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 FIRST AMERICAN TITLE INSURANCE COMPANY
 Keyote-Morro Bay, Inc. and
 Morro Bay-Natalie, Inc.

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
 OF
 THE CLOISTERS, MORRO BAY, CALIFORNIA

ORIGINAL

TABLE OF CONTENTS

ARTICLE 1	
<u>DEFINITIONS</u>	3
ARTICLE 2	
<u>DESCRIPTION OF PROJECT, DIVISION OF PROPERTY</u> <u>AND CREATION OF PROPERTY RIGHTS</u>	7
2.1 Description of PROJECT	7
2.1.1 LOTS 1 through 120	7
2.2 PERSONS Subject to GOVERNING DOCUMENTS	7
2.3 Rental/Lease	7
2.4 Notification Regarding GOVERNING DOCUMENTS on Prospective Sale of LOT	7
2.4.1 Seller Disclosure	7
2.5 Joint Ownership of LOTS	8
2.6 VIEW CORRIDOR	8
2.7 Environmentally Sensitive Habitat Area	8
2.8 Lots 121 and 122	8
2.9 Open Space LOTS	8
2.10 Mirro Bay High School	9
2.11 Pedestrian Overcrossing	9
2.12 Development Impact Fees	9
ARTICLE 3	
<u>MAINTENANCE</u>	9
3.1 Maintenance by LOT OWNERS	9
3.1.1 Private IMPROVEMENTS	9
3.1.2 Private Drainage	9
3.2 Cooperative Maintenance Obligations	9
3.3 Maintenance by CITY	10
3.3.1 Public Streets, Street Lighting	10
3.3.2 Public Park	10
3.3.3 Assessment DISTRICT Maintenance of All Other IMPROVEMENTS	10
ARTICLE 4	
<u>ARCHITECTURAL CONTROL</u>	10
4.1 General Limitation	10
4.2 Exemptions:	10
4.3 DESIGN COMMITTEE	11
4.3.1 Number and Appointment	11
4.3.2 Operation	11
4.3.3 Duties	11
4.3.4 Address:	11
4.3.5 DESIGN MANUAL	11

4.3.6 COMMITTEE Operation 12

4.3.7 COMMITTEE Goals 12

4.3.8 Areas of Non-Responsibility 12

4.3.9 No Guarantee of View Protection 13

4.3.10 Interpretation of MANUAL, DECLARATION 13

4.3.11 Subjective Judgments 13

4.4 DESIGN MANUAL 14

4.5 Activities Requiring Prior COMMITTEE Approval 14

4.6 Application to COMMITTEE for Approval to Construct IMPROVEMENTS 14

4.7 Consideration of Design Submittal; Notice to Neighbors 15

4.8 Application Processing Time Limitations 15

4.8.1 PROJECT Submittal for a Minor IMPROVEMENT 15

4.8.2 Design Submittal Application 15

4.8.3 Construction Document Submittal 15

4.8.4 Time Not Included 15

4.8.5 Required Notice for Deemed Approval 16

4.9 Approval, Denial, Withdrawal, Resubmittal of Application 16

4.10 ~~4.10~~ CITY Approval Required 16

4.11 Variances (or "Exceptions") Generally; Power to Grant 16

4.11.1 Required Findings of COMMITTEE 16

4.11.2 Special Hearing 17

4.11.3 Effect of a Variance 17

4.11.4 Documentation of Variance 17

4.12 OWNER's Responsibility During Construction 17

4.13 Failure to Complete Work 18

4.14 Inspection of Work by COMMITTEE 18

4.14.1 Right to Inspect 18

4.14.2 Notice of Completion 18

4.14.3 Inspection 18

4.14.4 Deemed Compliance 19

4.14.5 Landscaping 19

4.14.6 Enforcement 20

4.14.7 Notice of Hearing 20

4.14.8 Hearing 20

4.14.9 COMMITTEE's Issuance of Estoppel - Construction Compliance Form 21

4.15 Noncomplying Use of Properties 21

4.16 COMMITTEE's Estoppel Certificate 21

4.17 Liability 22

ARTICLE 5

DESIGN CRITERIA, ARCHITECTURAL AND USE RESTRICTIONS 22

5.1 Intent 22

5.2 Minimum and Maximum Size 22

5.3 Height Limitations 23

5.4 Fences 23

5.5 Building Setbacks 24

5.5.1 Street Yard Setbacks 24

5.5.2 Side Yard Setbacks 24

5.5.3 Corner LOT Side Yards 24

5.5.4 Rear Yard Setbacks 24

5.6 Garage STRUCTURES 24

5.7 Roof Forms and Materials 24

5.8 Gutters and Downspouts 24

5.9 Skylights 25

5.10 Doors and Windows 25

5.11 Exterior Lighting 25

5.12 Mechanical Equipment and Utilities 25

5.13 Wood Stoves and Fireplaces 26

5.14 Water Efficiency 26

5.15 Special Utility 26

5.16 Fire Protection/Suppression 26

5.17 Hardscape 26

5.18 Landscape Planting 26

5.19 Irrigation 27

5.20 Landscape STRUCTURES 28

5.21 Landscape Lighting 29

5.22 Maintenance 29

5.23 Exterior Finishes and Materials 30

5.24 Wells 30

5.25 Utilities 30

5.26 Use of LOT 30

5.27 Temporary STRUCTURES 30

5.28 Nuisances 30

5.29 Vehicle Restrictions 31

5.30 Vehicle Sales 31

5.31 Removal of Offending Vehicle 31

5.32 Commercial Activity 31

5.32.1 Sales 31

5.32.2 Employees 31

5.32.3 Inventory 31

5.32.4 Health Care Facilities 32

5.32.5 Traffic 32

5.32.6 Equipment 32

5.32.7 Parking 32

5.32.8 Commercial Activity 32

5.32.9 Intent 32

5.33 Signs 32

5.34 Prohibition on Domestic Pets 32

5.35 Garbage and Refuse Disposal 33

5.36 Antennas for Radio, Television, Etc. 33

5.37 Clothes Lines 33

5.38 Leasing of LOTS 33

5.39 Security 33

5.40 Drainage 33

ARTICLE 6
EASEMENTS 34

6.1 Easement to Accompany Conveyance of LOT 34

6.2 Easement for Utilities (including access) 34

6.3 Maintenance Easement 35

6.4 Right of Entry and Use 35

6.5 Other Easements 35

ARTICLE 7
ENFORCEMENT, BREACH AND DEFAULT 36

7.1 Remedy at Law Inadequate 36

7.2 Nuisance 36

7.3 Costs and Attorneys' Fees 37

7.4 Cumulative Remedies 37

7.5 Failure Not a Waiver 37

ARTICLE 8
NOTICES 37

8.1 Mailing Addresses 37

8.1.1 If To Any OWNER 37

8.2 Personal Service Upon Co-OWNERS and Others 37

8.3 Deposit in United States Mails 37

ARTICLE 9
AMENDMENTS OF GOVERNING AND OTHER TRACT DOCUMENTS ... 38

9.1 Amendment of DECLARATION 38

9.1.1 Amendment; Revocation 38

9.1.2 City Consent 38

ARTICLE 10
MORTGAGEE PROTECTION 38

10.1 MORTGAGES Permitted 38

10.2 Priority of MORTGAGE 39

10.3 Effect of Breach 39

ARTICLE 11
GENERAL PROVISIONS 39

11.1 Enforcement 39

11.2 Invalidity of any Provision 39

11.3 Term 39

11.4 Limitation of Restrictions on DECLARANTS 39

11.5 Termination of Any Responsibility of DECLARANTS 40

11.6 Fair Housing 40

11.7 Binding Arbitration 41

11.8 Construction of DECLARATION 41

11.8.1 Restrictions Construed Together 41

11.8.2 Restrictions Severable 41

11.8.3 Singular Includes Flural	41
11.8.4 Captions	41
11.8.5 Exhibits	42

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679 Monterey Street
San Luis Obispo, California 93401

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
THE CLOISTERS, MORRO BAY, CALIFORNIA

THIS DECLARATION AND AGREEMENT made this 10th day of September, 1996 by and between declarants, KEYOTO-MORRO BAY, INC., a California corporation, MORRO BAY-NATALIE, INC. a California corporation (hereinafter collectively referred to as "DECLARANTS") with regard to the following facts:

RECITALS

- a. WHEREAS, DECLARANTS are the owners of certain real property in the CITY of Morro Bay, County of San Luis Obispo, State of California, described as lots 1 through 124 of Final Vesting Tract MAP 1996, "Being a Resubdivision of a Portion of the Atascadero Beach in the City of Morro Bay, County of San Luis Obispo, State of California," as shown on said Tract Map recorded on October 8, 1996 in Book 11, Page 83 of MAPs in the Office of the County Recorder of said County (hereinafter "the Final Vesting Map" or "MAP"); and
- b. WHEREAS, DECLARANTS propose a resubdivision of 172 existing lots of record into 120 single-family residential LOTS, described as LOTS 1 through 120, inclusive, clustered at the northerly and southerly portions of the PROPERTY, as depicted on Tract MAP 1996, and LOTS 121, 122, and 123, which are for open space, public and private view preservation, and scenic easements, drainage, sewer and utility easements, and appurtenant purposes and easements as set forth on the FINAL IMPROVEMENT PLANS for said Tract; and
- c. WHEREAS, it is the desire and intention of the DECLARANTS to establish covenants, conditions, restrictions, and easements upon the PROJECT and each and every portion and phase thereof, which will constitute a general scheme and common plan as to the use and maintenance of the PROJECT so that all of the PROJECT shall be

benefitted and each successive owner of all or a part of the PROJECT shall be benefitted by the preservation of the value and character of the PROJECT; and

- d. WHEREAS, it is the intent of the PROJECT to harmonize the development of 120 residential LOTS with adjacent coastal resources, preserve natural resource values, scenic quality and views, and coastal access benefits, and foster an appreciation for the resources of adjacent dunes, Environmental Sensitive Habitat, and open space areas; and
- e. WHEREAS, DECLARANTS have executed an Irrevocable Offer to Dedicate Land and Improvements, as required by the Conditions of the PROJECT Approval, to the State of California, Department of Parks and Recreation, which offers to dedicate in fee LOT 123, identified as "Environmentally Sensitive Habitat Area" on the Final Tract MAP, as recorded in the Office of the County Recorder, County of San Luis Obispo, California; and
- f. WHEREAS, DECLARANTS have an Irrevocable Offer to Dedicate Land and Improvements, as required by the Conditions of the PROJECT APPROVALS to the City of Morro Bay, which offers to dedicate in fee LOTS 121 and 122, to be maintained through the formation of an assessment district, pursuant to the FINAL IMPROVEMENT PLANS on the Final Tract MAP, as recorded in the Office of the County Recorder, County of San Luis Obispo, California; and
- g. WHEREAS, the DECLARANTS have executed in favor of the City of Morro Bay, a scenic view easement, as recorded in the Office of the County Recorder, County of San Luis Obispo, California, which creates scenic and view easements over that area described in Exhibit A hereto, hereinafter referred to as "Scenic View Easements," which covers portions of residential lots, LOT 121, LOT 122, and LOT 123, and which limits the height of any improvements, with the exception of the public restroom and associated park improvements, Environmentally Sensitive Habitat fencing, and any other improvements as set forth on the FINAL IMPROVEMENT PLANS for the PROJECT, to no more than four (4) feet in height, measured from the finished grade pursuant to the FINAL IMPROVEMENT PLANS for the PROJECT; and
- h. WHEREAS, pursuant to the PROJECT CONDITIONS, the DECLARANTS have requested that the City form an assessment district to maintain the public park improvements, street, sidewalk, bicycle path, pedestrian path, drainage, wetland and fencing, lighting, monuments, interpretive signs and other improvements including the ESIIA fencing, as shown on the FINAL IMPROVEMENT PLANS for the PROJECT; and

- i. WHEREAS, the DECLARANTS have established, consistent with the PROJECT CONDITIONS, access walkways as depicted on the FINAL IMPROVEMENT PLANS, providing a northerly and southerly accessway on, over, and across LOT 122, and adjacent offsite property owned by the Department of Parks and Recreation and the San Luis Coastal Unified School District, which is to be maintained as required in the PROJECT CONDITIONS by the special assessment district, if and until such time as a city-wide assessment district replaces it; and
- j. WHEREAS, the DECLARANTS will hereinafter hold and convey title to all of the PROJECT subject to the protective covenants, conditions, restrictions, and easements hereinafter set forth;

NOW, THEREFORE, DECLARANTS hereby covenant, agree and declare that all of its interest as the same may from time to time appear, in the PROJECT shall be held and conveyed subject to the following covenants, conditions, restrictions, and easements which are hereby declared to be for the benefit of said interest in the PROJECT, and the owner of said interest, their successors and assigns. These covenants, conditions, restrictions, and easements shall run with said interest and shall be binding upon all parties having or acquiring any right or title in said interest or any part thereof, and shall be to the benefit of each owner thereof and are imposed upon each of said interest and every part thereof and all rights, and titles therein as a servitude in favor of each and all other said interest as the dominant tenement or tenements and shall be interpreted to most fully achieve the above enumerated purposes of the PROJECT.

ARTICLE I

DEFINITIONS

1.1 "CITY" shall mean and refer to the City of Morro Bay, California, and its City Council, Planning Commission and various departments, divisions, employees, and representatives.

1.2 "CITY IMPROVEMENTS" shall mean improvements constructed on the Property by DECLARANTS which shall be maintained by CITY.

1.3 "CLOISTERS" shall mean LOTS 1 through 120, inclusive, as shown on the MAP.

1.4 "DECLARANTS" shall mean and refer to Keyoto-Morro Bay, Inc., A California Corporation, and Morro Bay-Natalie, Inc., a California corporation, and their respective successors and assigns if any successors or assigns should acquire more than four (4) undeveloped LOTS from the DECLARANTS for the purposes of development.

1.5 "DECLARATION" shall mean and refer to this DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE CLOISTERS, MORRO BAY, CALIFORNIA, as amended or supplemented from time to time.

1.6 "DESIGN COMMITTEE" or "COMMITTEE" shall mean the COMMITTEE created in accordance with Article 4 of this DECLARATION.

1.7 "DESIGN MANUAL" or "MANUAL" means the "THE CLOISTERS DESIGN GUIDELINE MANUAL," which is a manual of design guidelines and approval procedures which has been adopted by the DESIGN COMMITTEE, as the MANUAL is amended from time to time. The CLOISTERS DESIGN GUIDELINE MANUAL is on file with the City of Morro Bay.

1.8 "DISTRICT" shall mean and refer to the Cloisters Landscape and Lighting Maintenance Assessment DISTRICT, and/or such other DISTRICT or DISTRICTS as are formed pursuant to the Conditions of PROJECT APPROVALS.

