

Covenants, Conditions and Restrictions (CC&Rs) for the Spanish Lakes Development

About this Edition

All homeowners have received a photocopy of the CC&Rs. This document is sixty-two pages in length, twenty-three of which are legal recitals, signatures, and notary statements. To some, these legal documents obscure the rules that govern the Association. The obscuring effect is particularly evident in the five amendments located near the end of the document.

In this web version, the recitals, signatures, and notary statements have been eliminated. Hopefully, access to the CC&Rs will be enhanced in this edition. In addition, changes authorized by the five amendments have been indicated in the Article in which they occur. No changes in wording of the CC&Rs were made. However, since the text that follows was derived from scanning a photocopied version, some unintended typographic errors may have crept in. These will be corrected as they are discovered and reported.

Article I: Definitions

The following terms shall have the following meanings whenever used in this Declaration of Covenants, Conditions and Restrictions, unless expressly provided otherwise.

- 1.01 **Architectural Rules:** Rules and regulations of the Architectural Control Committee described herein.
- 1.02 **Association:** Spanish Lakes Homeowners Association, a California Non-Profit Mutual Benefit Corporation, in which all owners shall have a membership interest as more particularly described herein, provided that the membership shall be limited to owners.
- 1.03 **Board of Directors:** The Board of Directors of the Spanish Lakes Homeowners Association.
- 1.04 **Bylaws:** The duly adopted Bylaws of the Association as amended.
- 1.05 **Common Area:** All real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot shall include, but is not limited to, all of the road right-of-ways, equestrian trails, Spanish Lakes Water Company dedicated property, and designated Open Space areas within the subdivision as more fully described and shown on the recorded Tract Map 2308, Phase 1. Open space areas and common areas are subject to restrictions as described in this Declaration. Open space areas are further subject to restrictions as described in the Open Space Agreement with the County of San Luis Obispo recorded concurrently herewith.
- 1.06 **Committee:** Refers to the Architectural Control Committee.
- 1.07 **County:** The County of San Luis Obispo, a political subdivision of the State of California.
- 1.08 **Declarant:** Douglas C. Filippini and Kathleen R. Filippini [also holding title as Kathleen C. Filippini (Trustees of the Filippini Family Trust dated 1982), Don Frederick Hoffman and Georgette Marie Hoffman (Trustees of the Hoffman Family Trust dated May 24, 1990), Gregory T. Filippini and Loretta L. Filippini (Trustees of the Gregory T. and Loretta L. Filippini Family Trust dated February 22, 1990), Steven C. Boneso and Mary Ann Boneso (Trustees of the Steven C. Boneso Family Trust dated July 9, 1990), Ned M. Thompson and Connie G. Thompson (husband and wife as community property); (collectively referred to as "Declarant"), their successors and assigns.
- 1.09 **Declaration:** This Declaration of Covenants, Conditions and Restrictions, as from time to time amended, modified or supplemented.
- 1.10 **Development Envelope:** That portion on each lot within which is allowed, pursuant to County standards, building sites for the construction of residential dwellings or outbuildings.
- 1.11 **Lot; Parcel:** Lots 1 through 27, inclusive, of Tract Map 2308, Phase 1, together with any improvements now or hereafter constructed thereon.
- 1.12 **Mortgage:** A mortgage or deed of trust of record encumbering a lot.
- 1.13 **Mortgagee:** A beneficiary or holder of a deed of trust or mortgage. The term "Mortgagee" shall include the beneficiary under a deed of trust and any guarantor or insurer of a mortgage. A 'First Mortgagee is one having priority as to all other Mortgagees encumbering the same subdivision interest.

- 1.14 **Open Space:** That portion of the Subdivision/Development governed by restrictions pursuant to an Open Space Agreement with the County of San Luis Obispo recorded concurrently herewith, and further described and shown on the Tract Map 2308, Phase 1 as Lot 27. The Open Space is part of the Common Area, as more fully described in 1.05, above.
- 1.15 **Owner:** The record owner or owners, if more than one, including Declarant, of Lots 1 through 26, inclusive. "Owner shall also include a contract purchaser who is in possession of a lot. "Owner" does not include persons or entities who hold an interest in a lot merely as security for the performance of an obligation.
- 1.16 **Project; Development:** The subdivision development project comprising of Lots I through 27 of Tract Map 2308, Phase 1, together with all improvements, installations and plantings now existing or hereafter constructed or installed.
- 1.17 **Single Family:** One or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not so related, maintaining a common household.
- 1.18 **Subdivision Map;** Tract Map; Map: The recorded map described in the Recitals.
- 1.19 **Water Company:** Spanish Lakes Mutual Water Company, a California Non-Profit Mutual Benefit corporation.

Article II: Description of Land and Improvements

- 2.01 **Description of Land and Improvements.** The land within the development consists of twenty-seven (27) lots consisting of single family detached residential homes, common areas, open spaces, and Spanish Lakes Mutual Water Company property. The Common Area, including the improvements thereto, shall be owned by the Association for the common use and enjoyment of the owners. The Common Area and designated Open Spaces to be owned by the Association at the time of the conveyance of the first lot shall include, but is not limited to, the following: all roadway easements, common areas, designated Open Spaces, equestrian trails, gates, project entrance structures, bike lanes, fire lanes, detention basins, lighting, landscaping, irrigation, walls, and fencing; all of which are as more fully described on the recorded Tract Map for the Project,
- 2.02 Annexation. Additional real property will be annexed to the Development (Tract 2308, Phase 1) and become subject to this declaration by the methods hereinafter set forth:
- A. **Additions by Declarant.**¹ Declarant shall develop or cause to be developed the additional real property described as Lots 28 through ~~54~~ 52, inclusive, as shown on the Tract Map for Tract No. 2308, Phase 2. Declarant will annex such additional real property to the Development and bring such real property within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors or Members, provided, however, that such annexation must comply with the provisions of Section 2792.27(b), Title 10, of the California Code of Regulations, and provided further that said annexation must be completed prior to the expiration of three (3) years from the date of the original issuance of the most recently issued Final Public Report for the Development (Tract 2308).
- B. **Other Additions.** Additional real property may be annexed to the Development and brought within the general plan and scheme of this Declaration upon the approval by the vote or written consent of Members entitled to exercise not less than two-thirds (2/3) of the voting power of each class of membership of the Association as long as there is a Class B membership outstanding and, thereafter by the vote or written consent of Members entitled to exercise not less than two-thirds of the voting power residing in Members other than Declarant. Upon obtaining the requisite approval pursuant to this section 2.02B, the Owner of any real property who desires to annex it to the Development and subject it to the jurisdiction of the Association shall file or record a Supplemental Declaration as more particularly described in section 2.02D below.
- C. **Conveyance of the Common Area.** Prior to the conveyance of any Lot within the real property annexed from the areas described in section 2.02A of this Article to the purchasers thereof for single family residential use, title to the Common Area within said annexed real property, if any, shall be conveyed to the Association, free and clear of any and all encumbrances and liens, except current real property taxes, which taxes, if any, shall be prorated to the date of transfer, and reser-

¹ The change in 2.02 A was authorized by the First Amendment. This and other amendments are found near the end of this document.

ventions, easements, covenants, conditions and restrictions then of record, including those set forth in this or Supplemental Declarations.

- D. **Supplemental Declarations.** The additions authorized under sections 2.02A and 2.02B of this Article shall be made by filing of record a Supplemental Declaration, or other similar instrument, with respect to the additional real property which shall be executed by the Owner thereof and shall extend the general plan and scheme of this Declaration to such real property. The filing of record of said Supplemental Declaration shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of the Development, become subject to the functions, powers and jurisdiction of the Association, and the Owners of Lots in said real property shall automatically become members of the Association.

Such Supplemental Declaration may contain such additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Supplemental Declaration revoke, modify, or add to the covenants, conditions and restrictions established by this Declaration as the same may pertain to the Development, except as hereinafter may be provided.

Article III: Easements for Utilities and Maintenance

- 3.01 **Easements for Utilities and Maintenance.** Easements over and under the Project for the installation, repair, and maintenance of electric, telephone, waste, gas, and sanitary sewer lines and facilities, heating and air conditioning, cable or master television antenna lines, roads and drainage facilities, and landscaping as shown on the Tract Map and as may be hereafter required or needed to service the Project, are hereby reserved by the Declarant and its successors and assigns, until completion of construction of the Project and sale of the lots, under authority of a public report. Thereafter, said easements shall be reserved unto the Association.

