are delinquent together with reasonable late charges to be determined by the Board, interest (ten percent (10%) per annum), costs of collection and reasonable attorneys' fees, shall be a lien against that Condominium upon the recordation in the office of the County Recorder of a Notice of Assessment as provided in California Civil Code Section 1356. Such Notice of Assessment shall be signed by an authorized representative of the Oak Bay Association and shall state the amount of the delinquent Assessment, a description of the Condominium assessed, and the name of the record Owner(s).

The Notice of Assessment shall not be recorded unless and until the Board or its authorized representative has delivered to the delinquent Owner, not less than fifteen (15) days before the recordation of the Notice of Assessment, a written demand for payment, and unless the delinquency has not been cured within said fifteen (15) day period.

The lien shall expire and be void unless, within one (1) year after recordation of the Notice of Assessment, the Board or its authorized representative either records a notice of default as provided hereinafter or institutes judicial foreclosure proceedings with respect to the lien, or extends the lien for one year as provided by California Civil Code Section 1356.

Not more than one (1) year (two (2) years if extended) nor less than fifteen (15) days after the recording of the Notice of Assessment, the Board or its authorized representative can record a notice of default and can cause the Condominium with respect to which a notice of default has been recorded to be sold in the same manner as a sale is conducted under California Civil Code Sections 2924, et. seq., or through judicial foreclosure. However, as a condition precedent to the holding of any such sale under Section 2924c appropriate publication shall be made. In connection with any sale under Section 2924c the Board is authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in California as trustee for purposes of conducting the sale. If a delinquency including Assessments and other proper charges is cured after recordation of the Notice of Assessment but before sale, or before completing a judicial foreclosure, the Board or its authorized representative shall cause to be recorded in the office of the County Recorder a certificate setting forth the satisfaction of such claim and release of such lien. The Oak Bay Association, acting on behalf of the Owners, shall have the power to bid upon the Condominium at foreclosure sale and to acquire, hold, lease, mortgage and convey the Condominium.

7.2.4 Transfer by Sale or Foreclosure

In a sale or transfer of the Condominium, the personal obligation for delinquent Assessments and Individual Charges shall not pass to the transferee unless expressly assumed by him.

The sale or transfer of a Condominium shall not effect the Assessments lien. However, the sale or transfer of a Condominium pursuant to the exercise of a power of sale or judicial foreclosure involving a default under a First Mortgage including any action in lieu thereof shall extinguish the lien for Assessments which became due prior to such sale or transfer. No transfer of the Condominium as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the First Mortgage or another person, from liability for any Assessments (including any reallocation among all Owners of any delinquent Assessments which were extinguished pursuant to the foregoing provision) or Individual Charges thereafter becoming due or from the lien thereof.

7.2.5 Waiver of Homestead Benefits

Each Owner to the extent permitted by law, waives, to the extent of any liens created pursuant to the Project Documents, the benefit of any homestead or exemption laws of California in effect at the time any Assessment becomes due.

ARTICLE 8

INSURANCE, DESTRUCTION, CONDEMNATION

8.1 Insurance

In addition to other insurance required to be maintained by the Project Documents, the Oak Bay Association shall maintain in effect at all times the following insurance:

8.1.1 Liability Insurance

The Oak Bay Association shall obtain and maintain comprehensive public liability insurance insuring the Oak Bay Association, any manager, the Board and the Owners and occupants of Condominiums, and their respective contract purchasers, lessees, tenants, family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership, use or maintenance of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

8.1.2 Owner's Liability Insurance

An Owner may carry whatever personal liability insurance with respect to liability arising out of the ownership or use of his Unit that he desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Board and to any First Mortgagee.

8.1.3 Fire and Extended Coverage Insurance

The Oak Bay Association shall obtain and maintain a master or blanket policy of fire and extended coverage insurance for not less than the full insurable replacement value of all of the Project improvements other than improvements to a Unit or Restricted Common Area made by an Owner. The form, coverage and term of said policy shall not be less than that normally required by First Mortgagees for Condominium development projects of this general size and type. The policy shall name as insured the Oak Bay Association, the Owners and all Mortgagees as their respective interests shall appear, and may contain a loss payable endorsement in favor of the trustee described in subarticle 8.1.5.

8.1.4 Individual Fire Insurance Limited

Except as provided in this subarticle, no Owner shall separately insure his Unit and/or Restricted Common Area against loss by fire or other casualty covered by any insurance carried under subarticle 8.1.3. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under policies described in subarticle 8.1.3 that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and such Owner will be liable to the Oak Bay Association to the extent of any such diminution. An Owner can insure his personal property against loss. In addition, any improvements made by an Owner within his Unit or Restricted Common Area may be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements". All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Oak Bay Association, and any First Mortgagee of such Condominium.

8.1.5 Trustee

All fire and casualty insurance proceeds payable under subarticle 8.1.3 for losses to real property and improvements, subject to the rights of Mortgagee, may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. Said trustee shall be a commercial bank or trust company in the County in which the Project is located that agrees in writing to accept such trust. If repair or reconstruction is authorized, the Board shall have the duty to contract for such work as provided for in this Declaration.

8.1.6 Other Insurance

The Board may and, if required by any First Mortgagee, shall purchase and maintain demolition insurance in adequate amounts to cover demolition in case of total or partial destruction of the Project and a decision not to rebuild, and a blanket policy of flood insurance. The Board also shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Oak Bay Association. The Board also shall purchase and maintain fidelity bonds or insurance (which shall be in an amount not less than one hundred fifty percent (150%) of each year's estimated annual operating expenses and reserves and shall contain an endorsement of coverage of any person who may serve without compensation) sufficient to meet the requirements of any First Mortgagee. The Board shall purchase and maintain such insurance on personal property owned by the Oak Bay Association, and any other insurance that it deems necessary or that is required by any First Mortgagee.

