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SECOND AMENDED AND RESTATED
COVENANTS, CONDITIONS, AND RESTRICTIONS (“CC&RS”)
FOR

OAK RIDGE ESTATES AT 3F MEADOWS

ATASCADERO, CA (ATAL 00-192)

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FOR
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SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
OAK RIDGE ESTATES AT 3F MEADOWS
ATASCADERO, CA (ATAL 00-192)

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 20th day of August, 2004 by and between K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation (hereinafter collectively referred to as "Declarant") and constitutes the second amendment and restatement of the Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, CA (ATAL 00-192) recorded in the official records of the San Luis Obispo County Recorder on February 27, 2003 as Document No. 2003019455, and the first amendment and restatement recorded in the official records of the San Luis Obispo County Recorder on July 31, 2003 as Document No. 2003084987 and is made with regard to the following facts:

RECITALS.

- a. WHEREAS, Declarant is the owner of certain real property in the City of Atascadero, County of San Luis Obispo, State of California, more particularly described as Residential Parcels 1 through 10, inclusive, 12 through 112, inclusive, and Open Space Parcels A, B, and C of Parcel Map ATAL 00-192 as shown on the map thereof recorded February 27, 2003 in Book 58, Page 1-22 of Parcel Maps in the Office of the County Recorder of said County; (hereinafter "Project"); and
- b. WHEREAS, Declarant proposes the Project, consisting of the above-described 114 parcels, and to subject the real property in the Project to the following covenants, conditions, restrictions, and easements as set forth hereinafter; and
- c. WHEREAS, it is the desire and intention of the Declarant to establish covenants, conditions, restrictions, and easements upon the Project and each and every portion 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 benefited and each successive owner of all or a part of the Project shall be benefited by the preservation of the value and character of the Project; and
- d. WHEREAS, the Declarant will hereinafter hold and convey title to all of the Project subject to the covenants, conditions, restrictions, and easements hereinafter set forth;
- e. WHEREAS, the Atascadero Mutual Water Company ("AMWC"), its assigns and successors, as owner of Parcel 11 Parcel Map ATAL 00-192 as shown on the map thereof recorded February 27, 2003 in Book 58, Page 5&12 of Parcel Maps in the Office of the County Recorder of said County, is exempted from these CC&R's.

- f. WHEREAS, the First Amended and Restated Declaration of Covenants Establishing Maintenance, Repair and Improvement Obligations For Oak Ridge Estates at 3F Meadows Atascadero, CA (ATAL 00-192) recorded July 31, 2003 as Document No. 20033084986 shall remain in full force and effect.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares 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 (hereinafter "CC&Rs"), 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 CC&Rs 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

In addition to other definitions provided for herein, the following terms shall have the following meanings, unless expressly provided otherwise:

- A. **"City"** shall mean the City of Atascadero, California, the city in which the Project is located.
- B. **"County"** shall mean San Luis Obispo County, California, the county in which the Project is located.
- C. **"Declarant Castlerock Development"** shall mean Castlerock Development, a California Corporation, their successors and assigns.
- D. **"Declarant"** shall collectively mean K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, their successors and assigns.
- E. **"Dominant Tenement"** shall mean that Parcel or interest in the Property, which benefits from uses and rights granted by the Servient Tenement.
- F. **"Improvement"** shall mean Structures as defined herein, substantial landscape 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.

- G. **"Lot"** (see "Parcel").
- H. **"Map"/"Parcel Map"** shall mean Parcel Map ATAL 00-192 as shown on the Map recorded February 27, 2003 in Book 58, Page 1-22 of Parcel Maps in the Office of the County Recorder of San Luis Obispo County, State of California.
- I. **"Mortgage"** shall mean a mortgage or deed of trust encumbering a Parcel. A "Mortgagee" shall include the beneficiary under a deed of trust.
- J. **"Occupant"** shall mean any Owner, guest, invitee, agent, lessee, tenant, or other person residing within the Project, including short-term, temporary, intermittent, or other duration.
- K. **"Owner"** shall mean each person or entity, including Declarant, holding a record fee ownership interest in a Parcel. "Owner" shall not include persons or entities that hold an interest in a Parcel merely as security for the performance of an obligation.
- L. **"Parcel"** shall mean any parcel of land shown on the Map, including the legal re-subdivision of any such parcel, unless otherwise inconsistent with these CC&Rs.
- M. **"Project"** or **"Property"** shall mean the real property described on Parcel Map ATAL 00-192, including any Improvements erected thereon.
- N. **"Residence"** shall mean a dwelling Structure on a Parcel.
- O. **"Residential Lot(s)"** shall refer to Lots 1 through 10, inclusive, and Lots 12 through 112, inclusive, and specifically not Parcels A, B and C.
- P. **"Servient Tenement"** shall mean that Parcel or interest in the Property that is subject to the uses and rights granted to the Dominant Tenement.
- Q. **"Single Family"** shall mean one or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not so related, maintaining a common household.
- R. **"Structure"** shall mean any tangible thing or device to be fixed permanently or temporarily to real property including, without limitation, any building, garage, carport, driveway, walkway, concrete or asphalt pad, fence, wall, pole, sign, antenna, sprinkling system, spa, swimming pool, children's play or exercise equipment, trellis, awnings, gazebo, tennis court or trash enclosures.

ARTICLE II

EASEMENTS

SECTION 1

Grant of Easements

Declarant hereby grants and establishes in the Project easements hereinafter described.

SECTION 2

Character of Easements

The easements described in this Article II are perpetual and shall be an appurtenance (as defined in Section 662 of the California Civil Code) to the dominant tenements, and are intended to and shall run with the land. The above-described easements shall automatically pass by conveyance of said Lots without further mention thereof, in accordance with Sections 1084 and 1104 of the California Civil Code.

As to easements reserved to Declarant herein, when transferred to an Owner, or in a separate instrument, shall be appurtenant to the interest conveyed. Any easement reserved to Declarant generally, or specifically to Declarant Castlerock Development, together with the right to grant and transfer the same to Owners, Declarant may convey said easements to the Owners in the same instrument conveying the interest required to be an Owner or in a separate instrument by specific description or by reference in said instrument.

SECTION 3

Private Driveway and Slope Easements

A. Private Driveway and Slope Easements

The "Private Driveway/Slope Easements" are for rights of way for ingress and egress, on, over, across, and along the servient tenements, and for public and private water and other utility services, on, over, across, under and along the servient tenements. Appurtenant to each such Private Driveway Easement shall be Slope Easements, which may be reasonable and necessary to construct and maintain said Private Driveway Easements. The dominant tenements are those Parcels, which have access through such Private Driveway Easements. The servient tenements are those Parcels across which said Private Driveway Easements and/or Slope Easements are located. The Owner of each Parcel sharing a common Driveway Easement is hereby granted the right to construct, maintain, and improve said Private Driveway Easement, including utilities and Slope Easements. The Owners of Parcels served by the Private Driveway Easements shall be jointly and severally responsible to improve, maintain, and keep in good repair said Private Driveway Easements to the satisfaction of the Fire Marshal of the City. The Owners of Parcels

on which Slope Easements are located shall be jointly and severally responsible to improve, maintain, and keep in good repair said Slope Easements to the satisfaction of the City Engineer of the City and the Design Committee, and shall not place any structure or make any use of the area of said Slope Easement which is inconsistent with the purposes and uses of said Slope Easements.

B. Costs/Duty to Maintain

The costs of upkeep, repair and maintenance of the Private Driveway and Slope Easements shall be shared by the Owners of the Parcels utilizing a particular driveway for access to their Parcel pursuant to the terms set forth on Exhibit "A" hereto. Notwithstanding the foregoing, each Owner shall be responsible for any repair costs, beyond reasonable wear and tear, which are necessitated by that Owner's, or their invitee's, use or misuse of the Private Driveway and/or Slope Easements.

C. Maintenance of Private Driveway and Slope Easements

As a condition of issuing building permits for the construction of single family residences on the Parcels served by Private Driveway and Slope Easements, the City requires that subsequent purchasers from Declarant, their successors and assigns, be bound by this Covenant to maintain, and repair said Private Driveway and Slope Easement.

As used in this Section 3, "maintenance" is defined as follows:

To perform as appropriate such maintenance, debris removal, drainage and other activities as necessary to maintain the appearance, safety, and usability of the Private Driveway and Slope Easement, as shall be reasonable and necessary to maintain the same in good condition, to the satisfaction of the Fire Marshal of the City for Driveways and to the satisfaction of the City Engineer of the City for Slopes. Private Driveway Easements shall be maintained with an asphalt base, "all-weather surface" per the City required standards, and shall be maintained so that the road is accessible in all weather and free of potholes, substantial cracks, or other washouts or damage caused by drainage.

Maintenance of the Private Driveway and Slope Easements shall be performed no less often than as set forth on the Maintenance and Repair Schedule set forth in Exhibit "B" hereto, unless it is agreed by all parties to a particular Private Driveway and Slope Easement that a particular item of maintenance and repair needs to be performed more often in order to maintain the Private Driveway and Slope Easement in a safe and useable condition.