1.9 "ELIGIBLE HOLDER MORTGAGE" shall mean a mortgage held by an "eligible mortgage holder."

1.10 "ELIGIBLE MORTGAGE HOLDER" shall mean a FIRST LENDER whose interest is secured by any residential LOT within the PROJECT.

1.11 "ELIGIBLE INSURER OR GUARANTOR" shall mean an insurer or governmental guarantor of a FIRST MORTGAGE secured by any residential LOT within the PROJECT.

1.12 "FINAL IMPROVEMENT PLANS" shall refer to the improvement plans, Cloisters Landscape, Park Plan, Dunes Restoration/Boardwalk, and Construction Documents required by the PROJECT CONDITIONS and approved by the City of Morro Bay, City approved modifications to the improvement plans, and modifications to the improvement plans showing the final as-built condition of the IMPROVEMENTS for the PROJECT upon acceptance of said IMPROVEMENTS by the City. Said FINAL IMPROVEMENT PLANS shall be kept on file with the City.

1.13 "FIRST LENDER" shall mean any bank, savings and loan association, insurance company, or other financial institution, person or entity holding a FIRST MORTGAGE as described herein, recorded mortgage or deed of trust made in good faith for value which has seniority or priority over all other mortgages and deeds of trust encumbering a specific LOT or LOTS.

1.14 "FIRST MORTGAGE" shall mean a recorded mortgage or deed of trust made in good faith for value which has seniority or priority over all other mortgages and deeds of trust encumbering a specific LOT.

1.15 "GOVERNING DOCUMENTS" shall mean and refer to this DECLARATION, together with the other basic documents used to create and govern the PROJECT, which are the MAP and the PROJECT APPROVALS.

1.16 "IMPROVEMENTS" shall mean STRUCTURES, as defined herein, substantial plants such as trees, hedges, shrubs, bushes and major landscaping of any kind. IMPROVEMENT shall also mean any excavation, fill, ditch, diversion dam or other thing or

device which affects or alters the natural flow of surface or subsurface water from, upon, under or across any portion of the PROJECT. IMPROVEMENTS shall also mean any utility line, conduit, pipe or other related facility or equipment. IMPROVEMENTS shall also mean any curb, curb and gutter, sidewalk, and asphalt paving associated with the streets and/or parking lots within the PROJECT.

1.17 "LOT" shall mean and refer to any of LOTS 1 through 120, inclusive, as shown on the MAP, together with any IMPROVEMENTS thereon. Without a specific numerical designation, "LOT" shall be synonymous with "residential LOT." When appropriate within the context of this DECLARATION, the term "LOT" shall also include the residence and other IMPROVEMENTS constructed or to be constructed on the subject LOT.

1.18 "MAP" or "FINAL VESTING MAP" shall mean and refer to that Final Map of LOTS 1 through 124 of Tract 1996, "Being a Re-subdivision of a Portion of the Atascadero Beach in the CITY of Morro Bay, County of San Luis Obispo, State of California," as shown on said TRACT map recorded in the records of the County Recorder of San Luis Obispo County, State of California.

1.19 "MORTGAGE" means any recorded security device encumbering all or any portion of a LOT, including any deed of trust.

1.20 "MORTGAGEE" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

1.21 "OFFER TO DEDICATE" shall mean and refer to that Irrevocable Offer to Dedicate Land and Improvements to the State of California, Department of Parks and Recreation as recorded in the Office of the County Recorder of the County of San Luis Obispo, and/or (as the context indicates) the Irrevocable Offer to Dedicate Land and Improvements to the City of Morro Bay, as recorded in the Office of the County Recorder of the County of San Luis Obispo.

1.22 "OWNER" shall mean and refer to the record owner as shown by the official records in the Office of the County Recorder of San Luis Obispo County, whether one (1) or more persons or entities, of a fee simple title to any residential LOT which is a part of the CLOISTERS, but excluding those persons or entities having an interest merely as security for the performance of an obligation. If a LOT is sold under a recorded contract of sale (but not under an unrecorded contract of sale) the purchaser, rather than the fee owner, will be considered the "OWNER." The term "OWNER" shall include the DECLARANTS for so long as the DECLARANTS hold fee simple title to any residential LOT within the CLOISTERS.

1.23 "PERSON" means a natural person, a corporation, a partnership, a trust, or other legal entity.

1.24 "PLANNING DIRECTOR" shall mean the duly acting Community Development Director of the City of Morro Bay.

1.25 "PROJECT" shall mean and refer to the real property comprising LOTS 1 through 124, inclusive, as shown on the Final Vesting TRACT MAP 1996, including all

IMPROVEMENTS and structures erected or to be erected thereon by the DECLARANTS as developer of the Subdivision.

1.26 "PROJECT APPROVALS" shall mean and refer to the Local Coastal Program of the City of Morro Bay set forth in the 1990 LCP Amendment (No. 2-89, approved January 22, 1990), the Tentative Final Vesting MAP TM-01-90, TRACT 1996, Conditional Use Permit No. 28-90, as amended (Concept Plan and Precise Plan approval), City of Morro Bay Coastal Development Permit No. 42-90, the California Coastal Commission Coastal Development Permit No. A-4-MRB-91-44, and Permits and Approvals given by the Regional Water Quality Control Board, United States Corps of Engineers and any other approvals required by law, ordinance, or condition. Copies of the PROJECT APPROVALS are attached as exhibits to the OFFER TO DEDICATE.

1.27 "PROJECT CONDITIONS" and/or "CONDITIONS OF PROJECT APPROVAL" shall mean and refer to all conditions imposed upon the development of the PROJECT set forth in the PROJECT APPROVALS.

1.28 "PROPERTY" shall refer to all of the real property described in Paragraph 1.25, above.

1.29 "THE CLOISTERS" shall refer to the development of the real property described in Paragraph 1.25 above.

1.30 "SINGLE FAMILY RESIDENTIAL USE" means occupation and use of a LOT or Residence for single family dwelling purposes in conformity with this DECLARATION and the requirements imposed by applicable zoning and other applicable laws and governmental regulations limiting the number of persons and the relationships of those persons who may occupy single family residential dwellings.

1.31 "STRUCTURE" shall mean any tangible thing or device to be fixed permanently or temporarily to real property including, without limitation, any building, garage, driveway, walkway, concrete pad, asphalt pad, fence, wall, pole, sign, antennae, sprinkling system, swimming pool, spa, tennis court, play structure, interpretive exhibit, boardwalk, bench, or trash enclosures.

1.32 "SUBDIVISION" and "TRACT" shall refer to LOTS 1 through 124, inclusive, as shown on the MAP, but shall not include those portions shown as "not a part" on the FINAL VESTING MAP.

1.33 "VIEW CORRIDOR" is that area including portions of residential LOTS depicted in the FINAL VESTING TRACT MAP and more particularly described in Exhibit A attached hereto, and incorporated herein by this reference.

ARTICLE 2**DESCRIPTION OF PROJECT, DIVISION OF PROPERTY
AND CREATION OF PROPERTY RIGHTS**

2.1 Description of PROJECT: The PROJECT is a Clustered Single-Family Residential Development created by the MAP and other PROJECT APPROVALS. DECLARANTS intend that the portions of the PROPERTY be developed, held and/or maintained as follows:

2.1.1 LOTS 1 through 120: LOTS 1 through 120, inclusive are to be sold, leased, and owned as LOTS for the construction and subsequent enjoyment of single family residences thereon, one per LOT, except that a maximum of three (3) LOTS may be purchased by a single buyer who may build a single family residence thereon as described in Section 5 hereof. There shall be no subdivision or partition of any of these LOTS, nor shall any OWNER of such a LOT seek any partition or subdivision thereof. No LOT shall be constructed for use, or used for, multi-family occupancy. Rental units and "granny units" (and any separable living quarters) are included within this prohibition.

2.2 PERSONS Subject to GOVERNING DOCUMENTS: All present and future OWNERS, tenants and occupants of LOTS within the SUBDIVISION shall be subject to, and shall comply with, each and every provision of the GOVERNING DOCUMENTS, as the same or any of them shall be amended from time to time, unless a particular provision is specifically and explicitly restricted in its application to one or more of such classes of persons (i.e., OWNERS, tenants, invitees, etc.). The acceptance by any person of a deed to any LOT, the entering into a lease, sublease or contract of sale with respect to any LOT, or the occupancy of any Residence on a LOT shall constitute the consent and agreement of such OWNER, tenant or occupant that each and all of the provisions of this DECLARATION and the other GOVERNING DOCUMENTS, as the same or any of them may be amended from time to time, shall be binding upon said person.

2.3 Rental/Lease: Any rental or lease shall only be of a finished single family residence and the entire LOT or LOTS upon which it is located. The rental or lease may only be to a single family for single family residential use and only for a term not less than thirty (30) days. Lease and rental agreements shall be written. The rental or lease shall be subject to the provisions of the GOVERNING DOCUMENTS, all of which shall be deemed incorporated by reference in the lease or rental agreement. Each OWNER-lessor shall provide any tenant or lessee with a current copy of all GOVERNING DOCUMENTS and shall be responsible for compliance by the OWNER's tenant or lessee with all of the provisions of them.

2.4 Notification Regarding GOVERNING DOCUMENTS on Prospective Sale of LOT:

2.4.1 Seller Disclosure: As more particularly provided in California Civil Code Section 1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any LOT, the OWNER thereof must give the prospective purchaser a current copy of this DECLARATION.

In addition, as required by the CONDITIONS of PROJECT approval, each potential purchaser of a residential LOT within the PROJECT is advised that future programs to enhance air quality may be required by the San Luis Obispo County Air Pollution Control District, including possible fee assessment districts which include this PROJECT, and that preliminary air quality programs are being organized with anticipated future air quality programs of the San Luis Obispo County Air Pollution Control District (SLOCAPCD). Owners of LOTS are encouraged to contact SLOCAPCD to aide in the development of educational materials. Upon the completion of any purchase contract for a LOT within the development, the homeowner shall be provided by the seller an information package containing pertinent information relating to transportation and air quality as prepared by SLOCAPCD.

2.5 Joint Ownership of LOTS: In the event of joint ownership of any LOT, the obligations and liabilities of the multiple OWNERS under the GOVERNING DOCUMENTS shall be joint and several. Without limiting the foregoing, this Section 2.5 shall apply to all obligations, duties, and responsibilities of OWNERS as set forth in this DECLARATION.

2.6 VIEW CORRIDOR: Pursuant to the PROJECT CONDITIONS, the residential LOTS have been clustered at the northerly and southerly portions of the PROJECT PROPERTY, and portions of LOTS 121, 122, and 123, as well as portions of residential LOTS adjacent thereto, and more particularly as described in Exhibit A hereto, which is incorporated herein by this reference, which together comprise the VIEW CORRIDOR. There is hereby reserved for the benefit of each and every residential LOT, reciprocal scenic view easements on, over and across all portions of the PROJECT located within the VIEW CORRIDOR, and subject to the restrictions set forth hereinafter in Section 5.

2.7 Environmentally Sensitive Habitat Area: LOT 123, depicted as "Environmentally Sensitive Habitat Area" on the MAP and more particularly described on Exhibit A hereto, has been offered for dedication in fee by the DECLARANTS to the State of California Department of Parks and Recreation, subject to the terms and conditions of the Offer of Dedication. There is hereby created and reserved in favor of DECLARANTS, and the OWNER of any and each residential LOT (LOTS 1 through 120), easements for view, open space, and scenic easements across the entirety of LOT 123, which shall not be developed with any IMPROVEMENTS or STRUCTURES, unless necessary and proper for the restoration and maintenance of the Environmentally Sensitive Habitat Area.

2.8 Lots 121 and 122: LOTS 121 and 122 have been offered in fee to the City of Morro Bay, pursuant to the terms and conditions set forth in the OFFER TO DEDICATE. The IMPROVEMENTS, including a public park, parking lot, drainage, access, coastal accessways, and all other TRACT IMPROVEMENTS, as set forth on the FINAL IMPROVEMENT PLANS shall be maintained by the DISTRICT formed in connection with the PROJECT APPROVALS and PROJECT CONDITIONS.

2.9 Open Space LOTS: There is further reserved over LOTS 121 and 122 in favor of DECLARANTS and the OWNERS of each LOT, easements for view, scenic, passive recreational, and coastal access purposes, reserved to the benefit of DECLARANTS and every OWNER of a residential lot within the PROJECT.

2.10 **Morro Bay Senior High School:** By taking title to any LOT within the PROJECT, each OWNER shall be deemed to acknowledge the pre-existence of Morro Bay High School, which shares a southerly boundary with the PROJECT, and the existence of certain unavoidable impacts from noise and night lighting associated with athletic training, games, and other events at the high school, and by taking title to any LOT, accepts these CONDITIONS as an acceptable living environment.

2.11 **Pedestrian Overcrossing:** By taking title to any LOT within the PROJECT, the OWNERS thereof agree to participate, as required by the CONDITIONS OF PROJECT APPROVAL, in their fair share or proportional costs for the construction of an elevated pedestrian crossing over Highway 1 in the event that such overpass is constructed between San Jacinto Street and 54th Street. Any access easements for such an overpass are reserved on, over, and across LOT 121. The participation of LOT OWNERS shall be subject to prior notice and hearing pursuant to the requirements of law at the time such pedestrian overcrossing is proposed for construction.

2.12 **Development Impact Fees:** By taking title to any LOT within the PROJECT, the OWNER thereof agrees to pay to the CITY their fair share of any development impact fees which may result from the lawful adoption by the CITY of development impact fees imposed on said LOTS by any lawfully adopted CITY ordinance.

ARTICLE 3

MAINTENANCE

3.1 Maintenance by LOT OWNERS:

3.1.1 **Private IMPROVEMENTS:** Each OWNER of a LOT shall be responsible for maintaining his or her LOT, and any IMPROVEMENTS upon it, in a clean, neat, and attractive condition. Each OWNER also shall be responsible for timely repair, replacement, and cleaning of the exterior windows and glass, screens, doors and skylights, landscaping and hardscape.

3.1.2 **Private Drainage:** Each OWNER shall keep drainage courses, ditches, and swales on his or her LOT free and clear of all obstructions, and shall, in cooperation with contiguous property OWNERS (including the CITY as to any contiguous lots it owns), maintain all such drainage IMPROVEMENTS common to their LOTS in good order. No OWNER or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course without making adequate provisions with respect to neighboring LOTS. Any such alterations, obstructions, or additions to water volume shall be considered a work of IMPROVEMENT that is subject to prior review and approval by the DESIGN COMMITTEE in accordance with the DESIGN MANUAL.