8.1.7 Adjustment of Losses

The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to subarticle 8.1.1, 8.1.3 and 8.1.6. The Board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

8.1.8 Officer and Director Insurance

Upon and in the event of the determination by the Board to purchase such insurance, the Oak Bay Association shall purchase and maintain insurance in an amount up to Five Hundred Thousand Dollars (\$500,000) on behalf of any Director, Officer, or member of a committee of the Oak Bay Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Oak Bay Association would have the power to indemnify the agent against such liability under applicable law.

8.1.9 Notice of Cancellation

All liability and property insurance carried by the Oak Bay Association shall require the insurer to notify any First Mortgagee who requests in writing such notice at least fifteen (15) days in advance of the effective date of any reduction or cancellation of the policy.

8.1.10 Annual Review of Policies

All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

8.1.11 Payment of Premiums

Premiums on insurance maintained by the Oak Bay Association shall be a common expense funded by Assessments levied by the Oak Bay Association.

8.2 Destruction of Common Area Improvements

8.2.1 Minor Repair and Reconstruction

The Board shall have the duty to repair and reconstruct Common Area improvements other than Owner installed improvements within Restricted Common Area without the consent of Members and irrespective of the amount of available insurance proceeds, in all instances of partial destruction where the estimated cost of repair and reconstruction does not exceed five percent (5%) of the budgeted gross expenses of the Oak Bay Association for that fiscal year. The Board may levy a Special Assessment for the cost of such repair and reconstruction to the extent insurance proceeds are unavailable. Such Special Assessment to be levied as described in subarticle 8.2.4.

8.2.2 Destruction; Proceeds Exceed 85% of Reconstruction Costs

If there is a total or partial destruction of the Common Area improvements and if the available proceeds of the insurance carried pursuant to subarticle 8.1 are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the improvements shall be promptly rebuilt unless, within forty-five (45) days from the date of destruction, Members then holding at least seventy-five (75%) percent of the total voting power of each class determine that repair and reconstruction shall not take place.

8.2.3 Destruction; Proceeds Less than 85% of Reconstruction Costs

If the proceeds of insurance carried pursuant to subarticle 8.1 are less than eighty-five percent (85%) of the costs of repair and reconstruction, then repair and reconstruction shall not take place unless, within forty-five (45) days from the date of destruction, Members then holding at least a majority of the voting power of each class determine that repair and reconstruction shall take place.

8.2.4 Rebuilding Procedures

If the Members determine to rebuild, pursuant to subarticle 8.2.2 or 8.2.3, each Owner shall be obligated to contribute his proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. The proportionate share of each Owner for the cost of rebuilding or major repair of the structural Common Area

housing Units of the Project shall be based upon the ratio that the square footage of the floor area of his Unit bears to the total square footage of the floor area of all Units. The proportionate share of each Owner for the cost of rebuilding or major repair of all other Common Area (including all other Common Area facilities and improvements) shall be the same as each Owner's assessment allocation as set forth in subarticle 6.6. The Board may levy a Special Assessment against all Condominiums to collect these funds which may be enforced under the lien provisions contained in Article 7 or in any other manner provided in this Declaration.

8.2.5 Rebuilding Contract

If the Members determine to rebuild, the Board or its authorized representative shall obtain bids from at least two (2) reputable contractors, and shall award the repair and reconstruction work to the most reasonable bidder. The Board shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and any insurance proceeds held by the trustee shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

8.2.6 Rebuilding Not Authorized

If the Members determine not to rebuild, then, subject to the rights of Mortgagees, any insurance proceeds then available for such rebuilding shall be distributed to each Owner according to the relative fair market values of their Condominiums. The Board shall select an independent member of the Society of Real Estate Appraisers ("SREA") who shall determine such relative values in accordance with SREA standards as of a date immediately prior to such destruction. The Board shall have the duty, within one hundred twenty (120) days from the date of destruction, to execute, acknowledge and record in the office of the San Luis Obispo County Recorder, a certificate declaring the intention of the Members not to rebuild.

8.2.7 Revival of Right to Partition

On recordation of a certificate described in subarticle 8.2.6, the right of any Owner to partition through legal action as described in subarticle 2.1.8 shall revive immediately.

8.3 Condemnation

8.3.1 Sale by Unanimous Consent

If an action for condemnation of all or a portion of the Project is proposed or threatened by any governmental or quasi-governmental or other entity having the right of eminent domain, then, on the unanimous written consent of all of the Owners and after written notice to all Mortgagees, the Project or a portion of it may be sold by the Board acting as irrevocable attorney-in-fact of all of the Owners for a price deemed fair and equitable by the Board but in no event less than the aggregate unpaid balance of all Mortgages encumbering Condominiums in the Project.

8.3.2 Distribution of Proceeds of Sale

On a sale occurring under subarticle 8.3.1, if the agreement of sale does not by its terms apportion the sale proceeds among the Owners and their respective Mortgagees, the Board shall select an independent SREA appraiser who shall determine the relative fair market values of the Condominiums affected by the sale, in accordance with SREA Standards. The sale proceeds shall then be apportioned among the Owners, and their respective Mortgagees, according to such relative values.

8.3.3 Distribution of Condemnation Award

If the Project, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Owners and their respective Mortgagees.

8.3.4 Appraisal if Condemnation Award not Apportioned

If the judgment of condemnation does not by its terms apportion the award among the Owners and their respective Mortgagees, the Board shall select an independent SREA appraiser who shall determine the

relative fair market values of the Condominiums affected by the condemnation, in accordance with SREA Standards. The award shall then be apportioned among the Owners, and their respective Mortgagees, according to such relative values.

8.3.5 Revival of Right to Partition

On sale or on taking that renders more than fifty percent (50%) of the Units in the Project uninhabitable, the right of any Owner to partition through legal action shall revive immediately.

ARTICLE 9

MORTGAGEE PROTECTIONS

9.1 Mortgages Permitted

Any Owner may encumber his Condominium with Mortgages.