D. Parking Prohibitions/Obligations

Parking within the areas of Private Driveway Easements where such parking could interfere with ingress and egress onto each said Parcel is hereby prohibited. Upon acquiring an ownership interest in any Parcel served by a common Private Driveway Easement, such Owners hereby agree and shall be bound to be jointly and severally liable to reimburse the City for all

costs reasonably incurred in connection with the removal of vehicles from said Private Driveway Easements, and will reimburse the City for, and hold the City harmless from, all final judgments against the City for damages or other liability arising from the enforcement or failure to enforce, from the compliance or failure to comply, with the aforesaid prohibition against parking. Each Owner acknowledges that the City cannot regulate vehicle usage or hazards upon said Private Driveway Easements and agree to jointly and individually defend and hold the City harmless from all claims for damages or liability arising from the alleged failure of the City to regulate vehicles or to provide protection from hazards upon said Private Driveway Easements.

E. Easement Locations to Conform to Construction

The location of the Private Driveway Easements and appurtenant Slope Easements shall be their as-built location as completed by Developer. It is hereby acknowledged that the precise location of said Private Driveway Easements and appurtenant Slope Easements will not be known until completion of construction, and may be reflected in any subsequently recorded "as built" plans, or on the approved construction permits issued by the City. The final approval of locations of said Private Driveway Easements and Slope Easements by the City shall control and have precedence over any different location depicted on any map or related document. The same shall also be true with regard to the construction of public roads and appurtenant Slope Easements as depicted on the final Parcel Map ATAL 00-192.

SECTION 4

Ingress and Egress

There is hereby reserved to Declarant and the other Owners within the Project, easements and rights appurtenant to their Property, theirs being the dominant tenement, for ingress and egress and across, on, over, and across those paved roads installed at any time within the Project or shown on the recorded Parcel Map of the Project or reflected in any other now or hereafter recorded instrument. Such rights shall not include the right to park any vehicle on or adjacent to said paved roadways. Said rights shall be subordinate to the offer of dedication to the City of the public roadways depicted on said final Parcel Map ATAL 00-192, and the terms of any acceptance of said offer to dedicate said public roadways by the City.

SECTION 5

Easements and Equitable Rights Over the Project

Easements and equitable rights over the Project for the installation and maintenance of water, electric, gas and telephone lines, leach field and drainage facilities and cable television lines, if any, installed at any time within the Project or shown on the recorded Parcel Maps of the Project or reflected in any other now or hereafter recorded instrument are hereby reserved to the Declarant and their successors and assigns and the respective Owners of Parcels within the Project.

SECTION 6
Cable Television

It is hereby reserved to Declarant Castlerock Development over the Project and for so long as Declarant Castlerock Development owns a Parcel in the Project, together with the right to grant and transfer the same, the right to cause to be placed upon, under, across the Project, transmission lines and other facilities for a cable television system and thereafter permit others to own such lines and facilities and to convey the right to others to enter upon the Project to service, maintain, repair, construct and replace said lines and facilities; provided, however, that the exercise of such rights shall not unreasonably interfere with any Owner's or Occupant's reasonable use and enjoyment of his Residence. The foregoing notwithstanding, nothing herein or elsewhere within the CC&Rs shall require installation of a cable television system within the Project.

SECTION 7
Settlement and Drainage

There is hereby reserved to Declarant and the other Owners within the Project, easements and rights appurtenant to their Property as contiguous to the Property of another within the Project, theirs being the dominant tenement and the contiguous Property of another being the servient tenement, for the purpose of accommodating the natural settlement of structures and for the purpose of permitting drainage from the dominant tenement over and across the servient tenement, provided that such drainage is accomplished in a reasonable manner so as not to cause significant damage to the servient tenement resulting from an unreasonable alteration of the natural drainage pattern. This easement shall also include the right to maintain and replace drainage improvements installed by Declarant for the benefit of a particular Residential Lot or Lots, in which case the drainage improvements shall be maintained by the owner of the dominant tenement and where there are multiple dominant tenements utilizing the same improvements, such maintenance responsibilities and costs shall be shared equally by the owners of the dominant tenements utilizing that improvement.

There is also hereby reserved to Declarant, together with the right to grant and transfer the same, the right to cause to be placed upon, under, across the Project easements for drainage and related improvements associated with the following roads within the Project, San Marcos Road, Cenegal Road, Cabazon Road, Puente Road, Madrone Road, San Cayetano Road, San Marcos Court, San Felipe Court, Escabroso Court, Pecos Court, Rojo Court and Paso Verde Court, which roads and associated drainage easements are expected to be accepted by the City, and in the meantime are to be maintained by the Owners pursuant to that certain Road Maintenance Agreement recorded July 31, 2003 as Document No. 20033084986 in the Office of the County Recorder of said County. Drainage emanating from these roads or from drainage facilities servicing these roads (culverts, brow ditches, slope benches, drop drains, down drains, terrace drains, overside drains, storm drains, etc.) is permitted to drain over and across the servient tenement provided that the portions of such facilities contained within such drainage easements are maintained in a reasonable manner. Points of discharge for culverts, brow ditches,

slope benches, drop drains, down drains, terrace drains, overside drains, storm drains, and other improvements associated with the above described roadways are henceforth to be considered the natural drainage patterns.

SECTION 8
Encroachment

There is hereby reserved to Declarant and the other Owners within the Project, easements and rights appurtenant to their Property which is contiguous to the Property of another within the Project, their Property being the dominant tenement and the contiguous Property of another, being the servient tenement, in favor of dominant tenement over the servient tenement, by reason of the original placement by Declarant Castlerock Development of improvements for the purpose of the continuing maintenance and replacement thereof.

SECTION 9
Construction and Sales Easements

There is hereby reserved to Declarant Castlerock Development and its successors and assigns only, including, without limitation, its sales agents and representatives, together with the right in said Declarant to grant and transfer the same, over Parcels which have not been conveyed to individual Owners, and over those unoccupied portions of the Project, easements and rights for construction, display and exhibit purposes in connection with the erection, sale, or lease of Residences or Parcels within the Project, including, but not limited to, the right to use Residences as models and the right to erect all types of sales displays, including signs, markers, flags and the like, and the right to carry on all forms of construction and sales related activities within the Project, including the use of temporary structures and trailers for sales and construction purposes. In addition, there are hereby reserved to Declarant, including, without limitation, its subcontractors and agents, the right to enter upon the entirety of the Project for the purposes of completing construction and remedying construction defects, if any, and for purposes of constructing upon any portion of the Project such additional improvement as Declarant or its agents may consider necessary or appropriate in connection with construction and sales activities. The rights reserved in this paragraph shall terminate on the tenth (10th) year anniversary of the close of the last and final escrow conveying a Parcel in the Project.

SECTION 10
Tree Plan Monitoring and Maintenance Easement

There is hereby reserved to Declarant Castlerock Development and its successors and assigns, including, without limitation, its contractors and consultants, an easement over the Project for the purpose of monitoring and maintaining trees and plants planted pursuant to the Tree Plan and Comprehensive Restoration Plan for the Project (collectively, the "Restoration Plans") which were adopted to satisfy particular conditions of approval for the Project. The Restoration Plans require monitoring and maintenance of trees planted pursuant to the Restoration Plans for a minimum of three years from the date of planting.

SECTION 11
Blanket Utility Easement

There is hereby created a blanket easement upon, across, over and under all of the Project for ingress, egress, installation, replacing, repairing and maintaining of all utilities, including but not limited to, water, sewer, gas, telephones, drainage, electricity and any master television antenna or cable television system. Declarant Castlerock Development reserves the right, for so long as Declarant Castlerock Development owns a Parcel in the Project, to grant and transfer specific public utility easements over all or any portion of the Project to any public utility company as Declarant Castlerock Development deems in its sole discretion are reasonably necessary to facilitate development of the Project, which grant may include, but not be limited to, the right of the public utility company to install, replace, repair, maintain and own utility lines and facilities within the Project and to convey the right to others to enter upon the Project to service, maintain, repair, construct and replace said lines and facilities.

ARTICLE III

USE RESTRICTIONS

SECTION 1
Prohibition on Further Subdivision

No Parcel in this Project shall be further subdivided into additional Parcels under any circumstances, excepting there from, any approved re-subdivisions and/or lot line adjustments, which do not create a greater number of Parcels. There shall be no right between co-Owners of any Parcel for a physical partition thereof.

SECTION 2
Single Family Residential Uses Only

The only uses allowed on each Residential Lot shall be the construction and maintenance of a Single Family Residence and buildings accessory thereto, and each Residential Lot may be used only for Single Family purposes, except that the following additional uses shall also be allowed on the following specific lots:

- (a) Lots 40, 41, 42, 50, 52, 53, 54, 55, 56 and/or 66 may be used for a helipad/heliport and associated uses by the Atascadero Fire Department and other emergency response providers for emergency and training purposes, either day or night, which may include the use of a fire engine, water tender and a helicopter/fuel tender (the "Helipad Easement");
- (b) Lot 5 may be used for the placement, operation and maintenance of a communication tower pursuant to an easement granted by Declarant Castlerock Development to K&M Holding Corporation, a California corporation ("K&M")

- (the "Communication Tower Easement"), which easement may be assigned, leased or sublet in whole or in part at any time by K&M; and
- (c) Each Residential Lot may be used for livestock grazing pursuant to an easement granted by Declarant to Four Seasons Livestock Company, a California general partnership (the "Grazing Easement").