3.2 **Cooperative Maintenance Obligations:** To the extent necessary or desirable to the CITY's maintenance obligations hereunder, individual OWNERS shall cooperate with the CITY and their agents and maintenance personnel in the prosecution of their work.

3.3 Maintenance by CITY: Upon acceptance of the TRACT IMPROVEMENTS, the CITY shall maintain all said IMPROVEMENTS, except as provided hereinafter:

3.3.1 Public Streets, Street Lighting: Pursuant to the PROJECT CONDITIONS, DECLARANTS have paid to the CITY a fee for the maintenance of all street paving, curbs, gutters, sidewalks, and plantings within street right-of-ways until the SUBDIVISION is ninety percent (90%) built-out. Thereafter, said IMPROVEMENTS shall be the maintenance responsibility of the CITY.

3.3.2 Public Park: The DECLARANTS have constructed a public park pursuant to that certain Public Park Improvement Plan approved by the Recreation and Parks Commission of the City of Morro Bay, as reflected in the PROJECT APPROVALS and PROJECT CONDITIONS, including a parking lot and public restroom facilities. Said IMPROVEMENTS shall be maintained by the Assessment DISTRICT.

3.3.3 Assessment DISTRICT Maintenance of All Other IMPROVEMENTS: The Assessment DISTRICT shall be responsible for the maintenance of all of the TRACT IMPROVEMENTS except as provided herein and in Section 3.3.1, located within the PROJECT, including the ESHA fencing, coastal access IMPROVEMENTS, walkways, and other IMPROVEMENTS as set forth on the FINAL IMPROVEMENT PLANS, with the exception of the public restroom, parking lot, and landscaping required by the PROJECT CONDITIONS on adjacent State Parks PROPERTY, which shall be the responsibility of the California Department of Parks and Recreation. The assessment DISTRICT shall be responsible for the maintenance of the sound wall and landscaping on the outside thereof as shown on the FINAL IMPROVEMENT PLANS for LOTS 42-45, inclusive. The DISTRICT shall be responsible for the maintenance of the coastal accessways, landscaping, and irrigation as shown on the FINAL IMPROVEMENT PLANS within the coastal access easements on LOTS 3, 10, 18, and 65. Individual LOT OWNERS, and not the DISTRICT shall be required to maintain the slope planting and irrigation as required on the FINAL IMPROVEMENT PLANS for LOTS 1, 13-32, 46-82, inclusive. The OWNERS of LOTS 1-5, 42-45, inclusive, and the DISTRICT shall be responsible to install, maintain, irrigate, their front yard street trees as depicted on the FINAL IMPROVEMENT PLANS.

ARTICLE 4

ARCHITECTURAL CONTROL

4.1 General Limitation: Subject to the exemptions described below, no IMPROVEMENT and/or STRUCTURE may be constructed, erected, painted, altered, or changed on any portion of the PROJECT without the prior written approval of the DESIGN COMMITTEE.

4.2 Exemptions: Notwithstanding the Subsection above entitled "General Limitation," COMMITTEE approval shall not be required for the following: (a) IMPROVEMENTS constructed by, at the direction of, or with the approval of DECLARANTS, including those IMPROVEMENTS set forth on the FINAL IMPROVEMENT PLANS; (b) normal maintenance of exempt or previously approved IMPROVEMENTS; (c) repair or rebuilding of an exempt or

previously approved IMPROVEMENT; (d) changes to the interior of an exempt or previously approved STRUCTURE; (e) work reasonably required to be performed in an emergency for the purpose of protecting any person or property from damage.

4.3 DESIGN COMMITTEE

4.3.1 Number and Appointment: The COMMITTEE shall be composed of five (5) members. The initial members shall be appointed by DECLARANTS. DECLARANTS shall have the right to appoint replacements at any time to the COMMITTEE for a period of five (5) years from the date of recordation of this DECLARATION. After the initial five (5) year period, the COMMITTEE members shall have the full authority to designate a successor in the event of death or resignation of a member. Except for the power of the DECLARANTS to appoint all members during the initial five (5) year period, at any time thereafter the then record owners of the majority of LOTS shall have the power, through a duly recorded written instrument, to change the membership of the COMMITTEE.

4.3.2 Operation: The COMMITTEE shall meet from time to time as necessary to perform its duties properly hereunder. A majority of the COMMITTEE members may designate a representative of the COMMITTEE to act for it. Except as provided elsewhere herein, any decision may be made by the COMMITTEE upon an affirmative vote of two-thirds (2/3) of its members. The COMMITTEE shall keep and maintain a record of all actions from time to time taken by the COMMITTEE at meetings or otherwise, and shall maintain files of all documents submitted to it. The members of the COMMITTEE shall not receive any compensation for services rendered, but may employ independent contractors to advise and manage its affairs, and require applicants to directly reimburse those consultants for time spent on any project. All members of the COMMITTEE shall be entitled to reimbursement from fees collected by the COMMITTEE for reasonable expenses incurred by them in connection with the performance of their duties.

4.3.3 Duties: The COMMITTEE may adopt or modify THE CLOISTERS DESIGN GUIDELINE MANUAL ("DESIGN MANUAL") which shall be used by the COMMITTEE until revised or replaced by the DESIGN COMMITTEE as set forth herein and shall perform other duties imposed upon it by this DECLARATION or applicable laws and regulations.

4.3.4 Address: The address of the COMMITTEE shall be determined by resolution of the COMMITTEE. Such address shall be the place for the submittal of plans and specifications and the place where current copies of the DESIGN MANUAL shall be kept.

4.3.5 DESIGN MANUAL: The COMMITTEE may, from time to time, adopt or amend the DESIGN MANUAL. Said DESIGN MANUAL shall interpret and implement the provisions of this Article entitled "Architectural Control" by setting forth more specific standards and procedures for COMMITTEE review. All guidelines shall be in compliance with all applicable laws and regulations of any governmental entity having jurisdiction over IMPROVEMENTS in the PROJECT, shall incorporate minimum standards set forth herein, and otherwise shall be in conformity with the purposes and provisions of this DECLARATION. A copy of the current DESIGN MANUAL, if any, shall be available for inspection and copying by any OWNER at any reasonable time during customary and normal business hours.

4.3.6 COMMITTEE Operation: All actions of the COMMITTEE shall be governed by a majority vote of the members present, provided a quorum is present. Two (2) members of the COMMITTEE shall constitute a quorum. The COMMITTEE shall enforce the requirements set forth in this DECLARATION and in the DESIGN MANUAL, consistent with all of the GOVERNING DOCUMENTS, regarding the type, location, quality, size, height, use, and other matters relating to any IMPROVEMENTS or landscaping to be constructed or installed on the LOTS. Except for those specific topic areas preempted by this DECLARATION, the COMMITTEE is empowered to set its own meeting dates and places, hearing procedures, methods of notification, reporting methods, hiring of staff and consultants, delegation of authority to such personnel or to subcommittees of the COMMITTEE, and all other matters directly affecting its operations and considerations. The budget of the COMMITTEE, and any extraordinary expenditures of monies by the COMMITTEE must be fully documented. The COMMITTEE may establish rules, guidelines, and procedures which are supplemental to, and not in conflict with, those contained in this DECLARATION and the manual, and may review and revise them from time to time, provided no such adoption or revision works unfairly against an application which was pending prior to the adoption or revision. A copy of any such supplemental rules shall be supplied to any LOT OWNER upon request.

4.3.7 COMMITTEE Goals: The COMMITTEE's primary goal shall be to insure the construction and maintenance of a distinguished, quality seaside residential community. Factors that shall be considered in approving or rejecting proposed plans and specifications shall include, without limitation:

- (i) conformity with the stated goals of the CLOISTERS;
- (ii) compliance with the standards and restrictions in this DECLARATION;
- (iii) harmony of external design of the IMPROVEMENT with its setting, including topography, vegetation, overall viewshed and other IMPROVEMENTS in the SUBDIVISION;
- (iv) the effect which the location and orientation of the proposed IMPROVEMENT on its LOT will have on neighboring LOTS, including considerations of unnecessary interferences with views from existing or potential IMPROVEMENTS on other LOTS; and the
- (v) proper setback and facing of elevations with respect to nearby streets, LOTS and other physical objects and conditions.

4.3.8 Areas of Non-Responsibility: The COMMITTEE shall not specifically consider, and shall not assume any responsibility for:

- (i) The structural capacity, safety features, or building codes compliance of the proposed IMPROVEMENTS or structures.
- (ii) Whether or not the location of the proposed IMPROVEMENT or structure on the building site is free from possible geologic or natural

hazards, or other possible hazards caused by conditions occurring either on or off the property.

(iii) The internal operations or functional integrity of the IMPROVEMENT, except as specifically provided in the DESIGN MANUAL with respect to potential for conversion to an impermissible use.

Neither the DESIGN COMMITTEE nor the DECLARANTS shall be responsible for the compliance by an OWNER or by an OWNER's IMPROVEMENTS or STRUCTURES with any state or local laws, building codes, permitting processes, or other requirements. Nor shall they be responsible to anyone for faulty design, placement, or construction. All such concerns are solely the responsibility of the LOT OWNER and the LOT OWNER's consultants, agents, and contractors. Neither shall the COMMITTEE, the DECLARANTS, or the other LOT OWNERS, or their respective successors or assigns, be liable to any person submitting plans to the COMMITTEE for approval or to other LOT OWNERS or occupants by reason of any act or omission arising out of or in connection with the approval or disapproval of any plans or specifications. Approval shall not constitute any warranty or representation by the COMMITTEE or its members that the plans satisfy any applicable governmental law, ordinance, or regulation, or that any IMPROVEMENT constructed in accordance with the plans shall be structurally sound or fit for the use for which it was intended or safe for use or occupancy. Applicants shall make their own independent verification of all of the foregoing and shall not rely on the COMMITTEE or their members or consultants, in any manner in this regard.

4.3.9 No Guarantee of View Protection: Although the COMMITTEE is to be mindful of how the IMPROVEMENTS made to one LOT may affect existing or future IMPROVEMENTS on neighboring LOTS, neither the COMMITTEE nor the DECLARANTS, nor their agents or employees, shall make any representation, guarantee, or warranty of any nature whatsoever, whether express or implied, to a LOT OWNER or potential LOT OWNER against interference with any private views anticipated by such LOT OWNER or potential LOT OWNER to exist or to be created with regard to the size or location of adjacent or neighboring single family residences. Nor shall the DECLARANTS, the COMMITTEE or their agents or employees be responsible to a LOT OWNER or to a potential LOT OWNER for how any property neighboring the CLOISTERS will be developed in the future. It shall be the responsibility of the LOT OWNER or the prospective LOT owner to independently research any such issue with which he/she is concerned and to make his/her own evaluation of the situation.

4.3.10 Interpretation of MANUAL DECLARATION: The COMMITTEE shall be responsible for final interpretation (as between the COMMITTEE, LOT OWNERS and third parties) of the DESIGN MANUAL, subject only to a written approval of the OWNERS of a majority of the residential LOTS within the PROJECT. Subject to the same limitation, the COMMITTEE is also responsible for final interpretation of this DECLARATION and the conditions and mitigations set forth in the PROJECT APPROVALS of the CLOISTERS as those documents relate to creation of IMPROVEMENTS upon the various LOTS.

4.3.11 Subjective Judgments: The DESIGN COMMITTEE shall be entitled to (and by the nature of its responsibilities must) make subjective judgments and weigh the aesthetics of the various proposals submitted to it, provided it acts reasonably and in good faith. The COMMITTEE shall base its decisions upon the criteria contained in this

DECLARATION and in the DESIGN MANUAL and upon materials and statements presented to it, including the application materials. The COMMITTEE's records shall contain a brief, informal or formal statement of its decisions and the evidence supporting its decisions.

4.4 DESIGN MANUAL: DECLARANTS have prepared a DESIGN MANUAL. It is a GOVERNING DOCUMENT of the CLOISTERS PROJECT. The intent of the DESIGN MANUAL is to foster sensitive and high quality site, building, and landscape designs to compliment the superb setting of the PROJECT. It is intended to set forth direct, yet flexible, design and development standards which are meant to assure compatibility of scale and character within the SUBDIVISION while encouraging expression of imagination and individuality by the LOT OWNERS and their design professionals. It is an attempt to bring together into a primary source the various policies, restrictions, standard, guidelines, and inspirations which will help shape the design and construction of Residences in the CLOISTERS. The requirements are many and vigorous. The MANUAL is intended to simplify the process for everyone involved by attempting to state the expectations for the PROJECT in a clear and concise manner. Its provisions are binding upon the construction of all IMPROVEMENTS and/or STRUCTURES within the CLOISTERS.

4.5 Activities Requiring Prior COMMITTEE Approval: None of the following activities shall take place on any LOT without the prior written approval of the COMMITTEE:

- (i) Any construction, installation, repair (including exterior painting), replacement, alteration, addition or removal of any building, outbuilding, structure, footing, foundation, slab, wall fence, garage, trash enclosure, storage area, driveway, parking area, berm, utilities (gas, electricity, telephone, water, or otherwise), boundary guidance marker or other exterior improvement or fixture, whether surface or subsurface;
- (ii) Landscaping and clearing of vegetation.
- (iii) Any grading, excavation, or site preparation; or
- (iv) Any placement or storage of building materials or temporary structures (including fill, earth moving equipment, trailers, portable toilets, tents, storage containers or construction offices).

4.6 Application to COMMITTEE for Approval to Construct IMPROVEMENTS: Approval to conduct any activity described in Section 4.5 shall require the applicant to submit to the COMMITTEE written plans and specifications in the form required by the DESIGN MANUAL and any supplemental rules of the COMMITTEE. The application shall be signed by the OWNER of the LOT to be improved, or by an agent authorized by said OWNER in writing to make such application. Not limiting the foregoing, plans and specifications shall adequately describe and show existing conditions and the proposed IMPROVEMENTS, including existing topography; a proposed site plan; easements and utility locations; grading, tree and vegetation removal; all exterior elevations, materials and colors; finish grades and finish elevations of all floor surfaces and roof lines; drainage; landscape plans (including the type and location of structural elements and sodding, seeding, trees, hedges, shrubs and irrigation); parking; storage areas; trash enclosures; animal enclosures and proposed fencing. Any

application must be accompanied by the applicable fee established from time to time by the COMMITTEE.