Article IV: The Homeowners Association; Membership and Voting Rights

- 4.01 **Management and Operations.** The management of the Common Area shall be vested in the Association in accordance with its Bylaws. The owners of all lots covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and the Bylaws. All owners of lots in the development shall be members of the Spanish Lakes Homeowners Association. The powers as granted to the Association are for the purpose of operating, maintaining, and managing the Common Area and common facilities of the Project for the benefit of the owners of lots within the Project for providing such service for and conducting such common business affairs of its members, as specified in this Declaration and in the Bylaws.
- 4.02 **Consent to Becoming Member of Association.** The purchaser of any lot in said Project, by a deed therefor, whether from Declarant or from subsequent owners of such lot, or by the signing of a contract or agreement to purchase such lot, shall by the acceptance of deed or by the signing of a contract or agreement, consent to becoming a member of the Association, to abide by the Articles of Incorporation and the Bylaws thereof and to accept all of the benefits and obligations of members thereof. The membership held by an owner of a lot shall not be transferred, pledged or alienated in any way except upon the sale or encumbrance of such lot, and then only to the purchaser or mortgagee of such lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.
- 4.03 **Powers of the Association.** The powers of the Association, the membership and voting rights therein and the authority of its officers and directors shall be set forth in its Articles of Incorporation and Bylaws.
- A. **Voting Classes.** The Association shall have two (2) classes of voting memberships:
1. **Class A:** Class A members shall be all lot owners with the exception of the Declarant and shall be entitled to one (1) vote for each lot owned. When more than one (1) person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1)

vote be cast with respect to any lot. A Class A member who has sold his lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. However, the contract seller shall remain liable for the charges and assessments until title to the lot sold shall be transferred.

2. **Class B:** The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of one of the following events, whichever occurs earlier:
 - A. All lots are sold, or,
 - B. Four (4) years from the date of the first conveyance of a lot.

As long as two classes of members in the Association exist, no action by the Association that must have the prior approval of the Association members shall be deemed approved unless approved by the appropriate percentage of both classes of members, except provisions with respect to actions to enforce the obligations of the Declarant under any completion bonds.

- B. **Multiple Owner Voting.** The vote for each such lot may be cast only as a unit, and fractional votes shall not be allowed. In the event joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any owner or owners cast a vote representing a certain lot, it shall thereafter be conclusively presumed for all purposes that he or they were acting with authority and consent of all other owners of the same lot. In the event more than one vote is cast for a particular lot by Class A members, none of said votes shall be counted and all of said votes shall be deemed void.
- C. **Cumulative Voting.** Every owner entitled to vote at any election of the Board may, if the procedural prerequisites set forth in Section 7615(b) of the California Corporations Code* is first followed, cumulate his vote and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his lot or lots are entitled, or may distribute his vote on the same principle among as many candidates as he desires. The entire Board may be removed from office by the affirmative vote of fifty-one percent (51%) of the owners entitled to vote at any election of the Board. However, unless the entire Board is removed, an individual Director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of votes which all members are entitled to cast is divided by one plus the authorized number of Directors. If any or all of the Directors are so removed, new Directors may be elected at the same meeting.

*7615. (a) If the articles or bylaws authorize cumulative voting, but not otherwise, every member entitled to vote at any election of directors may cumulate the member's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the member is entitled, or distribute the member's votes on the same principle among as many candidates as the member thinks fit. An article or bylaw provision authorizing cumulative voting may be repealed or amended only by approval of the members (Section 5034), except that the governing article or bylaw provision may require the vote of a greater proportion of the members, or of the members of any class, for its repeal.

(b) No member shall be entitled to cumulate votes for a candidate or candidates unless the candidate's name or candidates' names have been placed in nomination prior to the voting and the member has given notice at the meeting prior to the voting of the member's intention to cumulate votes. If any one member has given this notice, all members may cumulate their votes for candidates in nomination.

(c) In any election of directors by cumulative voting, the candidates receiving the highest number of votes are elected, subject to any lawful provision specifying election by classes.

(d) In any election of directors not governed by subdivision (c), unless otherwise provided in the articles or bylaws, the candidates receiving the highest number of votes are elected.

(e) Elections for directors need not be by ballot unless a member demands election by ballot at the meeting and before the voting begins or unless the bylaws so require.

- D. **Vesting of Voting Power.** The voting power shall vest when the power of assessment has passed to the Association.

Article V: Property Rights of Owners and Members; Easements; Partition

- 5.01 **Designation of Lots.** Each of the lots and the structures thereon, each separately shown, numbered and designated on the Subdivision Map, together with a non-exclusive easement for use and access to the Common Areas shall be a separate estate in fee.
- 5.02 **Ownership of Lots; Easements.** Ownership of each lot shall include a fee ownership interest in the lot, a membership in the Association and any exclusive or nonexclusive easement or easements appurtenant to such lot over the Common Area as described in this Declaration, or the deed to the lot.
- 5.03 **Owners' Nonexclusive Easements of Enjoyment; Powers and Duties of Association.** Every owner of a lot shall have a nonexclusive easement of use and enjoyment in, to and throughout the Common Area of the development and for ingress, egress and support over and through the Common Area. However, such nonexclusive easements shall be subordinate to, and shall not interfere with, exclusive easements appurtenant to lots over the Common Area, and shall only include those portions of the Open Spaces that are designated for use by the Association. Each such easement shall be appurtenant to and pass with the title to every lot, subject to the following rights and restrictions:
- A. The right of the Association to temporarily suspend the voting rights and/or rights to use the Common Areas of an owner and their lessees, guests and their families for any period during which any assessment against his lot remains unpaid, and/or to impose monetary penalties authorized by this Declaration; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations (other than failure to pay assessments) after hearing by the Board of Directors of the Association where said owner has been given at least fifteen (15) days prior written notice to appear and be heard not less than five (5) days prior to the effective date of the disciplinary action.
- B. The right of the Association to dedicate or transfer its interest in all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded, and unless written notice of the proposed action is sent to every member not less than thirty (30) days nor more than sixty (60) days in advance;
- C. The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and Open Spaces.
- D. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving or renovating the Common Area, Open Spaces, and landscaping thereof.
- 5.04 **Delegation of Use; Contract Purchaser; Tenants.** Any owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment in the Development, including any common areas and open spaces, to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Bylaws and the Association rules, subject however, to this Declaration, to the Bylaws and to the Association rules. However, if an owner has sold his lot to a contract purchaser or rented the lot, the owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the common areas of the Development while the owner's lot is occupied by such contract purchaser, or tenant. Instead, the contract purchaser, or tenant, while occupying such lot shall be entitled to use and enjoy the common areas of the Development and can delegate the rights of use and enjoyment in the same manner as if such contract purchase, or tenant, were the owner of such lot during the period of his occupancy. Each owner shall notify the Secretary of the Association of the names of any contract purchaser, or tenant of such owner's lot. Each owner, contract purchaser or tenant also shall notify the Secretary of the Association, in advance, of the names of all persons to whom such owner, contract purchaser or tenant has delegated any rights of use and enjoyment in the Development and the relationship that such person bears to the owner, contract purchaser or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as the rights of owners.
- 5.05 **Waiver of Use.** No member may exempt himself from personal liability for assessments duly levied by the Association, nor release the lot owned by him from the liens and charges hereof, by waiver of the use and protection of the Common Area or by abandonment of his lot.

- 5.06 **Encroachments.** Each lot is hereby declared to have an easement over the Common Area for the purpose of accommodating any encroachment due to engineering or surveying errors, errors in original construction, settlement or shifting of any building, overhangs or projections in original construction, or for any other cause not due to the willful misconduct of any owner or owners. In addition, there shall be valid and appropriate easements for the maintenance of such encroachments. In the event any portion of the Common Area encroaches upon any other lot or any other lot encroaches upon the Common Area as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of the Development, a valid easement for the encroachment and for the maintenance thereof shall exist so long as the encroachment exists.
- 5.07 **Association's Easement; Grants of Easements.** The Association shall have an easement in, on, over, under and through the Common Areas, including but not limited to, road right-of-ways and all other lots where necessary for any construction, maintenance, repair or other functions required of the Association by this Declaration. Declarant and the Association shall have the right to grant nonexclusive, and specific as well as blanket, easements in, on, over, under, and through common areas for all utility services and purposes. Declarant's power hereunder shall cease after the initial sale of the lots.
- 5.08 **Partition.** Except as provided by Section 1359 of the California Civil Code, there shall be no judicial partition of the Project or any part thereof, and Declarant and any person acquiring an interest in the Project or any part thereof absolutely waives the right to partition the real property in kind and waives the right to seek partition for the purpose of a sale of the real property, or any portion thereof, unless the bringing of a suit for partition has been approved by the vote or written agreement of two-thirds (2/3) of the voting power of the Association other than the Declarant and two-thirds (2/3) of all first mortgagees and beneficiaries of first deeds of trust; provided, however, that If any lot shall be owned by two or more co-tenants in common or as joint tenants, nothing contained shall be deemed to prevent a judicial partition as between such co-tenants.
- 5.09 **Prohibition Against Severability of Component Interests.** No owner shall be entitled to sever his lot from his membership in the Association. Neither of said interests may be severally sold, conveyed, encumbered, hypothecated or otherwise affected, and any violation of this provision shall be void and of no effect.

Article VI: Use Restrictions

Use of the Project and each lot therein shall be restricted in accordance with the following provisions in addition to all other covenants, conditions and restrictions herein contained.