SECTION 3

No Commercial/Business Use

No Residential Lot shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any commercial, business, manufacturing, mercantile, storing, vending, or any non-residential purposes; except that a home-based business which meets the following criteria will be allowed:

1. Any such home-based business shall be conducted within not more than one (1) room of the residence only. If a guest house or other structure is located on the Parcel, under no circumstances may such guest house or other structure be used as an office or home-based business.
2. The existence of said home-based business shall not be apparent or detectable by sight, sound or smell beyond the boundaries of the premises.
3. All employees of said home-based business shall be occupants of the residence. No other employees, agents, suppliers, contractors, etc. shall be permitted on the premises for business purposes.
4. No displays, delivery of supplies or merchandise, or advertising signs shall be permitted on the premises or elsewhere in the Project.
5. There shall be no sales of merchandise on the premises.

SECTION 4

Signs

No sign of any kind shall be displayed to the public view on or from the Project. Notwithstanding the foregoing, a sign no greater than five (5) square feet advertising a Parcel for sale or for lease may be placed within such Parcel, by the Owner thereof or by his agent.

SECTION 5

Offensive Activity

No noxious or offensive activity shall be carried on upon any Parcel, nor shall anything be done thereon which might be or become an annoyance or nuisance to Occupants within the Project, or in any way interfere with the rights of quiet enjoyment of Occupants within the Project or which shall in any way increase the rate of any insurance. No Owner or Occupant shall engage in any activity within the Project that is in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body.

SECTION 6
Prohibited Structures

No mobile homes, modular homes, pre-fabricated homes, shacks, tents, buses or trailers shall be maintained on any portion of the Project.

SECTION 7
Parking

No motor vehicle, motorcycle, trailer, aircraft, camper, motor-home, boat, jet ski, wave runner, all-terrain vehicle, off-road vehicle, snowmobile, bus or any similar item to these (hereafter referred to as "Vehicle") shall be permitted to remain upon any Parcel or road, street, court or driveway within the Project unless parked or placed within the garage, carport or otherwise completely enclosed parking stall, enclosed pad or enclosed space provided. However, temporary parking of Vehicles shall be permitted. For purposes hereof, "temporary parking" shall mean parking of Vehicles belonging to invitees of Owners and Occupants, parking of delivery trucks, service vehicles and other commercial vehicles furnishing goods and services to the Owners and Occupants and parking of Vehicles belonging to and being used by Owners, Occupants and invitees for loading and unloading purposes. Temporary parking shall not exceed a period longer than seventy-two (72) hours over any one hundred sixty eight (168) hour period (one week).

Outdoor storage of Vehicles or similar items is prohibited. Said Vehicles or similar items may be stored only in covered and completely enclosed structures, so as to be screened from public view. No Vehicle shall be constructed, reconstructed, or repaired within the Project, and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or engine shall be stored in the Project unless screened from view from the public, including roads and other Residences.

SECTION 8
Garages

No garage on a Parcel shall be used in a manner that would prevent the number of passenger automobiles that such garage was designed to contain from being parked therein. Garage doors shall be kept completely closed at all times except to permit vehicle ingress and egress, or when the garage is being used for access to and from the Residence. In any case, the garage door shall not be left open for longer than twenty (20) consecutive minutes.

SECTION 9
External Fixtures

No external items shall be placed within the Project such as, but not limited to, satellite or radio antennas in excess of 42" in diameter, wind powered generating or pumping machines, television and radio poles and antennas, clotheslines, wiring, insulation, air-conditioning equipment, water softening equipment, or sunshades unless screened from view from adjacent areas of the Project, including roads and other Residences.

SECTION 10
Unsightly Items

All rubbish, debris, construction materials, inoperable vehicles, or unsightly materials or objects of any kind shall be regularly removed from the Project by Owners therein, and, in any event, shall not be allowed to accumulate therein or thereon. Refuse containers, woodpiles, machinery or equipment not normally associated with the residential nature of the Project shall be obscured from view. Trash and garbage within Parcels or Residences shall be disposed of in accordance with rules applicable thereto adopted by the City. Trash and refuse containers shall be maintained so as to not be visible from adjacent areas of the Project, including roads and other Residences, except to make them available for collection and then only for the shortest period of time (not to exceed eighteen (18) consecutive hours) reasonably necessary to allow collection.

No substance, thing or material shall be kept or used upon any Parcel that will emit a foul, offensive or obnoxious odor or that will cause any noise that will or might disturb the peace, quiet, comfort, serenity or tranquility of the Owners and/or Occupants of adjacent portions of the Project.

External laundering and drying of clothing and other items within the Project is prohibited, unless screened from view from adjacent areas of the Project, including roads and other Residences.

SECTION 11
Window Materials

Within ninety (90) days of occupancy or close of escrow of a Residence, whichever occurs first, the Owner of the Residence shall install draperies or suitable window treatments on all windows and patio glass doors visible from adjacent areas of the Project, including roads and other Residences. No reflective coating, materials or covering may be placed on any window or patio glass door of a Residence or other structure in the Project. Further, all curtains, blinds, interior shutters, screens and window coverings or window treatments which are visible from adjacent areas of the Project, including roads and other Residences, must be neutral in color.

Under no circumstances shall newspaper, paint, foil, bed sheets, blankets, bedspreads, flags, towels or similar items not specifically designed or commercially intended for use as curtains or other window coverings be used to cover any window or patio glass door. No exterior awnings, whether canvas, plastic or metal shall be allowed.

SECTION 12
Oil and Mineral Rights

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Project, nor shall oil wells, tanks, tunnels, mineral excavations, shafts or pipes used for such purposes be installed upon the surface of the Project or within five hundred (500) feet below the surface of the Project. No derrick or other

Structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Project.

SECTION 13
Combustible Materials

No combustible materials, such as gasoline, kerosene, cleaning solvents and other flammable liquid shall be stored on any Parcel; provided however, that reasonable amounts (35 gallons or less) in approved containers may be stored in storage or garage areas. No tanks for such storage shall be installed anywhere on the Project. Also, Lots 109 through 112 shall be exempt from this provision to the extent that these Lots will utilize propane fuel rather than natural gas for regular and ordinary domestic purposes.

SECTION 14
Unobstructed Access

All streets, private driveways and private utility easements shall remain unobstructed and shall not be used for any purposes other than ingress and egress and other intended uses.

SECTION 15
Machinery and Equipment

No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Residential Lot, except such machinery equipment as is usual and customary in connection with use, maintenance or construction of a private Residence or other Project Improvement for such time as reasonably necessary to complete such construction.

SECTION 16
Exemption

Notwithstanding anything in this Article III, Declarant, their successors and assigns, shall be exempt from the restrictions set forth in Sections 3 through 15 of this Article III to the extent necessary to complete construction, sale and leasing of the Project and may use the Project and Parcels for offices, model homes and model sites, advertising and other purposes, including equipment and material staging, incidental and necessary for completion of the construction, sale and leasing purposes, including construction and sales offices and/or trailers, and advertising/sales signs.

Furthermore, the Helipad Easement, Communications Tower Easement and Grazing Easement shall be exempt from the restrictions set forth in Sections 3 through 15 of this Article III.

SECTION 17
Animals/Pets/Livestock

Four-footed animals, poultry, rabbits, or similar livestock shall not be kept or harbored on any Residential Lot, except as follows:

- A. Not more than four of any one or combination of adult dogs or cats may be kept or harbored on any Residential Lot at any one time.
- B. Poultry, rabbits, or similar livestock may be raised for food, scientific, or fur-bearing purposes providing not more than twenty five (25) of any one or combination of such animals or fowl are kept or harbored on any Residential Lot at any one time.
- C. Not more than four of any one or combination of horses, llamas, sheep, goats, or cattle may be kept or harbored on any Residential Lot at any one time.
- D. The keeping of any such permitted fowl and animals shall conform to all other provisions of law governing same, including local, state and federal laws and codes.
- E. No pen, coop, or building used for the care, confinement or housing of rabbits, or fowl, shall be erected or permitted to remain within fifty (50) feet of any residence, dwelling or other building used for human habitation; and no coop or building used for the care or housing of permitted animals shall be located within one hundred (100) feet of the front lot line of any Lot or Parcel.
- F. No animal containment structure (shelter) with open (visible) sides is allowed. All animal shelters shall be enclosed, and the openings shall not face roads, driveways or other Residences. All animal shelters shall be landscaped so as to cover (conceal) the structure as much as possible.
- G. Slaughtering or dressing any poultry or animals for a commercial purpose is expressly prohibited.