4.7 Consideration of Design Submittal; Notice to Neighbors: Prior to consideration of a Design Submittal as defined in the DESIGN MANUAL, the COMMITTEE shall schedule consideration of the submittal on a COMMITTEE agenda for a meeting to be held not later than 30 days after determination of completeness of the submittal. The COMMITTEE shall then mail, not less than 14 days prior to the date of the hearing, written notice of the COMMITTEE hearing to the applicant and the OWNERS (at the time of submittal) of LOTS which are contiguous to the LOT in issue, plus those LOTS which are across streets fronting the subject LOT and which fall wholly or partially within the boundary lines of the subject LOT extended across the streets, plus those additional LOTS which, in the sole opinion of the COMMITTEE, may be significantly affected. The notice shall specify which LOT(s) will be considered at the hearing. The COMMITTEE shall also keep a copy of the submittal available for review at reasonable hours by interested LOT OWNERS prior to the hearing.

4.8 Application Processing Time Limitations: The COMMITTEE shall diligently pursue consideration of any application for construction of IMPROVEMENTS and/or STRUCTURES which is submitted by or on behalf of LOT OWNER.

4.8.1 PROJECT Submittal for a Minor IMPROVEMENT: The COMMITTEE shall complete its action upon a complete PROJECT Submittal application, as described in the DESIGN MANUAL, within forty (40) days from the date of the COMMITTEE's initial noticed hearing unless the applicant consents to a further continuance. Failure of the COMMITTEE to act within such period shall be deemed an approval of the Design Submittal, by the COMMITTEE.

4.8.2 Design Submittal Application: The COMMITTEE shall complete its action upon a complete Design Submittal application, as described in the DESIGN MANUAL, within sixty (60) days from the date of the COMMITTEE's initial noticed hearing unless the applicant consents to a further continuance. Failure of the COMMITTEE to act within such period shall be deemed an approval of the Design Submittal by the COMMITTEE.

4.8.3 Construction Document Submittal: The COMMITTEE shall complete its action upon a complete Construction Document Submittal, as described in the DESIGN MANUAL, within sixty (60) days of the determination by the COMMITTEE's Representative that the Construction Document Submittal is complete. Failure of the COMMITTEE to act within such period shall be deemed an approval of the Construction Document Submittal by the COMMITTEE.

4.8.4 Time Not Included: Notwithstanding the foregoing, it is recognized that processing of an application by the COMMITTEE is closely tied to concurrent processing of the CITY's application for the same IMPROVEMENTS. It is also recognized that the COMMITTEE has little or no control over the timing of action or inaction of the CITY. Similarly, the COMMITTEE has little or no control over the time which an applicant may take to submit additional materials or otherwise perform an act. Accordingly, no provision of this DECLARATION shall be interpreted to prejudice the position of the COMMITTEE, or shorten its time for processing of an OWNER's application, because of inaction or delay on the part of

the CITY or the Applicant. No measurement of the time described in this Section 4.8 which is taken by the COMMITTEE to process an OWNER's application shall include any period of time (a) in a continuance requested by or consented to by the applicant or the applicant's agents or consultants, (b) during which the COMMITTEE is waiting for requested or required further materials or action to be supplied by the applicant or applicant's consultants or agents, or (c) during which the COMMITTEE or its staff or consultants are awaiting a reply or a decision from the CITY or its representatives. The COMMITTEE may adopt a method for counting the number of days chargeable to the COMMITTEE for purposes of Sections 4.8.1, 4.8.2 and 4.8.3 and for keeping the applicant and the COMMITTEE informed of the allowed time remaining.

4.8.5 Required Notice for Deemed Approval: The applicant must serve notice of impending deemed approval on the COMMITTEE at least ten (10) days prior to any submittal being deemed approved pursuant to the terms of Section 4.8.1, 4.8.2 or 4.8.3. The COMMITTEE may prevent a submittal from being deemed approved by acting within that time period.

4.9 Approval, Denial, Withdrawal, Resubmittal of Application: The COMMITTEE may approve, conditionally approve, disapprove or conditionally disapprove a design Submittal or Construction Document Submittal. In addition to these options, it may tentatively approve a Construction Document Submittal, all as set forth in the DESIGN MANUAL. An applicant may withdraw from consideration or continue consideration on his/her application to a later meeting, prior to a vote on the application, for the purpose of modifying his/her submittal. After a vote of disapproval, the applicant must apply anew unless the COMMITTEE notes what changes need to be made and the applicant agrees to make them and provide them to the COMMITTEE for reconsideration within an agreed time. The COMMITTEE's allowed time to act upon changes shall then begin anew as if it were a new application.

4.10 CITY Approval Required: Before commencing construction of any alteration or IMPROVEMENT the OWNER shall, in addition to obtaining the COMMITTEE's approval of plans and specifications, be required to comply with all applicable governmental laws and regulations, including all required permits and/or approvals from the CITY.

4.11 Variances (or "Exceptions") Generally; Power to Grant: The COMMITTEE shall have the power, but not the obligation, to grant exceptions (variances) to the architectural standards set forth in this DECLARATION other than those applicable to height limitation, setbacks from property lines, and grading limitations or any other variances which would not be permissible under the PROJECT CONDITIONS, provided that the granting of such variance meets the requirements of Section 4.11.1. Any variances to the standards contained in this DECLARATION applicable to height limitation, setbacks from property lines, and grading limitations, or as otherwise required by the CITY, shall additionally require the approval of the PLANNING DIRECTOR or the CITY, and the California Coastal Commission, which may approve variances as provided by law and/or ordinance.

4.11.1 Required Findings of COMMITTEE: Subject to the requirement of approval also being obtained from the PLANNING DIRECTOR or CITY in situations described in the preceding paragraph, the DESIGN COMMITTEE may authorize variances from compliance with any of the architectural provisions of this DECLARATION, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when

it determines that circumstances such as topography, practical difficulty, hardship, unnecessary expense or other burden, aesthetic or environmental consideration may require it, and neighboring properties will not be substantially affected in an adverse way, and it makes specific written findings that the plans as a whole, including the variance(s), approved by the COMMITTEE are substantially in compliance with the requirements of this DECLARATION and the DESIGN MANUAL and provided the COMMITTEE specifically makes a written finding that 1) doing so is necessary to ensure the reasonable use of the property, or 2) such exceptions would reduce the overall grading or tree loss of the property, or 3) the exceptions will result in an aesthetically superior IMPROVEMENT. Such variances must be evidenced in writing by the COMMITTEE setting forth in detail the need for the variance, the rationale for granting it and any conditions imposed upon the granting of it. A copy of the variance, its need, rationale and conditions shall be kept as part of the permanent records of the COMMITTEE and must be signed by at least three (3) members of the COMMITTEE before becoming effective.

4.11.2 Special Hearing: If design elements which would require a variance are first proposed to be included in an applicant's plans at any time subsequent to the mailing of the notice of hearing required by Section 4.7, then such a variance may not be approved by the COMMITTEE unless new notice generally describing the proposed variance is first sent to the same neighbors required by Section 4.7 to be notified and they are provided an opportunity to be heard on the topic of that variance.

4.11.3 Effect of a Variance: If a variance is granted pursuant to this Section 4.11, no violation of the covenants, conditions and restrictions contained in this DECLARATION nor the standards contained in the DESIGN MANUAL shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this DECLARATION or the MANUAL for any purpose except as to the particular LOT and particular provision covered by the variance, nor shall it affect in any way the OWNER's obligation to comply with all governmental laws and regulations affecting his or her use of the LOT including, but not limited to, zoning ordinances and LOT set back lines or requirements imposed by any governmental or municipal authority and not specifically relaxed by the variance granted. Any variance granted, whether obtained from the COMMITTEE or the COMMITTEE and the PLANNING DIRECTOR or CITY shall remain valid only so long as the need for the exception persists through the refinement of the design.

4.11.4 Documentation of Variance: All such variances granted by the COMMITTEE must be (a) evidenced in writing, (b) set forth a statement of the appropriateness for such variance, (c) describe the variance(s) granted and the extent to which they are granted, (d) state any CONDITIONS to attach to the variance(s), (e) be approved by the CITY as required by law and/or ordinance, and (f) signed by an authorized member of the COMMITTEE. An original of the signed variance shall be kept in the COMMITTEE'S permanent files.

4.12 OWNER'S Responsibility During Construction: It shall be the responsibility of the OWNER of the LOT to promptly bring to the attention of the COMMITTEE any changes sought to be made during construction, from the plans and specifications previously approved or deemed approved by the COMMITTEE. The changes proposed to be made shall be clearly ~~documented~~ documented in writing and shown on a copy of the previously approved plans and delivered

to the COMMITTEE. The COMMITTEE shall expeditiously consider such proposed changes and, unless disapproved by the COMMITTEE within fifteen (15) business days of receipt, or unless said time limitation is extended in writing signed by the OWNER, the plans and specifications shall be deemed approved as changed; provided however, that no change deemed as approved by the COMMITTEE's failure in this manner to act shall be effective to increase the overall height of any portion of a structure, materially change its external openings or the external materials, colors, elevations, roof materials or slope, drainage, minimum or maximum size or any specific requirements or restrictions set forth in Articles 4 and 5 of this DECLARATION. No completion of the changes nor approval by an agency or employee of the CITY shall relieve the OWNER of complying with this Section 4.12. The OWNER must also obtain approval of the PLANNING DIRECTOR or CITY where required by any applicable law.

4.13 Failure to Complete Work: Unless the OWNER has been granted an extension of time to complete his or her work of IMPROVEMENT by the COMMITTEE, construction, reconstruction, refinishing or alteration of any such IMPROVEMENT must be complete within one year after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the OWNER because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control the OWNER or his or her agents. If the OWNER fails to comply with this section, the COMMITTEE may proceed in accordance with the provisions of Section 4.14.5, et seq., below as though the failure to complete the IMPROVEMENT was a noncompliance with approved plans.

4.14 Inspection of Work by COMMITTEE: Inspection of the work relating to any approved IMPROVEMENT and correction of defects therein shall proceed as follows:

4.14.1 Right to Inspect: During the course of construction, representatives of the COMMITTEE shall have the right to inspect the jobsite to confirm that the IMPROVEMENT PROJECT is proceeding in accordance with the approved plans and specifications. The COMMITTEE's right to inspect shall extend through any time period during which a notice of Noncompliance remains unresolved in the view of the COMMITTEE.

4.14.2 Notice of Completion: Upon the completion of any work of IMPROVEMENTS for which COMMITTEE approval is required under Section 4.5, the OWNER shall give the COMMITTEE a written Notice of Completion.

4.14.3 Inspection: Within 30 days after receipt of the Notice of Completion, the COMMITTEE, or its duly authorized representative, and any member of the COMMITTEE, shall inspect the IMPROVEMENT to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approval plans. In the event that any member or representative of the COMMITTEE is denied entry at a reasonable hour when requested (without a reasonable time substitute in the near future being arranged at the time entry is denied), the time limitation on inspection shall be extended and the COMMITTEE shall so notify the OWNER in writing. No time limitation as to inspection shall apply in the event of any action enumerated in Section 4.5, above, which was conducted without previous approval by the COMMITTEE of the plans and specifications therefor. If the COMMITTEE finds that the IMPROVEMENT was not erected, constructed or installed in substantial compliance with the OWNER's approved plans, then within the 30-day inspection

period the COMMITTEE shall give the OWNER a written Notice of Noncompliance detailing those aspects of the IMPROVEMENT PROJECT that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the DESIGN COMMITTEE shall have the enforcement rights and remedies set forth in Section 4.14.6, below.

4.14.4 Deemed Compliance: If the COMMITTEE fails to notify the OWNER of any noncompliance within 30 days after receipt of the OWNER's Notice of Completion, the IMPROVEMENT shall be deemed to have been constructed in accordance with the approved plans for the PROJECT unless it can be demonstrated that the OWNER knew of the noncompliance and intentionally mislead the COMMITTEE with respect thereto or the OWNER performed activities described in Section 4.5, for which no approval was obtained from the COMMITTEE.

4.14.5 Landscaping: Landscaping shall include landscape structures, landscape furniture, hardscape, irrigation and related infrastructure, as well as lawns, ground cover, shrubs, hedges, trees and flowers, and shall be deemed a work of IMPROVEMENT requiring COMMITTEE approval and subject to COMMITTEE inspection hereunder. No Estoppel - Construction Compliance Form, as described in Section 4.14.9, shall be issued for any new residence unless either the installation of the landscaping has been completed as of the date stated in the OWNER's Notice of Completion or unless adequate, in the opinion of the COMMITTEE, security is first provided for completion of the approved landscaping. The COMMITTEE may, in its discretion, require an OWNER-Applicant to post security in an amount not to exceed the estimated cost of the landscaping work to ensure the applicant's timely completion of the landscaping work. The form of security may be a bond or such other form of security recognized by Section 66499(a) of the California Government Code and acceptable to the COMMITTEE. Alternatively, and in the discretion of the COMMITTEE, it may allow the OWNER to make a cash deposit to the DESIGN COMMITTEE in an amount not to exceed \$10,000 in lieu of the bond or other security.

In the event that the OWNER fails to properly maintain his or her landscaping or to install landscaping in connection with initial construction of the OWNER's Residence within the time limits set forth above, the DESIGN COMMITTEE may either cause the appropriate work to be done at the OWNER's expense (recoverable through security posted by the OWNER or any other remedy in law or equity). If the DESIGN COMMITTEE elects to undertake landscape maintenance work on an OWNER's behalf, then notice must be personally served on the OWNER as described in Section 4.14.7. The notice shall recite the nature of any work to be performed, the reasons therefor, and the date, time and place at which the OWNER may be heard either orally or in writing, regarding the propriety of the work. The hearing shall be conducted in accordance with Section 4.14.8 hereof. In no event shall the hearing be held less than five days prior to the date the work is scheduled to commence.

Each and every OWNER shall be responsible for the maintenance of landscaping within the area of their individual LOTS as shown on the IMPROVEMENT PLANS. More specifically, the OWNERS of LOTS 1, 13-32, and 44-82, inclusive, must install and maintain consistent with the IMPROVEMENT PLANS rear slope plantings and irrigation concurrently with the installation of their private landscaping; provided, however, that prior to the sale of said LOTS to individual owners thereof, the DECLARANTS shall be responsible for maintaining the rear slope plantings and irrigation consistent with the IMPROVEMENT plans. The OWNERS

of LOTS 1-5, and 42-45, inclusive, must install and maintain their front yard street trees consistent with the IMPROVEMENT PLANS. For LOTS 42-45, inclusive, the DECLARANTS are responsible for installing the vines and hydroseeding as shown on the FINAL IMPROVEMENT PLANS. On and after the date of the purchase of any of LOTS 42-45, inclusive, the maintenance of vines on the inside of the sound wall shall become the responsibility of the OWNER of such LOT. The maintenance of the vines on the outside of the sound wall and the hydroseeded area for LOTS 42-45, inclusive, shall be the responsibility of the ASSESSMENT DISTRICT. The ASSESSMENT DISTRICT shall be responsible for the maintenance of landscaping in the Coastal Access Easements across LOTS 18 and 65, and LOTS 3 and 10. Except as provided in this section, the OWNER of each LOT shall be responsible for the installation, maintenance, and irrigation of all landscape improvements as shown on the FINAL IMPROVEMENT PLANS.