- 6.01 **Land Use and Building Type:**² No lot shall be used for other than what is described in this Declaration. No buildings shall be erected on any lot, excluding Common Areas outside of the Open Space, except for one single-family residence and one detached garage, and one attached guest house. ~~Secondary dwellings are prohibited.~~ All guest houses will only be allowable if approved by the San Luis Obispo County Building and Planning Department. All residential dwellings and outbuildings shall be constructed within the development envelopes except as otherwise specified herein.
- 6.02 **Exemption:** Declarant, its successors and assigns, may use the Project and lots for models and model sites, advertising and other purposes incidental or necessary for completion of construction, sale and leasing; provided, however, that Declarant shall not unreasonably interfere with any owner's use or enjoyment of his or her lot.
- 6.03 **Nuisance:** No noxious, illegal or seriously offensive activities shall be carried on, in or upon any lot, or in any part of the Project, nor shall anything be done thereon which may be or may become a serious annoyance or a nuisance to or which in any way interferes with the quiet enjoyment of an owner's lot.
- 6.04 **Temporary Structures, Boats, Commercial and Recreational Vehicle Restrictions:** No structure of a temporary character, trailer, camper, mobile home, recreational vehicle, boat, inoperable automobile, or similar equipment shall be permitted to remain on any area within the Project, including the development envelope, without the prior written consent of the Committee. No noisy or smoky vehicles shall be operated on the lot. No unlicensed motor vehicles shall be operated outside the development envelopes.

² The changes in 6.01 were authorized by the Fifth Amendment. This and other Amendments are located toward the end of this document.

- 6.05 **Animals:**³ No animals shall be kept on any lot, except for domestic dogs, cats, or other animals kept inside a cage as household pets, without the prior written consent of the Committee. No animal shall be kept on any lot for any commercial purpose. Each person bringing or keeping a pet upon a lot shall be liable to other owners, their family members, guests, invitees, tenants, and contract purchasers for any damage to persons or property proximately caused by any pet brought upon or kept upon the Project by that person or by members of his family, his guests, or Invitees. Owners shall be responsible for any and all damages caused by his or her animals on or about the Project. Exceptions: horses are allowed to be kept on ~~Lots 1, 2, 19-26~~ 14 through 26 of Phase 1; Lots 28 through 36 and 48 through 52 inclusive of Phase 2; pursuant to County regulations and standards. Horses are not allowed to be kept on all other lots. Horses shall be allowed only on designated trails in the Open Space. Only horses owned by owners and their guests are allowed on the Open Space trails. Cattle may be allowed for grazing purposes within the Open Space area subject to provisions of any lease with the Association. Only cattle owned by a lessee shall be allowed to graze in the Open Space.
- 6.06 **Drilling Prohibited:**⁴ No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted on or in any lot within the Project; and no oil wells, tanks, tunnels or mineral excavations or shafts shall be permitted on the surface of any lot or within five hundred (500) feet below the surface of any lot. No derrick or other structure designed for use in boring for oil, or natural gas shall be erected, maintained, or permitted on any lot. No water wells shall be permitted on ~~Lots 1-26~~ any lot, without approval from the Spanish Lakes Mutual Water Company.
- 6.07 **Trash Removal:** All rubbish, trash and garbage shall be regularly removed from the lots and shall not be allowed to accumulate thereon. Trash, garbage and rubbish shall be kept only in sanitary containers and shall be screened from view so that they are not visible from the street or any other lot.
- 6.08 **Antennas:** No radio, telephone or television receiving or transmitting antenna, satellite or external apparatus shall be installed on any lot in a manner that makes it visible from the street or any other residence in the Project without prior written approval from the Committee.
- 6.09 **Unobstructed Access:** All streets, driveways, private utility easements, sidewalks, entries and passages shall remain unobstructed and shall not be used for any purposes other than ingress and egress and other intended uses.
- 6.10 **Combustible Materials:** No combustible materials, such as gasoline, kerosene, cleaning solvents and other flammable liquids shall be stored on any lot; provided, however, that reasonable amounts in metal containers may be stored in storage or garage areas. No tanks for such storage shall be installed anywhere, without the prior written approval of the Committee.
- 6.11 **Outside Laundering and Drying:** No exterior clothesline shall be erected or maintained, unless screened from view from the street or any other residence in the Project, and there shall be no exterior drying or laundering of clothes on balconies, patios, porches, or other outside areas.
- 6.12 **Machinery and Equipment:** No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence.
- 6.13 **Signs:** No signs or billboards of any kind shall be displayed to the public view on any lot, except such signs as are approved in writing by the Committee. Each owner may display only one (1) "For Sale" or "For Rent" or "For Exchange" sign and may also display one (1) sign advertising directions to another owner's lot which is for sale, rent or exchange, provided the design, dimensions and locations are reasonable.
- 6.14 **Site Improvement and Design Criteria:**
- A. **Outbuildings:** Any outbuildings erected shall be painted or stained harmoniously with the main dwelling building on the lot.
 - B. **Fences:**⁵ Each lot owner shall install and maintain a fence within the perimeter of each lot. Such fence shall be ~~four (4) rail, natural color, round lodge pole pine on eight foot (8') centers~~ 3-rail white vinyl fencing. Only fences approved in writing by the Committee shall be installed on a lot. Fences shall not be regulated if installed within standards approved by the Committee. Privacy

³ The lots on which horses and allowed were modified by the Third and Fifth Amendments.

⁴ The changes in 6.06 were authorized by the Fifth amendment.

⁵ The changes in 6.16 B were authorized by the Fifth amendment.

- fences adjacent to the main structure on a lot shall be allowed subject to Committee approval in writing.
- C. **Mechanical Equipment:** All mechanical equipment, including utility meters, shall be located or screened in such a manner that they are not visible from any street.
- D. **Water Supply, Use and Facilities Maintenance:**
1. Each owner shall install and maintain a water meter approved by the Water Company on each lot in order to register the amount of water consumed by such lot.
 2. All residences and accessory structures constructed on the lots shall contain: (a) low-flow showers, toilets and faucets; (b) hot water lines and water recirculating systems pursuant to applicable California Energy Commission regulations then in effect; (c) water-conserving laundry washers and dishwashers; (d) gray water systems and cisterns for landscaping purposes designed pursuant to applicable state and local law unless waived through construction permit application process; and (e) use of pervious paving materials whenever feasible to reduce surface water run-off and aid in ground water recharge.
- E. **Landscaping:** Landscaping of all lots shall incorporate drought tolerant native plant species. Front and side yard landscaping shall be installed within three (3) months of approval of any occupancy permit by the County. Extensions of this time require Committee approval in writing.
- F. **Maintenance of Improvements:** Each owner of a lot shall be responsible for maintaining the structures located upon their lot, including the equipment and fixtures in the structure and its walls, roof, ceilings, windows and doors in a clean, sanitary, workable and attractive condition. Each owner is further required to maintain in an attractive condition the grounds and landscaping within their lot. All landscaping shall be neatly trimmed, properly cultivated and maintained in a neat and orderly condition and in a manner designed to enhance its appearance. Each owner shall also maintain in an attractive condition all porches, patios, decks, balconies or other additions or improvements built or maintained on their lot.
- G. **Spark Arresters:** Tire spark arresters shall be maintained on all chimneys.
- H. **Fire Break:** An effective fire break shall be created and maintained by each owner for all existing bulletins or structures within the development envelope. Said fire break shall be made by removing and clearing away for a distance of not less than 100 feet on each side thereof, all flammable vegetation or other combustible growth. (This requirement shall not apply to single specimens of trees, ornamental shrubbery or similar plants used as ground cover, provided that they do not form a means of rapidly transmitting fire from the native growth to any structure.) Cattle may be allowed to graze in the Open Spare area as a means of providing a fire break subject to County requirements.
- I. **Debris Removal:** Each owner shall remove, clean up and/or cut grass and weeds and remove Any unsightly or obnoxious things from any building site on his or her lot.
- J. **Drainage Obstruction:** No obstruction, diversion or confuting of existing channels upon, under and/or across any portion of the Project through which water in time of storm or otherwise naturally flows or through which water has been caused to flow artificially by Declarant in the development of said property shall be made by my person without the written consent lint obtained from Declarant. This restriction shall not preclude Declarant, as an incident of the development of the entire Project, from changing existing channels for the natural flow of water and/or creating new channels and means of artificial drainage and water flow.
- K. **Noise Mitigation:** Prior to final map recordation, Declarant shall have submittal a Noise Mitigation Program in order to insure Lots 1 and 2 are adequately sized/created such that noise levels for exterior living areas are less than 60 CNEL. This program shall be applied to all grading plans and building permits for Lots 1 and 2, as applicable. Noise mitigations may include setbacks, berm; noise barriers and/or structural upgrades as determined by the County of San Luis Obispo prior to the issuance of grading or building permits.
- L. **Minimum Size:**⁶ A residential dwelling unit shall have a minimum size of ~~2,000~~ 2,500 square feet for single story construction (~~2,700~~ ~~3,200~~ 2,700 square feet for 1 1/2 - 2 story construction); excluding garages and appurtenant structures.

