

Fuel Management Standards for the Santa Lucia Preserve

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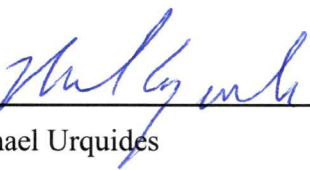
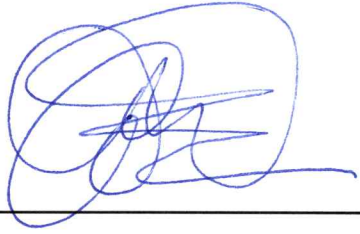
*Prepared by
Carol Rice, Wildland Resource Management*

Fuel Management Standards

for the Santa Lucia Preserve

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This plan has been approved for use on The Santa Lucia Preserve by:

	
9/21/2018	9/21/18
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Fuel Management Standards for the Santa Lucia Preserve

A. Introduction

a. Background

The Santa Lucia Preserve is a ~300 home planned residential community integrated into a ~20,000 acre landscape, with 18,000 acres of land permanently protected and managed as privately-owned wild natural lands. The Santa Lucia Preserve (Preserve) community includes private landowners, recreational clubs providing facilities including a golf course and recreational trails, and three organizations which support the community and help manage the land:

- the Santa Lucia Preserve Community Services District (CSD) which manages the community's transportation and utility infrastructure,
- the Santa Lucia Preserve Association (SLPA), which represents landowners and supports landowners through the administration of the Design Review Board and Resident Services, and
- the Santa Lucia Conservancy (Conservancy), a non-profit organization which owns and/or holds easements on the 18,000 acres of natural lands and is dedicated to the preservation and stewardship of the Preserve's natural resources.

This unique conservation community serves as a model of integrated residential development along the urban-wildland interface between the communities of the Monterey Peninsula to the north, Carmel Valley to the east, Big Sur to the west and the Ventana Wilderness and Los Padres National Forest to the south.

The Conservancy works closely with Monterey County Regional Fire District (Regional Fire District), Cal Fire, the CSD, other local fire experts and conservation professionals to periodically update Fuel Management Standards for the Santa Lucia Preserve (Preserve FMS). These standards are designed to meet or exceed fuel management requirements of state and regional fire jurisdictions, while sustaining watershed integrity, ecological health and the natural beauty of the land.

In 2016, the Soberanes Fire ignited just 5 miles west of Preserve boundaries and remained uncontrolled for over three months, testing the firefighting resources of the State of California and the Regional Fire District, as well as the fire preparedness and response of The Preserve. In the wake of this event, which was successfully controlled on the Preserve with no homes or infrastructure lost, the Conservancy initiated an effort to review and revise the 2013 Standards to include relevant new information and experience resulting from the Soberanes as well as recent catastrophic fires elsewhere in the state. Future review and updates will occur as needed, for example in the event that the State of California issues new guidelines or requirements for fuel management in the Wildland-Urban Interface (WUI).

b. Purpose and Content

The purpose of this document is to establish updated standards for the implementation of vegetation management for defensible space around homes, and safe access/egress along driveways and roads within the Santa Lucia Preserve. These standards meet the requirements of California Public Resources Code

4291, included by reference as **Exhibit A**. The Preserve FMS provide broad standards that guide the development and implementation of Lot-Specific Fuel Management Plans (Lot-Specific Plans) which are prepared for each private Lot on The Preserve. These standards are intended to support robust fire safety for Preserve homes and other structures while maintaining the natural and aesthetic values of the Santa Lucia Preserve and minimizing impacts to watershed functions, sensitive habitat and wildlife. By applying these standards consistently throughout the Preserve, we intend to achieve a more fire-resistant and defensible community while also sustaining a healthy and fire-resilient natural landscape. The intended audiences include Preserve land managers, insurance carriers, residential design teams, resource agencies, fuel management consultants, Conservancy staff, and Preserve staff and landowners.

Wildfire is a natural process upon which several highly-valued habitat types depend, including redwood forest. However, in the absence of a natural fire regime and in response to changes in local climate conditions and ecological health (such as forest pathogens and woody weeds), fire risk and behavior is changing throughout the American West. Increased focus on preparing for, as well as preventing, wildfire is essential for the health and safety of both human and natural communities.

Vegetation management is only one of several critical strategies for reducing fire risk in The Preserve. Others include home and infrastructure design location and placement, landscaping, fire response systems, and other elements of community design. The Preserve takes an integrated approach to fire safety that robustly meets and often exceeds State standards.

