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San Luis Obispo County - Clerk/Recorder

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DOCUMENT TITLE

First Amended and Restated Declaration of Covenants,
Conditions and Restrictions for Tract 1648

This document is being re-recorded to amend paragraph 4 on page 1 and
amend Section 20 on page 14.

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When Recorded Mail To:
First American Title
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San Luis Obispo, CA 93401

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JULIE RODEWALD
San Luis Obispo County – Clerk/Recorder
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DOCUMENT TITLE

First Amended and Restated Declaration of Covenants
Conditions and Restrictions for Tract 1648

**FIRST
AMENDED
DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR TRACT 1648**

The original Declaration of Covenants, Conditions, and Restrictions was executed on March 27, 2002 and recorded on May 8, 2002 as Document No. 2002-038411, by MONTECITO RIDGE ESTATES, LLC, a California limited liability company, hereinafter referred to as "Declarant". This First Amended Declaration of Covenants, Conditions, and Restrictions is made this 28th day of February, 2003.

~~This Declaration replaces and rescinds that certain Declaration of Covenants, Conditions and Restrictions recorded May 8, 2002 as Instrument No. 2002-038411 of Official Records.~~

WITNESSETH:

WHEREAS, Declarant is now the owner of that certain real property in the County of San Luis Obispo, State of California, described in Exhibit "A" attached hereto, hereinafter referred to as the "Real Property";

WHEREAS, it is the intention of Declarant to impose mutual beneficial restrictions under a general scheme of improvement for the benefit of all the real property which will allow developments to occur on the real property;

NOW, THEREFORE, Declarant hereby declares that all of the real property described in Exhibit "A" to this Declaration is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and/or improved subject to the following limitations, restrictions, covenants and reservations, all of which are ~~declared and agreed to be in for the purpose of a planned development as described in California Civil Code Sections 1300 through 1396 for the subdivision, improvement, and sale of the real property, and are~~ established for the purpose of enhancing and protecting the value, desirability, and attractiveness of the real property and every part of it. All of the limitations, restrictions, and covenants shall run with the land, and shall be binding on all parties having or acquiring any right, tide, or interest in the real property or any part or lot herein and shall inure to the benefit of all of the real property and the future owners of that real property or any portion of it.

ARTICLE I

PROPERTY

The real property, which is subject to this Declaration and which is more particularly described in Exhibit "A" attached to this Declaration, which by this reference

is incorporated herein. This real property shall be used for single family residential and related uses as further described in this Declaration.

ARTICLE II

DEFINITIONS

2.1 "Architectural Review Committee" or "ARC" means the committee formed pursuant to ARTICLE IV, Paragraph 4.2 hereof to review and approve Plans for improvements upon the Lots.

2.2 "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner in accordance with the provisions of ARTICLE V of the Declaration, entitled "MAINTENANCE OBLIGATION AND PAYMENT OF COST FOR SAID OBLIGATION."

2.3 "Association" or "Owner's Association" means MONTECITO RIDGE ESTATES PROPERTY OWNERS ASSOCIATION, an unincorporated association of lot owners in and to the real property described in Exhibit "A" attached hereto.

2.4 "Association Rules" means the rules, regulations and policies that may be necessary or incidental to the performance of its obligations and duties as described in ARTICLE IV.

2.5 "Board" means the Architectural and Planning Board as described herein.

2.6 "County" means the County of San Luis Obispo, State of California.

2.7 "Declarant" means Montecito Ridge Estates LLC, a limited liability company.

2.8 "Entrance" means those structures, improvements, gates, landscaping, lighting, entry systems and irrigation systems located at the entry points located on the east side of Highway 227, south of Noyes Road, north of the City of Arroyo Grande.

2.9 "Lot Owner" means any person, persons or entity which owns a fee interest in any Lot.

2.10 "Map" means the map for Tract 1648, in the County of San Luis Obispo, State of California, recorded 5/8/2002, in Book 20, Page 5 of Maps, in the

Office of the County Recorder of said county.

2.11 "Parcels" or "Lots" mean Lots I through 19.

2.12 "Plans" shall include any minimum floor, roof, septic system, grading and drainage, driveway, lighting, landscape and irrigation, exterior materials and colors, sample board, and exterior elevations.

2.13 "Real Property" means the real property described in Exhibit "A" herein or any portion of it.

2.14 "Road" means any street or other thoroughfare that provides the principal means of vehicle access to abutting parcels as shown on the map of the real property.

2.15 "Set-back" means the minimum distance between a building or other structure and a given street, road easement or real property line.

2.16 "Vehicle" means any vehicle as defined in the California Vehicle Code.

ARTICLE III

BASIC RESTRICTIONS

Use of the Lots shall be restricted in accordance with the following provisions:

3.1 Residential Use Only. No Lot shall be used except for residential purposes. No buildings shall be erected on any Lot except for one single-family residence and one detached garage. No portion of any Lot shall be used for any business, commercial or manufacturing purpose. No grazing of any animals shall be allowed on any Lot. No oil or mining operations shall be permitted on any Lot.