⁶ The changes in 6.14 L were authorized by the Second and Fourth Amendments.

- M. **Height Limitations:** The maximum height of the roof structure shall be 28 feet above the average minimum natural grade as measured by County ordinance methods.
- N. **Placement of Residences; Grading:** Residences and appurtenant structures shall be placed upon lots so as to employ existing, natural visual barriers to minimize visual impacts and to minimize disruption of the natural topography, and when not inconsistent with visual impacts, shall maximize solar access for energy conservation purposes. Prior to the issuance of building permits for individual lots, the applicant/lot owner shall submit and agree to implement Sedimentation, Erosion Control and Drainage Plans per San Luis Obispo County standards prepared by a qualified civil engineer in order to protect the quality of on-site lakes.
- O. **Exterior Colors:** It is the intent that the color palate for the development shall be harmonious with the natural materials of the surrounding landscape either on the lot or within the view sheds. White is not an acceptable color for exterior walls. Roof shall be of muted colors that blend with the landscape.
- P. **Energy Standards:** All improvements constructed upon the lots shall comply with Title 24 “Energy Efficiency Standards for Residential and Non-Residential Buildings.”
- Q. **Sewage Disposal:** Sewage disposal systems on each lot shall be designed, constructed and maintained in accordance with standards of the Water Company, including the requirement that all plans for sewage disposal systems shall be submitted to the San Luis Obispo County Planning and Building Department for approval prior to issuance of a building permit. The preferred disposal site for leach field systems is within each lot. However, if lot owners are not able to locate leach fields upon their lots, the Association hereby guarantees to each lot owner that they will grant a leach field easement within a one-hundred (100) foot perimeter around each owners lot; provided, however, if the distance between any lot is less than two-hundred (200) feet, the easement areas where the leach fields may be located shall be one-half (1/2) of the distance between such lot. The one-hundred (100) foot areas within which the leach field easements may be established are also reduced in size so that no leach field easement extends on to or under any roadway, structure, utility pipe or wire or upon any areas designated for setbacks. If adequate leach field areas are not found within the lot or the one-hundred (100) foot leach field easement, the Association guarantees to each owner that "off-site" leach field areas shall be made available. All leach systems constructed upon the Open Space shall be underground. With respect to Lots 28 through 34 and Lot 41, Declarant shall be required by the County of San Luis Obispo to submit design-level geotechnical investigation information prepared by a qualified geotechnical engineer in order to ensure that septic tanks are sufficiently set back from areas containing perched groundwater. Declarant shall submit this information pursuant to the Conditions of Approval prior to final map recordation. Owners of Lots 28 through 34 and Lot 41 shall implement the recommendations of the design-level geotechnical investigation in order to build on those lots.
- 6.15 **Right to Lease:** Any owner who wishes to lease his or her lot must meet each and every one of the following requirements, and the lease will be subject to these requirements whether they are specifically included within the lease or not:
- A. All leases must be in writing;
 - B. No lease shall be for a period of less than thirty (30) days;
 - C. All leases shall be subject in all respects to all provisions of this Declaration;
 - D. Any failure of a tenant to comply with this Declaration and the rules and regulations, shall be a default under the lease, regardless of whether the lease so provides. In the event of any such default, the owner shall immediately take all actions to cure the default including, if necessary, eviction of the tenant; and
 - E. Each owner shall provide a copy of this Declaration to each tenant of his lot. By becoming a tenant, each tenant agrees to be bound by this Declaration.
- 6.16 **Industry:** No industry, business, trade, occupation or profession of any kind shall be maintained or permitted within the Project. Exception: Home based businesses shall be allowed subject to County regulations.
- 6.17 **Architectural Review Process:** The Committee shall adopt rules and set up an architectural review process consistent with the provisions hereof.

- 6.18 **Community Security Gate:** Community security gates which are owned and maintained by the Association shall require approval by and be constructed to the satisfaction of the San Luis Obispo County Fire Department and Sheriff Department.
- 6.19 **Biological Resources Mitigation Plan:** Prior to issuance of building permits and/or any on-site development, adherence shall be required to all provisions of the approved Biological Resources Mitigation Plan submitted by Declarant, a copy of which is on file in the office of the Director of Planning and Building for the County of San Luis Obispo and is incorporated by reference herein as though set forth in full. Pursuant to the plan, these provisions include but are not limited to a 50 foot setback from the edge of wetlands (as shown in Appendix 1 of the biological report (Las Pilitas, 8/24/98)) or high water line, whichever is greater, which shall be maintained in its native state. Any planting within this setback shall use only indigenous or native plants compatible with the wetland/riparian habitat. A 100 foot development setback from the edge of wetlands or high water line, whichever is greater, shall be maintained for all buildings (e.g., residences, barns, sheds, etc. are not allowed). Unless shown to the Director of Planning and Building for the County of San Luis Obispo to be an existing threat to drainage structures, all natural objects (e.g. large rocks, fallen logs, etc.) that provide potential basking areas for the southwestern pond turtle in and around the lake edge shall be left undisturbed. Stream crossings by roadways shall be with culverts of sufficient height to allow small mammal migration. Maintenance of such culverts will be by the Association pursuant to Article X.
- 6.20 **Disclosure of Right to Farm:** Disclosure is hereby made to all lot owners within the Project of the existing and potential future agricultural operations in the Open Space areas of the Project and upon parcels adjacent thereto. Said operations or those of adjacent owners may generate dust, noise, odors and/or the use of agricultural chemicals. Disclosure is further made of the County's Right to Farm Ordinance as follows:
- A. San Luis Obispo County has determined that the use of real property for agricultural operations is a high priority and favored use to the County, and those inconsistencies or discomforts arising from legally established agricultural activities or operation, as defined in the San Luis Obispo County Code, or state law, shall not be or become a nuisance.
 - B. Disclosure Statement: "The County of San Luis Obispo declares it a policy to protect and encourage agricultural operations as defined in Chapter 5.16 of the San Luis Obispo County Code. If your property is located in the unincorporated area of the County, near an agricultural operation, you may at sometime be subject to inconvenience or discomfort arising from agricultural operations. If conducted in a manner consistent with state law and County Code, said inconveniences and discomforts shall not be or become a nuisance."
 - C. The Disclosure Statement is given for information purposes only and nothing in the County Code, or in the Disclosure Statement, shall prevent anyone from complaining to any appropriate agency, or taking any other available remedy, concerning any unlawful or improper agricultural practice.
 - D. The Disclosure Statement set forth above shall be used as described in Sections 5.16.050, 5.16.060 and 5.16.070 of the San Luis Obispo County Code.

Article VII: Use Easements

- 7.01 There is reserved for the benefit of Declarant, its successors and assigns, an easement in gross for the use, improvement and maintenance of the common areas, open spaces, landscaping, streets, drainage basins, retention walls, and drainage facilities, if any.

Article VIII: Open Space Uses/Restrictions

- 8.01 No owner, family member of owner, lessees, or their guests, invitees, or agents shall:
- A. Injure, destroy, or otherwise adversely affect any Open Space property maintained within the Project.
 - B. Except as otherwise specified herein, use any off-road vehicle, motorcycle, or motorized vehicle in any portion of the Project utilized for Open Space purposes.
 - C. Discharge water, including, without limitation, pool water onto lots or Open Spaces in such manner as to degrade water quality, cause erosion, create danger or hazard to any lot, or discharge on any lot or Open Space any hazardous, toxic or noxious materials or substances.

- D. Engage in any hunting or firing of firearms in any portion of the Project.
 - E. Use lakes located within the Project to discharge any waste or other material, whether solid or liquid.
 - F. Remove, damage, gather or alter any trees, shrubs, and other vegetation, living or dead, including, without limitation, oak trees, or parts thereof, without the prior permission of Declarant.
 - G. Use excessive quantities of water for washing decking, driveways, structures, or irrigation of landscaping on individual lots.
- 8.02 No structures or improvements shall be built within the Open Space except for the trail system, and water company fixtures/appurtenances. The only exception shall be any structures and/or improvements that have prior approval by the Director of Planning and Building, that the Director finds to be:
- a) essential to the viability of the site's lakes and/or natural resources, and/or b) that are allowed pursuant to San Luis Obispo County Land Use Ordinance Section 22.04.036(e)(1) - Cluster Division/ Open Space Parcel.
- 8.03 Prior to establishment of any future agricultural use (except grazing) on the Open Space lot, the use shall be reviewed by the San Luis Obispo County Agricultural Commissioner's Office to determine the appropriate setbacks on the Open Space parcel between each residence and the agricultural use. These setbacks shall be adhered to by the agricultural user and the owner of the Open Space so long as the agricultural use remains.