The objective of the California Building Code (CBC) within the Wildland-Urban Interface Fire Area is to establish minimum standards for materials and material assemblies and provide a reasonable level of exterior wildfire exposure protection for new home construction. The use of ignition resistant materials and design to resist the intrusion of flame or burning embers projected by a vegetation fire (wildfire exposure) will prove to be the most prudent effort within the Preserve to try and mitigate the losses resulting from wildland fires.

An additional protective measure is maintaining defensible space around structures. Defensible space is created by continually maintaining the natural vegetation and landscaping around homes and other structures, with three specific objectives:

- (1) preventing flame lengths from exceeding a height of 2 feet within 30 feet of structures,
- (2) reducing a fire's ability to climb into the tree canopy, and
- (3) providing safe egress by residents and ingress by emergency personnel.

To further ensure community safety as well to sustain the natural character, ecological health and property values of the Preserve, these activities are conducted in a manner that also meets the following goals:

- (1) avoiding erosion and the destabilization of slopes and natural drainages,
- (2) preserving trees to provide habitat, screening, slope stability and/or fuel management benefits,
- (3) protecting water quality, watershed health and groundwater recharge, and
- (4) promoting economic and ecological sustainability by focusing fuel management on the most effective and appropriate areas and minimizing unnecessary vegetation removal.

Native vegetation can be retained around structures as part of a robust fuel management plan, provided appropriate treatments are applied, consistent with the Preserve FMS and lot-specific recommendations. Mowing grass reduces its capacity to carry fire, limits the spread of a fire, and reduces the flame lengths.

Reducing shrub height and creating shrub groupings lessens the fuel volume and continuity, reduces fire intensity, and slows the spread of fire. Preserving mature trees provides shade and can reduce shrub and perennial weed expansion, while pruning lower tree branches and removing shrubs, weed stalks and vines under trees prevents fire from spreading into the tree canopy where firebrands are produced and distributed. Preventing or removing dense stands of woody weeds such as French broom is an essential part of fuel management in all treatment areas. The Conservancy has prepared separate weed management guidelines that support and reinforce these Fuel Management Standards. A copy is available on the Conservancy's website: www.slconservancy.org.

The vegetation treatment recommendations in this document are organized within Fuel Management Zones, delineated by factors such as existing vegetation types, distance from structures, and site topography. Within each Fuel Management Zone, treatments are designed to achieve sufficient defensible space utilizing the best current fire safety and vegetation management practices, consistent with the California Board of Forestry and Fire Protection's Strategic Plan for California (revised in 2016), current State fuel management standards, conservation easements and local, state and federal regulations.

Throughout this document, four land-use designations are used: **Homelands**, which consist of the designated building envelope for each residential Lot; **Openlands**, which represent the areas of residential Lots outside the Homeland and legally protected by conservation easements managed by the Conservancy; **Wildlands**, which are natural lands owned by the Conservancy, and **Rancholands** which are owned by the Ranch Club, Golf Club and/or Community Services District (see Exhibit B). Throughout all four of these designations within the Preserve, steep slopes and specific areas of particular archeological or ecological value may occur, and are also protected by conservation easements jointly held by the County of Monterey and the Conservancy. The Conservancy is available to assist all landowners in identifying boundary locations, such as between Homelands and Openlands, protected areas and ownership information for adjacent lands.

Within the Homelands of each Lot, landowners have broad latitude to implement fuel management treatments consistent with the approved Lot-Specific Plan and DRB-approved Landscaping Plan.

Fuel Management in Openlands is a collaborative process through the development and implementation of the Lot-Specific Plan. Vegetation management in Wildlands requires close coordination with the Conservancy to protect sensitive resources. While standard treatment distances may extend outside a landowner's property, this document does not authorize landowners to take fuel management actions outside their property without the prior written approval of the neighboring landowner and the Conservancy. The Conservancy will assist landowners in identifying and contacting neighboring landowners when such circumstances arise.

c. Roles and Responsibilities

Specific roles related to the creation and implementation of fuel management plans are as follows:

1. **Landowners** are solely responsible for creating defensible space for their homes, through implementation of a Lot-Specific Plan.