3.2 Mobile Homes, Vehicles, Trailers, Campers, Boats, Storage of Cars, etc. No mobile home, modular home, prefabricated home, horse trailer, stock trailer, livestock vehicle, house trailer, travel trailer or other self-propelled vehicles, boat, or boat trailer, or out-building (barns, sheds, etc.) shall be placed on any Lot. All Vehicles shall be kept in an enclosed garage on each Lot. No Lot owner shall repair or service any Vehicle on any Lot, other than customary maintenance work and minor emergency repairs, all of which such maintenance and minor emergency repairs shall be done inside an enclosed garage. No inoperative Vehicles shall be stored on any Lot unless stored within an enclosed garage.

3.3 External Fixtures. Satellite dishes, solar panels, television and radio

antennas, air-conditioning, heating or water-softening equipment shall be placed on a Lot in a manner so as to screen them from view from any other Lot. No exterior clothesline shall be placed on any Lot. No exterior drying of clothes shall be permitted on any Lot.

3.4 Animals. No animals shall be kept on any Lot except for domestic dogs, cats or other animals kept inside a cage as household pets. As more particularly described hereafter, Owners shall be allowed to build a fence on their building envelope and this fence may be lined with hog wire or such similar product designed to keep animals inside. It is Declarant's intent to maintain a safe environment for all families who reside in the development, their guests and invitees. The restrictions set forth in this paragraph are designed to further that goal, specifically to avoid animals straying off an Owner's Lot and creating a nuisance or harming third persons. No animal shall be kept on any Lot for any commercial purpose. No more than three (3) pets may be kept or harbored on any parcel at one time. Pets must be kept within a Lot area or on leash or tether when out of Lot areas.

3.5 Partition of Lots. No partition or further subdivision of any Lot shall be permitted.

3.6 Location Near Agricultural Properties. The property is located near certain parcels that are used primarily for agriculture. The agricultural uses of the adjacent or nearby properties are subject to the production of dust, noise, and various odors, which, depending on the climate, may impact the real property from time to time. Those certain agricultural operations may also include the use of fertilizers, herbicides, pesticides, or similar agricultural chemicals.

3.7 Use of Property - Primary Residence. No building shall be erected, constructed, altered or maintained on any of the residential parcels other than a residence for a single family with customary and suitable outbuildings as permitted by the herein Declaration, the ARC, and the County of San Luis Obispo.

3.8 Changing Grades. Slopes and Drainage. No change in the established grade or elevation of the Parcels 1 through 19, and no change in the established slope or ratio of the cuts and fills which alters established drainage patterns, shall be permitted without the prior written consent of the ARC. Declarant hereby reserves the right to make any and all cuts and fills on the real property and on the building sites included therein, and to do such grading, as in its judgment, may be necessary to install improvements upon the real property or any part thereof. All subsequent lot grading and site development shall be subject to prior approval by the ARC.

3.9 Nuisance. No noxious or offensive activities shall be carried on or upon any parcel, or in any part of the Real property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to or which may in any way interfere

with the quiet enjoyment of Owner's parcel.

3.10 Temporary Structures. No tents, shacks, basements, outbuildings or garage shall, at anytime, be used on any lot as a residence, either temporarily or permanently.

3.11 Signs. On any lot or building site, one (1) sign, not larger than eighteen by twenty-four inches (18" X 24"), advertising the real property for sale or lease, may be erected and maintained. Declarant or its agents may erect and maintain on the real property such signs and other advertising devices as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement, subdivision or sale of the real property.

3.12 Upkeep of Real Property. Each Lot owner covenants to keep, maintain, water, plant and replant all areas, slopes, banks, rights-of-way and set-back areas located on his parcels so as to prevent erosion and to present an attractive, clean, sightly and wholesome appearance at all times.

3.13 Storage of Materials. Junk. Trash and Manure. The storage of or accumulation of junk, trash, manure and other offensive or noxious materials is specifically prohibited.

3.14 Parking. Customary parking of vehicles is limited to driveways and garages. Parking along the access road is limited to guest parking for less than twenty-four (24) hours' duration.

3.15. Use of Garages. No dwelling shall be constructed or maintained on a building site without a garage large enough to contain two (2) standard sized automobiles, which garage shall be used to park the automobiles belonging to the owner or occupants of the building site, and for other purposes not incompatible with such use. Automobiles are to be kept in the garage when not in use.

3.16 Rubbish Control and Poisons. The owner of each and every parcel of land within said real property shall be responsible for keeping his real property free of rubbish. If any owner fails after thirty (30) days' written notice from the ARC or the Association to abate or remove rubbish from his parcel, the ARC or the Association shall be entitled to cause persons and equipment to enter upon the Lot to remove such rubbish, and the cost of removal shall be immediately due and payable by the owner of such parcel to the Association.

No general indiscriminate use of poisons, insecticides, traps, or other pest control means shall be used by any owner or lessee without the prior written approval of the ARC. The Declarant realizes that farming operations require the use of both poisons and insecticides. The approval of their use shall not be unreasonably withheld,

however, all local, State and Federal rules and regulations are to be observed.

3.17 Construction Permit Application Requirements. Applicants for construction permits shall delineate the precise location of the building site (house and garage area), access driveway, the location and size of oak trees and manzanita within the building site, the location and size of oak trees and manzanita to be removed, in the area to be used for replacement of the oak trees and manzanita on all construction plans. Declarant has identified existing building envelopes on all Lots upon which building sites shall be located. Any deviation from these existent building envelopes by an owner must first be approved of by the ARC and then by the County.