Article IX: Architectural Control

- 9.01 **Architectural Requirements:** No building or landscaping shall be erected, placed or altered on any lot in a manner that is inconsistent with the original architecture of the Project. This shall include harmony of external design and material with existing structure, and as to location with respect to topography and finish grade elevation.
- The Architectural Control Committee ("Committee"), as further described herein, shall not restrict or prohibit the installation or use of a solar energy systems except that it may adopt reasonable restrictions which do not significantly increase the cost of the system or significantly decrease its efficiency or specified performance, or which allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.
- Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements, alterations, etc., shall be submitted to the Committee for approval as to the quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography and finish grade elevation. No permission or approval shall be required to repaint in accordance with the Declarant's original plans and specifications. No permission or approval shall be required to repaint in accordance with a color scheme previously approved by the Committee, or to rebuild in accordance with plans and specifications previously approved by the Committee.
- 9.02 **Committee Action:** The Committee shall consist of three (3) members. Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of the original final public report for the Project. After one (1) year from the date of the issuance of the original public report for the Project, the owners shall have the power to appoint one (1) member to the Committee until eighty-seven and one-half percent (87-1/2%) of all the subdivision interests in the Project have been sold or until the fifth anniversary date of the original issuance of the final public report for the Project, whichever occurs first. Thereafter the owners shall have the power to appoint all members to the Committee. Committee members appointed to the Committee by the owners shall be owners. Committee members appointed to the Committee by the Declarant need not be owners. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the successor shall be appointed by the person, entity or group which appointed such member until Declarant no longer has the right to appoint any member to the Committee, and thereafter the owners shall appoint such successor. Neither the members nor the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. In the event the Committee fails to approve or disapprove plans within forty-five (45) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been approved. Approval of plans by the Committee shall in no

- way make the Committee or its members responsible or liable for the improvements built. After approval of the plans, the owner whose plans are approved shall defend, indemnify and hold the Committee harmless from any and all liability arising out of such approval or deemed approval.
- 9.03 **Liability:** Neither the Committee nor any member thereof shall be liable to any owner or to any other party, for any damage, loss or prejudice suffered or claim on account of (a) the approval, deemed approval or disapproval of any plans, drawings, specification, or (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications.
- 9.04 **Approval Required:** Except to the extent reasonably necessary for the construction, reconstruction or alteration of any improvement for which the owner has obtained approved plans pursuant to this section, no excavation or fill which would be visible from neighboring lots shall be created or undertaken and no change in the natural existing drainage for surface water shall be made and no structures of any type whatsoever shall be constructed or altered until and unless the owner of such lot first obtains the approval therefor from the Committee, as herein provided, and such owner otherwise complies with all provisions of this Declaration.
- 9.05 **Procedure:** Any owner proposing to construct or reconstruct or to refinish or alter any part of the exterior or any improvements on or within his or her development envelope or perform any work which requires the prior approval of the review Committee is required to submit a complete set of improvement and design plans to the Committee prior to filing an application for a building permit.
Within fifteen (15) days after being so requested by an owner, the Committee shall schedule a pre-planning meeting with the owner, during which the following shall be discussed: property boundaries; easements and building envelopes; architectural theme and special site considerations; total proposed land use; and construction schedules.
- 9.06 **Governmental Approval:** Before commencement of any alteration or improvements approved by the Committee, the owner shall comply with all the appropriate governmental laws and regulations. Approval by the Committee does not satisfy the appropriate approvals that may be required by the County of San Luis Obispo or any governmental entity with the appropriate jurisdiction.

Article X: Maintenance Obligations

- 10.01 **Common Area Maintenance:**⁷
- A. The Common Area, as further described herein, including but not limited to roads, right-of-ways, entrances, drainage facilities, water facilities and Open Spaces (including equestrian and/or project trails), will be conveyed by Declarant to the Association, and all such Common Area (including equestrian trails) and the improvements thereon shall be maintained, cared for and managed exclusively by the Association for the benefit and use of the owners. With respect to all said Common Areas, the Association shall have the exclusive right, responsibility and obligation to maintain in a continuous state of good repair and condition all Common Areas and appurtenant structures and improvements and landscaping, keeping these areas free of all weeds, trash, rubbish, graffiti and debris.
- B. Areas designated for Water Company use shall be maintained and cared for by the ~~Association~~ Water Company, including but not limited to appurtenant structures and improvements and landscaping. Maintenance shall adhere to Declarant's landscape plans for the water storage tank.
- 10.02 **Road, Entrance and Drainage Facility Maintenance:**
- A. **Cost and Expense:** The costs and expenses of repairing, replacing, operating and maintaining the roads, entrances and related drainage facilities (but not including roads and facilities within the Individual lots) shall be equally divided among and paid for by all the lot owners. The Association shall be exempt from contributing to this cost and expense. Each owner shall be responsible for maintaining any driveway and/or roadway located within his or her lot.
- B. **Repairs, Maintenance and Insurance:**⁸ The Association shall perform such repairs and maintenance as the Association shall determine to be necessary or advisable to maintain the roads, entrances and related drainage facilities. Repairs and maintenance shall include, but are not limited

⁷ The First Amendment authorized the change in 10.01 B.

⁸ The changes in 10.02 B were authorized by the Fifth amendment.

- to, filling of chuckholes, repairing cracks, paving, repairing and maintaining drainage structures, removing debris, maintaining signs, markers, striping, landscaping and lighting, if any, maintaining insurance, and other work reasonably necessary or proper to repair maintain and preserve said roads and related improvements. ~~The Association shall bill the owners for such costs and expenses and the owners shall pay such within the time stated by the Association. Regular maintenance costs will be billed with the monthly assessments. However, due to unforeseen environmental factors, there may be times when additional maintenance and repair becomes necessary. Such additional maintenance and repair costs will be billed to the owners and shall be paid to the Association within the time stated by the Association.~~
- 10.03 **Default:** Should any owner fail to pay his share of costs and expenses, the Association may, in addition to exercising any other available remedy, send a notice to such owner that his payment of costs and expenses is delinquent and that failure to pay the delinquent amount within ten (10) days after the date of such notice will subject the owner to interest on such amount at the rate of ten percent (10%) per annum. If the owner has not paid the delinquent amount by the tenth (10th) day after the date of such notice, interest will accrue on such amount from such date at the rate of ten percent (10%) per annum until the delinquent amount and accrued interest thereon is paid in full. In addition, the Association may execute, acknowledge and record a claim of lien against the delinquent owner's parcel in the Office of the County Recorder of San Luis Obispo County, California, stating that a lien is claimed against the owner's parcel in the amount of the delinquent payment or payments, together with interest thereon at ten percent (10%) per annum, reasonable attorneys' fees and costs. Any such lien may contain a power of sale provision and may be foreclosed by appropriate action in a court or in the manner now or hereafter provided in California Civil Code Sections 2924 et seq., as amended or modified from time to time, for foreclosure of a deed of trust with power of sale, or in any other manner permitted by law. The Association or any owner shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey the delinquent owner's parcel. Nothing contained in this section shall be construed as limiting the remedies available to the Association or the owners for default by any owner hereunder. Any claim of lien shall not be prior and superior to the rights of the holder of any encumbrance made for value on the parcel of the defaulting owner recorded prior to recordation of any claim of lien.
- 10.04 **Damage to Common Area.** In the event any Common Area is damaged or destroyed through the act or omission of any Owner or his guests, members of his family, agents, or employees, whether or not such act or omission is negligent or otherwise culpable, such Owner shall forthwith proceed to rebuild, repair, or replace the same to as good condition as formerly existed, without cost to the Association, or the Association may proceed to effect such rebuilding, repair or replacement.
- 10.05 **Owner's Maintenance; Alterations.** Each Owner shall maintain at his own cost and expense his residential Unit. No exterior addition to or change or alteration of any Unit or the front yard landscaping shall be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall 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 of Directors of the Association or by the Architectural Control Committee pursuant to Article IX.
- 10.06 **Special Assessment.** In the event the Association undertakes the rebuilding, repair or replacement of any Common Area for which an Owner is liable, the Association may recover the cost thereof through a special assessment pursuant to this Declaration.
- 10.07 **Maintenance Agreement.** In the event of the formation of a governmental maintenance district or similar agency to provide maintenance services to the Common Area or any part thereof, the Association may transfer its right in whole or in part to such district or agency and to the extent thereof shall be relieved of its obligations hereunder.
- 10.08 **Drainage.** No obstruction, diversion, bridging, pollution or confining of drainage courses or of existing channels through which storm surface water naturally flows upon and across any Lot shall be made by any Owner in such a manner as to threaten or cause increased drainage to adjacent Lots. Any improvement or alteration of a Lot which would affect the drainage pattern established upon the initial grading of the Lot proposed to be improved or altered or the drainage pattern of any adjoining Lot shall be disapproved unless the Architectural Control Committee specifically determines that alternative suitable drainage is provided in the improvement or alteration plans submitted by the Owner.
- 10.09 **Inspection and Maintenance Guidelines.** The Board of Directors shall adopt inspection and maintenance guidelines for the periodic inspection and maintenance of the Common Area Improvements and landscaping, including, but not limited to, sanitary sewer and storm drainage facilities maintained by

the Association, bike lanes, fire lanes, detention basins, lighting, landscaping, irrigation, roadways, Water Company areas, walls and fencing.