Prior to construction: landowners encouraged to mow grass and manage shrubs within the Homeland boundaries without prior approval by the Conservancy. Consult with the Conservancy regarding locations of Homeland Boundaries if no longer marked. Removal of trees within a Homeland is regulated by the County and requires Conservancy and DRB approval, even if recommended by an insurance agent or other expert.

During and after home construction: Landowners shall initiate implementation of the approved Lot-Specific Plan treatments immediately prior to the beginning of construction activities. Treatments should be completed prior to approval of the Framing Inspection.

2. **The Santa Lucia Preserve Association (SLPA)** represents the private landowners of The Preserve and is responsible for implementing CC&Rs referred to as the Declarations of Protective Restrictions for the Homelands and Openlands of the Santa Lucia Preserve, which establish standards for home design, landscaping and vegetation management including implementation of Lot-Specific Plans. The SLPA administers the Design Review Board as noted below.

The Design Review Board (DRB) is a committee of design professionals overseen by the SLPA which provides guidance and approval for the design of all residential structures, landscaping, and associated development, in accordance with Article III, Section 2 of The Declaration. The DRB consists of three (3) members and reviews and either approves or disapproves of proposals and/or plans and specifications for the construction, exterior additions, landscape, or changes and alterations within the Santa Lucia Preserve. The DRB makes recommendations during Design Review to coordinate the Lot-Specific Plan with screening plans, landscape plans, view shed protection and the placement of structures within the Homeland. The DRB requires a FMP prior to Final DRB approval.

3. **The Santa Lucia Conservancy (Conservancy)** works with regional experts to update and approve the use of these Preserve-Wide Fuel Management Standards (Preserve FMS) periodically. The Conservancy reviews and approves each Lot-Specific Plan for consistency with the Preserve FMS. Conservancy staff members are available to provide support and guidance in landowners' efforts to plan and implement fuel management activities as provided in Lot-Specific Plans.
4. **The Santa Lucia Preserve Community Services District (CSD)** contributes to the development of the Preserve FMS and implements it along roadsides per the Roadside Fuel Management Plan and in proximity to community/utility infrastructure. The CSD's fuel management activities along roads and utilities are governed by the Roadside Fuel Management Plan. The CSD also provides guidance and mowing services for interested landowners through Resident Services.
5. **Monterey County Regional Fire District (MCRFD)** reviews, contributes to and approves the Preserve FMS and receives a copy of each fully executed Lot-Specific Plans, described below. The MCRFD will perform annual site inspections to ensure implementation of and compliance with the Lot-Specific Plans, and may be accompanied by Preserve staff.

d. Lot-Specific Fuel Management Plans (Structures and Driveways)

Landowners are encouraged to mow grasslands and manage weeds within the Homelands of their unbuilt Lots on an annual basis, as this enhances access during future design and construction activities and may provide other benefits. No Conservancy approval is required for this activity, provided it occurs only within the designated Homeland. Fuel management in the Openlands requires Conservancy approval, and typically begins during home construction.

Once construction of a home begins, all fuel management must be conducted under the guidance of a Conservancy-approved Lot-Specific Fuel Management Plan. It is the landowner's responsibility to engage a qualified consultant with expertise in wildlands fuel management to draft a Lot-Specific Fuel Management Plan. Beginning this process early in the design phase is highly encouraged. Once drafted, the landowner's consultant shall submit it to the Conservancy for approval prior to receiving Final Design approval. Qualifying criteria for consultants are provided in Exhibit D.

Initial Fire Risk Assessment and Design Considerations.

1. An Initial Fire Risk Assessment is required as part of the Preliminary Design Review packet, to allow landowners and design teams to understand and incorporate lot-specific risk factors and considerations and ensure structure design and siting is responsive to lot-specific fire hazards and constraints. This Assessment shall include:
 - a. A brief description of the existing lot-specific fire hazards due to natural factors such as unique topography, prevailing winds, and existing vegetation conditions, as well as anthropogenic factors such as nearby roads or structures.
 - b. A brief description of the existing or proposed infrastructure and uses on the subject Lot, including structures, landscaping, driveways, roads, equestrian facilities and previous vegetation modifications, if any.
 - c. A set of maps accurately depicting predicted flame lengths within the fuel management treatment areas which covers the entire Lot and portions of adjacent Lots as needed to place the fire risk of structures in context with adjacent environmental conditions. Maps shall be produced that depict the pre-treatment conditions of the property and adjacent ownerships as needed to understand fire risk factors of the Lot.
2. The use of ignition-resistant materials and design in structures will help resist the intrusion of flame or burning embers projected by a vegetation fire, and is a critical element of a coordinated approach within the Preserve to avoid and/or mitigate losses resulting from wildland fires.