This Section 17 applies to Residential Lots only and nothing in this Section 17 shall be construed to prohibit or limit the use of Parcels A, B and C or to prohibit or limit use of the Residential Lots pursuant to the Grazing Easement.

SECTION 18
Open Space

The use of Parcels A, B and C shall be limited to those uses which are consistent with the preservation of those Parcels as open space within the Project (the "Open Space Parcels"), which uses shall include but not be limited to livestock grazing pursuant to the Grazing Easement for the purposes of fuel management as deemed necessary by the Owner(s) of the underlying Parcels. Furthermore, certain portions of other Residential Lots, shown as "Open Space Easements" on Parcel Map ATAL 00-192 shall be maintained as open space (the "Private Open Space", collectively with the Open Space Parcels, the "Open Space"). While the Open Space is to be preserved as open space, it shall remain the private property of the Owner of the underlying

Parcel and there shall be no right of access to other Owners, unless otherwise expressly granted by the Owner of each Parcel or pursuant to the Grazing Easement.

The Open Space is subject to the following restrictions.

1. No fences, paving (other than approved private driveways), structures, concrete or other detrimental improvements shall be placed, constructed or erected upon the Open Space which interfere with the use of the Open Space as a wildlife corridor, however some fencing is allowed as provided in Article V, Section 3, Subsection H herein regarding fencing.
2. The general topography of the site and native plants shall be maintained in its condition as of the date of these CC&R's and no significant grading, excavation, or topographic changes shall be made without the express written consent of the Design Committee and the City.
3. The Open Space shall not be used by an Owner for parking, storage, dumping or otherwise depositing anything which is not indigenous or natural to the Parcel.

Maintenance, including weed abatement and fire fuel modification of the Open Space lots and/or easements shall be the responsibility of the Owners of the underlying Parcels. Each Parcel Owner shall be responsible for that part of the Open Space lying within their particular Parcel.

ARTICLE IV

ARCHITECTURAL CONTROL

SECTION 1

Establishment of Design Committee

No Improvements of any kind shall be commenced, erected or maintained within the properties, nor shall any exterior addition to or change or alteration be made in or to any Residence until the plans and specifications showing the nature, color, kind, shape, height, including front, side and rear elevations, materials, and location of the same shall have been submitted to and approved in writing by the Design Committee ("Committee") as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation. Declarant is exempt from the requirements of this Section 1.

SECTION 2

Appointment of Design Committee

The Declarant shall appoint all of the original members of the Committee consisting of not less than three (3) no more than five (5) persons who need not be property owners within the Project and any replacements for them. Approximately one-half (1/2) of the original Committee members shall serve for one (1) year and the balance for two (2) years, as selected by Declarant,

so that a staggered term will be established. Thereafter, members shall serve for a two (2) year period. Declarant shall continue to appoint Committee members until such time as all of the homes in the Project are sold to Owners (other than Declarant or its affiliates). When all of the homes in the Project are sold to Owners (other than Declarant or its affiliates), new members shall be appointed by the current Committee members, prior to the expiration of the terms of the members whose terms are expiring.

SECTION 3

Compliance with Governmental Regulations

Prior to construction of an Improvement upon a Parcel, a site plan, landscaping plan, preliminary grading plan, elevations, colors, and materials shall be submitted for approval to the Atascadero Community Development Director ("Director"). The Director may approve such plans only after having made a finding that they are in substantial conformance with these CC&Rs as well as any conditions placed upon the recording of the Subdivision Map unless, in the Director's judgment, any deviations or exceptions from such substantial compliance are necessary to ensure the reasonable use of the Property.

Prior to issuance of a building permit, the Director shall verify the Committee's written approval of all proposals, plans or other submittals pertaining to the Improvement(s). The Director shall be authorized to stop construction ("red-tag") any work of Improvement for which Committee approval has not been granted, regardless of whether or not a City permit has been issued. Declarant is exempt from the requirements of this Paragraph.

Review and approval by Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify an Improvement.

SECTION 4

Submission of Plans: Action by Committee

When a proposed work of Improvement is submitted to the Committee for review, the Committee shall grant the requested approval only if the Committee, in its sole discretion, finds that all of the following provisions have been satisfied:

- A. The Owner's plans and specifications:
 - 1. conform to the CC&Rs in effect at the time said plans are submitted to the Committee;
 - 2. will result in the construction of an Improvement that is in harmony with the external design of other structures and / or landscaping within the Project; and
 - 3. will not interfere with the reasonable enjoyment of any other Owner or his or her Parcel.
- B. The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standard prevailing within the Project together with the overall plan and scheme of the Project as well as the purpose of the CC&Rs.

Though it is recognized that the Committee's determination to approve or disapprove an Improvement will, of necessity, be subjective to some degree, the members of the Committee shall act reasonably and in good faith. Factors commonly considered by the Committee in reviewing proposed Improvements include the quality of workmanship and materials proposed for the Improvement project; the harmony of the proposed Improvement's exterior design, finish materials, and color with that of the existing structures; and the proposed location of the improvement in relation to existing topography, finished grade elevations, roads, Open Space, and other structures.

The Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable in the context of a particular Parcel, even if the same or a similar Improvement/component has previously been approved for use at another location or locations within the Project. Factors that may cause the Committee to reject a proposal that was previously approved at another site include: poor drainage; unique topography; visibility from roads, Open Space, or other Parcels; proximity to other Residences; or prior adverse experience with the product or design of the proposed Improvement or a component thereof. Declarant is exempt from the requirements of this Section 4.

SECTION 5

Amendments to Design Rules

The Committee may, subject to review by the Director, from time to time adopt, amend and repeal the rules and regulations contained in Article V of these CC&Rs. These rules, known as "Design Rules", shall interpret and implement the provisions of the CC&Rs by setting forth the standards and procedures for the review and approval of proposed Improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Project, provided that said rules shall not be in derogation of the minimum standards required by the CC&Rs.

SECTION 6

Variances

The Design Committee shall be entitled to allow reasonable variances with respect to any restrictions specified in Article III- "Use Restrictions" and/or Article IV- "Architectural Control" in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided that the following conditions are met:

- A. If the requested variance will necessitate deviation from or modification of a property use restriction that would otherwise apply under the CC&Rs, the Committee must conduct a hearing on the proposed variance after giving at least ten (10) days prior written notice to the Owners of Residences within three hundred (300) feet of the Parcel for which the variance applies. The Owners receiving notice of the proposed variance shall have twenty (20) days in which to submit to the Committee written comments or objections with respect to the

variance. No decision shall be finalized with respect to the proposed variance until the twenty (20) day comment period has expired.

- B. The Committee must make a good faith determination that:
1. The requested variance does not constitute a material deviation from the overall plan and scheme of Project or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or
 2. The variance relates to a requirement hereunder that it is unnecessary or burdensome under the circumstances; or
 3. The variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Residence or the Project as a whole.

SECTION 7

Estoppel Certificate

Within thirty (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, signed by two (2) of its members, certifying, with respect to any Residences owned by the applicant Owner, that as of the date thereof, either:

- A. All improvements made and other work completed by said Owner with respect to the Residence comply with the CC&Rs; or
- B. That such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or anyone deriving any interest in said Residence 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 Design Committee, all Owners and any persons deriving any interest through them.

ARTICLE V

ARCHITECTURAL DESIGN AND CONSTRUCTION STANDARDS

The following architectural design and construction standards shall be applied to the design and construction of Residences and other Structures located within the Project, including all work performed by a Property Owner in an easement or Open Space located outside Property Owner's property. All determinations regarding the interpretation and implementation of these architectural design and construction standards, as well as technical assistance to Owners, shall be vested in the City and the Committee.

SECTION 1
Architectural Approval

No building, fence, wall, driveway, slab, curb, gutter, or other Structure whether surface or subsurface, shall be commenced or maintained upon the Project, nor shall any exterior addition to, change or alteration in, for which a permit would be required from the City, upon any Parcel within the Project, shall be made until plans and specifications shall have been submitted to and approved by the City and the Committee. Declarant is exempt from Committee approval.

SECTION 2
No Liability

Neither Declarant, Committee members, nor the City shall be liable for damages or otherwise to anyone arising from the construction/placement of Improvements or to any Owner affected by the CC&Rs by reason of mistake in judgment, negligence, nonfeasance, or misfeasance arising out of or in connection with the construction of Improvements on any Parcel.

SECTION 3
Design Rules

The right of an Owner to construct, reconstruct, refinish, alter or maintain any Improvement thereupon, under or above any Parcel, 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) there on or there over, or to destroy or remove any tree there from, shall be subject to all of the following limitations and conditions of this Section:

- A. Intent: The following recommendations for Improvement design in the Project shall be interpreted as a set of restraints established for the purpose of creating an environment, to the extent possible, in which Residences in the Project will harmonize with the beauty of the natural surroundings and adjacent Residences. Additionally, the Rules shall provide site, landscape and architectural guideline standards for new construction and revisions to existing buildings.
- B. Minimum Size: A Residence constructed upon an individual Parcel shall have a minimum size of two thousand one hundred (2,100) square feet, excluding garages and appurtenant Structures.
- C. Height Limitation: The maximum height for a Residence or any other Structure placed upon an individual Parcel shall be governed by the zoning ordinances of the City.
- D. Roof Slope: The minimum roof slope shall be 3:12. The maximum roof slope shall be 8:12. Flat roofs are prohibited.