9.2 Priority of Liens

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers all or a portion of the Project, or any Condominium, made in good faith for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

9.3 Effect of Breach

No breach of any provision of this Declaration shall invalidate the lien of any Mortgage in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

9.4 Non-Curable Breach

No Mortgagee who acquires title to a Condominium by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall not be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

9.5 Right to Appear at Meetings

Any Mortgagee may appear at meetings of the Members and the Board.

9.6 Right to Furnish Information

Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

9.7 Right to Examine Books and Records, Etc.

The Oak Bay Association shall make available to Owners, prospective purchasers and First Mortgagees who request in writing, current copies of the Project Documents and the books, records and financial statements of the Oak Bay Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge. Such financial statement shall be furnished by the Oak Bay Association within a reasonable time following such request.

9.8 Owners Right to Ingress and Egress

There shall be no restriction upon any Owners' right of ingress and egress to his Unit, which right shall be perpetual and appurtenant to his Condominium ownership.

9.9 Notice of Intended Action

Upon written request to the Oak Bay Association, any First Mortgagee shall be entitled to timely written notice of:

a. Any condemnation loss or casualty loss which affects a material portion of the Project or any Condominium on which there is a First Mortgage held, insured, or guaranteed by such requesting party.

b. Any delinquency in the payment of Assessments or Individual Charges owed by an Owner of a Condominium subject to a First Mortgage held, insured, or guaranteed by such requesting party which remains uncured for a period of sixty (60) days.

c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Oak Bay Association.

d. Any proposed action which would require the consent of a specified percentage of First Mortgagees as specified in subarticles 9.10 through 9.15, inclusive.

9.10 "Eligible First Mortgagee"

The term "Eligible First Mortgagee" shall mean a First Mortgagee (as defined in subarticle 1.14) who has requested notice in accordance with the provisions of subarticle 9.9 above.

9.11 Requirement for Approval by First Mortgagees

Any provision in this Article 9 or elsewhere in the Project Documents which requires approval by Eligible First Mortgagees shall be read to require the approval of the specified percentage (or if not specified a majority) of the votes cast by Eligible First Mortgagees, based on one (1) vote for each First Mortgage held, insured or guaranteed.

9.12 Restoration Conformity

Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications for the Project, unless other action is approved by fifty-one percent (51%) of the Eligible First Mortgagees.

9.13 Termination Generally

Except as provided in subarticle 9.14, any election to terminate the legal status of the Project as a Condominium development must be approved by sixty-seven percent (67%) of the voting power of the Oak Bay Association and sixty-seven percent (67%) of the Eligible First Mortgagees.

9.14 Termination after Destruction or Taking

Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project must be approved by fifty-one percent (51%) of the Eligible First Mortgagees.

9.15 Reallocation of Interest in the Common Area

No reallocation of interests in the Common Area resulting from a partial condemnation or partial destruction of the Project shall be effected without the approval of fifty-one percent (51%) of the Eligible First Mortgagees holding mortgages on all remaining Condominiums whether existing in whole or in part.

9.16 Termination of Professional Management

When professional management has been previously required by any First Mortgagee, any decision to establish self management by the Oak Bay Association shall require the approval of sixty-seven percent (67%) of the voting power of the Oak Bay Association and fifty-one percent (51%) of the Eligible First Mortgagees.

9.17 Approval of Material Changes

The approval of sixty-seven percent (67%) of the voting power of the Oak Bay Association and fifty-one percent (51%) of the Eligible First Mortgagees shall be required to materially amend any provisions of the Project Documents or to add any material provisions thereto which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, Assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the Common Areas, or any other portions of the Project which the Oak Bay Association has a duty to maintain, repair and replace;
- d. Insurance or Fidelity Bonds;
- e. Rights to use the Common Areas;
- f. Responsibility for maintenance and repair of the several portions of the Project;
- g. Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project, however, this provision shall not be read to require Owner or Mortgagee approval of annexation pursuant to plan as provided in subarticle 11.1.1;
- h. Boundaries of any Unit;
- i. The interests in the general or restricted Common Areas;
- j. Convertibility of Units into Common Areas or Common Areas into Units.
- k. Leasing of Condominiums;
- l. Imposition of any right of first refusal or similar restriction on the right of a Condominium Owner to sell, transfer, or otherwise convey his Condominium;
- m. Any provisions which are for the express benefit of First Mortgagees.

An addition or amendment to the Project Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A First Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Notwithstanding the foregoing provisions, subarticle 9.17 shall not be read to require Owner or Mortgagee approval of annexation of additional properties pursuant to plan as provided in subarticle 11.1.1.

9.18 Inapplicability of Right of First Refusal

The right of an Owner to sell, transfer, or otherwise convey his Condominium shall not be subject to any right of first refusal or similar restriction.

9.19 First Mortgagee Assessment Liability

Any First Mortgagee who obtains title to a Condominium pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage or in any action in lieu thereof shall not be liable for such Condominium's unpaid Assessments or Individual Charges which accrue prior to the acquisition of title to such Condominium by the First Mortgagee.

9.20 Subsequent Phases

Improvements to the Project in subsequent Phases shall be consistent with the Development Plans submitted to the VA. All Common Area Improvements in subsequent Phases shall be substantially completed or otherwise satisfactorily provided for prior to annexation.

All taxes and other assessments relating to subsequent Phases, covering any period prior to the annexation, shall be paid or otherwise satisfactorily provided for by the Declarant.

9.21 Working Capital Fund

If required by VA as a condition of qualifying the Project for any mortgage guarantee program, a working capital fund shall be established for the Project by the contribution to such fund, by the Owners and Declarant, of a sum equal to two (2) monthly Regular Assessments for each Condominium owned. Prior to the expiration of six (6) months after close of the first escrow, Declarant shall deposit into an escrow said sum for each Condominium not yet sold. Escrow shall remit these funds to the Oak Bay Homeowners Association. Upon the close of escrow of any Condominium for which the capitalization fund was prepaid by Declarant, escrow shall remit to the Declarant the sum collected from the buyer. Prior to the close of escrow for the sale of any Condominium within the Project, said sum shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Oak Bay Association.