4.14.6 Enforcement: In addition to other enforcement remedies set forth in Article 7 of this DECLARATION, the COMMITTEE shall have enforcement rights with respect to any matters required to be submitted to and approved by the COMMITTEE, and may enforce such architectural control by any proceeding at law or in equity. In addition, the COMMITTEE shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the COMMITTEE or to the extent that it does not conform to the plans and specifications which were submitted to the COMMITTEE and approved by it. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of noncompliance, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

4.14.7 Notice of Hearing: If the OWNER fails to remedy any noticed noncompliance within 30 days from the date of such notification, the COMMITTEE shall notify the OWNER in writing of such failure. The COMMITTEE shall then set a date on which a hearing before the COMMITTEE shall be held regarding the noncompliance alleged by the COMMITTEE. The hearing date shall not be more than 30 days nor less than 15 days after notice of the hearing is issued by the COMMITTEE to the OWNER, and in the discretion of the COMMITTEE, to any other interested party.

4.14.8 Hearing: At the hearing, the OWNER, a representative(s) of the COMMITTEE or any other interested person may present information relevant to the question of the alleged noncompliance. After considering all such information, the COMMITTEE shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the COMMITTEE shall require the OWNER to remedy or remove the same within such period or within any extension of such period as the COMMITTEE, at its discretion, may grant. If the OWNER fails to take corrective action after having a reasonable opportunity to do so, the COMMITTEE, at its option, may either remove the noncomplying IMPROVEMENT or remedy the noncompliance and the OWNER shall reimburse the COMMITTEE for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the OWNER to the COMMITTEE, the COMMITTEE shall recover such expenses through any means legally available to the COMMITTEE in law or equity.

4.14.9 COMMITTEE's Issuance of Estoppel - Construction Compliance

Form: Two original copies of an Estoppel - Construction Compliance Form, identifying the related work, shall be provided by the COMMITTEE to an OWNER when:

(i) Within thirty (30) days after delivery of a Notice of Completion by the OWNER with regard to any activities which were subject to COMMITTEE approval, the OWNER had obtained such approval, and has completed the construction of the IMPROVEMENT to the satisfaction of the COMMITTEE; or

(ii) On demand of an OWNER, thirty (30) days have elapsed since the OWNER's delivery to the COMMITTEE of a Notice of Completion with regard to any activities which were subject to COMMITTEE approval, the OWNER had obtained such approval, and no Notice of Noncompliance has been delivered to OWNER; or

(iii) Upon demand of an OWNER upon the elimination of any noncomplying IMPROVEMENT, in which event the Estoppel - Construction Compliance Form shall reference any previously recorded Notice of Noncompliance, rescind said notice and confirm that the LOT is in compliance with all applicable Government Document provisions referenced in the Notice of Noncompliance.

4.15 Noncomplying Use of Properties: Establishment of Noncomplying Use: Notice Requirements. In addition to its jurisdiction over the review and approval of new IMPROVEMENTS and regulation of the timely and proper completion of such IMPROVEMENTS, the DESIGN COMMITTEE shall also be vested with authority and responsibility to regulate continued compliance on LOTS with the provisions of this Article 4 and Article 5 of this DECLARATION. To this end, the DESIGN COMMITTEE may appoint or hire a compliance officer who shall periodically tour the CLOISTERS from time to time and report to the COMMITTEE any apparent violations of said articles ("architectural/land use violations"). If the DESIGN COMMITTEE agrees that the compliance officer has identified an architectural or a land use violation on any LOT, the COMMITTEE shall so notify the OWNER, in writing. The notice shall detail the nature of the alleged violation and advise the OWNER of his or her right to be heard on the matter in accordance with Sections 4.14.7 and 4.14.8. If the OWNER fails to attend a hearing which has been set to hear the matter, the COMMITTEE shall be entitled to make its own determination of whether a violation exists. If a violation is determined to exist, the COMMITTEE shall be entitled to execute and record against the subject LOT a Notice of Noncompliance With Recorded Use Restrictions, which shall identify the subject LOT, describe the noncomplying use and specify the Section number of the GOVERNING DOCUMENTS which is being violated. It may then use all remedies available to it in order to bring the non-complying use into compliance.

4.16 COMMITTEE's Estoppel Certificate: Within 30 days after written demand is delivered to the COMMITTEE by any OWNER, and upon payment to the COMMITTEE of a reasonable fee (as fixed from time to time by the COMMITTEE), the COMMITTEE shall execute an Estoppel Certificate, executed by any two of its members, certifying with respect to any LOT owned by the applicant OWNER that as of the date thereof, either (i) all IMPROVEMENTS made and other work completed by said OWNER with respect to the LOT comply with this DECLARATION and the DESIGN MANUAL; or (ii) that such IMPROVEMENTS or work do not so comply, in which event the certificate shall also identify

the noncomplying IMPROVEMENTS or work and set forth with particularity the bases of such noncompliance. Any purchaser from the OWNER, or anyone deriving any interest in said LOT through the OWNER, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the COMMITTEE, all OWNERS and any persons deriving any interest through them.

4.17 Liability: Neither the DECLARANTS, the COMMITTEE, nor any COMMITTEE member thereof shall be liable to any OWNER or to any third party for any damages, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any property within the PROJECT, (d) the execution and filing of an estoppel certificate pursuant to Section 4.16, or (e) the execution and filing of a notice of noncompliance or noncompletion pursuant to Section 4.15, whether or not the facts therein are correct, if the DECLARANTS, the COMMITTEE or such COMMITTEE member has acted in good faith on the basis of such information as may be possessed by and available to them. Specifically, but not by way of limitation, it is understood that plans and specifications are not approved for engineering design, and by approving such plans and specifications neither DECLARANTS, the COMMITTEE, nor any COMMITTEE member thereof, assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

ARTICLE 5

DESIGN CRITERIA, ARCHITECTURAL AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the right of an OWNER to construct, reconstruct, refinish, alter or maintain any IMPROVEMENT upon, under or above any LOT, or to make or create any excavation thereon, or to make any change in the natural or existing surface drainage thereof, or to install any utility line (wire or conduit) thereon or thereover, or to destroy or remove any tree or planting therefrom, shall be subject to the following limitations and conditions of this section.

5.1 Intent: The following restriction for IMPROVEMENT design at the CLOISTERS shall be interpreted as a set of restrictions established for the purpose of creating a unified architectural and aesthetic consistency and tone for the CLOISTERS, so that each residential dwelling unit in the two residential clusters will harmonize with the beauty of the natural surroundings, the coastal nature of the CLOISTERS property, and early twentieth century California neighborhoods through the utilization of the California Bungalow, Craftsman and Cape Code vernaculars. Within the limitations of these restraints, the DESIGN MANUAL guidelines promulgated by the DESIGN COMMITTEE, each individual owner is encouraged to utilize designs which are responsive to their individual needs, while being a complimentary and harmonious part of a small community clustered upon a portion of the California coastline.

5.2 Minimum and Maximum Size: A Residential Dwelling Unit constructed upon an individual LOT shall not exceed 45% of such LOTS area and shall not be less than 1,600 square feet in size. The second floor level of the home built on one LOT, where allowed, shall

not exceed 50% of the ground floor footprint area. The size of a Residential Dwelling Unit constructed upon more than one (1) LOT shall not exceed 45% of one LOT'S area and 22-1/2% of the second LOT area. The second level of a multi-lot home, where allowed, shall not exceed 50% of the combined floor area. This site coverage standard may be increased to 65% as provided in the City's Local Coastal Program, paragraph 2(k), "Alternative Water Supplies" (1990 LCP Amendment).

5.3 Height Limitations:

5.3.1 No STRUCTURE in the south cluster (LOTS 46 through 120, inclusive) shall exceed twenty-five (25) feet in height above finished grade. Further, on LOTS 49 through 58, inclusive, 89, 90, 93, 95, 101, 104, 108, 110, 112, 113, 115, 116, 118, 119, and 120, no STRUCTURE shall exceed twenty-five (25) feet in height above finished grade. On LOTS 91, 92, 94, 96 through 100, inclusive, 102, 103, 105, 106, 107, 109, 111, 114, and 117, no STRUCTURE shall exceed seventeen (17) feet in height above finished grade. On LOTS 46, 47, 48, and 59 through 88, inclusive, no STRUCTURE shall exceed fourteen (14) feet in height above finished grade.

5.3.2 On LOTS 1 through 45, inclusive, no STRUCTURE shall exceed fourteen (14) feet above the finished grade.

5.3.3 LOTS 91, 92, 94, 96 through 100, inclusive, 102, 103, 105, 106, 107, 109, 111, 114 and 117, are limited to structures not exceeding 17 feet in height above the finished grade.

5.3.4 The finished grade shall not exceed the minimum elevation necessary to flood-proof residences and shall not, in any event, exceed the finished grade as shown on the grading plan for the PROJECT approved by the CITY of Morro Bay on December 9, 1991.

5.4 Fences: To preserve the view of Morro Rock, the ocean, dunes, and open spaces, no private fences exceeding four (4) feet in height, or STRUCTURES or above-grade patios are allowed within the VIEW CORRIDOR. The maximum height for a fence in a back or side yard is five (5) feet six (6) inches. The maximum height for a fence, excepting gates and arbors, in the front yard is three (3) feet if solid and three feet six (6) inches if fifty percent (50%) open to light. Variances for gates and arbors may be granted, except when located within the VIEW CORRIDOR. Side yard fences must be set back five (5) feet from the nearest streetside building face before returning into the building. Flush fences may be approved when the same building material and design is used on the fence and house. Chain link, precision block, and slumpstone in particular are prohibited fence materials. Fencing material shall complement the architectural style.

As part of the FINAL IMPROVEMENT PLANS for the CLOISTERS, fencing is installed on various LOTS as shown in said PLANS. It is the intention of the PROJECT to maintain said fencing as installed, in order to preserve a uniformity of appearance and design consistency. The OWNERS of LOTS on which said fencing has been constructed by DECLARANTS shall not be allowed to alter or paint said fencing, except in its original colors, and to be consistent with adjoining fences on adjacent properties. The intent of this restriction is to prevent each OWNER of a LOT from repainting the original fencing to interfere with the

visual harmony and uniformity of said fencing. The OWNERS shall be required to maintain said fenced areas. Without limitation, said fencing includes: for LOTS 46-58, inclusive, a six foot LOT fence; for LOT 59, a three foot LGT fence; for a portion of LOT 46 and along the LOT boundary for LOTS 59-82, inclusive, a picket fence; for LOT 46 and LOTS 83-88, sound wall fencing; for LOT 1 and LOTS 13-32, inclusive, picket fencing; along the Coastal easements between LOT 65 and 66, and LOTS 18 and 19, a picket fence; along the southerly edge of LOT 45 a picket fence.

5.5 Building Setbacks:

5.5.1 Street Yard Setbacks: A minimum setback of fifteen (15) feet from the back of the sidewalk to main building; a minimum setback of twenty (20) feet from the back of the sidewalk to garage front.

5.5.2 Side Yard Setbacks: For interior side yards, a five (5) foot minimum setback from property line to building is required. Further, side yard fences must be set back five (5) feet from the nearest building face before returning to the building. Flush fences may be acceptable when the same building material and design is used on the fence and house.

5.5.3 Corner LOT Side Yards: For corner LOTS, a ten (10) foot setback where side yards are adjacent to the street.

5.5.4 Rear Yard Setbacks: LOTS along the view corridor are to use the view corridor line as their rear yard building setback. Setbacks are to be a ten (10) foot minimum setback from the rear property line or view corridor line to main structures and a five (5) foot minimum setback from property line to garage structure.

5.6 Garage STRUCTURES: In order to promote a functional and attractive arrangement of structures that will de-emphasize the automobile dominance and garage presence along local streets, garage structures must be set back behind the front of the house a minimum of four (4) feet, and driveway width is limited to a maximum of sixteen (16) feet. Garages may either be attached or detached to the main structure and must not dominate the street facade. The maximum size shall be a three-car garage structure.

5.7 Roof Forms and Materials: Roof overhangs and eaves must be carefully detailed. However, roof forms such as mansard roofs, A-frames, flat roofs, and trendy architectural elements are prohibited. Suitable roofing materials include flat, unglazed concrete or clay roofing tiles, slate and dimensional asphalt shingles, all of which must be non-combustible. Wood in roofs or any form, glazed tiles of any kind, metal singles, metal tiles, or terra cotta mission tile is prohibited, except as a ridgeline accent on bungalow houses. Wood shake or wood shingle roofs shall be not permitted within the PROJECT.

5.8 Gutters and Downspouts: Gutters and downspouts should either be concealed or designed as a deliberate architectural feature. Any exposed gutters and downspouts should be painted to match the surface to which they are attached (unless the gutter and downspout material is copper or other architecturally desirable character).

5.9 Skylights: Roof articulation with dormers and skylights is encouraged. Skylights, if used, should be designed as an integral part of the roof with their form and color blending into the building.

5.10 Doors and Windows: Doors and windows, including garage doors are a critical visual element. Garage doors should be multi-paneled with subtle adornment detail to provide shadow relief. The use of multi-panel or french doors is encouraged with true divided light glazing with exterior mullions being preferred over internal mullions at doors and windows. To diminish noise infiltration, exterior doors should be 1-3/4 inch solid core with perimeter weather stripping. All exterior door frames and seal should be thoroughly caulked and weather-stripped to prevent air intrusion. Wood, painted metal or clad windows with divided lights and clear glazing are most desirable. Silver or gold metal frames with large expanses of glazing and dark, tinted, or reflective glass are prohibited. Windows should be vertically oriented panes.

According to the Conditions of Project Approval, with regard to the dwellings on LOTS 42-45, inclusive, and LOTS 79-88, inclusive, in order to mitigate highway noise, the windows should generally be operational but should be kept closed, by the residents in the dwellings located on those LOTS, with mechanical ventilation provided in accordance with the uniform building code.

5.11 Exterior Lighting: Outdoor lighting shall be directed away from areas supporting dune lupines and fore dunes areas, within Lot 123, "Environmentally Sensitive Habitat Area," so as not to disturb the development physiology of the Morro Bay Blue Butterfly. Light fixture selection must be compatible with the architectural character of the building. The color, size, and number of fixtures should be carefully considered to enhance the residential environment, rather than overpower the desired subtlety of the neighborhood. Fixtures should be selected and arranged so that they directly illuminate downward and not into the sky. Security lighting where necessary shall be hooded, recessed and located in such a manner that lighting illuminates only the intended area, avoiding off-site glare or spilling over of unnecessary illumination. Bright lighting of any kind is prohibited on LOTS adjacent to open space areas or the view corridor. No lights will be allowed on top of any structure. The use of low voltage lighting is encouraged wherever possible. All lighting and electrical work must be constructed to meet the most recent edition of PG&E's Energy Conservation Home Standards.