- E. Roof Forms and Materials: All roofs shall be constructed of non-combustible roof materials (Class A). Composition roof materials are prohibited. All roof eaves and overhangs shall maintain a minimum eighteen (18) inch overhang.
- F. Exterior Walls: Residences located in the Project will have flame-resistant siding, if siding is used. Reflective materials should not be used for exterior finishes except for hardware items.
- G. Heating/Cooling Systems: Residences shall be sited whenever feasible for maximum solar access and energy conservation, which does not create adverse visual impacts from adjacent portions of the Project. Exterior or roof mounted systems must be screened from view by a solid screen so that such systems are not visible from roads, private driveways, or adjacent Residences. Roof mounted solar panels shall be mounted in a plane parallel to the roof plane and must not extend over twelve (12) inches above the roof plane. Solar panels, mounted at grade, shall not be visible from roadways, private driveways, or adjacent Residences.
- H. Fencing: Boundary or property line fencing located on any Residential Lot, and fencing within or around the Open Space shall:
 - 1. be limited in scope, size, and height to avoid a complete enclosure of the Residential Lot or Open Space boundaries;
 - 2. not exceed forty eight inches (48") in height;
 - 3. be restricted to either a two-rail or three-rail "Lodge-Pole" style as shown in Exhibit "D." Wire mesh security screening in a standard galvanized finish (no colors permitted) is permitted on Lodge-Pole style fencing.

Notwithstanding the foregoing restrictions, temporary fencing may be used to enclose areas occupied by livestock pursuant to the Grazing Easement.

Declarant reserves the right to install fencing along the perimeter of the Project other than the two-rail and three-rail "Lodge Pole" style as shown on Exhibit "D". Any Owner may maintain and replace such fencing as it exists at the time of Owner's purchase of Owner's Residential Lot or Open Space Lot.

To preserve the rural character and open views to the native woodlands, privacy fencing is to be minimized except for privacy screening, safety and pet enclosures. "Privacy Fencing" refers to any solid or semi-solid vertical structure made of wood, masonry, stone, etc., used to enclose an outdoor area or screen an area of view. Privacy fencing located on any Parcel shall:

- 1. not be used as boundary or property line fencing;
- 2. not be used in the front-yard setback;
- 3. not exceed six feet (6') in height;
- 4. only be used within two hundred (200) feet of any dwelling structure;

5. be restricted to the styles as shown in Exhibit "D." No other style of privacy fencing is permitted.

Metal fencing and chain link fencing of any kind are prohibited, except as specifically provided below. However, wire mesh security screening as described in Paragraph H, Sentence 3 of this Section is allowed. Metal gates, wire gates or chain link gates of any kind are likewise prohibited, except as specifically provided below.

Notwithstanding the foregoing restrictions the following exceptions apply for the specifically identified uses and fencing types, provided such fencing complies with City of Atascadero Municipal Code, California Building Code, or other applicable local, state or federal requirements and where permitted by the Design Committee:

1. Privacy Fencing or chain link fencing may be used for tennis courts as is necessary for the essential function of the improvement;
2. Privacy Fencing, decorative metal fencing (i.e. wrought iron fencing) may be used for swimming pools and spas where necessary for safety. Decorative metal fencing shall be finished in an earth tone color that blends with surrounding environment.

Fencing associated with the Communication Tower Easement and the Helipad Easement shall be exempt from the provisions of this Section H.

- I. Trash Areas: All rubbish disposal containers or areas shall be conveniently located for disposal and collection and screened from view from roads or Residences by a solid screen, colored to match other exterior siding and/or trim used on the adjacent Residence.
- J. Spark Arresters: Atascadero Fire Department approved spark arresters shall be maintained on all chimneys.
- K. Fire Considerations: Residential fire sprinklers, as approved by the Atascadero Fire Department, will be required in all Residences in the Project. Fire resistive landscaping materials and techniques are recommended for landscaping introduced onto the Parcels. Any such landscaping should be strategically located to result in a separation (fuel break) between wildland fuels and all Structures. All Parcels shall comply with Exhibit "C", entitled "Weed Abatement/Wildland Fuel Management Program".
- L. Sewage Disposal: Septic tanks shall be located within the boundaries of individual Parcels, and in such a manner and location as to permit pumping by a service truck if required. Individual percolation tests will be prepared and submitted for each application for a residential building permit to the City.

Construction or installation of paving, appurtenant structures, landscaping or irrigation shall be prohibited upon identified leach systems unless approved by the City Public Works Department.

Every Residential Lot shall be equipped with an Individual Sewage Treatment System ("Septic System"). Individual Lot Owners shall be responsible for ensuring that their Septic System continues to comply with all federal, state, and local ordinances and regulations, as outlined in Article IV, Section 3, Compliance with Governmental Regulations, pertaining to water quality, pollution prevention, or any other environmental safeguards.

At each Owner's expense, Septic Systems shall be inspected every two to five years (every two years if a garbage disposal or dishwasher discharges into the system) by a trained service provider to determine the maintenance requirements which include, but shall not be limited to:

1. Pumping and/or cleaning of the tank;
2. Replacement and/or cleaning of the effluent filter; and
3. Expansion of the leach system.

In addition to any repair rights Declarant may have pursuant to the California Civil Code commencing with Section 896, et seq, (also known as "SB 800" or the "Right to Repair Law") and Declarant's right of access to make repairs pursuant to Article II Section 9 herein, Declarant Castlerock Development hereby reserves the right to access any Residential Lot at any time for the purpose of repairing a malfunctioning Septic System and to take any and all steps deemed necessary in the sole discretion of Declarant Castlerock Development to remedy such malfunction, including but not limited to the installation of an electric pump, which pump could result in additional electrical costs for the Owner. Notwithstanding the foregoing, this right to repair Septic Systems in no way creates an obligation on the part of Declarant Castlerock Development to repair any Septic System which is malfunctioning due to misuse, failure to properly maintain the Septic System or other action or inaction of the Owner or any third party.

- M. Drainage: Drainage shall be controlled so as to limit to the extent possible, erosion on individual Parcels and cross-lot drainage. Drainage from roofs, patios and driveways shall be spread over large areas of minimal slope planted with adequate ground cover. Rain gutters and downspouts shall be incorporated into building design and construction and shall direct water to ground cover areas. Where drainage is concentrated, water flow velocities must be reduced before the water is distributed to a disposal area. Drainage systems must be designed by a qualified professional, and where necessary, approved by the City of Atascadero. 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 Project to aid

ground water recharge. New banks or slopes shall be covered with hydroseeding and/or ground cover, and shall be irrigated until the planting is firmly established. Sufficient hydroseeding and/or ground cover shall be installed so as to be able to cover 90% of the slope with healthy plants within one year of occupancy or close of escrow, whichever occurs first. The Public Works Director of the City of Atascadero shall have jurisdiction and final authority over all matters involving drainage and erosion control. If permanent landscaping has not yet been installed pursuant to Section P below, each Owner shall install temporary erosion control measures, per City of Atascadero recommendations, from October through April each year.

- N. Wells: No water wells, other wells, or an independent water supply system shall be constructed or maintained on individual Parcels. Declarant is exempt from this requirement.
- O. Exterior Lighting: Exterior lighting shall minimize impacts on adjacent properties.
- P. Landscaping: Landscaping of all disturbed areas must be accomplished within six (6) months of the issuance of a certificate of occupancy or the close of escrow for a particular Residential Lot, whichever occurs first.

Landscaping shall be consistent with Exhibit "D", "Weed Abatement/Wildland Fuel Management Program".

Landscape structures, paving materials and other landscape-related items should reinforce the architectural character of the house. Earth-tone colors are required for landscape structures.

Landscape structures, paving materials, and other landscape-related items shall not be constructed or installed upon identified septic system leach systems without the prior approval of the City Public Works Department.

- Q. Placement of Structures: As feasible, appurtenant Structures shall be placed on individual Parcels so as to minimize visibility from roads, private driveways, and other Residences and to minimize disruption of the natural topography. When not inconsistent with visual impacts, appurtenant Structures shall be orientated to maximize solar access for energy conservation purposes according to local ordinances applicable to the Project. Parcel Owners should consult with the City regarding recommended building envelopes on each Parcel before design of the Structure.

No paving, landscape structures, buildings, sheds or similar items are permitted within the drip line of a tree without prior written permission of the Committee and the Director.