9.22 Contracts

Any agreement for professional management of the Project or any other contract providing for services of the Declarant shall not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

9.23 Compliance with FNMA, FHA, and VA Requirements

Declarant intends that the Project shall comply with all of the requirements of the Federal National Mortgage Association ("FNMA"), the Federal Housing Administration ("FHA") and the Veterans Administration ("VA"). All casualty and liability insurance covering any portion of the Project encumbered by a Mortgage held, insured or guaranteed by FNMA, FHA, or VA shall therefore conform to the appropriate requirements. Declarant and all Condominium Owners also agree that in the event the Project or the Project Documents do not comply with the FNMA, FHA or VA requirements, the Board and each Owner shall take any action or adopt any resolutions required by Declarant or any First Mortgagee to conform such Project Documents, or the Project, to the FNMA, FHA or VA requirements.

9.24 Conflicts

In the event of a conflict between any of the provisions of this Article 9 and any other provisions of this Declaration, the provisions of this Article 9 shall control.

ARTICLE 10

ENFORCEMENT OF DECLARANT'S DUTY TO COMPLETE THE PROJECT

Where any Common Area Improvements have not been completed prior to the issuance of the public report, and where the Oak Bay Association is obligee under a bond or other arrangement ("Bond") to secure performance of the commitment of Declarant to complete such Common Area Improvements, the Board shall consider and vote on the question of action by the Oak Bay Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Oak Bay Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of Members of the Oak Bay Association for the purpose of voting to override a decision by the Board not

to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) or more of the total voting power of the Oak Bay Association. At such special meeting a vote of a majority of the voting power of the Oak Bay Association shall be deemed to be the decision of the Oak Bay Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Oak Bay Association.

ARTICLE 11

ANNEXATION

11. Annexing Additional Property

Additional real property may be annexed to the Project and become subject to the Project Documents by either of the following methods:

11.1 Annexation Pursuant to Plan

The following described real property, or any portion thereof, may be annexed by its Owner to, and become a part of, the Project, subject to the Project Documents, and subject to the rights, powers and duties of the Oak Bay Association without the assent of the Oak Bay Association or its Members, as set forth below:

PHASE 2:

Lot 1B as shown on that certain map entitled "Tract No. 720, Lake Side Unit No. 2" filed SEPT. 14, 1982, in Book 11 of MAPS at Page 7, San Luis Obispo County Records (including Units 13 through 28, inclusive, and 33 through 44, inclusive, and all Common Area, according to that certain Condominium Plan entitled "Oak Bay Condominiums" filed SEPT. 14, 1982, in Book 2432 of O.R.'s at Page 181, San Luis Obispo County Records).

11.1.1 Any annexation pursuant to this subarticle shall be made with the written consent of Declarant, prior to three (3) years from the date of the original issuance of the most-recently-issued Final Public Report for any Phase of the Project; provided, however, that Declarant shall not be under any obligation to annex said additional real property and Declarant makes no representation with respect to whether or not such additional real property will ever be annexed.

11.1.2 Any annexation pursuant to this subarticle shall not result in an unreasonable diminution of the benefits to, or an unreasonable increase in the burdens upon, existing Owners in the Project and shall be consistent with the phasing plan presented to the California Department of Real Estate at the time of application for the original Final Public Report for the sale of Condominiums in the Project and with the development plan on file with the Veterans Administration.

11.1.3 A Declaration of Annexation shall be recorded by Declarant covering the applicable portion of the real property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complimentary additions to and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed real property, and as are not inconsistent with the general scheme of this Declaration.

11.2 Annexation Pursuant to Approval

Upon the approval of sixty-six and two-thirds percent (66 2/3%) of the voting power of the Oak Bay Association residing in Members other than Declarant, the owner of any real property who desires to annex it to the Project, to subject it to this Declaration and to subject it to the rights, powers and duties of the Oak Bay Association may record a Declaration of Annexation in the manner described in subarticle 11.1.1.3.

11.3 Effect of Annexation

Upon annexation of a new Phase in the Project, the new Phase shall become subject to the Project Documents and to the rights, powers and duties of the Oak Bay Association to the same extent as the pre-existing Phase(s). Without limiting the foregoing, Owners of Condominiums in the new Phase shall, upon annexation, automatically become Members of the Oak Bay Association, subject to Assessments, and with voting rights commencing on the date that Assessments are levied against Owners in that new Phase. The Owners of Condominiums in the pre-existing Phase will continue to have the same rights with respect to the use of the Common Area located within the pre-existing Phase, and will acquire a non-exclusive easement for use, enjoyment, ingress and egress over any Common Area located within the new Phase, provided, however, that such rights will be subject to the same conditions regarding use, enjoyment, ingress and egress as governs the pre-existing Phase. Upon the same conditions, the Owners of Condominiums in the new Phase will acquire non-exclusive easements for use, enjoyment, ingress and egress in both the Common Area located within the pre-existing Phase and the Common Area located within the new Phase.

ARTICLE 12

GENERAL PROVISIONS

12.1 Notices

Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Oak Bay Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the Owner's Unit. Notices to the Oak Bay Association shall be addressed to the address designated by the Oak Bay Association by written notice to all Owners.

12.2 Notice of Transfer

No later than five (5) days after the sale or transfer of any Condominium under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Oak Bay Association in writing of such sale or transfer. Such notice shall set forth: (i) the Condominium involved; (ii) the name and address of the transferee, his Mortgagees and the transferor; and (iii) the date of sale. Unless and until such notice is given, the Oak Bay Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Oak Bay Association. Prior to receipt of any such notification by the Oak Bay Association, any and all communications required or permitted to be given by the Oak Bay Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

12.3 Headings

The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

12.4 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

12.5 Exhibits

All exhibits referred to are incorporated herein by such reference.

12.6 Easements Reserved and Granted

Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any Condominium.