Lot-Specific Fuel Management Plan. Prior to receiving occupancy approval, an approved Lot-Specific Fuel Management Plan (Lot-Specific Plan) must be completed and approved by the Conservancy. As described below, each Lot-Specific Plan must include the following seven elements:

1. A description of the existing lot-specific fire hazards due to natural factors such as unique topography, prevailing winds, and existing vegetation conditions, as well as anthropogenic factors such as nearby roads or structures.
2. A description of the existing/approved infrastructure and uses on the subject Lot, including structures, landscaping, driveways, roads, equestrian facilities and previous vegetation modifications, if any.
3. A set of maps accurately depicting predicted flame lengths within the fuel management treatment areas which covers the entire Lot and portions of adjacent lots as needed to place the fire risk of structures in context with adjacent environmental conditions. Maps shall be produced for both pre-treatment and anticipated post-treatment conditions.

4. A map depicting the fuel management area on an aerial-photo base-map which details the locations of the lot-specific fuel management zones in a manner that illustrates the locations of different vegetation treatments required in the plan. Protected habitat areas within the Openlands that fall within or immediately proximate to the fuel management zone, including wetlands, rare plants or archeological sites shall also be depicted on this map. Consultants shall request this information from the Conservancy.
5. A list of lot-specific treatment requirements within each fuel management zone.
6. A list of lot-specific recommendations for implementing treatments, including sufficient information to provide clear instructions to contractors performing the fuel management work.
7. Photos that document fuel types present on the Lot and current vegetation condition, as well as images needed to support specific treatment recommendations (for example, depicting sensitive habitat to be retained).

In some cases, Lot-Specific Plans will identify sensitive resource areas which require special treatment and will need to be marked prior to implementation year. The Conservancy will provide assistance with this process.

Each Lot-Specific Plan shall be considered current for five years, unless significant changes to the site occur (such as a heavy weed infestation or significant die-back of trees or woody shrubs).

When a plan update is needed, it is the responsibility of the landowner to engage a qualified consultant to update the Lot-Specific Plan. Landowners are encouraged to ask their consultant to contact the Conservancy prior to initiating the development or update of the Lot-Specific Plan to receive updated information or requirements, if any. Each update must be submitted for approval by the Santa Lucia Conservancy prior to fuel management treatments, other than Homeland mowing on unbuilt Lots.

e. Certification Protocol for Lot-Specific Fuel Management Plans

- a) For each property, the landowner is responsible for hiring a qualified fuel management consultant who will assess the fire risk of the property and make recommendations compliant with these standards. Contact the Conservancy for a current list of approved fire consultants.
- b) The landowner's consultant conducts a site visit to survey the property and assess the fire concerns of the specific landscape, take pictures to document landscape, vegetation, and existing structures. Any recommendations by the fire expert that differ from the general recommendations of these standards must be clearly identified in the report with justification for any deviation from these standards.
- c) The consultant prepares draft Lot-Specific Plan and submits the draft to the Conservancy and the Landowner for review. Parties offer feedback for revision. Fire consultant prepares final draft.
- d) Landowner provides a final review and signature, then returns the document to the Conservancy for signature.
- e) The Conservancy keeps each fully executed Lot-Specific Fuel Management Plan on file, and provides a copy to the Monterey Regional Fire District, the landowner and the DRB administrator.
- f) Future reviews and updates of the Lot-Specific Plan are initiated by the landowner and completed every five years.

Roadside Fuel Management Plan (Roads and Utilities)

Roadside fuel management is conducted solely by the CSD, consistent with the prescriptions included in these Preserve FMS. The Preserve-Wide Roadside Fuel Management Plan is reviewed by a qualified wildland fuel management consultant or fire ecologist every 5 years and approved by the CSD and the Conservancy.