Article XI: Assessments And Liens

- 11.01 **Assessment Power.** Each lot within the Project and the improvements thereon, except such improvements as are owned by the Association, shall be subject to general and special assessments and liens to secure their payment. The Association, by and through the Board only, shall have the sole authority to fix and establish the amounts of the general assessments provided for in this Declaration and the amounts of such interest costs and late charges for the late payment or nonpayment thereof. The power of assessment shall vest on the first day of the month following the first conveyance of a lot by Declarant to a Public Purchaser.
- 11.02 **General Assessments.** The general assessment shall be fixed and established annually or more often by the Board and shall be collected monthly by the Association as follows:
- A. **Budget, General:** The Board shall, as hereinafter provided by resolution duly adopted, annually estimate in its best judgment the cash requirements and reserves for future maintenance or contingencies reasonably necessary and proper for the management, operation, maintenance, care and improvement of the Project in accordance with those rules set forth in this Declaration and in the Bylaws for the year or portion of the year for which such estimate is made.
 - B. **Annual Budget:** The Board shall at a regular or special meeting held during the month of October of each year, or at such other time as may be designed by the Board, make its estimate of cash requirements for the following calendar year. If the Board elects a fiscal year other than the calendar year, such estimate shall be made at least three (3) months prior to the beginning of that fiscal year.
 - C. **General Assessments:** Subject to the terms of subsection D., the Board may from time to time, by resolution adopted at any regular or special meeting, establish and fix general assessments based upon duly adopted estimates as provided above, or modify any estimate or estimates previously made and increase or diminish the amount previously estimated as cash requirements of the Association for any year or portion thereof, and the Board may increase or diminish the amount of the general assessment to correspond to such revised estimate, provided that no such determination by the Board shall have any retroactive effect on the amount of assessment payable by any owner of a lot for any period elapsed prior to the date of such determination. Such estimate of cash requirements and reserves and the whole thereof shall be apportioned equally among all the lots (excluding Common Area and Open Space lots), and the sum allocable to each lot shall be the general assessment against such lot for the following calendar year.
 - D. **Limit on Increased Assessments:** The Board of Directors must, prior to any increase in assessments, comply with the provisions of the Association Bylaws or obtain the approval of owners constituting a quorum, casting a majority of the votes at a meeting or election of the Association duly called in accordance with the provisions of the Bylaws. Notwithstanding the foregoing and except as provided below, the Board may not impose a general assessment hereunder which is more than twenty percent (20%) greater than the general assessment for the immediately preceding fiscal year without the vote or written approval of those owners constituting a quorum casting a majority of votes at a meeting or election of the Association. For purposes hereof, a quorum shall be defined as being more than fifty percent (50%) of the owners, including the Declarant.
 - E. **Apportionment of Assessment:** The general assessments shall be apportioned equally among the lots then subject to assessments (excluding Common Area and Open Space lots).
 - F. **Payment:** All such general assessments shall be collected on a monthly basis, due on the first of the month to which such assessment pertains.
 - G. **First Assessment:** The notice provisions of Section 11.05 notwithstanding, assessments on all lots in the first phase of construction development shall commence on the first day of the month following the first conveyance of a lot under authority of a Final Public Report from the California Department of Real Estate in an amount per month equal to that set forth in the Public Report until the Board at any meeting thereafter legally held shall determine by resolution in accordance with the provisions of this section a change in the amount of the assessment and the first date for payment of such changed assessment. In subsequent phases, the assessments against all lots in

each phase shall commence on the first day of the month following the first conveyance of a lot in such phase to a public purchaser in accordance with the budget for that phase submitted to and approved by the California Department of Real Estate.

- H. **Declarant's Obligations:** Declarant shall be liable for the payment of all general and special assessments, and subject to all liens to secure the payment of same pursuant to this Declaration, upon any lot owned by Declarant at the time and in the manner, as provided herein, as such assessment shall be an obligation of any other lot owner within the Development.
- 11.03 **Special Assessments.** A special assessment is an assessment to reimburse the Association for expenses incurred or to be incurred which are not ordinarily included in the annual estimate of expenses. Special assessments may be levied as follows:
- A. **Purpose:** The Association shall have the right to impose special assessments for, but not limited to, the following purposes:
1. To collect such sums due from owners under this Declaration.
 2. To defray the cost of any construction or reconstruction, unexpected repair or replacement of a common facility or any other capital improvement in the Common Area not covered by the provisions of this Declaration; provided that any such assessment shall have the vote or written approval of (1) a majority of the voting power of the Association and (2) a majority of the voting power of the Association other than the Declarant at a meeting duly called or noticed for this purpose.
 3. To collect a monetary penalty imposed by the Board in accordance with the Bylaws or otherwise to reimburse the Association for costs incurred in bringing a member and that member's interest in his or her lot into compliance with provisions of this Declaration and the Bylaws.
 4. To defray the cost of any improvement in the Common Area.
- B. **Limit:** Except for special assessments levied pursuant to subsection 11.03.A.1, 2, 3, the Board may not levy assessments to defray costs of any action or undertaking of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the vote or written consent of those members constituting a quorum casting a majority of votes at a meeting or election of the Association. For purposes hereof, a quorum shall be defined as being more than fifty percent (50%) of the owners, including the Declarant, of the Association.
- C. **Apportionment:** Any special assessment which is levied against all lots shall be apportioned among all of the lots as provided herein.
- 11.04 **Emergency Situations:** The provisions of Section 11.02.D. and 11.03 to the contrary notwithstanding, the Board may increase or levy assessments necessary for emergency situations. For purposes of this Section, an emergency situation is any one of the following:
- A. An extraordinary expense required by court order.
 - B. An extraordinary expense necessary to repair or maintain the Project, or any part of it for which the Association is responsible where a threat to safety of persons is discovered.
 - C. Repairs to or maintenance of the Project that could not have been reasonably foreseen in preparing the Budget. Prior to imposition of the assessment, the Board shall be required to make written findings, distributed to the members, as to the necessity of the expense and why it could not have been foreseen.
- 11.05 **Notice of Assessments:** Notice of the amount of any general or special assessment imposed by the Association shall be mailed to the lot owner by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date such assessments or charges become due and payable.
- 11.06 **Default; Late Charge:** Fifteen (15) days after any general or special assessment shall be due and payable, and unpaid or not otherwise satisfied, the same shall be and become delinquent and shall so continue until the amount of said assessment, together with all costs, late charges and interest as herein provided, have been fully paid or otherwise satisfied. The Board may establish a reasonable charge for late payment of any assessment to defray the additional administration costs such late payment may cause, subject to the limitations as set forth in Civil Code Section 1366(c)(2) as follows: a late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is

- greater. Such late charges may be imposed at any time after any such assessment has become delinquent.
- 11.07 **Notice of Delinquency.** At any time after any general or special assessment against any lot has become delinquent, the Association may record a Notice of Delinquency as to such lot, which Notice shall state therein the amount of such delinquency and the interest, costs and late charges which have accrued thereon, a description of the lot against which the delinquency has been assessed, the name of the record owner thereof, and the name and address of the trustee authorized by the Association to enforce the lien by sale, if any. Such Notice of such assessments, interest, late charges and costs in connection with which such Notice has been so recorded, or upon other satisfaction thereof, the Association shall concurrently or within twenty (20) days, record a further Notice stating the satisfaction and the release of any lien. The foregoing procedures and the provisions of the remainder of this Article, insofar as they relate to creation of a lien against a lot and the enforcement thereof by the sale of the lot in accordance with the provisions of Section 2924 or 2934 of the California Civil Code, are inapplicable in the instance of any enforcement of special assessments made pursuant to the provisions of this Declaration.
- 11.08 **Lien.** Immediately upon the recording of any Notice of Delinquency pursuant hereto, the amounts of the delinquency set forth therein and the interest, all costs and expenses (including attorney fees) and late charges accrued and accruing thereon shall be and become a lien upon the lot or lots described therein, which lien shall continue until the amount of such delinquency and the interest, costs and late charges accrued thereon have been fully paid or otherwise satisfied or the lien foreclosed as provided for herein.
- 11.09 **Enforcement of Lien; Attorney's Fees.** Each lien created pursuant to the provisions of this Declaration by the recordation of a Notice of Delinquency, as hereinabove provided, may be enforced by sale by the Association, its attorney or other person authorized to make the sale. Such sale may be conducted in accordance with the provisions of Sections 2924, 29241, and 2924c and/or 2934a of the California Civil Code or in any other manner permitted by law. The Association may bring separate legal action to collect said delinquent assessments without foreclosing such lien and before the Association has recorded a Notice of Delinquency. Interest shall accrue at the rate of twelve percent (12%) per annum upon all unpaid assessments commencing thirty (30) days after the assessment becomes due. In any action to collect said delinquent assessments or to foreclose any such lien, the Association shall be entitled to costs, including reasonable attorneys fees as determined by a court of competent jurisdiction, such late charges for delinquent assessments as established by the Board.
- 11.10 **Assessments and Liens Subordinated.** Each and every lien and assessment, together with any costs, expenses, late charges or interest established, reserved or imposed under this Declaration, shall be subordinated to any valid bona fide first mortgage or first trust deed (and the lien and/or title thereto) which has been or may hereafter be given in good faith and for value on any lot or property covered by this Declaration; provided, however, that any subsequent owner of any such lot shall be bound by the restrictions, conditions, covenants, reservations, liens and charges set out in this Declaration or any modification thereof, whether obtained by foreclosure or trust deed sale or otherwise, not including, however, any lien or assessment arising prior to any sale under any such mortgage or trust deed.
- 11.11 **Taxes.** The Association shall have the right, to the extent not paid by the owners thereof to pay all real property taxes and assessments levied upon any part or portion of the Project by a duly authorized governmental or quasi-governmental authority. The Association, by its Board, shall have the right to impose a special assessment and lien against such portion of the Project for the amount paid by the Association pursuant to the right given by this section. Such assessment and lien imposed by the Association shall be enforced as provided in this Article.