- R. Utilities: Utility service to individual Parcels shall be placed underground.
- S. Antenna: Antenna, including television antenna, satellite and radio antenna in excess of 42” in diameter, shall not be allowed within the area of individual Parcels unless screened from view from adjacent Residences, private driveways and roads according to local ordinances applicable to the Project. Antenna necessary for public services such as police, fire and similar public agencies, cellular telephone service (including but not limited to any communication tower and facilities constructed pursuant to the Communication Tower Easement) and similar public uses installed, contracted for, or otherwise established by Declarant are exempt from this provision.

ARTICLE VI

NUISANCE/ENFORCEMENT

SECTION 1

Nuisance/General

Every act or omission whereby any provision of these CC&Rs is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated whether the relief sought is negative or affirmative action. Any Owner, including Declarant, shall have the right, but not the obligation to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, and easements now or hereinafter imposed by the provisions of these CC&Rs, and in such action shall be entitled to recover reasonable attorneys' fees as ordered by the court in favor of the prevailing party. Failure by any and/or all Owners to enforce any covenant, condition, restriction or easement herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2

Right of City to Compel Performance

The City, and its duly authorized officers, agents and/or representatives, shall have the right to require the Owners and/or Occupants to comply with the standards and requirements for the Project as set forth in approvals granted by the City for said Project.

SECTION 3

Violation of Ordinances or Permits

Nothing in these CC&Rs shall be construed to authorize the Owners and/or Occupants to violate the provisions or restrictions of any cognizant governmental authority including, without limitation, the laws, ordinances, permits and powers of the City applicable to the Project. More specifically, the Owners and/or Occupants shall at all times comply with the provisions of applicable City codes and any failure to do so shall be subject to rights of the City to enjoin, abate or otherwise remedy each violation as provided by law.

ARTICLE VII

AMENDMENT/REVOCAION

SECTION 1

Owners' Consent to Amendment/Revocation

Until conveyance of the first parcel, Declarant shall have the unilateral right to amend or revoke these CC&Rs. After the first conveyance of a Parcel, these CC&Rs shall (a) be amended upon the written approval of the then record Owners of at least fifty-one percent (51%) of the Parcels, or (b) revoked only upon the written approval of the then record Owners of at least sixty-six and two-thirds percent (66-2/3%) of the Parcels. If co-Owners of a Parcel are unable to agree among themselves as to how their vote shall be cast in the matters addressed in this Article, they shall forfeit the vote on the matter in question. If only one Owner exercises the vote of a particular Parcel, it shall be conclusively presumed that for all purposes that he was acting with the authority and consent of all other Owners of the same Parcel. An amendment or revocation shall be effective when it has received the required percentage approval, has been recorded in the Office of the County Recorder, and been approved as required in Section 2 of this Article, hereinafter by the City.

SECTION 2

Approval of City Required for Certain Amendments to the CC&Rs

No amendments, deletions, revocation, and/or additions to these CC&Rs specifically and directly related to conditions of approval granted by the City shall be effective unless previously approved in writing by the City, acting by and through its duly authorized officers, agents, and/or representatives. The provisions herein that require prior approval of the City are the following:

Article III, "Use Restrictions":

Section 1, "Prohibition on Further Subdivision",
Section 2, "Single Family Residential Uses Only",
Section 18, "Open Space";

Article V, "Architectural Design and Construction Standards":

Section 1, "Architectural Approval",
Section 3, "Design Rules",
Subsection H, "Fencing",
Subsection K, "Fire Consideration";

Article VI, "Nuisance/Enforcement":

Section 2, "Right of City to Compel Performance",
Section 3, "Violation of Ordinances or Permits"; and

Article VII, "Amendment/Revocation":

Section 2, "Approval of City Required for Certain Amendments to the CC&Rs".

SECTION 3
Mortgagee Compliance

It is the intent of the Declarant that this Declaration, together with the Project in general, shall now and in the future, meet all the requirements necessary to purchase, guarantee, insure or subsidize any mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Veterans Administration. Each Owner shall take any action or shall adopt any amendments that are reasonably required to conform to the requirements of any of the above referenced entities or agencies.

ARTICLE VIII
MORTGAGEE PROTECTION

SECTION 1
Mortgages Permitted

Any Owner may encumber his Parcel with Mortgages.

SECTION 2
Priority of Mortgage

Notwithstanding any other provision of these CC&Rs, it is hereby provided that a breach of any of the conditions contained in these CC&Rs by any Owner or Occupant 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 Parcel or any part thereof.

SECTION 3
Effect of Breach

No breach of any provision of these CC&Rs 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 these CC&Rs shall be binding on any Owner whose title is derived through foreclosure sale, trustee sale, or otherwise.

ARTICLE IX

MISCELLANEOUS PROVISIONS

SECTION 1

Binding Effect and Term

The covenants, conditions, restrictions, and easements of these CC&Rs shall run with the land and shall inure to the benefit of and be enforceable by the Declarant, its respective legal representative, its heirs, successors, and assigns, for a term of twenty (20) years from the date these CC&Rs are recorded after which time said covenants, conditions, restrictions, and easements shall be automatically extended for successive periods of twenty-five (25) years, unless an instrument, executed by the Declarant, its respective legal representative, or its heirs, successors, and assigns, shall be recorded, canceling and terminating these CC&Rs, subject to prior City approval as required by Section 2, entitled "Approval of City Required for Certain Amendments to the CC&Rs" of Article VI.

SECTION 2

Waiver

No waiver of any breach of any of the covenants, conditions, restrictions, and easements of these CC&Rs shall constitute a waiver of any succeeding or preceding breach of the same or any other covenant, restriction, condition, or easement contained herein.

SECTION 3

Construction

The provisions of these CC&Rs shall be liberally construed to effectuate the purpose of resolving questions or interpretation or construction.

SECTION 4

Cumulative Remedies

Each remedy provided by these CC&Rs is cumulative and not exclusive.

SECTION 5

Governing Law

The laws of the State of California will govern all disputes under these CC&Rs and determine all rights hereunder and that the venue for any action concerning these CC&Rs shall be San Luis Obispo County, California.

SECTION 6

Severability

If any provision in these CC&Rs is held by any court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force.

SECTION 7

Counterparts

The Declarant, its heirs and assigns, may execute these CC&Rs in two or more counterparts, and each counterpart shall be deemed an original instrument as against any party who has signed it.

SECTION 8

Successors

These CC&Rs shall be binding upon and inure to the benefit of the respective successors, assignees, and personal representative of the Declarant.

SECTION 9

Attorneys' Fees

If these CC&Rs give rise to a lawsuit or other legal proceeding, or should an attorney be retained to enforce any provisions herein, whether or not any litigation commences, the prevailing party shall be entitled to recover actual costs and reasonable attorneys' fees in addition to any other relief to which such party may be entitled.

SECTION 10

Effect of CC&Rs

These CC&Rs are made for the purposes set forth in the recitals to these CC&Rs and Declarant makes no warranties or representations, express or implied, as to the binding effect or the compliance of any of these provisions with public laws, ordinance, regulations, and the like applicable thereto. Declarant shall have no liability whatsoever if any of the provisions of these CC&Rs are determined to be unenforceable in whole or in part or under any other circumstances.

SECTION 11

Personal Covenant

To the extent the acceptance of a conveyance of a Parcel in the Project creates a personal covenant between the Owner of such Parcel and Declarant, other Owners, or heirs and assigns of the Declarant, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except as to the payment of monies to the Declarant, its heirs or assigns, which become due during the period of such ownership.

SECTION 12

Consent

Whenever consent or approval of any party is required pursuant to these CC&Rs, that party shall not unreasonably withhold such consent or approval.

SECTION 13

Exhibits

All Exhibits referred to or attached to these CC&Rs are incorporated herein by this reference.

SECTION 14

Heading/Titles

The headings, titles, subtitles contained in these CC&Rs are inserted solely for convenient reference and shall be ignored in any construction of these CC&Rs.

SECTION 15

Masculine/Feminine

In these CC&Rs in all matters of interpretation, whenever necessary to give effect to any provision of these CC&Rs, the masculine shall include the feminine and neuter, and vice-versa; the singular shall include the plural, and the plural shall include the singular.

SECTION 16

Public Road Maintenance Responsibility

Every Residential Lot Owner shall have a prorated share of the financial responsibility for the continued maintenance of the following roads within the project boundaries of Oak Ridge Estates at 3F Meadows, as delineated on sheets 9 through 22, inclusive, of Parcel Map ATAL 00-192: San Marcos Road, Cenegal Road, Cabazon Road, Puente Road, Madrone Road, San Cayetano Road, San Marcos Court, San Felipe Court, Escabroso Court, Pecos Court, Rojo Court and Paso Verde Court. This financial responsibility shall include continued maintenance for roadway and paving repairs, slope grading, drainage, traffic structures, fire fuel management and other such activities associated with the proper upkeep and maintenance of the roads identified above. The Atascadero City Engineer shall make the final determination of the timing and extent of required maintenance.

Based on 111 total Residential Lots in the Project, the prorated share shall be 1/111th of the total cost of road maintenance costs for every Lot owned by an Owner. Therefore, an Owner of 1 Lot would have 1/111ths financial responsibility; an Owner of 2 Lots would have 2/111ths; 3 Lots would have 3/111ths, and so on.