12.7 Binding Effect

This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

12.8 Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Articles, Bylaws, and Rules and Regulations of the Oak Bay Association.

12.9 Termination of Declaration

This Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is executed. After that time, this Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners and First Mortgagees of not less than seventy-five percent (75%) of the Condominiums in the Project, and recorded in the Office of the San Luis Obispo County Recorder within one (1) year prior to the end of said 50-year period or any succeeding 10-year period.

ARTICLE 13

AMENDMENT

13.1 Amendment Before the First Sale

Before the first sale of a Condominium in the Project, this Declaration may be amended or revoked by Declarant subject only to the requirements of Section 11018.7 of the California Business and Professions Code.

13.2 Amendment After the First Sale

After the first sale of a Condominium in the Project this Declaration may be amended as follows:

13.2.1 Two Class

So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of the voting power of each class.

13.2.2 Single Class

After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the total voting power of the Oak Bay Association including a majority of the voting power of Members other than Declarant.

13.2.3 Specific Provisions

The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

13.3 Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Board has executed, acknowledged and recorded in the Office of the San Luis Obispo County Recorder an instrument expressing the amendment and certifying that the required approvals were received.

13.4 Amendment Limitation

As required by Business and Professions Code Section 11018.7 no amendment of the provisions of the Project Documents which would materially affect the rights of an Owner in the ownership, possession or use of his Condominium shall be valid without prior written consent of the California

13.2.1 Two Class

So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of the voting power of each class.

13.2.2 Single Class

After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the total voting power of the Oak Bay Association including a majority of the voting power of Members other than Declarant.

13.2.3 Specific Provisions

The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

13.3 Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Board has executed, acknowledged and recorded in the Office of the San Luis Obispo County Recorder an instrument expressing the amendment and certifying that the required approvals were received.

13.4 Amendment Limitation

As required by Business and Professions Code Section 11018.7 no amendment of the provisions of the Project Documents which would materially affect the rights of an Owner in the ownership, possession or use of his Condominium shall be valid without prior written consent of the California Real Estate Commissioner during the period of time when the Declarant, or their successors-in-interest, hold or directly control one-fourth (1/4) of the votes that may be cast to effect such change.

13.5 County Approval

Any amendment of the provisions of this Declaration which would materially affect a condition of approval for the Project, as set forth in condition #15 of the San Luis Obispo County Planning Department's Subdivision Review Board report, shall require the prior written approval of the San Luis Obispo County Planning Department.

The undersigned, being the Declarant herein, has executed this Declaration on August 3, 1982.

Declarant:

STX CORPORATION, a California corporation

By: John J. White

Title: V.P.

By: _____

Title: _____

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN LUIS OBISPO)

On August 3, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John S. Wells, known to me to be the Vice-President of STX CORPORATION, whose name is subscribed to the within Covenants, Conditions and Restrictions, and known to me to be the person who executed the within instrument on behalf of such Corporation, and acknowledged to me that such Corporation executed such instrument pursuant to the Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.



Toni D. Decker
Notary Public in and for said
County and State

NOT COPY OFFICIAL

SUBORDINATION CONSENT

Continental Illinois National Bank and Trust Company of Chicago which is the beneficiary of those certain Trust Deeds recorded in the Official Records of San Luis Obispo County on December 31, 1980 as Instrument No. 59632 in Book 2295 at Page 946 and Instrument No. 59633 in Book 2295 at Page 969, and which Trust Deeds cover the Project described in the foregoing Declaration of Covenants, Conditions and Restrictions of Oak Bay Condominiums, hereby acknowledges that it has read and approves the Declaration, and agrees that the liens of said Trust Deeds shall be subject and subordinate to said Declaration and any proper amendments hereto.

DATED: July 29, _____, 1982

Continental Illinois National Bank and Trust Company of Chicago

BY: [Signature]

TITLE: Vice President

BY: [Signature]

TITLE: Vice President

ILLINOIS
STATE OF ~~COOK~~)
COOK) SS
COUNTY OF ~~SAN LUIS OBISPO~~)

On July 29, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Patricia L. Megahan, known to me to be the Vice President of Continental Illinois National Bank and Trust Company of Chicago, whose name is subscribed to the within Subordination Consent, and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said County and State

ILLINOIS
STATE OF ~~COOK~~)
COOK) SS
COUNTY OF ~~SAN LUIS OBISPO~~)

My Commission Expires Oct. 23, 1985

On July 29, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared R. Lawrence Johnson, known to me to be the Vice President of Continental Illinois National Bank and Trust Company of Chicago, whose name is subscribed to the within Subordination Consent, and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for said County and State

My Commission Expires Oct. 23, 1985

RECORDING REQUESTED BY ~~THE~~ FIRST AMERICAN TITLE INSURANCE CO.
WHEN RECORDED RETURN TO:

SIX CORPORATION
P.O. Box 1155
Paso Robles, California 93447
ATTN: John J. Wiebe

DOC. NO. 38219
OFFICIAL RECORDS
SAN LUIS OBISPO CO., CAL.

9/14/1982

6.000 118
6.000 118

SEP 14 1982

WILLIAM E. ZIMARIK
COUNTY RECORDER

TIME 8:02 AM

June 10, 1982

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR OAK BAY CONDOMINIUMS

WHEREAS, 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, San Luis Obispo County, California, a Declaration of Covenants, Conditions, and Restrictions Heritage Ranch and Cattle Company ("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 Project (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, Six Corporation, a California corporation (hereinafter referred to as "Declarant"), is a successor in interest to Heritage Ranch and Cattle Company, and is owner of the following real property to be annexed at this time:

Annexation Property:

Lot 1A as shown on that certain map entitled "Tract No. 720, Lake Side Unit No. 2" filed SEPT. 14, 1982, in Book 11 of MAPS at Page 7, San Luis Obispo County Records (including Units 1 through 12, inclusive, 29 through 32, inclusive, and 45 through 60, inclusive, and all Common Area, according to that certain condominium plan entitled "Oak Bay Condominiums" filed SEPT. 14, 1982, in Book 2432 of O.R.'s at Page 121, San Luis Obispo County Records); and