For Lots No. 1,2,3, 10 and 16, all applications for construction permits shall include through-the-site sections clearly illustrating the relationship between the proposed development and the backdrop landforms when viewed from Highway 227. The sections shall illustrate that the proposed structure does not silhouette against the sky when viewed from Highway 227. It is possible that several sections will be required since there may be several points on Highway 227 where the structure(s) can be seen. The through-the-site sections shall show the landform from the critical points on Highway 227, with the structure added to the section at the proposed site, and a straight line drawn from Highway 227 to the background ridge top.

3.18 Diligence in Construction - The work of constructing and erecting any building or structure shall be prosecuted diligently and continuously from its commencement until it is completed. However, in no instance, shall construction exceed one (1) year from the initial approval by the ARC. Temporary office and storage buildings may be erected for workmen engaged in building a dwelling on the real property. Such temporary buildings must be removed as soon as the dwelling is completed. All structures shall be suitably painted, colored or stained immediately upon construction as per plans and specification. The construction schedule shall be submitted as part of the plans and specifications and shall be subject to the approval of the ARC.

3.19 Oak and Manzanita Removal. Except for driveways and roads, oak trees and manzanita shall only be removed within the designated building sites. Each oak tree or manzanita removed shall be placed in-kind at a 4:1 ratio. Replacement plants shall be from either vertical tubes or deep one gallon containers. Seed stock shall be collected from on-site or the immediately surrounding area. Tree replacement shall occur on-site and adjacent to similarly wooded areas whenever possible.

Oak trees or manzanita removed from individual residences shall be planted prior to final inspection of the individual residence. Wherever possible, planting during the warmest, driest months (June-September) shall be avoided. In addition, standard planting procedures such as the employment of planting tablets and initial deep watering shall be implemented.

All replacement trees or manzanita shall be maintained until successfully established. This shall include caging from browsing animals, such as deer, rodents, horses, etc., periodic weeding and adequate watering, such as the use of a drip-irrigation system. Once trees or manzanita have been planted, the applicant shall retain a qualified individual, such as an arborist or nursery person, to prepare a letter stating that the above planting and protection measures have been completed. This letter shall be submitted to the Office of the Environmental Coordinator, Department of Planning and Building, County Government Center, San Luis Obispo, California 93408 prior to final inspection.

Prior to commencement of grading activities, all oak trees and manzanita to remain that are within fifty feet of construction activities shall be marked for protection (e.g., with flagging) and their driplines staked or fenced. When possible, to protect oak trees' "root zone", fencing around trees shall be placed at 1—1/2 times the tree dripline measured from the trunk. No grading, including utility trenching, or compaction of soil, shall occur within the staked/fenced areas. Fill material placed within the trees' driplines shall also be avoided. If necessary, retaining walls (which avoid most roots) shall be constructed to minimize cut and fill impacts proposed within the trees' driplines. Care shall be taken to avoid surface roots within the top 18 inches of soil.

No paving of any kind shall be placed within six feet of the base of any oak tree. In all other areas under the dripline of oak trees, pervious types of surfacing shall be utilized such as gravel, redwood chips, or porous brick with sand joints.

If trimming of oaks is necessary, a skilled arborist or accepted arborist's techniques shall be used when removing limbs. Unless a hazardous or unsafe situation exists, trimming shall be done only during July and August for evergreen species.

Smaller trees (less than 6 inches in diameter) , when possible, shall be given similar consideration as larger trees.

3.20 Disclosure of High-Voltage Lines. Disclosure is hereby made to the Lot Owners that high-voltage transmission lines run through the real property. Lot Owners should be aware that adverse health effects may be caused by the exposure to electric or magnetic fields generated by high-voltage transmission lines. There is on-going research on possible potential adverse health effects caused by exposure to electric or magnetic fields generated by high-voltage lines. Although much more research is needed before the questions of whether electric and/or magnetic fields actually cause adverse effects can be resolved, the basis for such hypothesis is established.

3.21 Communication Antennas. The transmission lines running across the real property as described above in the proceeding paragraph are kept in place, in part, by the use of towers which are located on the real property. One of these towers on Lots 2 and 3 will have located at or near it's top two different communication antenna to enhance the reception of cellular phones in the Central Coast. Declarant is unaware of any adverse health effects that maybe caused by exposure to the transmission of signals to and from these antenna.

3.22 Lawful Use. No noxious, offensive or unlawful activity shall occur on any Lot. No Lot Owner shall do anything on a Lot which is an annoyance or nuisance to any Lot Owner. No Lot Owner shall engage in activity on the Lot which is in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body.

3.23 Easements and Rights of Way The real property is subject to easements for road purposes as well as a road maintenance provision, together with easements to provide access to the Montecito Ridge Estate Property Owners Association from the common road to the well located on Lot 3 and the water storage tank on Lot 4. Said easements to Lots 3 and 4 are to provide access roads to the Montecito Ridge Estate Property Owners Association and to its contractors and agents to repair and maintain the well on Lot 3 and the water storage tank on Lot 4 which necessarily includes the maintenance and repair of the electrical conduit, circuit breakers, meter boxes and pumping facilities which support and are a part of the water well and water storage tank.

ARTICLE IV

OWNERS' ASSOCIATION AND ARCHITECTURAL AND REVIEW COMMITTEE

4.1 Montecito Ridge Estate Property Owners' Association.

1. Membership - Each owner is, by virtue of this Declaration, a member of Owners' Association of Tract 1648, an unincorporated association of homeowners.