The requirements of this Section 16 shall remain in effect until such time as one of the following occurs, and whichever of these occurs first shall result in the termination of this Section 16:

1. The Atascadero City Council accepts the dedications and maintenance of the above identified roads; or
2. A Maintenance Assessment District for the above identified roads is established and subsequently approved by the Atascadero City Council; or
3. Another suitable plan or method to address continued maintenance for the above identified roads is approved by the City Engineer.

ARTICLE X
ENFORCEMENT

SECTION 1
Enforcement

In the event of the violation of any of the above covenants, conditions and restrictions or attempt to violate any of the above covenants, conditions and restrictions prior to their termination as herein above set forth, it shall be lawful for the Owner or Owners of any other Parcel to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any of the above said conditions, and either to prevent him/her/them from so doing or to recover damages for such violation.

IN WITNESS WHEREOF, Declarant has executed this Second Amendment and Restated CC&Rs as of the 20th day of August, 2004.

DECLARANT:

CASTLEROCK DEVELOPMENT, a California Corporation

By 
Darren Shetler
President, Castlerock Development

K&M HOLDING CORPORATION, a California Corporation

By 
Darren Shetler
President, K&M Holding Corporation

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

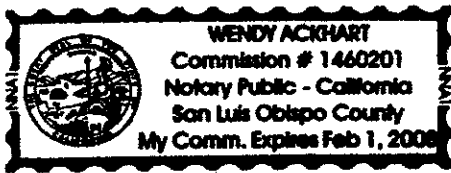
State of California

County of San Luis Obispo

On September 2, 2004 before me, Wendy Ackhart, Notary Public
Date Name and Title of Officer (e.g., Jane Doe, Notary Public)

personally appeared Darren Shetter
Name(s) of Signer(s)

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.

Wendy Ackhart
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing:

EXHIBIT A

Private Driveway & Slope Easements: Cost Sharing

Maintenance and repair costs for Private Driveway Easements and Slope Easements shall be shared equally by Owners of the Parcels using the driveway for access. For example, if three Parcels utilize a particular Private Driveway Easement for access, each of those Owners shall bear 1/3 of the cost of maintenance and repair costs for that Private Driveway Easement and corresponding Slope Easement.

EXHIBIT B

Private Driveway & Slope Easements: Maintenance Schedule

Driveways

Sweeping/Cleaning	Monthly
Weed Control along shoulders	Twice annually
Pothole / Crack Repair	Annually
Shoulder Repair	Annually
Fog Seal Driveway	Every 3 yrs
Slurry Coat Driveway	Every 5 yrs in lieu of Fog Seal
1- 1/2" Asphalt Overlay on Driveway	Every 10 yrs in lieu of Slurry Coat

Driveway Slopes

Slope Repair	Annually
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Maintenance of the Private Driveway and Slope Easements shall be performed no less often than as set forth above, unless it is agreed by all parties to a particular Private Driveway and Slope Easement that a particular item of maintenance and repair needs to be performed more often in order to maintain the Private Driveway and Slope Easement in a safe and useable condition. (See Article II, Section 3 in these CC&R's for more information.)

EXHIBIT C

Weed Abatement/Wildland Fuel Management Program

The following Weed Abatement/Wildland Fuel Management Program standards shall be applied to all Residential Parcels located within the Project:

1. All determinations regarding the interpretation and implementation of the following standards, as well as technical assistance to Owners, shall be vested in the City Fire Department.
2. Fire resistive landscaping materials and techniques shall be included in landscaping introduced onto the subject Parcels. Any such landscaping should be strategically located to result in a separation (fuel break) between wildland fuels and structures.
3. The hazardous vegetation addressed in this program are seasonal and recurrent in nature. Therefore this program shall be planned and implemented on a continuous, annual basis.
4. All construction and on-going maintenance will be subject to the Uniform Fire Code and City Weed Abatement compliance standards, including but not limited to the following:
 - a. Maintain a firebreak around structures by removing and clearing away for a distance of not less than thirty (30) feet on each side of the structure or to the property line, whichever is nearer, all flammable vegetation or combustible growth. This requirement does not apply to single specimens of trees, ornamental shrubbery, or similar plants that are used as groundcover, if they do not form a means of rapidly transmitting fire from the native growth to any building or structure.
 - b. Where structures are adjacent to or within woodland areas, the firebreak shall be extended to sixty (60) feet, and shall include removal of dead, downed or low-hanging tree limbs or branches. This fuel reduction firebreak shall be extended to one hundred (100) feet from any structures where downslope grades exceed thirty percent (30%).
 - c. Mow dry noxious weeds which are located within one hundred (100) feet of any building or structure, or to the property line, whichever is nearer.
 - d. Mow dry noxious weeds fifty (50) feet from the edge of improved roadways, fifty (50) feet from each property line, and ten (10) feet on each side of driveways.

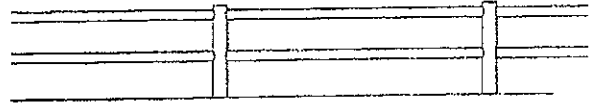
- e. Vertical clearances for private driveways shall be a minimum of thirteen feet, six inches (13'-6"). Remove overhanging shrubs, tree limbs or branches to maintain this clearance.
 - f. Remove that portion of any tree that extends within ten (10) feet of the outlet of any chimney or stovepipe.
 - g. Maintain any tree adjacent to or overhanging any building free of dead wood.
5. Each of the foregoing standards and requirements are subject to change over time, and new standards may be established. Owners should consult with the City Fire Department regarding current standards applicable at any given time.
6. Actions taken under these standards may be subject to City approval. Owners should consult with the Fire Department regarding such alterations to their site.
7. An exemption from these conditions shall apply to any land beyond fifty (50) feet from improved roads, which has been acquired or is managed for one or more of the following purposes:
- a. Habitat for endangered or threatened species, or any species that is a candidate for listing as an endangered or threatened species by the State of California or Federal Government.
 - b. Land kept in a predominantly natural state as habitat for wildlife, plant, or animal communities, including Open Spaces and Open Space Easements.
 - c. Lands that are environmentally sensitive park-lands.
 - d. Other lands having scenic values.

This exemption applies whether the land is held in fee title or any lesser interest. This exemption applies to any public agency or private entity that has dedicated or set-aside the land to one or more of those purposes or uses, or any combination of public agencies and private entities making that decision.

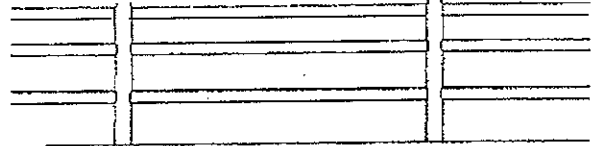
EXHIBIT D

Approved Fence Styles

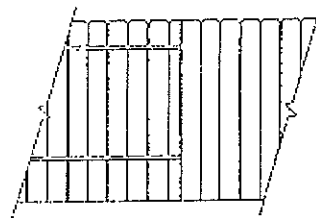
- A. 2-Rail Lodge Pole Fence
1. Post: 5"x 5' round
 2. Rails: 3"x 8' round



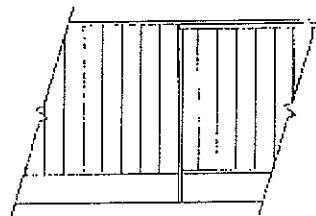
- B. 3-Rail Lodge Pole Fence
1. Post: 5"x 7' round
 2. Rails: 3"x 8' round



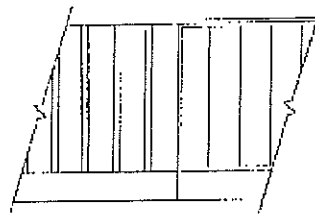
- C. Style "A" Privacy Fence
1. Post: 4"x 4"x 8'
 2. Rails: 2- 2"x 4"x 8' horizontal rails
 3. Boards: 1"x 8"x 6'
 4. Cap: no cap
 5. Batts: no batts



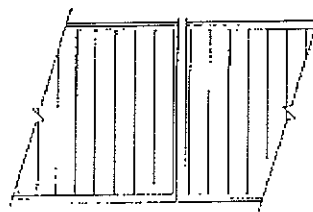
- D. Style "B" Privacy Fence
1. Post: 4"x 4"x 8'
 2. Rails: 2- 2"x 4"x 8' horizontal rails
 3. Boards: 1"x 8"x 6'
 4. Cap: 2"x 6" continuous
 5. Batts: no batts



- E. Style "C" Privacy Fence
1. Post: 4"x 4"x 8'
 2. Rails: 2- 2"x 4"x 8' horizontal rails
 3. Boards: 1"x 12"x 6'
 4. Cap: 2"x 6" continuous
 5. Batts: 1"x 3"x 6'



- F. Style "D" Privacy Fence
1. Post: 4"x 6"x 8'
 2. Rails: 1- 2"x 6"x 8' horizontal rails
 3. Boards: 1"x 8"x 6'
 4. Cap: 2"x 6" continuous
 5. Batts: no batts
 6. Trim:
 - a. Horizontal: 4- 1"x 2"x 8'
 - b. Vertical: 4- 1"x 2"x 6'



CONSENT AND APPROVAL
BY CITY OF ATASCADERO, CALIFORNIA

Pursuant to Article VII, Section 2 of the First Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") for Oak Ridge Estates at 3F Meadows, Atascadero, CA (ATAL 00-192) recorded in the official records of the San Luis Obispo County Recorder on July 31, 2003 as Document No. 2003084987, the undersigned, as an authorized representative of the City of Atascadero, California, hereby consents to and approves the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") for Oak Ridge Estates at 3F Meadows, Atascadero, CA (ATAL 00-192) executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as Declarant, dated August 20, 2004.