WHEREAS, By recordation of this Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums, ("Supplementary Declaration") Declarant hereby intends to cause the Annexation Property to become annexed to the Project and thereby to become subject to the Declaration and subject to the rights, powers and duties of said Association, upon the terms and conditions stated herein;

NOW THEREFORE, it is hereby declare that said Annexation Property shall be annexed to the Project and thereby shall be subject to said Declaration and subject to the rights, powers and duties of said Association on the following terms and conditions:

1. The term "Project" as defined in said Declaration and as used throughout said Declaration shall include said Annexation Property;
2. The term "Lot(s)" as defined in said Declaration and as used throughout said Declaration shall include all Condominium Units within said Annexation Property;
3. The term "Condominium" and the term "Unit" as defined in said Declaration and as used throughout said Declaration shall include all Condominiums and Units within said Annexation Property;
4. Without limiting the general application of said Declaration to said Annexation Property, Owners of Condominium Units shall be Members of said Association; shall have rights of use, enjoyment, ingress and egress over the Common Area; rights to vote; and the obligation to pay Assessments, all as provided in said Declaration;

5. Declarant expressly reserves the right at any time prior to conveyance of a condominium within said Annexation Property to withdraw said Annexation Property from subjection to said Declaration, from this Annexation and to nullify the effect of this Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums.

6. No amendment, addition, change or deletion in this Supplementary Declaration shall be deemed to alter or amend the general common plan for the Project created by said Declaration, nor affect the provisions of said Declaration as covenants running with the land or as equitable servitudes.

The undersigned being the Declarant herein, has executed this Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums on September 8th, 1982.

Declarant:

SIX CORPORATION,
a California corporation
BY: [Signature]
TITLE: V.P.
BY: _____
TITLE: _____

witness Rich Wils

STATE OF CALIFORNIA)
) S
COUNTY OF SAN LUIS OBISPO)

On _____, 198____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____, known to me to be the _____ of SIX CORPORATION, a California corporation, whose name is subscribed to the within Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums, and known to me to be the person who executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed such instrument pursuant to the Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) S
COUNTY OF SAN LUIS OBISPO)

On _____, 198____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____, known to me to be the _____ of SIX CORPORATION, a California corporation, whose name is subscribed to the within Supplementary Declaration of Covenants, Conditions and Restrictions for Oak Bay Condominiums, and known to me to be the person who executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed such instrument pursuant to the Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

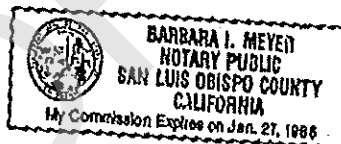
CORPORATION - EXECUTION IN PRESENCE OF A WITNESS

STATE OF CALIFORNIA, COUNTY OF SAN LUIS OBISPO ss.

ON SEPTEMBER 13, 1982, BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR SAID STATE PERSONALLY APPEARED RICK WILSON KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AS A WITNESS THERETO, WHO BEING BY ME DULY SWORN, DEPOSED AND SAID: THAT HE RESIDES IN SAN LUIS OBISPO, CALIFORNIA AND THAT JOHN J. WIEBE PERSONALLY KNOWN TO HIM TO BE THE VICE PRESIDENT OF THE SIX CORPORATION DESCRIBED IN, THE NAME OF WHICH IS SUBSCRIBED TO, AND WHICH EXECUTED THE WITHIN INSTRUMENT, AS A PARTY THERETO, EXECUTED THE SAME ON BEHALF OF SAID CORPORATION AS SUCH OFFICER THEREOF AND SUBSCRIBED HIS NAME THERETO IN HIS SIGHT AND PRESENCE AND DULY ACKNOWLEDGED IN THE PRESENCE AND HEARING OF AFFIANT THAT SAID CORPORATION EXECUTED THE SAME AND THAT HE SIGNED THE SAME ON BEHALF OF SAID CORPORATION AS SUCH OFFICER AND IN BEHALF OF SAID CORPORATION SUBSCRIBED HIS NAME AS WITNESS THERETO.

WITNESS MY HAND AND OFFICIAL SEAL


Barbara I. Meyer



RECORDING REQUESTED BY:
Heritage Ranch Owners Association

JULIE RODEWALD
San Luis Obispo County – Clerk/Recorder
Recorded at the request of
Public

SK
12/31/2001
9:21 AM

AND WHEN RECORDED RETURN TO:

Heritage Ranch Owners Association
3945 Heritage Road
Paso Robles, CA 93446-4184

DOC#: 2001102034



Titles: 1	Pages: 8
Fees	28.00
Taxes	0.00
Others	0.00
PAID	\$28.00

MODIFICATION AND AMENDMENT TO
HERITAGE RANCH OWNERS ASSOCIATION COVENANTS,
CONDITIONS AND RESTRICTION

Tract 720

WHEREAS, on September 14, 1982, a Declaration of Covenants, Conditions and Restrictions for Tract 720 was recorded as Document 38218 in Book 2432, page 153 of Official Records, County of San Luis Obispo, State of California; and

WHEREAS, the following amendments have been adopted by an instrument in writing signed by the President of the Board of Directors, in accordance with the provisions of California Civil Code §1352.5(a)&(b) and California Government Code §12955(l), which require the Board of Directors to remove any potentially discriminatory language from this document,

NOW, THEREFORE, HERITAGE RANCH OWNERS ASSOCIATION hereby amends the above-referenced Covenants, Conditions and Restrictions for Tract 720 as follows:

Section 2.1.7 shall read:

“2.1.7 Delegation of Use: Contract Purchasers, Lessees, Tenants

Any Owner may delegate said Owner's rights of use and enjoyment in the Project to the members of said Owner's family, guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to the Project Documents. However, if an Owner of a Condominium has sold said Owner's Condominium to a contract purchaser, leased or rented it, the Owner, members of the Owner's family, guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Unit is occupied by such contract purchaser or tenant. Instead, the contract purchaser or tenant, while occupying such Unit, shall be entitled to use and enjoy the Project and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of occupancy. Each Owner shall notify the secretary of the Oak Bay Association of the names of all persons to whom such Owner, contract purchaser, lessee or tenant has delegated any rights of use and enjoyment in

the Project and the relationship that each such person bears to the Owner, contract purchaser, lessee or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners."