5.12 Mechanical Equipment and Utilities: Mechanical equipment such as air conditioners, water softener tanks, solar collectors, duct work and meters, whether part of the structure or elsewhere, shall be screened from neighboring LOTS and public view with materials that are architecturally compatible with the main structure. Solar heaters, if used, should be carefully located to minimize any negative visual impacts to neighboring properties and public areas. Though hidden from public view, the utility equipment and meters must be accessible to the utility companies and meet all utility company requirements. Areas for trash container storage shall be incorporated into the building design and/or suitably screened with walls and landscaping. They should be located at the rear or interior side yards. All flashing, sheet metal, vents and pipe stacks should be painted to match the adjacent roof or wall material. No satellite dishes larger than 3 feet in diameter are permitted. Any antennas or permitted satellite dishes shall be screened from public and neighboring view. Visible short wave radio antennas are prohibited. All residences shall have residential fire sprinkler systems.

5.13 Wood Stoves and Fireplaces: All wood stoves and fireplaces must be the most air pollution free units available at the time of home construction. EPA approved inserts or the equivalent shall be installed on all fireplaces and wood stoves. All boilers, burners, heaters, or water heaters using natural gas as a fuel source should reduce NO_x emissions by the greatest amount possible, by using existing technology, and should reduce NO_x emissions by at least sixty percent (60%).

5.14 Water Efficiency: The design and maintenance of Residential Dwelling Units on individual LOTS shall seek to reduce consumption of water pursuant to CITY standards by, among other things: (1) installing low flow toilets, shower heads, and faucets; and, drought tolerant planting is required. Water collection and proper and healthy reuse is strongly encouraged.

5.15 Special Utility: In order to promote long term energy conservation and pollution reduction by installing outlets for electric vehicles, every owner is strongly encouraged to provide a dedicated 240/120 volt, 30/20 amp branch circuit which shall be terminated in an approved manner for a future electric vehicle charging outlet, in a location acceptable to the building official at the CITY of Morro Bay.

5.16 Fire Protection/Suppression: All dwelling units shall be provided with residential fire sprinklers. All provisions for fire suppression shall be in accordance with the Uniform Fire Code of the CITY. Address numbers shall be prominently displayed with a contrasting background.

5.17 Hardscape: Hardscape including patios, courtyards, driveways, and any other paved outdoor surface, should be of high quality and compliment the other elements of the residence. All hardscape should receive a special treatment. No plain concrete paving will be allowed. Patio areas may be paved in a similar material or color to the adjoining room to strengthen the relationship between interior spaces and the outdoor environment. Large areas of rock groundcover or "rockscapes" are prohibited. This includes the use of lava rock, or reflective white rock. Rocks or gravel should be used as an accent only and not as a groundcover for very large areas over 100 square feet. The use of outdoor paving as an activity area will minimize unnecessary impermeable surfaces. For example, a carefully located garage may have a driveway that can also act as an outdoor entertaining area. Hardscape in the front yard should be limited to an entry walk and front porch and driveway. The soft landscape should be the most predominant feature in the front yard. Small patios and expanded entry walks may be appropriate to create usable seating space.

5.18 Landscape Planting: In order to promote water conserving planting design which enhances the character of the CLOISTERS and compliments the surrounding natural environment:

5.18.1 All property within a LOT and adjacent sidewalk rights-of-way, and view corridor areas must be landscaped and maintained by the OWNER consistent with the FINAL IMPROVEMENT PLANS.

5.18.2 Plant material should be used to soften structural edges, define outdoor spaces, and for screening and may not be used for screening in lieu of good building design;

5.18.3 Plants should be arranged in groups and spaced to allow them to develop into masses unless the plants are used as an accent or other function in which massing does not work well;

5.18.4 Formal planting designs may be appropriate when designing garden structure for perennial plantings in conjunction with bungalow or craftsman buildings;

5.18.5 Ninety percent of the selected plant material must be drought tolerant;

5.18.6 Careful consideration must be given to the plant selection and design of landscape areas bordering open space areas which should act as a transition from the domestic landscape to the natural;

5.18.7 Planting areas must be covered with an appropriate bark mulch at installation (approximately 2-3" thick) to increase the soil's ability to hold water and reduce water requirements, as well as to provide a clean finish to planting areas.

5.18.8 Planting may be used to screen less desirable areas from public view (e.g., trash can enclosures, parking areas, storage areas, and utilities);

5.18.9 A maximum of 400 s.f. of turf is allowed per lot;

5.18.10 Turf use is discouraged in the front yard and should only be used when the applicant is demonstrating a functional use for the turf; and

5.18.11 All turf areas must be a minimum of 8' wide.

5.19 Irrigation: In order to provide for each resident an efficient and long-term water system for the establishment and maintenance of a drought tolerant landscape:

5.19.1 All planting areas shall include efficient, permanent, automatic or manual irrigation to ensure proper plant health, except when the applicant can demonstrate that other irrigation techniques are effective and/or plant material does not need regular water;

5.19.2 All irrigation systems shall separate turf areas from shrub and ground cover areas, as well as separate all planting according to water requirements and sun exposure. The concept plan submittal must identify exposure zones and how irrigation will be separated;

5.19.3 All irrigation shall include back flow prevention (consistent with local code);

5.19.4 All spray head systems shall be designed to have near-to-head coverage;

5.19.5 All irrigation schedules are to be adjusted at least quarterly to meet changing plant requirements and seasonal weather demands;

5.19.6 All irrigation systems are to be routinely adjusted to minimize runoff and discharge of water onto adjacent hardscape or properties;

5.19.7 Irrigation clocks must be programmed to operate during low water demand periods of the day, such as early mornings;

5.19.8 Rain sensors are required to be linked to the clock to avoid irrigating during rainfall;

5.19.9 Run times for all stations are to be adjusted to reduce runoff;

5.19.10 LOT owners are encouraged to conserve water by collecting or diverting building runoff water through gutters and using it on landscape areas;

5.19.11 All irrigation systems, to the maximum extent feasible, shall be designed to apply water slowly in order to reduce runoff;

5.19.12 Drip irrigation and stream spray systems are encouraged; and

5.19.13 Pop-up irrigation heads should be used rather than fixed risers, along walks and hardscape to avoid damage to heads and prevent accidental hazard to pedestrians.

5.20 Landscape STRUCTURES: In order to encourage the use of landscape structures (decks, trellises, arbors, gazebos, etc.) in proper scale and character:

5.20.1 Landscape structures should be used to provide entry accents, shade, shelter, focal points, or gateways;

5.20.2 These elements may be integral parts of the buildings or freestanding structures;

5.20.3 All structures must be appropriate scale within the site design;

5.20.4 All structures must be constructed of wood or wood with other compatible materials (e.g., stone, concrete, etc.) approved by the DESIGN COMMITTEE;

5.20.5 Metal (except as hardware for wood construction) and plastics are prohibited as materials for landscape structures;

5.20.6 Any colors applied to these structures must be complimentary to the buildings and be approved by the DESIGN COMMITTEE; and

5.20.7 Placement of structures must conform to all setbacks and must consider visual impacts to neighboring properties and public property

5.21 Landscape Lighting: Subject to the limitations in Section 5.11, in order to encourage dramatic, yet subtle, landscape lighting and prohibit excessive outdoor lighting schemes:

5.21.1 Adequate outdoor lighting should be provided to ensure a reasonably safe environment, but light levels must not be a nuisance to adjacent properties;

5.21.2 Light fixtures must be complementary to the architecture and neighborhood character;

5.21.3 Quality and well directed light is the goal;

5.21.4 Light source for wall washing and tree lighting shall be hidden;

5.21.5 Light should be used to accent focal points; not the entire yard;

5.21.6 Colored lights are prohibited;

5.21.7 Lights which are activated by a motion sensor will not be permitted if lights are activated from a distance greater than 20 feet;

5.21.8 Lighting should not cast glare or "spill over" onto adjacent LOTS or into the Environmentally Sensitive Habitat Area;

5.21.9 Path lighting must be subtle, without being excessive, while allowing pedestrians to find their way;

5.21.10 Light fixtures used as bold ornaments on masonry columns are prohibited; and

5.21.11 Low voltage lighting conserves energy and must be used in the landscape whenever possible.

5.22 Maintenance: In order to assist homeowners in diligently caring for an approved and implemented landscape for the benefit of the entire neighborhood:

5.22.1 LOT owners should design and install long lasting and low maintenance plantings and outdoor space IMPROVEMENTS;

5.22.2 Regular and necessary care of wood products, including painting and water sealing, is required;

5.22.3 Repairs to hardscape items and replacement of expired plantings shall be timely and not exceed 3 months without approval by the DESIGN COMMITTEE;

5.22.4 All landscaped areas shall be maintained diligently to ensure proper health, growth and appearance of all landscaping;

5.22.5 All areas shall be kept free from debris, trash, and noxious weeds; and

5.22.6 LOTS which have not yet been built upon must be maintained by the lot owner, and shall be kept clear of trash and mowed periodically (at least two (2) times per year) if weeds are present.

5.23 Exterior Finishes and Materials: In order to establish criteria for the selection of materials and finishes that will integrate into and compliment the natural landscape and desired coastal architectural character for the CLOISTERS neighborhood:

5.23.1 Natural materials that harmonize and blend with the surrounding environment are encouraged, including materials such as brick, stone, wood, light textured stucco, and split faced concrete block are suitable when used on the appropriate architectural style;

5.23.2 The materials and finishes selected should be consistent with the architectural style chosen; and

5.23.3 Inappropriate materials include highly reflective or sleek surfaces, T-111 siding, precision block, metal or plastic siding, and large unbroken expanses of stucco or glazing.

5.24 Wells: No water wells, other wells, or an independent water supply system shall be constructed or maintained on individual LOTS.

5.25 Utilities: Utility services to individual LOTS shall be underground.

5.26 Use of LOT: No LOT shall be occupied or used except for single family residential dwelling purposes, not more than one per LOT, by the OWNERS, their tenants, and social guests. No guest houses, "granny units" or detached structures or portions of an attached structure which, in the opinion of the COMMITTEE, are readily convertible to a guest living use shall be allowed upon any LOT. Plumbing shall be prohibited in any detached structure, except in approved greenhouses, pool cabanas and unenclosed barbecue areas.

5.27 Temporary STRUCTURES: No tent, shack, trailer, mobile home, motor home, boat, recreational vehicle, camper, basement, garage, outbuilding or structure of a temporary character shall be used on any LOT at any time as a residence, either temporarily or permanently. The DESIGN COMMITTEE may make rules for the permissibility, location and control of construction trailers, portable toilets and other facilities used during construction on any LOT.

5.28 Nuisances No noxious, illegal, loud, or seriously offensive activities shall be carried on upon any LOT, nor shall anything be done thereon which may be or may become a nuisance to, or which may in any way interfere with the quiet enjoyment of any LOT.

5.29 Vehicle Restrictions: No trailer, camper, mobile home, recreational vehicle, off-road vehicle, animal transportation vehicle, motorcycle, motorbike or motor driven cycle, truck or commercial vehicle, boat, inoperable automobile, or similar equipment shall be permitted to remain upon any area within the SUBDIVISION, unless placed or maintained within an enclosed garage. No off-road vehicles shall be used anywhere on the property for purposes of recreation. The restriction of "truck or commercial vehicle" as used in this Section 5.29 shall not include standard size automobile, standard size pickup truck or standard size van, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the COMMITTEE. No noisy or smokey vehicles shall be operated within the SUBDIVISION. No unlicensed motor vehicles shall be operated within the SUBDIVISION or kept within the SUBDIVISION except within an enclosed garage.

5.30 Vehicle Sales: No vehicle, as described in Section 5.29, shall be displayed for sale (i.e., parked for more than a day at a time, with "for sale" or similar signs visible) prominently upon any LOT, or on any street in the SUBDIVISION.

5.31 Removal of Offending Vehicle: The owner of a vehicle described in Section 5.29 which is parked, stored, or maintained on the premises in violation of the provisions of this DECLARATION shall be conclusively deemed to have consented to the removal of said vehicle from the PROJECT twenty-four (24) hours after notice has been both placed on the windshield or other obvious place on the vehicle and personally delivered to the owner of the vehicle by an agent of the COMMITTEE, or seventy-two (72) hours after such a notice has both been mailed to the address of the registered owner of the vehicle and placed on the windshield or other obvious place on the vehicle. The COMMITTEE or its agent or employees shall then, subject to any constraints contained in CITY ordinances or the California Vehicle Code, have the authority to tow away and store such vehicle, whether said vehicle shall belong to a LOT OWNER, his/her tenant, a member of his/her family, or his/her guest or invitee. Charges for such towing and storage shall be paid by the LOT OWNER responsible or vicariously responsible for the presence of such vehicle. No such vehicle, however, shall be towed under this authority from a residential LOT in the CLOISTERS.

5.32 Commercial Activity: No business, professional manufacturing, storing, vending or commercial activity ("Commercial activity" herein) carried on upon a LOT or within a Residence, including outbuildings, within the CLOISTERS shall be allowed, except as provided in this Section 5.32:

5.32.1 Sales: No garage sale, yard sale, or other similar sale activity shall be allowed on any LOT more often than twice per year.

5.32.2 Employees: No commercial activity of a LOT OWNER or tenant shall be allowed to have any employees working on-site who do not reside on the LOT, unless there is an applicable exemption provided by a competent legal authority. This shall not be interpreted to expand the definition of single family residential use of the CLOISTERS.

5.32.3 Inventory: No commercial activity shall be allowed which involves the keeping of wholesale or retail stock-in-trade upon the LOT.

5.32.4 Health Care Facilities: No health care facilities, operating commercially or as a charity, shall be permitted in the CLOISTERS.

5.32.5 Traffic: No commercial activity shall be allowed which involves delivery or pickups to or from the LOT either by a vehicle larger than a standard-size passenger vehicle, nor which involves pickups and/or deliveries on the average of more than once per day.

5.32.6 Equipment: No commercial activity shall be allowed which incorporates the use of electrical or mechanical equipment detectable from any piece off of the LOT. This prohibition shall not apply to any street-legal motor vehicle.

5.32.7 Parking: No commercial activity shall be allowed which decreases the availability of parking within the garage located upon the LOT or decreases street parking or makes parking unavailable for neighboring properties.