City of Atascadero, California

By: *Warren M. Frace*

Print Name: WARREN M. FRACE

Title: COMMUNITY DEVELOPMENT DIRECTOR

City of Atascadero, California

By: *Steven B. Fahn*

Print Name: STEVEN B. FAHN

Title: PUBLIC WORKS DIRECTOR

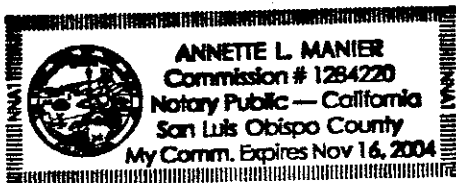
CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA
COUNTY OF SAN LUIS OBISPO

} ss.

On Aug. 24, 2004, before me, Annette L. Manier, a Notary Public in and for said County and State, personally appeared Warren M. Frace, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Annette L. Manier
Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

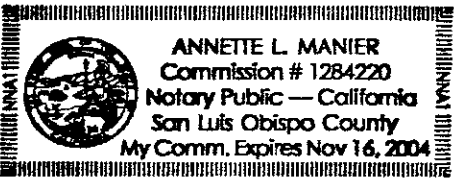
State of California

County of San Luis Obispo

On Sept. 2, 2004 before me, Annette L. Manier
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Steven B. Kahn
Name(s) of Signer(s)

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.

Annette L. Manier
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Consent & Approval by City of Atascadero

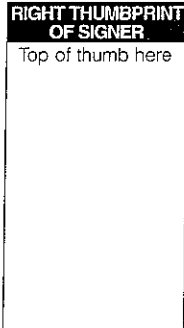
Document Date: Aug. 20, 2004 Number of Pages: 36

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Steven B. Kahn

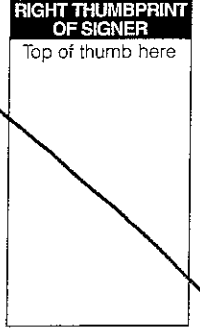
- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
Self

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

CONSENT OF LIENHOLDER AND SUBORDINATION OF LIEN

The undersigned beneficiary of the beneficial interest under the certain Deed of Trust dated December 23, 2002, recorded as Document No. 2003-023171 on March 7, 2003, in the official records of the County of San Luis Obispo, State of California, consents to all of the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, California (ATAL 00-192) dated August 20, 2004 executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as "Declarant", and agrees that the lien of the deed of trust shall be junior, subordinate and subject to the Declaration.

MID-STATE BANK & TRUST

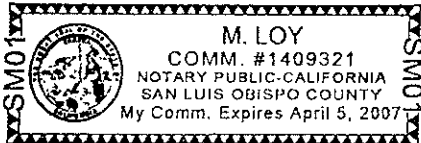
By: *Linda Minton*
Linda Minton
Its: Vice President/Regional Manager

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA }
COUNTY OF SAN LUIS OBISPO } ss.

On August 25, 2004, before me, M. Loy, a Notary Public in and for said County and State, personally appeared Linda Minton, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

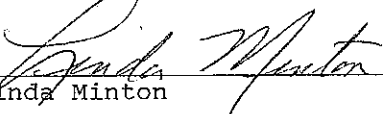


M. Loy
Notary Public

CONSENT OF LIENHOLDER AND SUBORDINATION OF LIEN

The undersigned beneficiary of the beneficial interest under the certain Deed of Trust dated April 7, 2003, recorded as Document No. 2003-040977 on April 21, 2003, in the official records of the County of San Luis Obispo, State of California, consents to all of the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, California (ATAL 00-192) dated August 20, 2004 executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as "Declarant", and agrees that the lien of the deed of trust shall be junior, subordinate and subject to the Declaration.

MID-STATE BANK & TRUST

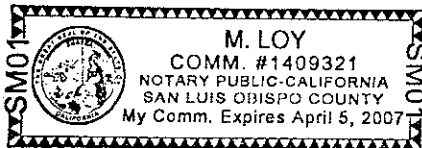
By: 
Linda Minton
Its: Vice President/Regional Manager

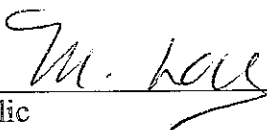
CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA }
COUNTY OF SAN LUIS OBISPO } ss.

On August 25, 2004, before me, M. Loy, a Notary Public in and for said County and State, personally appeared Linda Minton, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.




Notary Public

CONSENT OF LIENHOLDER AND SUBORDINATION OF LIEN

The undersigned beneficiary of the beneficial interest under the certain Deed of Trust dated September 4, 2002, recorded as Document No. 2002-080409 on September 27, 2002, in the official records of the County of San Luis Obispo, State of California, consents to all of the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, California (ATAL 00-192) dated August 20, 2004 executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as "Declarant", and agrees that the lien of the deed of trust shall be junior, subordinate and subject to the Declaration.

MID-STATE BANK & TRUST

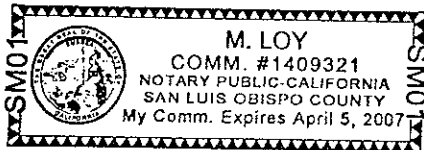
By: *Linda Minton*
Linda Minton
Its: Vice President/Regional Manager

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

STATE OF CALIFORNIA }
COUNTY OF SAN LUIS OBISPO } ss.

On August 25, 2004, before me, M. Loy, a Notary Public in and for said County and State, personally appeared Linda Minton, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



M. Loy
Notary Public

CONSENT OF LIENHOLDER AND SUBORDINATION OF LIEN

The undersigned beneficiary of the beneficial interest under the certain Deed of Trust dated August 6, 2002, recorded as Document No. 2002064957 on August 9, 2002, in the official records of the County of San Luis Obispo, State of California, consents to all of the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, California (ATAL 00-192) dated August 20, 2004 executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as "Declarant", and agrees that the lien of the deed of trust shall be junior, subordinate and subject to the Declaration.



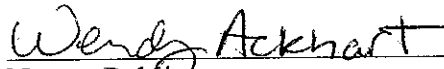
DARREN SHETLER

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

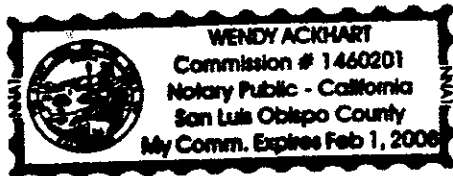
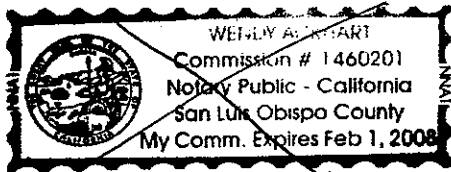
STATE OF CALIFORNIA }
COUNTY OF SAN LUIS OBISPO } ss.

On September 2, 2004, ~~2004~~, before me, Wendy Ackhart, a Notary Public in and for said County and State, personally appeared Darren Shetler, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Notary Public



CONSENT OF LIENHOLDER AND SUBORDINATION OF LIEN

The undersigned beneficiary of the beneficial interest under the certain Deed of Trust dated July 31, 2002, recorded as Document No. 2002064955 on August 9, 2002, in the official records of the County of San Luis Obispo, State of California, consents to all of the provisions contained in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Ridge Estates at 3F Meadows, Atascadero, California (ATAL 00-192) dated August 20, 2004 executed by K&M Holding Corporation, a California Corporation, and Castlerock Development, a California Corporation, both as "Declarant", and agrees that the lien of the deed of trust shall be junior, subordinate and subject to the Declaration.



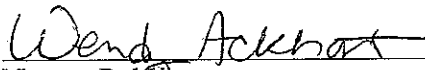
DARREN SHETLER

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

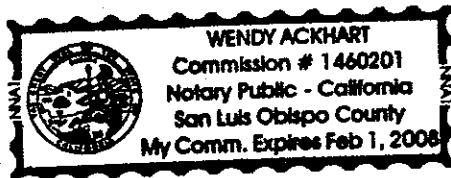
STATE OF CALIFORNIA }
COUNTY OF SAN LUIS OBISPO } ss.

On September 2, 2004, 2004, before me, Wendy Ackhart, a Notary Public in and for said County and State, personally appeared Darren Shetler, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Notary Public



END OF DOCUMENT