2. Procedure and Voting Rights - The owners shall be entitled to one (1) vote for each Lot owned within the real property. When a Lot is owned by more than one (1) person, only one vote may be cast for that parcel.

3. Meetings - Meetings of the owners shall be held at least annually, and at such other times as the owners of at least four (4) parcels shall call a meeting. The meeting shall be held at a site within the real property or as near thereto as practical. The first meeting shall be held within six (6) months of the date of the sale of the first Lot within the real property. Thereafter, the annual meeting shall be held on the second Monday in January each succeeding year unless otherwise decided by a majority of the owners.

4. Election of Secretary and Notice of Meeting - At the first meeting of the owners, the owners shall elect a Secretary to give all notices provided for in this Declaration, to keep all reports and records, and to keep minutes of the meetings. The Secretary shall hold office until his or her successor is elected and qualified.

5. Powers and Authority - The Owners Association, acting by the vote of a majority of the Lot Owners, shall have the following authority and powers, and all

other powers or authority that may be necessary or incidental to the performance of such obligations and duties:

5.a. Maintenance of Roads - To repair and maintain the roads and the temporary access easement, excluding private driveways, including but not limited to, the installation, repair and maintenance of the entrance, utility lines, the surface of the road, culverts, ditches, and drainage facilities. The Declarant will provide landscaping in and around the areas immediately bordering the commonly used and improved roadways. After these areas are fully landscaped by the Declarant, the Owners Association shall also be required to repair and maintain such landscaping.

5.b. Delegation of Power: To delegate any of its powers to such committees or agents as are necessary to fulfill the obligations of the owners.

4.2 Architectural and Review Committee

1. Purpose and Functions - The purpose of the Architectural and Review Committee is to achieve and maintain the aesthetic goals of the Declarant and their successors in interest. The function of the ARC is to enforce these restrictions by the review of plans and specifications submitted for approval, and by inspection of actual construction and progress to insure conformity with the plans and specifications as approved. It is not the intent of the Declarant to deprive the individual owner from having a home of unique design, but to protect the community as a whole, and the individuals comprising the same, from undesirable construction. In this regard, in the case of hardship, or other good reason, exceptions to any of the restrictions contained in any portion of this Declaration may be made by the ARC at any time after proper application therefor in writing.

2. Architectural and Review Committee Members - The Architectural and Review Committee shall consist of three (3) persons to be appointed by Declarant. Such persons shall be subject to removal by Declarant at any time. Vacancies shall be filled by Declarant, or if Declarant fails to act within ninety (90) days after such vacancy occurs, then, as to such vacancy, by the majority of the owners of the building sites other than Declarant's within the real property.

The Declarant may, at any time, relieve itself of the obligation of appointing and maintaining the ARC by filing a notice stating that Declarant has surrendered the powers of appointment and maintenance of the ARC in the Recorder's Office of the County of San Luis Obispo, State of California. Upon the recording of such notice, even if not specified therein, the powers and obligations shall immediately vest in the owners of the real property or any association which the owners have formed or empowered for this purpose. If no association has been delegated the powers at the time of the recording of such notice by Declarant, the powers and rights under this Declaration shall be exercised by a majority vote of the owners of parcels in the real property, the owners of each parcel having one (1) vote for each member to be elected. Said votes may not be voted cumulatively.

3. Action by the ARC - The three (3) ARC members shall individually review

plans and specifications submitted and then shall subsequently discuss these plans and specifications jointly, at which time a decision shall be made. A written approval of two (2) members of the ARC will constitute approval of any preliminary or final submittals as the case may be. If no notice of rejection is received within thirty (30) days from the date of receipt of the submittals, inaction shall be deemed to be approval. All decisions of the ARC shall be final. The written approval or notice of rejection of the ARC may be recorded in the Office of the County Recorder of San Luis Obispo and shall be conclusive evidence of such approval or rejection.

The action or inactions of the ARC or its agents, when said ARC is exercising its discretion in enforcing this Declaration in good faith, shall not be a basis for damages to any owner of a Lot or any other person, nor shall any such actions or inactions by Declarant or the ARC or any member of the ARC or their officers or agents, individually or collectively, constitute a cause of action for damages or equitable relief to any owner of a Lot or any other person. Declarant, its successors or assigns, or the ARC or any member of the ARC, or their officers or agents, all acting singularly or together, shall not be responsible for any loss or damage or be liable in any other way for any errors or defects either latent or patent, in the plans and specifications submitted for approval, or any building structure erected in accordance with such plans and specifications.

4.3 Submission of Preliminary Architectural Plans. The owner of each Lot upon which construction is contemplated shall submit to the ARC: (a) a set of preliminary working drawings or plans for any structures, which shall consist of a plot plan, floor plan and elevations, color board and (b) a landscape plan. Upon review, the ARC may request additional drawings for clarification.

4.4 Submission of Final Plans and Specifications - The owner or agent shall submit two (2) sets of final structural plans and specifications, two (2) sets of final landscape plans, two (2) sets of site plans including building site area calculated and proposed driveways and utilities located) to the ARC for final approval. Such plans and specifications shall describe in detail the floor plan arrangement, elevations, section structural solutions, use of materials, heights and dimensions, site placement, fences, grading, drainage plans, access, landscape and patio plans, and any other pertinent data as may be required to fully illustrate the intended design, construction and use. A construction timing schedule shall also accompany the application submittal.