5.32.8 Commercial Activity: No commercial activity shall be allowed which violates any CITY zoning or other ordinance. Professional Home Occupation permits must be obtained from the CITY prior to engaging in any commercial activity within the CLOISTERS.

5.32.9 Intent: The intent of this Section 5.32 is to recognize the modernization of communications which increasingly allows people to operate their professions and occupations from remote locations and to accommodate such uses within the CLOISTERS, provided they do not cast any burden upon other LOT OWNERS by such means as increased traffic, noise, unsightliness, unsafe or unhealthy conditions. No commercial or charitable activity shall be allowed which does so.

5.33 Signs: Signs advertising LOTS for sale or rent may be displayed, one on a LOT, without prior approval of the COMMITTEE, provided, that such signs are, in the opinion of the COMMITTEE, of reasonable and customary size (not to exceed 4 square feet). Such signs may also be displayed at such additional location or locations, if any, as shall be specifically designated for such purpose by the COMMITTEE, provided they meet any restrictions for such signs also set by the COMMITTEE. In addition, a single modestly sized and tasteful, as determined in the sole discretion of the COMMITTEE (in any event not to exceed 16 square feet), sign may include designation of the architect, general contractor, subcontractors, suppliers, construction lender, etc. may also be placed without prior approval on any LOT upon which a dwelling is then actually being constructed. The COMMITTEE may develop nonprejudicial rules allowing for the display of political signs. Except as expressly permitted by this Section 5.33, no signs shall be displayed to the public view on any LOT, or on any other portion of the Property unless first approved by the COMMITTEE. Any signs placed in the SUBDIVISION which do not conform with the provisions of this Section 5.33 shall be subject to removal pursuant to Section 5.33. DECLARANTS, pursuant to Section 11.5, shall be exempt from the provisions of this Section 5.33.

5.34 Prohibition on Domestic Pets: Pursuant to the PROJECT CONDITIONS, no domestic pets shall be allowed or kept within the PROJECT which may have access to LOT 123, "Environmentally Sensitive Habitat Area" or adjacent State Parks PROPERTY where the Snowy Plover or their habitat is located. No animals, birds, insects or reptiles of any kind shall be

raised, bred or kept on any LOT for any food consumption or commercial purpose, unless such use complies with all applicable laws, ordinances and regulations of all governmental entities. Notwithstanding the foregoing sentence, or any use permitted by law, no OWNER shall be permitted to keep any of the following on any LOT: goats, pigs, sheep, horses, cows (or other bovine or equine animals), poultry, foxes, peacocks, or wild animals of any kind.

5.35 Garbage and Refuse Disposal: All rubbish, trash and garbage shall be regularly removed from the LOTS, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition, and shall be screened from view of neighboring LOTS and streets. Burning of tree prunings and other waste is prohibited.

5.36 Antennas for Radio, Television, Etc.: No external antennas, towers, poles, dishes, or any structure to be used for the purpose of transmitting or receiving radio, television or similar electromagnetic signals with the exception of equipment installed by a duly licensed cable television franchisee shall be installed, affixed, mounted or constructed on a LOT so as to be visible to the public view or to another LOT OWNER. All citizens band and amateur broadcasting equipment shall not be used so as to interfere with any activities whatsoever of occupants of other LOTS.

5.37 Clothes Lines: No exterior clothes lines shall be erected or maintained which are visible to any other LOT or public place in the CLOISTERS.

5.38 Leasing of LOTS: All rentals and leasing of real property in the CLOISTERS shall be subject to the restrictions set forth in Sections 2.3.

5.39 Security: Crime prevention measures recommended by the Morro Bay Police Department shall be implemented whenever feasible. Compliance with said provisions shall be subject to review and recommendation by the CITY Police Chief. Residential construction shall include appropriate security hardware, implement construction techniques which comply with the Model Security Ordinance and the Uniform Building Code relating to residential security, and utilize appropriate site design and building layout that provide crime prevention. Door and window locking devices shall provide adequate security without hindering emergency exiting.

5.40 Drainage: LOTS shall drain into a street or approved drain in such a manner that there will be no undrained depressions. The design of all such drains shall be subject to the review and approval of the Public Works Director of the CITY. There shall be no material change in grade or ground level nor interference with the established drainage pattern over any property within the CLOISTERS unless adequate provision is first made for proper drainage, and which provision is first approved by the DESIGN COMMITTEE and the CITY. For purposes of this Section, "established drainage" is defined as the drainage which existed at the recording of the MAP in the Office of the County Recorder of San Luis Obispo County and that which is shown on any plans which comply with the DESIGN MANUAL and are hereafter approved by the DESIGN COMMITTEE and the CITY of Morro Bay. Each LOT is required to accept surface water from those neighboring LOTS which are adjacent to it, provided that the water is discharged upon it pursuant to the established drainage and provided that the water is not discharged in an undue concentration or velocity. It shall be the duty and responsibility (and

expense) of the discharging LOT OWNER to not discharge said waters in undue concentration or velocity.

Questions of undue concentration or velocity and other questions involving the relative drainage rights and obligations of neighboring properties shall be determined in the sole and reasonable judgment of the DESIGN COMMITTEE, whose decision shall be final and conclusive. If, for any reason, the DESIGN COMMITTEE should fail to make a decision on such a question, the question shall be finally and conclusively decided by the Public Works Director of the CITY of Morro Bay. It shall be the duty of the accepting LOT OWNER to construct and maintain at his or her own cost all drainage structures required to convey surface waters across his or her LOT, including those which have been offered for dedication but whose dedication has not been accepted by the CITY of Morro Bay.

The provisions of this Section 5.40 are intended to provide freedom to each OWNER to deal with surface waters upon the OWNER's LOT in any way the OWNER wishes, provided that (a) the OWNER shall not interfere with structures which have been offered for dedication to a public entity, (b) the OWNER's plan complies with the DESIGN MANUAL and is first approved by the COMMITTEE and (c) the OWNER's plan does not work to the detriment or potential detriment of a neighboring property without the OWNER of that property's prior written permission.

ARTICLE 6

EASEMENTS

6.1 Easement to Accompany Conveyance of LOT: Easements that benefit or burden any LOT shall be appurtenant to that LOT and shall automatically accompany the conveyance of the LOT, even though the description in the instrument of conveyance may refer only to the fee title to the LOT.

6.2 Easement for Utilities (including access): The rights and duties of the OWNERS of LOTS within the SUBDIVISION with respect to access, sanitary sewer, water, electricity, gas, television receiving, telephone equipment, cables and lines (hereinafter referred to, collectively, as "utility facilities") shall be as follows:

6.2.1 Whenever utility facilities are installed within the SUBDIVISION, which utility facilities or any portion thereof lie in or upon a LOT or LOTS owned by other than a particular OWNER of a LOT served by the utility facilities, then that particular LOT OWNER shall have the right of reasonable access for himself/herself or for the utility companies to go upon such other LOTS to repair, to replace and to generally maintain such utility facilities as and when the same may be reasonably necessary.

6.2.2 Whenever utility facilities are legally installed within the SUBDIVISION, which utility facilities serve more than one (1) LOT, the OWNER of each LOT served by the utility facilities shall be entitled to the full use and enjoyment of such portions of the utility facilities as service his LOT.

6.2.3 All utilities easements shall be exercised by the dominant tenement(s) so as to damage, restrict or interfere with the use of the servient tenement(s) in the least way reasonable. Said easements shall be deemed non-exclusive to the dominant tenement(s). Cost of maintenance shall be upon the dominant tenement(s), which shall include the obligation to repair any damage caused to the servient tenement(s). The servient tenement(s) shall build no dwelling or substantial permanent structure (not including paving or retaining walls) over any such easement, and the loss of any large tree or shrubbery within such easement shall be at the risk of the servient tenement.

6.2.4 In the event of a dispute between the OWNERS with respect to the repair or rebuilding of said utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of one (1) of such OWNERS addressed to the COMMITTEE, the matter shall be submitted to the COMMITTEE, which shall decide the dispute, and the decision of the COMMITTEE shall be final and conclusive on the parties.

6.3 **Maintenance Easement:** A right of way over and under each LOT is reserved by DECLARANTS, for the purpose of entering upon the LOT to perform such maintenance, if any, as the DECLARANTS elect to do in accordance with the provisions of this DECLARATION, or as may otherwise hereafter be required to service any portion of the Property for the installation, repair, or maintenance of sanitary sewer, water, electricity, gas, cable, telephone, television, drainage, landscaping, or coastal accessway.

6.4 **Right of Entry and Use:** In addition to the foregoing, all LOTS shall be subject to the following rights of entry and use:

6.4.1 The right of members of the DESIGN COMMITTEE or their authorized agents to enter the property for inspection purposes as described in Section 4.14.1.

6.4.2 The rights of the DECLARANTS during the construction period as described in Section 11.4.

6.5 **Other Easements:** LOTS 1 through 124, inclusive, are subject to all easements dedications, and rights of way granted or reserved in, on, over and under the property as shown on the MAP and/or the Final MAP. Without limitation as to the foregoing, the following specific easements are established with regard to the following LOTS:

6.5.1 Each LOT within the PROJECT shall be subject to sidewalk and public utility easements as shown on the Final MAP.

6.5.2 Public access and landscape easements are reserved in the area depicted on the final MAP on LOTS 5, 6, and 32, which shall be maintained by the DISTRICT. The OWNERS of said LOTS may not alter, damage, or make any improvements within the area of the public access and landscape easements as shown on the Final MAP for said LOTS.

6.5.3 Public access easements are reserved on, over, and across LOTS 18 and 19 as shown on the Final MAP. No structures shall be placed in the areas of said public access easements on said LOTS.

6.5.4 There is reserved on, over, and across LOT 65 public access and drainage easement thereunder as shown on the Final MAP. The OWNER of LOT 65 shall not place any structures within the area of said public access easement.

6.5.5 There is reserved on, over, and across, LOT 19, as shown on the Final MAP, a ten foot by ten foot public utility easement over which no improvements or structures shall be placed, including, but not limited to driveways.

6.5.6 There is reserved on, over, and across, LOTS 51, and 65, as shown on the Final MAP, ten foot by ten foot public utility easements for above ground transformers. No structures or other improvements may be shall be made within the area of said easement.

6.5.7 There is reserved on, over, and across the common lines between LOTS 49 and 50, three feet on each side of the common line between LOTS 49 and 50 public utility easement as shown on the Final MAP.

6.5.8 There are reserved on, over, and across LOTS 46-59, inclusive, a twenty foot wide public utility, drainage and slope easements along the southerly line of said LOTS as shown on the Final MAP. There shall be no fencing across said easement areas or the placement of any structures thereon. Landscaping in said areas may be allowed provided that they do not interfere with the use of said easements. The OWNERS of said LOTS shall be responsible to maintain the easement areas.

6.5.9 There is reserved on, over, and across, LOTS 42, 43, 44, 45, and 124, drainage easements as shown on the Final MAP varying from 30 to 40 feet. No fencing or other structures shall be allowed to cross the said easement areas, and the OWNERS shall not be allowed to alter or obstruct said drainage areas. The OWNERS of said LOTS shall be responsible to maintain the slope landscaping thereon.

ARTICLE 7

ENFORCEMENT, BREACH AND DEFAULT

7.1 **Remedy at Law Inadequate:** It is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this DECLARATION are inadequate and that the failure of any owner, tenant, occupant or user of any LOT, to comply with any provision of the GOVERNING DOCUMENTS may be enjoined by appropriate legal proceedings instituted by any OWNER, or by their respective successors in interest.

7.2 **Nuisance:** Without limiting the generality of the foregoing Section 7.1, the result of every act or omission whereby any covenant contained in this DECLARATION or provision in the DESIGN MANUAL is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

7.3 Costs and Attorneys' Fees: In any action brought because of any alleged breach or default of any OWNER or other party hereto under this DECLARATION, the court may award to any party in such action such attorneys' fees and other costs as the court deems just and reasonable.

7.4 Cumulative Remedies: The respective rights and remedies provided by this DECLARATION and the DESIGN MANUAL or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any OWNER or others to perform or observe any provision of this DECLARATION or the DESIGN MANUAL.

7.5 Failure Not a Waiver: The failure of any OWNER, the DESIGN COMMITTEE to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this DECLARATION or the DESIGN MANUAL shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the or the DESIGN COMMITTEE.

ARTICLE 8

NOTICES

8.1 Mailing Addresses:

8.1.1 If To Any OWNER: To the street address of his or her LOT or to such other address as he or she may from time to time designate with the County Tax Collector.

8.2 Personal Service Upon Co-OWNERS and Others: Personal service of a notice or demand to one of the co-OWNERS of any LOT, to any general partner of a partnership which is the OWNER of Record of the LOT, or to any officer or agent for service of process of a corporation which the OWNER of Record of the LOT, shall be deemed delivered to all such co-owners, to such partnership, or such corporation, as the case may be.

8.3 Deposit in United States Mails: All notices and demands served by mail shall be by first-class, express, certified or registered mail; with postage prepaid, and shall be deemed delivered four days after deposit in the United States Mail in San Luis Obispo County, California or upon actual receipt, whichever is earlier.

ARTICLE 9AMENDMENTS OF GOVERNING AND OTHER TRACT DOCUMENTS9.1 Amendment of DECLARATION:

9.1.1 Amendment: Revocation: Until conveyance of the first LOT, DECLARANTS shall have the unilateral right to amend or revoke this DECLARATION. After the first conveyance of a LOT, this DECLARATION shall be (a) amended only upon the written approval of the then record OWNERS of at least sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the LOTS, or (b) revoked only upon the written approval of the then record OWNERS of at least seventy-five percent (75%) of the LOTS. If co-OWNERS of a LOT are unable to agree among themselves as to how their vote shall be cast in the matters addressed in this Subsection, they shall forfeit the vote on the matter in question. If only one OWNER exercises the vote of a particular LOT, it shall be conclusively presumed for all purposes that he/she was acting with the authority and consent of all other OWNERS of the same LOT. An amendment or revocation shall be effective when it has received the required percentage approval and has been recorded in the Office of the County Recorder. Written approval of the CITY of Morro Bay will be required for any amendments or revocation of any provision of this DECLARATION if such amendment or revocation would affect any of the PROJECT CONDITIONS or any applicable law.

9.1.2 CITY CONSENT: If the consent of the CITY is required pursuant to this Section, a copy of the text of the proposed amendment, change, modification or termination, and a written request for the City to approve the text shall be mailed by certified or registered mail, postage prepaid, return receipt requested, to the Planning and Building Division of the CITY. Within sixty (60) days after receipt of the text, the CITY shall notify the Sender in writing that it has either approved the request or that the request has been set for a public hearing by the Planning Commission. If the latter action is taken, the notification of public hearing shall include the reason(s) why the request was not approved and the date, time and location of the hearing, as well as any other relevant information that will assist the Sender in preparing for the hearing. In the event that a public hearing is set regarding the request and the Planning Commission does not approve the request, there shall be a right of appeal to the City Council if filed within ten (10) days after the public hearing at which the Planning Commission denies the request. The appeal will be noticed and placed on future agenda for a Regular Meeting of the City Council and shall take place within ninety days from the date the appeal is filed.