Section 2.1.10 shall read:

"2.1.10 Owner's Obligation to Maintain the Unit and Restricted Common Area

Each Owner of a Condominium shall be responsible for maintaining said Owner's Unit, including the equipment and fixtures in the Unit and its interior walls, ceilings, windows and doors in a clean, sanitary, workable and attractive condition. Each Owner has complete discretion as to the choice of furniture, furnishings, and interior decorating; but windows can be covered only by drapes, shutters or shades and cannot be painted or covered by foil, cardboard, or other similar materials. Each Owner also shall be responsible for repair, replacement and cleaning of the windows and glass of the Owner's Unit, both exterior and interior.

Each Owner shall be responsible for cleaning and maintaining the interior surfaces of any Patio or Balcony area (Restricted Common Area) which is directly adjacent to the Owner's Unit and any improvements thereto installed by such Owner or any predecessor Owner.

In the event an Owner fails to maintain said Owner's Unit and/or Restricted Common Area as provided herein in a manner which the Board reasonably deems necessary to preserve the appearance and value of the Project, the Board may notify the Owner of the work required and request that it be done within thirty (30) days from the giving of such notice. In the event that the Owner fails to carry out such maintenance within said period, the Board shall have the right to enter upon the Unit or Restricted Common Area to cause such work to be done and Individually Charge the cost thereof to such Owner."

Section 2.1.11 shall read:

"2.1.11 Owners Right to Enter Another's Unit

Any Owner or an Owner's representative shall have the right to enter the Unit or Restricted Common Area of any other Owner to perform permissible installations, alterations or repairs to mechanical or electrical services, including installation of television antennae and related cables, if requests for entry are made in advance and such entry is at a time reasonably convenient to the Owner whose Unit or Restricted Common Area is being entered except that in case of an emergency such right of entry shall be immediate."

Section 2.1.12 shall read:

"2.1.12 Indemnification

Each Owner shall be liable to the other Owners for any damage to the Common Area that may be sustained by reason of the negligent or willful act of that Owner, members of that Owner's family, contract purchasers, lessees, tenants, guests or invitees, but only to the extent that any such damage is not covered by insurance maintained by the Oak Bay Association. Each Owner, for the Owner and members of the Owner's family, contract purchasers, lessees, tenants, guests or invitees, covenants to indemnify each and every other Owner, and to hold them harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the Unit or Restricted Common Area of that particular Owner unless the injury

or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in said Unit or Restricted Common Area or is fully covered by insurance.”

Section 2.1.13 shall read:

“2.1.13 Owners Obligation for Taxes

To the extent allowed by law, all Condominiums shall be separately assessed and taxed so that all taxes, assessments and charges which may become liens prior to First Mortgages under local law shall relate only to the individual Condominiums and not to the Project as a whole. Each Owner shall be obligated to pay any taxes or assessments assessed by the County Assessor of the County in which the Project is located against the Owner’s Condominium and personal property.”

Until such time as real property taxes have been segregated by the County Assessor of the County in which the Project is located, they shall be paid by the respective Owners of Condominiums through the Oak Bay Association. The proportionate share of the taxes for a particular Condominium shall be determined by dividing the initial offered sales price of the Condominium in the Project. The "initial offered sales price" of each Condominium shall be the price at which each Condominium was offered for sale on the day immediately preceding the close of escrow for the first sale of a Condominium in the Project. The Oak Bay Association may levy a Special Assessment against all Condominiums to collect these funds.”

Section 3.2 shall read:

“3.2 Nuisances

No noxious, illegal, or offensive activities shall be carried on in any Unit, or on any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of each respective Unit, or which shall in any way increase the rate of insurance for the Project or for any other Unit, or cause any insurance policy to be canceled or cause a refusal to renew the same.”

Section 3.7 shall read:

“3.7 Antennae, External Fixtures, Etc.

No television or radio poles, antennae, flag poles, clotheslines, or other external fixtures, other than those originally installed by Declarant or approved by the Board and any replacements, shall be constructed, erected or maintained on or within the Common Area or any structures on it. No wiring, insulation, air-conditioning or other machinery or equipment, other than that originally installed by Declarant or approved by the Board and replacements, shall be constructed, erected or maintained on or within the Common Area, including any structures on it. Each Owner shall have the right to maintain television or radio antennae within completely enclosed portions of said Owner’s Unit. However, if cable television is or becomes available to an Owner, the Owner’s right to maintain television antennae within completely enclosed portions of the Owner’s Unit shall terminate immediately unless the Board continues to authorize their maintenance.”

Section 3.8 shall read:

“3.8 Right to Lease

Nothing in this Declaration shall prevent an Owner from leasing or renting said Owner's Condominium. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. In addition, no Condominium may be leased or rented for a period of less than thirty (30) days.”

Section 4.3 shall read:

“4.3 Membership

Each Owner and Co-Owner shall be a Member of the Oak Bay Association and shall remain a Member thereof until such time as the Member's ownership ceases for any reason at which time Membership in the Oak Bay Association shall automatically cease.”

Section 4.7 shall read:

“4.7 Joint Owner Votes

The vote for each Condominium may not be cast on a fractional basis. If the joint Owners of a Condominium are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Owner exercises the vote of a particular Condominium, it will be conclusively presumed for all purposes that said Owner was acting with the authority and consent of all other Owners of the same Condominium. If more than one joint Owner exercise the vote for a particular Condominium, the vote for that Condominium shall not be counted and shall be deemed void.”