Physical samples of the exterior materials and colors shall also be submitted for approval if requested by the ARC. Before giving any final approval, the ARC may require that the plans and specifications comply with any requirements that the ARC may impose as to structural features, types of building materials used, or characteristics not otherwise expressly covered by the provisions herein. The approval by the ARC shall not relieve the owner from complying with any requirements of any public authority having jurisdiction and shall not constitute any representation or guarantee by the ARC or any member of the ARC or Declarant as to the structural sufficiency of any construction. Approval by the ARC of any plans or specifications shall not be deemed to be a waiver by the ARC of its right to object to any of the same features or elements that are embodied in any subsequent plans and specifications submitted for approval for other building sites.

The following conditions must be taken into account in the submittal of any plans

to the ARC:

Roof Configuration

1. Roofs shall be of a hip, gable or shed configuration so that they follow the general forms of the surrounding topography from key viewing areas. (e.g. ,the roof form shall not attract attention to the structure by sharp projecting shapes or angles or long flat forms that appear unnatural within the context of a rural setting.)

Building Materials

2. The preponderance of the exterior character of the building shall be in natural materials such as wood, stone, brick and textured plaster. The roofs may be of tile or fire approved shingles, shakes or similar character. Large flat materials such as major expanses of flat smooth plaster, or metal siding or roofing must be avoided. The use of shingle siding is strictly prohibited.

Building Colors

3. Colors shall be muted and natural in character with a strong emphasis on browns, grays, muted reds or greens and tans. Bright blues, oranges, reds, pinks or white are not allowed. The only exception to the latter is for minor accent or trim not substantially visible from Highway 227.

Vegetational Screening

4. Major trees which are compatible with the natural environment (and existing) may be used to screen the building or break up the constructed roof form with natural forms against the skyline.

New Landscaping

5. The form and height of new landscaping shall follow the existing topography. Landscaping materials placed where they may be visible from Highway 227 shall be compatible with the existing character of the site (e.g. large bright green lawns stretching down a hillside otherwise covered with native grasses and chaparral shall be avoided) . Introduced shrubs and trees shall not be so out of character with the existing native vegetation that they attract attention to the specific site.

Night Lighting

6. Bright security or other lighting that is readily visible from Highway 227 is not allowed. All exterior lighting shall be shielded or screened from Highway 227. All exterior lighting shall minimize impacts on adjacent properties.

Minimum Size

7. Any single-family residence constructed upon a Lot shall have a minimum size of 3,000 square feet, excluding garages.

Height Limitations

8. The maximum height for a single-family residence or detached garage placed upon a Lot shall be twenty-eight feet (28') as measured by County Ordinance methods from the average existing natural grade, except as follows:

A. The maximum height for a single-family residence or detached garage placed upon Lots 1, 2, 7, 14, 15, 16, and 17 shall be sixteen feet (16') from the highest point where the existing natural grade meets the structure on the building site.

B. The maximum height for a single-family residence or detached garage placed upon Lots 3, 9, 12, 13 and 18, shall be thirty-five feet (35') as measured by County Ordinance methods from the average existing natural grade

C. Building envelopes are identified on the Tract Map. Any deviation therefrom or relocation of a building envelope on any Lot requires the approval of the ARC and County.

Configuration of Residences

9. Round or octagonal shaped residences are prohibited.

Trash Areas

10. All trash containers on a Lot shall be conveniently located for collection and screened from view from the other Lots and from the roads by solid fence or enclosure using materials and colors consistent with the other structures situated on the Lot.

Energy Standards

11. All improvements constructed upon a Lot shall comply with Title 24, "Energy Efficiency Standards for Residential and Non-Residential Buildings."

Residence Addresses

12. Residence addresses shall be placed at the location where the driveway enters a Lot on the approved freestanding monument as solely determined by the ARC.

Sewage Disposal

13. Sewage disposal systems on each Lot shall be designed, constructed and maintained in accordance with standards of the County of San Luis Obispo, including the requirement that all plans for sewage disposal systems shall be submitted to the County Planning departments for approval prior to issuance of a building permit.

Drainage

14. Drainage on each Lot shall be controlled to prevent erosion and runoff onto

adjacent property. Rain gutters and downspouts shall be incorporated into the Plans and shall be constructed in a manner that directs water to ground cover areas. Construction and design of residences and appurtenant structures shall be in such a manner as to preserve and enhance existing natural drainage areas and encourage the incorporation of natural drainage systems in the Lots.

Landscaping and Irrigation

15. Irrigated landscaping on any Lot shall not exceed the boundaries of the building envelope. Landscaping shall emphasize drought-tolerant species. Landscaping Plans shall preserve existing trees and manzanita to the greatest extent possible, shall utilize native plant species and low water-consuming species in combinations which minimize overall water requirements for landscaping, shall be consistent with the rural character of the area, shall limit topographic alterations, shall incorporate shade trees to reduce energy demand and shall preserve natural areas within the Lots. Mulch for moisture retention shall be used in landscaped areas. No oak tree or manzanita shall be removed without the prior written approval of the ARC and County. Landscaping Plans for each Lot shall be approved by the ARC.