ARTICLE 10MORTGAGEE PROTECTION

10.1 MORTGAGES Permitted: Any OWNER may encumber his LOT with MORTGAGES.

10.2 Priority of MORTGAGE: Notwithstanding any other provision of this DECLARATION, it is hereby provided that a breach of any of the CONDITIONS contained in this DECLARATION by any OWNER or of any re-entry by reason of such breach, shall not defeat or render invalid the lien of any MORTGAGE or deed of trust made in good faith and for value as to said LOT or any part thereof.

10.3 Effect of Breach: No breach of any provision of this DECLARATION shall invalidate the lien of any MORTGAGE made in good faith and for value, but all of the covenants, CONDITIONS, restrictions, DECLARATIONS, easements and limitations of this DECLARATION shall be binding on any OWNER whose title is derived through foreclosure sale, trustee's sale, or otherwise.

ARTICLE 11

GENERAL PROVISIONS

11.1 Enforcement: The DECLARANTS or any OWNER, or at the request of any OWNER, the CITY of Morro Bay or other public entity with appropriate authority, shall have the right to enforce any provisions of this DECLARATION, by any proceeding at law or in equity, or by permitting processes, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this DECLARATION, and in any such court action shall be entitled to recover reasonable attorneys' fees as are ordered by a Court of competent jurisdiction.

11.2 Invalidity of any Provision: Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this PROJECT is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

11.3 Term: Subject to the provisions of Section 9.1, which permit amendments and revocations of this DECLARATION under certain limited circumstances, the covenants, conditions, restrictions, easements and other provisions of this DECLARATION shall run with and bind the PROJECT as both equitable servitudes and covenants running with the land pursuant to California Civil Code Section 1468 or any similar statute then in effect, and shall inure to the benefit of and shall be enforceable by the DECLARANTS, the DECLARANTS or the OWNER of any LOT subject to this DECLARATION, their respective legal representatives, heirs, successors, and assigns, for a term of fifty-nine (59) years from the date this DECLARATION is recorded, after which time they shall be automatically extended 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 such a successive period of ten (10) years, agreeing to change said covenants, conditions, restrictions, easements and other provisions in whole or in part, or to terminate the same.

11.4 Limitation of Restrictions on DECLARANTS: DECLARANTS are undertaking the work of construction of planned development subdivisions and incidental IMPROVEMENTS upon the Property and other portions of the CLOISTERS PROJECT. The completion of that work and the sale, rental, and other disposal of the LOTS and other portions of the CLOISTERS

is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and the Property be established as a fully occupied residential community as rapidly as possible, nothing in this DECLARATION shall be understood or construed to:

- (i) Prevent DECLARANTS, their contractors, or subcontractors from doing on the Property or any LOT, whatever is reasonably necessary or advisable in connection with the completion of DECLARANTS' work; or
- (ii) Prevent DECLARANTS or their representatives from erecting, constructing and maintaining on the Property (except upon LOTS owned by others), such structures as may be reasonable and necessary for developing the Property and other portions of the CLOISTERS PROJECT as a residential community and disposing of the same by sale, lease or otherwise; or
- (iii) Prevent DECLARANTS from conducting on the Property (except upon LOTS owned by OWNERS) their business of completing the work and of establishing a plan of residential ownership and of disposing of said Property in LOTS by sale, lease or otherwise or of disposing of other portions of the CLOISTERS PROJECT in similar manner; or
- (iv) Prevent DECLARANTS and their designated agents from maintaining an office and such sign or signs on the Property (excluding LOTS owned by others) as may be necessary for the sale, lease or disposition of any portion of the CLOISTERS PROJECT and any incidental purposes.

The foregoing rights of DECLARANTS shall terminate upon sale of DECLARANTS' entire interests in the CLOISTERS PROJECT or five (5) years after the date of recordation of the deed of the first LOT to be sold in the CLOISTERS; whichever occurs first. So long as DECLARANTS, their successors and assigns, owns one (1) or more of the LOTS described herein DECLARANTS, their successors and assigns, shall be subject to the provisions of this DECLARATION. DECLARANTS shall make reasonable efforts to avoid disturbing the use and enjoyment of LOTS by their OWNERS, while completing any work necessary to said LOTS and while completing its sales activities.

11.5 Termination of Any Responsibility of DECLARANTS: In the event DECLARANTS shall convey all of their rights, title and interest in and to the property to any partnership, individual or individuals, corporation or corporations, then and in such event, DECLARANTS 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 the DECLARANTS.

11.6 Fair Housing: No OWNER shall, either directly or indirectly forbid or restrict the conveyance, encumbrance, leasing, or mortgaging, or occupancy of his LOT to any person of a specified race, sex, sexual preference, adulthood, marital status, color, religion, ancestry, ~~nationality, or national origin.~~

11.7 Binding Arbitration: In case of any claim or dispute the DECLARANTS, general contractor, or broker, or their agents, or employees, on the one hand, and the OWNER(s), on the other hand, which claim or dispute relates to the rights and/or duties of the parties under the GOVERNING DOCUMENTS, or relates to the design 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 of the grievance, in writing. When such a notice is received by DECLARANTS, they shall promptly respond with an investigation, meeting, discussion, or other action reasonably appropriate to the circumstances. Appropriate action shall include, without limitation, prompt communication between 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 claim not in excess of the jurisdictional limit of the Small Claims Court, the LOT OWNER shall have the option to taking the matter to Small Claims Court in lieu of binding arbitration.

11.8 Construction of DECLARATION:

11.8.1 Restrictions Construed Together: All of the covenants, conditions, and restrictions of this DECLARATION shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the Recitals at the beginning of this DECLARATION. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

11.8.2 Restrictions Severable: Notwithstanding the provisions of Section 11.8.1 above, the covenants, conditions, and restrictions of this DECLARATION shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

11.8.3 Singular Includes Plural: The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context indicates or requires.

11.8.4 Captions: All captions or titles used in this DECLARATION are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the DECLARATION.

11.5.5 Exhibits: All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

IN WITNESS WHEREOF, the undersigned, being the DECLARANTS herein, has executed this DECLARATION this 12 day of September, 1966

KEYOTO-MORRO BAY, INC.,
a California corporation

By France Merat
France Merat, President

MORRO BAY-NATALIE, INC.
a California corporation

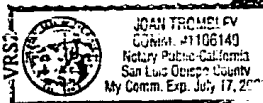
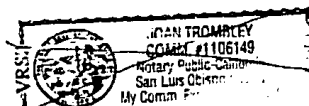
By France Merat as a Attorney in fact
Pierre Merat, President
by: France Merat as attorney-in-fact

STATE OF CALIFORNIA
COUNTY OF SAN LUIS OBISPO

On SEPTEMBER 10, 1996 before me, JOAN TROMBLEY, Notary Public personally appeared France Merat
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the
entity(ies) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and Official Seal

Joan Trombley
Signature



LEGAL DESCRIPTION FOR VIEW CORRIDOR EASEMENT

All that real property situate in the City of Morro Bay, County of San Luis Obispo, State of California, being a portion of Lots 1E through 32 (inclusive), Lot 42, Lots 67 through 83 (inclusive), Lot 121, Lot 122, and Lot 123 of Tract 1996, a map of said subdivision being recorded in Book 17 of Maps at page 63 in the office of the County Recorder of said County; said portion of said Lots being more particularly described as follows:

Beginning at the southwesterly corner of said Lot 123 of said Tract; Thence, along the westerly line of said Lot 123, N 8° 52' 24" W 120.00 feet to the True Point of Beginning; Thence, leaving said westerly line, N 31° 38' 56" E 1177.39 to the most northerly corner of said Lot 74 of said Tract, said point being 765.00 feet easterly of a point that is 1015.00 feet northerly along said westerly line of said Lot 123 from said southwesterly corner of said Lot 123; Thence, S 59° 03' 45" E 832.72 feet to a point on the easterly line of said Lot 121 of said Tract, said point being 410.00 feet northerly along said easterly line from the southeasterly corner of said Lot 121; Thence, along said easterly line, N 17° 14' 55" W 2319.19 feet to a point on said easterly line, said point being southerly 360.00 feet along the easterly line of said Tract from the northeasterly corner of Lot 124 of said Tract; Thence, leaving said easterly line, S 33° 44' 45" W 881.46 feet to the most southerly corner of said Lot 23 of said Tract, said point being 470.00 feet easterly of a point that is 762.00 feet southerly along said westerly line of said Lot 123 from the northwesterly corner of said Lot 123; Thence, N 56° 57' 13" W 631.65 feet to a point that is 340.00 feet southerly along said westerly line of said Lot 123 from the northwesterly corner of said Lot 123; Thence, along said westerly line of said Lot 123, S 8° 52' 24" E 2429.66 feet to the True Point of Beginning.

Except therefrom Lot 32 of Block 19F, Lot 1 of Block 19G, and Lot 35 of Block 19H of Atascadero Beach as shown on said Map of said Tract 1996.

EXHIBIT APAGE 1 OF 1

END OF DOCUMENT

RECORDING REQUESTED BY:
FIRST AMERICAN TITLE INSURANCE COMPANY

RECORDING REQUESTED BY:

Keyoto Morro Bay, Inc.
Morro Bay-Natalie, Inc.
2779 Coral Avenue
Morro Bay, CA 93442

Doc No: 1999-087557

Rpt No: 00108882

Official Records
San Luis Obispo Co.
Julie L. Rodewald
Recorder
Dec 20, 1999
Time: 08:00

RF -1 7.00

TOTAL 7.00

AMENDMENT TO SECTION 5.10 OF THE
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE CLOISTERS, MORRO BAY, CALIFORNIA
DOCUMENT NO: 1996-050337

5.10 Doors and Windows: Doors and windows, including garage doors are a critical visual element. Garage doors should be multi-paneled with subtle adornment detail to provide shadow relief. The use of multi-panel or French doors is encouraged with true divided light glazing with exterior mullions being preferred over internal mullions at doors and windows. To diminish noise infiltration, exterior doors should be 1-3/4 inch solid core with perimeter weather stripping. All exterior door frames and seal should be thoroughly caulked and weather-stripped to prevent air intrusion. Wood, painted metal or clad windows with divided lights and clear glazing are most desirable. Silver or gold metal frames with large expanses of glazing are prohibited. Dark or reflective glass is prohibited. Lightly-tinted glass is allowed if comparable to the tinting in Anderson's 'High Performance Sun' or Milgard's 'Solar Gray' windows and doors. Windows should be vertically oriented panes.

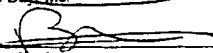
According to the Conditions of Project Approval, with regard to the dwellings on LOTS 42-45, inclusive, and LOTS 79-88, inclusive, in order to mitigate highway noise, the windows should generally be operational but should be kept closed by the residents in the dwellings located on those LOTS, with mechanical ventilation provided in accordance with the uniform building code.

Date: December 15, 1999



Keyoto Morro Bay, Inc.

Date: December 15, 1999



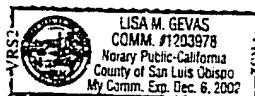
Morro Bay-Natalie, Inc.

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)

On 12-15-99, 1999, before me, the undersigned Notary Public, personally appeared France Merat & Bruno Bosio, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacities, and that by his/her/their signature(s) on the instrument the persons, or the entity(ies) upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Lisa M. Gevas (Seal)



END OF DOCUMENT

RECORDING REQUESTED BY:
Craig Smith

When Recorded Mail Document To:
Craig Smith
890 Monterey Street
San Luis Obispo, CA 93401

JULIE RODEWALD
San Luis Obispo County – Clerk/Recorder

SC
8/31/2006
3:33 PM

Recorded at the request of
Public

DOC#: **2006062262**



Titles: 1 Pages: 2

Fees	10.00
Taxes	0.00
Others	0.00
PAID	\$10.00

SUPPLEMENTAL DECLARATION OF THE CLOISTERS

This supplemental declaration is executed this August 28, 2006, on behalf of The Cloisters of Morro Bay, California, by CRAIG SMITH.

THIS SUPPLEMENTAL DECLARATION is executed with reference to the following facts:

- A. On or about September 10, 1996, KEYOTO-MORRO BAY, INC., and MORRO BAY-NATALIE, INC., executed a Declaration of Covenants, Conditions and Restrictions for The Cloisters of Morro Bay, California, which was duly recorded in official records of San Luis Obispo County, California, on October 8, 1996, as Document No. 1996-050337 (hereinafter referred to as "the CC&Rs").
- B. Section 4.3 of the CC&Rs provides for the appointment of a design committee composed of five members which is authorized under Section 4.3.3 to create a design guideline manual to govern construction and maintenance of The Cloisters.
- C. Under Section 4.3.1 of the CC&Rs, declarants had the power to appoint the design committee for a period of five years from the date on which the declaration was recorded and after the initial five year period, the design committee was to be appointed by a majority of the then record owners of lots in The Cloisters subdivision.
- D. More than five years have elapsed since the date on which the CC&Rs were recorded.
- E. From and after April 24, 2006, a majority of the owners of lots in the Cloisters Subdivision executed instruments in writing appointing CRAIG SMITH, an architect with offices in San Luis Obispo County, as their attorney in fact to appoint five members of the design committee for The Cloisters. Copies of the instruments signed by a majority of the owners of lots are NOW in the custody of CRAIG SMITH, 890 Monterey Street, San Luis Obispo, California, telephone (805) 544-3380, and can be examined by any lot owner of The cloisters Subdivision who requests an inspection.

NOW, THEREFORE, in consideration of the premises, and acting under the power conferred on him by the CC&Rs under Section 4.3 and the vote of the majority of owners of record of lots in The Cloisters Subdivision, CRAIG SMITH has designated KERRIGAN MAHAN, JOHN LAUFFER, SANDRA FORSYTHE, MARCIA EDWARDS and CAROL DI NOLFO as members of the design committee of The Cloisters Subdivision to act in that capacity effective immediately.

IN WITNESS WHEREOF, the undersigned has executed this instrument at San Luis Obispo, California, on the day and date set forth above.


Craig Smith

ON BEHALF OF THE CLOISTERS OF MORRO BAY, CALIFORNIA

STATE OF CALIFORNIA

COUNTY OF SAN LUIS OBISPO

ON Aug. 31, 2006 before me, B. BEVAN, NOTARY PUBLIC personally appeared

Craig Smith personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Signature 