Article XII: Insurance

- 12.01 **Liability Insurance.** Comprehensive general liability and property damage insurance shall be purchased by the Board as promptly as possible following its election, and shall be maintained in force at all times, the premiums therefore to be paid out of the general assessment fund. Until the beginning of assessments pursuant to Section 11.02, such insurance shall be paid by the Declarant. The Board shall continue the Declarant's policy and pay the premiums accruing thereon after the beginning of assessments until such new policy as selected by the Board is in force. The insurance shall be carried with reputable companies authorized to do business in the State of California in such amounts as the Board

may determine. The policy or policies shall name as insured all the owners and the Association. The policy or policies shall insure a loss arising from perils in the Common Area and shall include contractual exposures of the Association and/or the Board. The limits of comprehensive general liability and property insurance required by this Section shall be as determined by the Board, but in no event not less than One Million Dollars (\$1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence.

- 12.02 **Other Insurance Coverage.** The Board may purchase and maintain in force at the expense of the general assessment fund debris removal insurance, assessment loss insurance, fidelity bonds, errors and omissions coverage, and other insurance and/or workers compensation insurance as it deems necessary. Any and all policies purchased pursuant hereto by the Association may be combined into one or more blanket or consolidated policy or policies at the Board's discretion.
- 12.03 **Board Appointed Attorney in Fact.** The Board is hereby appointed attorney-in-fact for all owners to negotiate loss adjustments on the policies carried under Sections 12.01 and 12.02 hereinabove.

Article XIII: Condemnation

In the event that an action for condemnation is proposed or commenced by a governmental body having the right of eminent domain, the following provisions shall apply:

- A. Upon the written consent of two-thirds (2/3) of the voting power of the Association, the Development may be sold to such government body prior to judgment, and the proceeds of such sale shall be divided among the Owners as set forth below in subsection (b).
- B. Lacking the consent required by previous section A of this Article, the proceeds shall be apportioned by one of the following means in the following order of priority:
 1. As set forth by decree of a court or competent jurisdiction; or,
 2. According to the relative values of the Lots affected by the condemnation as determined by independent appraisal. Such independent appraisal shall be made by a licensed MIA appraiser as chosen by a majority of the Board, or lacking such a majority, as chosen by a majority of the Members present and voting, in person, or by proxy, at a regular or special meeting of the members duly called.

Article XIV: Enforcement of Bond For Completion of Common Facilities

- 14.01 With regard to any bond for completion of the Common Area facilities (hereinafter "Bond") which provides for the Association as obligee, the following provisions shall apply:
- A. The Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been recorded within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has granted an extension in writing for the completion of any Common Area improvement, the Board of Directors shall consider and vote on the aforesaid question if a Notice of Completion has not been recorded within thirty (30) days after the expiration of the extension.
 - B. A special meeting of Members for the purpose of voting to override a decision by the Board of Directors not to initiate action to enforce the obligation under the Bond or on the failure of the Board to consider and vote on the question shall be held. The meeting shall be held not less than thirty-five days nor more than forty-five days after receipt by the Board of Directors of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.
 - C. A vote by Members of the Association other than the Declarant at the special meeting called for the purpose set forth in Section 14.01C above, shall be required.
 - D. A vote of the majority of the voting power of the Association residing in Members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board of Directors shall thereafter implement that decision by initiating and pursuing appropriate action in the name of the Association.

Article XV: General Provisions

- 15.01 **Enforcement:** Any owner shall have the right, but not the obligation, to enforce, by any proceeding at law or in equity, all covenants, conditions and restrictions now or hereinafter imposed by the provisions of this Declaration, and in such action shall be entitled to recover reasonable attorneys' fees and costs. Failure by any owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 15.02 **Invalidity of Any Provision:** Should any provision of this Declaration be declared invalid or in conflict with any law of the Jurisdiction where this Project is located, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.
- 15.03 **Term:** The covenants, conditions and restrictions of this Declaration shall run with the land and be binding on the property subject to this Declaration, and shall inure to the benefit of and shall be enforceable by the owner of any property subject to this Declaration, their heirs, respective legal representatives, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall become automatically renewed for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then owners of the lots, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants, conditions and restrictions in whole or in part, or to terminate the same.
- 15.04 **Amendments:** Prior to close of escrow on the sale of the first lot, Declarant may amend this Declaration. After sale of the first lot, this Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of not less than seventy-five percent (75%) of all lot owners. Any such amendment shall become effective upon recording, in the Office of the San Luis Obispo County Recorder, of a written instrument setting forth such amendment, which is signed and acknowledged by a majority of owners who shall certify in said written instrument that at least seventy-five percent (75%) of all owners of the lots approved such amendment.
- 15.05 **Indemnity:** Each owner, by acceptance of his deed, agrees personally and for family members, contract purchasers, tenants, guests and invitees to indemnify each and every other owner, Declarant and the Committee, and to hold them harmless from, and to defend against any claim of any person for personal injury or property damage occurring within the development envelope of that particular owner.
- 15.06 **Limitation of Restriction on Declarant:** Declarant is undertaking the work of construction of residential lots and incidental improvements upon the Project. The completion of that work and the sale, rental, and other disposal of said lots is essential to the establishment and welfare of said property as a residential community. In order that said work may be completed and said property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:
- A. Prevent the Declarant, its contractors or subcontractors, from doing upon the Project or any lot, whatever is reasonably necessary or advisable in connection with the completion of said work; or
 - B. Prevent the Declarant, or its representative, from erecting, constructing, and maintaining on the Project, except in development envelopes located upon lots owned by others, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a residential community and of disposing of the same in lots by sale, lease or otherwise; or
 - C. Prevent the Declarant from conducting on the Project, except upon lots owned by others, its business of completing said work and of establishing a plan of minimum ownership and of disposing of the property as lots by sale, or otherwise, including use of one or more lots as a sales office after the close of escrow on the first sale of a lot; or
 - D. Prevent the Declarant from maintaining such signs on the Project, except upon lots owned by others, as may be deemed necessary by Declarant for the sale, lease or disposition thereof; or
 - E. Subject Declarant to the architectural control provisions for construction of an improvement on this Project.

The foregoing rights of the Declarant shall terminate upon sale of Declarant's entire interest in the Project, or four (4) years after the date of recordation of the deed of the first lot to be sold in the Project, whichever occurs first.