Utilities

16. All utility services on each Lot shall be placed underground.

Water Wells

17. Each Lot shall either have a water well located on that Lot, or that Lot shall be served by a water well located on an adjacent Lot in which case an easement shall be created to reflect the right of a Lot without a well located on it to receive water from a well located on such adjoining property. Each Lot shall also have a Fire Water Tank to provide sufficient storage to meet all existant governmental requirements. No buildings or structures shall be located at the well head on any Lot. Each owner or agent must submit two sets of plans for approval to ARC depicting the location of the Fire Water Tank and screening of that tank by combination of one or more of the following trees: Jacaranda, Silver Dollar Eucalyptus, Carob, or Coast Live Oak. Each set of plans must also detail screening for the well head by use of a combination of one or more of the following shrubs: Dark Starr, Pink Flowering Currant, Purple Fountain Grass, and Flannel Bush. Any and all mechanical apparatus for operation of the well head, including but not limited to pressure tanks and/or the pressure system, must be located inside the garage of each Lot and not visible from any other Lot or from any common road.

Water Conditioner

18. Water conditioners that discharge brine must be connected to the sanitation system.

Water Conservation

19. All residences and accessory structures constructed on the Lots shall

contain (1) low-flow showers, toilets and faucets (1.6 gallon for toilets and 2.0 gpm for showers and faucets); (2) hot water lines and water recirculating systems pursuant to applicable California Energy Commission regulations then in effect; (3) water-conserving laundry washers and dishwashers; (4) gray water systems and cisterns for landscaping purposes designed pursuant to applicable state and local law unless waived through construction permit application process; and (5) use of pervious paving materials whenever feasible to reduce surface water run-off and aid in ground water recharge.

Fencing

See page 14A attached.

20. Fences are permitted to be built (1) on the building envelope and (2) along property lines.

The building envelope fences shall employ the use of spaced corral horizontal boards and may employ hog wire or similar product designed to keep animals in. The boards shall be placed utilizing center rail installation. The corral horizontal boards shall be nominal 2" x 6". They shall be fixed to 6' x 6' pressure-treated posts, seven feet (7') on center. The top edge of the top board shall be two inches (2") below the top of the post. Spacing between horizontal boards shall be eleven inches (11"). All such fences cannot exceed four feet (4') in height. No fence may be installed without first obtaining the approval of the ARC. All fences shall be finished with the approved project color and material.

Along property lines, except along the common roads, fencing material shall be metal t-bars with barbed wire. No such fence shall exceed five feet (5') in height. No such fence shall be installed without first obtaining the approval of the ARC.

Fire Sprinklers

21. All residences constructed upon the Lots shall have fire sprinkler systems which are approved by the California Department of Forestry.

Waiver

22. The approval by the ARC of any Plans for work done or proposed, or for any other matter requiring the approval of the ARC shall not be deemed to constitute a waiver of any right to withhold approval of any similar Plan subsequently submitted for approval to the ARC.

Wood Burning Fireplaces and Stoves

23. Only Environmental Protection Agency approved wood-burning appliances shall be allowed for all future residential uses.

4.5 Inspection and Conformity to Plans. During construction, Declarant, or any agent or any member of the ARC at any reasonable hour or hours, with reasonable

Fencing

20. Fences are permitted to be built (1) on the building envelope and (2) along property lines.

The building envelope fences shall employ the use of spaced corral horizontal boards and may employ hog wire or similar product designed to keep animals in. The boards shall be placed utilizing center rail installation. The corral horizontal boards shall be pressure-treated nominal 2" x 8". They shall be fixed to 6' x 6' pressure-treated posts, seven feet (7') on center. The top edge of the top board shall be two inches (2") below the top of the post. Spacing between horizontal boards shall be the same as at project entrance. The height of all such fences shall be the same as at project entrance. No fence may be installed without first obtaining the approval of the ARC. All fences shall be finished with the approved project color and material.

Along property lines, except along the common roads, fencing material shall be metal t-bars with barbed wire. No such fence shall exceed five feet (5') in height. No such fence shall be installed without first obtaining the approval of the ARC.

notice, may enter any Lot and inspect any construction subject to this Declaration as to compliance with the approval submittals. Deviations shall be diligently guarded against and all such deviations or normal nonconformities set forth in any notice of non-compliance issued by the ARC shall be corrected prior to final acceptance as set forth below. Declarant, the ARC, or any agent or officer thereof acting in good faith, shall not be deemed guilty of or become liable for any manner of trespass for such entry or inspection.

4.6 Final Acceptance - The owner of each building site agrees that they will not commence erecting any structure or structures on the building site until final acceptance from the ARC has been obtained in writing.

4.7 Enforcement of ARC Ruling - In the event of the failure of any owner of a Lot or building site to comply with any notice of non-compliance or directive or order from the ARC, the ARC or Declarant shall have the right and authority, after reasonable notice, to perform the subject matter of such directive or order, and the cost of the performance thereof shall be charged to such owner and may be recovered by the ARC or Declarant in an action of law against such owner.

In addition, this Declaration shall be deemed to vest the ARC or Declarant with the right to bring a proceeding in equity to enforce the general and specific intent of this Declaration as follows:

If written notice to the ARC of steps to correct any non-compliance is not given within five (5) days, or if the non-compliance is not thereafter cured within a reasonable time from the date notice of such non-compliance is given by the ARC to the owner of a Lot or building site whose act or omission constitutes such noncompliance, the ARC or Declarant may record such notice of non-compliance and thereafter file a proceeding in equity to restrain the non-compliance or attempted non-compliance.