Section 5.3.10 shall read:

“5.3.10 Maintenance and Inspection of Books and Records

To cause to be kept adequate and correct books of account, a register of Members, minutes of Member and Board meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when requested in writing by twenty-five percent (25%) of the voting power of Members other than Declarant.

The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members; of the Board, and or committees shall be made available for inspection and copying by any Member of the Oak Bay Association, or by any Member's duly appointed representative, at any reasonable time and for a purpose reasonably related to the Member's interest as a Member, at the principal office of the Oak Bay Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules with respect to:

- (A) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (B) Hours and days of the week when such an inspection may be made;
- (C) Payment of the cost of reproducing copies of the documents requested

by a Member.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Oak Bay Association and the physical properties owned or controlled by the Oak Bay Association. The right of inspection by a Director includes the right to make extracts and copies of documents at no cost to the Director.”

Section 6.5 shall read:

“6.5 Individual Charges

Reasonable Individual Charges may be levied against an Owner (i) as a monetary penalty imposed by the Oak Bay Association as a disciplinary measure for the failure of a Member to comply with the Project Documents, or (ii) as a means of reimbursing the Oak Bay Association for costs incurred by the Oak Bay Association for repair of damage to Common Areas and facilities for which the Member was responsible, or (iii) to bring the Member and the Member’s Unit into compliance with the Project Documents. Such Individual Charges are not enforceable through the lien provisions of the Project Documents. Individual Charges shall be due on the first day of the month following notice of their levy.”

Section 6.8 shall read:

“6.8 Creation of the Assessment Lien: Personal Obligation for Assessments and Individual Charges

The Assessments together with late charges, interest, and costs incurred in collecting delinquent Assessments including reasonable attorneys' fees, shall be a charge and a continuing lien upon the Condominium against which each Assessment is levied, the lien to attach upon recordation of a Notice of Assessment as provided in Article 7. All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees shall also be the personal obligation of the Owner of such Condominium at the time when the Assessments or Individual Charges fell due. If more than one person or entity was the Owner of a Condominium at the time the Assessment or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charges shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by said transferee. No Owner may create an exemption from liability for the Owner’s Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.”

Section 7.2.1.1 shall read:

7.2.1.1 Limitation

The Oak Bay Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of said Owner’s Condominium on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgement of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Oak Bay Association.”

Section 8.1.2 shall read:

"8.1.2 Owner's Liability Insurance

An Owner may carry whatever personal liability insurance with respect to liability arising out of the ownership of use of the Owner's Unit that the Owner desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Board and to any First Mortgagee."

Section 8.1.4 shall read:

"8.1.4 Individual Fire Insurance Limited

Except as provided in this subarticle, no Owner shall separately insure said Owner's Unit and/or Restricted Common Area against loss by fire or other casualty covered by any insurance carried under subarticle 8.1.3. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under policies described in subarticle 8.1.3 that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and such Owner will be liable to the Oak Bay Association to the extent of any such diminution. An Owner can insure the Owner's personal property against loss. In addition, any improvements made by an Owner within the Owner's Unit or Restricted Common Area may be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements". All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Oak Bay Association, and any First Mortgagee of such Condominium."

Section 8.2.4 shall read:

"8.2.4 Rebuilding Procedures

If the Members determine to rebuild, pursuant to subarticle 8.2.2 or 8.2.3, each Owner shall be obligated to contribute a proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. The proportionate share of each Owner for the cost of rebuilding or major repair of the structural Common Area housing Units of the Project shall be based upon the ratio that the square footage of the floor area of each Owner's Unit bears to the total square footage of the floor area of all Units. The proportionate share of each Owner for the cost of rebuilding or major repair of all other Common Area (including all other Common Area facilities and improvements) shall be the same as each Owner's assessment allocation as set forth in subarticle 6.6. The Board may levy a Special Assessment against all Condominiums to collect these funds which may be enforced under the lien provisions contained in Article 7 or in any other manner provided in this Declaration."

Section 9.1 shall read:

"9.1 Mortgages Permitted

Any Owner may encumber the Owner's Condominium with Mortgages."

Section 9.2 shall read:

"9.2 Priority of Liens

Any lien created or claimed under the provisions of this Declaration is expressly

made subject and subordinate to the rights of any First Mortgage that encumbers all or a portion of the Project, or any Condominium, made in good faith for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgage expressly subordinates its interest, in writing to such lien.”

Section 9.8 shall read:

“9.8 Owner’s Right to Ingress and Egress

There shall be no restriction upon any Owner’s right of ingress and egress to said Owner’s Unit, which right shall be perpetual and appurtenant to said Owner’s Condominium ownership.”

Section 9.17(l) shall read:

“l. Imposition of any right of first refusal or similar restriction on the right of a Condominium Owner to sell, transfer, or otherwise convey said Owner’s Condominium;”

Section 9.18 shall read:

“9.18 Inapplicability of Right of First Refusal

The right of an Owner to sell, transfer, or otherwise convey said Owner’s Condominium shall not be subject to any right of first refusal or similar restriction.”

Section 12.2 shall read:

“12.2 Notice of Transfer

No later than five (5) days after the sale or transfer of any Condominium under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Oak Bay Association in writing of such sale or transfer. Such notice shall set forth: (i) the Condominium involved; (ii) the name and address of the transferee, the Mortgagees and the transferor; and (iii) the date of sale. Unless and until such notice is given, the Oak Bay Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Oak Bay Association. Prior to receipt of any such notification by the Oak Bay Association, any and all communications required or permitted to be given by the Oak Bay Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee’s transferor.”

Section 13.4 shall read:

“13.4 Amendment Limitation

As required by Business and Professions Code Section 11018.7 no amendment of the provisions of the Project Documents which would materially affect the rights of an Owner in the ownership, possession or use of the Owner’s Condominium shall be valid without prior written consent of the California Real Estate Commissioner during the period of time when the Declarant, or their successors-in-interest, hold or directly control one-fourth (1/4) of the votes that may be cast to effect such change.”