- So long as Declarant, its successors or assigns, owns one or more of the lots established and described herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration. Declarant shall make reasonable efforts to avoid disturbing the owners' use and enjoyment of their lots, while completing any work necessary to said lots.
- 15.07 **Termination of Any Responsibility of Declarant:** In the event Declarant shall convey all of his right, title and interest in and to the Project to any partnership, individual or individuals, or corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of Declarant.
- 15.08 **Fair Housing:** No owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing, mortgaging or occupancy of his lot to any person of a specified race, sex, adulthood, marital status, color, religion, ancestry, physical handicap or national origin.
- 15.09 **Resolution of Disputes:** Disputes relating hereto shall be arbitrated if the parties involved agree to arbitration on a case by case basis; otherwise, the matters may be settled at law or in equity. If the parties freely choose to enter arbitration, the following described procedure shall be used:
- In case of any claim or dispute between the Declarant, its builder, general contractor, or broker, or their agents or employees, on the one hand, which claim or dispute relates to the rights and/or duties of the parties under this Declaration, or relates to the design or construction of the Project or any part thereof, the procedure shall be as follows: the aggrieved party or parties shall notify the other party or parties in writing. When such a notice is received by Declarant, it shall promptly respond with an investigation, inspection, meeting, discussion, or other action reasonably appropriate to the circumstances. Appropriate action shall include, without limitation, prompt communication with the aggrieved party or parties, and a proposed course of action to resolve the problem. All parties involved in the matter shall negotiate in a good faith attempt to amicably resolve the problem. If the parties are unable to resolve the problem within a reasonable period of time (not to exceed ninety (90) days after the first notice of claim or dispute), the matter shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association, provided that if the dispute or claim involves a sum not in excess of the jurisdictional limit of small claims court, the lot owners shall have the option of taking the matter to small claims court in lieu of binding arbitration.
- If the matter proceeds to binding arbitration, discovery shall be allowed pursuant to Code of Civil Procedure Section 1283.05. Arbitration of any matter pursuant to this clause shall not be deemed a waiver of the attorney/client or attorney work product privilege in any manner.
- 15.10 **Number; Gender:** The singular and plural number and masculine, feminine and neuter gender shall each include the other where the context so requires.
- 15.11 **No Warranty of Enforceability:** While Declarant has no reason to believe that any of the restrictive covenants contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any owner acquiring a lot in the Project in reliance on one or more or such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by acquiring the lot, agrees to hold Declarant harmless therefrom.
- 15.12 **Enforcement of Restrictions:** After the date on which this Declaration has been recorded, this Declaration may be enforced by any and all of the available legal remedies, including, but not limited to, injunction, declaratory relief and action to abate a nuisance by any owner. Failure to enforce any provisions hereof shall not constitute a waiver of the right to subsequently enforce said provision or any other provision hereof.
- 15.13 **Nuisance:** Every act or omission whereby any provision of this Declaration is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated, whether the relief sought is negative or affirmative actions, by any lot owner.
- 15.14 **Limitation of Liability:** Declarant and members of the Committee shall not be liable to any lot owner for any acts or omissions with respect to any duties performed under this Declaration.
- 15.15 **Waiver:** No waiver of any breach of any provision of this Declaration shall constitute a waiver of any succeeding or preceding breach of the same or any other covenant or condition contained herein.
- 15.16 **Partial Invalidity:** The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision of this Declaration shall not affect the validity or enforceability of any other provisions.

- 15.17 **Attorney's Fees:** In any action or proceeding whatsoever arising from rights or obligations established hereunder, including, but not limited to, actions for damages resulting from a breach or threatened breach of this Declaration or actions for specific performance hereof, the prevailing party shall be entitled to recover such reasonable sums for its attorney's fees and costs as shall be fixed by the Court, either in the subject action or in a separate action.
- 15.18 **County Approval Required for Certain Amendments:** Notwithstanding any other provisions of this Declaration, no amendment, change, modification, or termination of the conditions, covenants, and restrictions of this Declaration regarding the following provisions shall be effective for any purpose until approved in writing by the Director of Planning and Building of the County of San Luis Obispo, California: (a) regulation of land use, (b) road maintenance, (c) equestrian trail maintenance, (d) maintenance of the Open Space easement, (e) the provisions of sections 6.01, 6.14, 6.18, 6.19, and 8.02, and (f) dissolution of the Association.

First Amendment

Section 10.01B is hereby amended to read as follows:

Areas designated for Water Company use shall be maintained and cared for by the ~~Association~~ Water Company, including but not limited to appurtenant structures and improvements and landscaping. Maintenance shall adhere to Declarant's landscape plans for the water storage tank.

Second Amendment

Section 6.4 is hereby amended to read as follows:

- L. **Minimum Size:** A residential dwelling unit shall have a minimum size of ~~2,000~~ 2,500 square feet for single story construction (~~2,700~~ 3,200 square feet for 1 1/2 - 2 story construction); excluding garages and appurtenant structures.

Third Amendment

Article VI, Section 6.05 is hereby amended to read as follows:

- 6.05 **Animals:** No animals shall be kept on any lot, except for domestic dogs, cats, or other animals kept inside a cage as household pets, without the prior written consent of the Committee. No animal shall be kept on any lot for any commercial purpose. Each person bringing or keeping a pet upon a lot shall be liable to other owners, their family members, guests, invitees, tenants, and contract purchasers for any damage to persons or property proximately caused by any pet brought upon or kept upon the Project by that person or by members of his family, his guests, or invitees. Owners shall be responsible for any and all damages caused by his or her animals on or about the Project. Exceptions: horses are allowed to be kept on ~~1,2,19-26~~ Lots 14 through 26 inclusive pursuant to County regulations and standards. Horses are not allowed to be kept on all other lots. Horses shall be allowed only on designated trails in the Open Space. Only horses owned by owners and their guests are allowed on the Open Space trails. Cattle may be allowed for grazing purposes within the Open Space area subject to provisions of any lease with the Association. Only cattle owned by a lessees shall be allowed to graze in the Open Space.

Fourth Amendment

Section 6.4 is hereby amended to read as follows:

- L. **Minimum Size:** A residential dwelling unit shall have a minimum size of 2,500 square feet for single story construction (~~3,200~~ 2,700 square feet for 1 1/2 - 2 story construction); excluding garages and appurtenant structures).

Fifth Amendment

Article 11, Section 2.02(A) is hereby amended to read as follows:

- A. **Additions by Declarant.** Declarant shall develop or cause to be developed the additional real property described as Lots 28 through ~~51~~ 52, inclusive, as shown on the Tract Map for Tract No. 2308, Phase 2. Declarant will annex such additional real property to the Development and bring such real property within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors or members, provided, however, that such annexation must comply with the provisions of Section 2792.27(b), Title 10, of the California Code of Regulations, and provided further that said annexation must be completed prior to the expiration of three (3) years from the date of the original issuance of the most recently issued Final Public Report for the Development (Tract 2308).

Article VI, Section 6.01 is hereby amended to read as follows:

- 6.01 **Land Use and Building Type:** No lot shall be used for other than what is described in this Declaration. No buildings shall be erected on any lot, excluding Common Areas outside of the Open Space, except for one single-family residence, one detached garage, and one attached guest house. ~~Secondary dwellings are prohibited. All guest houses will only be allowable if approved by the San Luis Obispo County Building and Planning Department.~~ All residential dwellings, outbuildings, garages and guest houses shall be constructed within the development envelopes except as otherwise specified herein.

Article VI, Section 6.05 is hereby amended to read as follows:

- 6.05 **Animals:** No animals shall be kept on any lot, except for domestic dogs, cats, or other animals kept inside a cage as household pets, without the prior written consent of the Committee. No animal shall be kept on any lot for any commercial purpose. Each person bringing or keeping' a pet upon a lot shall be liable to other owners, their family members, guests, invitees, tenants, and contract purchasers for any damage to persons or property proximately caused by any pet brought upon or kept upon the Project by that person or by members of his family, his guests, or invitees. Owners shall be responsible for any and all damages caused by his or her animals on or about the Project. Exceptions: horses are allowed to be kept on Lots 14 through 26 of Phase 1; Lots 28 through 36; and 48 through 52 of Phase 2; inclusive pursuant to County regulations and standards. Horses are not allowed to be kept on all other lots. Horses shall be allowed only on designated trails in the Open Space. Only horses owned by owners and their guests are allowed on 'the Open Space trails. Cattle may be allowed for grazing purposes within the Open Space area subject to provisions of any lease with the Association. Only cattle owned by a lessee shall be allowed to graze in the Open Space.

Article VI, Section 6.06 is hereby amended to read as follows:

- 6.06 **Drilling Prohibited:** No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted on or in any lot within the Project; and no oil wells, tanks, tunnels or mineral excavations or shafts shall be permitted on the surface of any lot or within live hundred (500) feet below the surface of any lot. No derrick or other structure designed for use in boring for oil, or natural gas shall be erected, maintained, or permitted ~~Lots 1-26~~ on any lot. No water wells shall be permitted on any lot, without approval from the Spanish Lakes Mutual Water Company.

Article VI, Section 6.14 (B) is hereby amended to read as follows:

- B. **Fences:** Each lot owner shall install and maintain a fence within the perimeter of each lot. Such fence shall be ~~four (4) rail, natural color, round lodge pole pine on eight foot (8') center~~ 3-rail white vinyl fencing. Only fences approved in writing by the Committee shall be installed on a lot. Fences shall not be regulated if installed within standards approved by the Committee. Privacy fences adjacent to the main structure on a lot shall be allowed subject to Committee approval in writing.

Article X, Section 10.02 (B) is hereby amended to read as follows:

- B. **Repairs, Maintenance and Insurance:** The Association shall perform such repairs and maintenance as the Association shall determine to be necessary or advisable to maintain the roads, entrances and related drainage facilities. Repairs and maintenance shall include, but are not limited to, filling of chuckholes, repairing cracks, paving, repairing and maintaining drainage structures, removing debris, maintaining signs markers, striping, landscaping and lighting, if any, maintaining insurance, and other work reasonable, necessary or proper to repair, maintain and preserve said roads and related improvements. ~~The Association shall bill the owners for such costs will be billed with the monthly assessments.~~ Regular maintenance costs will be billed with the monthly

assessments. However, due to unforeseen environmental factors, there may be times when additional maintenance and repair becomes necessary. Such additional maintenance and repair costs will be billed to the owners and shall be paid to the Association within the time stated by the Association.