ARTICLE V

MAINTENANCE OBLIGATION AND PAYMENT OF COST FOR SAID OBLIGATION

A. Roads and Utilities to Be Maintained - There exists certain roads that the Owners will utilize for access to Parcels 1 through 19 of Tract 1648. In addition, the Declarant will provide new landscaping at the entrance and along the common road within the development, including the road leading from the common road to the water storage tanks located on Lot 4. As used in this Declaration, the word "Owners" means Owners that have the right to use the roads for access and the word "Parcels" means Parcels which have the right to be accessed by said roads. The word "roads" includes all utilities located in said roads, or located in those certain easements identified in that certain final tract map recorded in Book 20, Page 5, of Maps in the office of the County Recorder of the County of San Luis Obispo. The foregoing notwithstanding,

each Owner shall be responsible for maintenance for their private drives identified in that certain final Tract Map, recorded in Book 20, Page 5, of Maps in the Office of the County Recorder of the County of San Luis Obispo

B. Non-Exclusive Easement - Each Owner of a Parcel has, by virtue of this Declaration, a non-exclusive easement for ingress to and egress from such Parcel over the roads as shown on the Tract Map. The easement shall be appurtenant to and shall pass with title to each parcel comprising the real property.

C. Cost - The Owner of each Parcel which has the right of access over said roads shall be liable for the annual cost to improve, repair and maintain the easement equally and to improve, repair and maintain the landscaping in the common areas equally. Now, and upon further subdivision, if any, "equally" means percentage of Parcels an Owner owns which have access over the roads compared to the total number of Parcels which have access over the roads, i.e., one divided by the total number of Parcels within the area currently occupied by the subject real property, times the number of Parcels owned by each party to this Agreement.

D. Covenant to Pay Maintenance Costs - The Declarant covenants and agrees that for each Parcel comprising the real property, and each Owner by acceptance of the deed to such Owner's Parcel(s) is deemed to covenant and agree, to pay the costs of maintenance of said roads and to pay the costs of maintenance of the landscaping in the common areas levied by the Owners pursuant to the provisions of this Declaration. An Owner, by acceptance of the above-described deed may not waive or otherwise escape liability for these maintenance fees by non-use of the easement, or abandonment of the Owner's Parcel(s). Each maintenance fee, along with interest (if any) thereon, collection costs, and reasonable attorneys' fees shall be the personal obligation of the Parcel Owner of record at the time of the assessment, and agrees to share equally the costs and expenses of maintaining the right-of-way and repair and maintenance thereof, and further agrees to share equally the costs and expenses of maintaining the landscaping in the common areas.

E. Repairs and Maintenance to Be Undertaken - The repairs and maintenance to be undertaken and performed under this Agreement include the following:

1. The roads to be maintained are delineated on said Tract Map.
2. The roads shall be maintained as a paved surface, or other comparable surface, that provides all weather access and shall be maintained so that the roads are accessible in all weather and relatively free of potholes, large cracks, or any other minor wash-outs or drainage damage, and reserves for future replacement of said roads.
3. All contractors working on said roads shall be licensed by the State of California and shall carry workmans compensation for all of their employees.
4. The landscaping in the common areas shall be maintained in a like or similar condition as existed immediately following the installation of the landscaping by the Declarant.

F. Determination of Maintenance Costs - Within ninety (90) days prior to the beginning of each calendar year, the Owners shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements, with adjustments made for any expected income and surplus from the prior year's fund. The estimated cash requirements shall be assessed each Parcel Owner in proportional monthly assessments. Payment of the assessments shall commence on the first day of each month following the mailing of the notice of the assessments by the secretary.

G. Extraordinary Costs - If the majority of the Owners determine that the amount to be collected from each Owner for the regular costs will be inadequate to defray the expenses for the year due to the costs of any construction, unexpected repairs or replacement of capital improvements, or for any other reason, they may collect additional funds needed. Such extraordinary costs shall be assessed and collected in the same manner as the regular costs.

H. Interest on Assessed Costs - Interest at the rate of ten percent (10%) per annum shall be payable on any portion of any costs assessed and unpaid within thirty (30) days of the date said costs are assessed, regardless of whether costs are regular costs or extraordinary costs.

I. Enforcement of Payment of Assessed Costs - Each regular cost assessment, each special cost assessment, and any interest thereon, shall be the separate, personal and distinct obligation of the Owner against whom they are assessed and shall be enforced at law or in equity. This is not a common interest development and any assessment or charges collected by the Homeowners' Association pursuant to these Covenants, Conditions and Restrictions shall not be a lien enforceable under section 1367 of the *California Civil Code*.

ARTICLE VI

SCOPE AND DURATION

All the covenants and restrictions in this Declaration are imposed upon the real property for the direct benefit of the owners as part of a general plan of improvement, development, building, occupation and maintenance, and shall run with the land and shall be binding upon all of the owners of the real property and all persons claiming under them, and continue to be in full force and effect for a period of twenty (20) years from the date that this Declaration is recorded. After this twenty (20) year period, the covenants and restrictions shall be automatically extended for successive periods of five (5) years each, unless an instrument, signed by three-fourths (3/4ths) of the then owners of record of the real property and the County of San Luis Obispo has been recorded, signifying termination, in whole or in part.

ARTICLE VII

AMENDMENTS

These restrictions may be amended at any time, and from time to time, by an

instrument, in writing, signed by sixty seven percent (67%) of the then Owners of record of the real property.

The written amendment shall become effective upon its recording in the Office of the County Recorder of San Luis Obispo, State of California.

Notwithstanding any other provision of this Declaration, no amendment, change, modification, or termination of the conditions, covenants, and restrictions of this Declaration regarding the following provisions shall be effective for any purpose until approved, in writing, by the Director of Planning and Building of the County of San Luis Obispo, California: (a) regulation of land use, (b) maintenance of the infiltration basins, (c) maintenance of the common access road, (d) maintenance of the water system, (e) the requirements concerning wood burning appliances, and (f) dissolution of the Association.

ARTICLE VIII

INTERPRETATION OF RESTRICTIONS

All questions of interpretation or construction of any of the terms or restrictions herein shall be resolved by the Declarant or by the ARC should a question arise under their approval process, and their decision shall be final, binding and conclusive upon all parties effected.

ARTICLE IX

BREACH

The covenants hereby established shall operate as covenants running with the land; and, further, Declarant and/or the owner of any of the real property described in Exhibit "A", including a bona fide purchaser under contract, or any association formed or used by the owners, in the event of a breach of any of these restrictions or covenants, or a continuance of any such breach, may, by approximate legal proceedings, take steps to enjoin, abate or remedy the same. It is hereby agreed that damages are not an adequate remedy for such breach.

Every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part, is hereby declared to be and constitutes a nuisance and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable and may be exercised by Declarant, the Board, or the owner of any of the real property in Exhibit "A".

The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative and none of such remedies shall be deemed exclusive.

ARTICLE X

PROTECTION AND MORTGAGEES AND

TITLE INSURANCE COMPANIES

A breach of the covenants contained in this Declaration shall not effect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on a building site, provided, however, that any subsequent owner of such property shall be bound by these covenants, whether such owners title was acquired by foreclosure or in a trustee's sale or otherwise.

The owner of any encumbrance for value on any Lot or building site and any corporation Insuring the lien of such encumbrance may conclusively presume that no breach exists under these restrictions, provided such encumbrance is recorded in the Office of the County Recorder of San Luis Obispo County prior to the commencement of any action to establish any such breach and/or before the recording of any Notice of Non-Compliance, anything contained herein to the contrary notwithstanding.

ARTICLE XI

RIGHT TO ENFORCE

The provisions contained in this Declaration shall inure to the benefit of and be enforceable by Declarant, its successors or assigns, or the owner of any of the real property described in Exhibit "A" and each of their legal representatives, heirs, successors or assigns at law or in equity. The failure to enforce any of such covenants or restrictions herein contained shall in no event be deemed to be a waiver of the right to do so thereafter. In any legal proceedings commenced by anyone entitled to enforce or restrain a violation of this Declaration, or any provision thereof; the losing party or parties shall pay the attorney's fees of the winning party or parties in such amount as may be fixed by the Court in such proceeding.

Any right reserved by Declarant herein is also hereby reserved to Declarant's successors or any entity designated by Declarant, in writing, including the Board or any association, if one has been formed or authorized by the owners of the building sites, into which portions or all of the real property described in Exhibit "A" have been subdivided for single family residential purposes at the time of such designation, and is in existence. Such designation may be recorded in the Office of the County Recorder of San Luis Obispo.

ARTICLE XII

SEVERABILITY

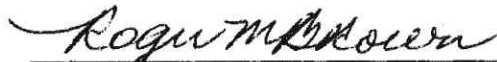
In the event that any of the provisions of this Declaration are held to be invalid or unlawful by a final judgment of a Court of competent jurisdiction, such invalidity or illegality shall not affect the validity of any of the other provisions hereof.

This Declaration is executed by Declarant to acknowledge and establish the terms and conditions set forth in this Declaration.

DECLARANT:

MONTECITO RIDGE ESTATES, LLC

BY:



ROGER M. BROWN, Co-Manager and Member,
Montecito Ridge Estates, LLC
A Limited Liability Company

BY:



JUANITA L. BROWN, Co-Manager and Member,
Montecito Ridge Estates, LLC
A Limited Liability Company

EXHIBIT "A"

Lots 1 through 19, inclusive, of Tract 1648 in the County of San Luis Obispo,
State of California, as shown on the map recorded in Book 20, Page
5 of Maps, in the office of the County Recorder of said
County.



STATE OF CALIFORNIA
COUNTY OF San Luis Obispo

} ss.

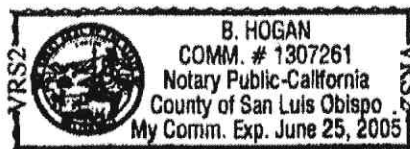
On Feb. 28, 2003, before me, B. Hogan, Notary Public,
personally appeared -Roger M. Brown and Juanita L. Brown ----

----- / 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

B. Hogan



(This area for official notarial seal)

END OF DOCUMENT



STATE OF CALIFORNIA

COUNTY OF San Luis Obispo

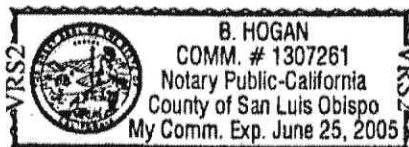
} ss.

On August 25, 2003, before me, B. Hogan, Notary Public,
personally appeared --Roger M. Brown and Juanita L. Brown----
----- / 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

B. Hogan



END OF DOCUMENT