B. Best Management Practices for Fuel Management

The Santa Lucia Preserve is a unique conservation community spanning 20,000 acres of diverse and highly scenic natural lands. Implementing best management practices that support community safety and the health and beauty of the land is central to the vision and values of The Preserve. This document incorporates expert recommendations that are intended to meet or exceed California State standards while minimizing the environmental impacts of fuel management treatments potentially associated with creating sufficient defensible space and providing safe access and egress. The Santa Lucia Conservancy is available to consult with both private and club landowners' fuel management staff and/or contractors regarding specific suggestions to improve final results and to ensure the following best management practices:

- 1. Conduct treatments in the appropriate season.** Treatment scheduling must be planned for times of the year which maximize effectiveness and minimize environmental impacts.
 - Trees should be pruned between November and April to avoid attracting pathogens. Pruning and limbing of oak trees in May through October is strongly discouraged.
 - Grasslands should be mowed in late spring /early summer as grasses begin to dry, as determined through consultation with the Conservancy and CSD. Mowing after June increases wildfire ignition risks, may promote the spread of noxious weeds that increase fuel loads over time, and is strongly discouraged. Mowing outside of fuel management areas is permitted only under a habitat management plan approved by the Conservancy to prevent impacts to sensitive resources, including perennial native grasses that promote fire-resilience.
 - Timing of mowing affects the species composition in subsequent years; too frequent mowing or mowing at inappropriate times of year changes species composition to nonnative grasses and forbs, and increases fire hazard. Mowing too early in the fire season can result in regrowth of fire fuels, which may lead to additional mowing being required. This should be avoided if possible to reduce impacts to desirable native plants and wildlife.
 - In areas where desirable wildflowers, native grasses, or protected species are present, special timing and/or frequency of mowing may be identified in the Lot-Specific Plan. Desirable annual wildflowers should not be mowed until after they have set seed, provided doing so does not compromise fire safety.
 - Mowing within 15 feet of driveways and 30 feet of a structure, or to the Homeland Boundary, whichever is greater, may occur as needed to maintain a grass height of 4 inches during fire season.
 - Openlands mowing in Fuel Management Zones beyond these areas should occur not more than once every 60 days and, between February 1 and August 31, shall be conducted in consultation with the Conservancy to protect ground-nesting birds.

- Mowing must not occur when conditions are hot, dry, and or windy. Prior to mowing in such conditions, landowners and contractors are strongly encouraged to contact the Community Services District for guidance on the advisability and timing of mowing. Once 'Fire Season' is declared, in no case shall mowing or mechanical brush clearing occur after 10am.
2. **Native vegetation** shall be retained to the greatest extent possible while still achieving sufficient defensible space and safe access to protect watershed functions and scenic values. Conversion of existing native habitat types to new habitat types is only permitted in the Openlands in conjunction with a multi-year habitat restoration plan approved by the Conservancy. Shaded roadways shall be preserved through limbing of trees to a height of 15 feet, taking care to retain healthy branches over that height and managing ladder fuels as provided in these Standards.
 3. **Poison oak** located within 30 feet of any structures may be removed from the Openlands without Conservancy approval as part of standard fuel management practices.
 4. **Vegetation disposal** must be conducted in a manner that does not impact the natural vegetation, spread invasive weeds or increase flammability. Woody plant material can be composted within the Homeland of a site or removed to an approved offsite location. In no case may unprocessed plant material be left in the Homelands or Openlands, other than mowed grasses and annual forbes, which can remain in place.
 5. **Bare soil** encourages woody weed invasion and should be minimized outside of the 'non-combustible zone,' with care taken to ensure no single bare patch will be larger than 15 square feet in Openlands areas. On slopes greater than 15% or as may be required by the Conservancy, weed-free rice straw, and/or a seed mix approved by the Santa Lucia Conservancy, is to be broadcast by hand on exposed soil patches and raked into the soil within 72 hours (if during the wet season), or by October 15 (if during the dry season).
 6. **Use of vehicles in Openlands** shall be limited to the area necessary for treatment. If necessary for removal of vegetation debris, haul routes must be pre-approved by the Conservancy before work commences, and impacted areas must be restored to natural conditions by the contractor upon completion of the project. New road development or compaction of soils associated with removal of cleared vegetation is not permitted. All clearing and hauling activities must ensure the ground is protected from erosion, rainfall runoff is dispersed, and appropriate native vegetation is restored.
 7. **Large dead material** located within a fuel management zone may be removed or relocated as recommended by a Lot-Specific Plan. Dead limbs larger than 8 inches in diameter, in the Fuel Management Zones within the Openlands, should only remain onsite if isolated from branches smaller than 4 inches in diameter, if not under a tree canopy, or if moved at least 100 feet from the structure. Large woody material by itself does not ignite readily and does not produce long flames. Retaining these features in open areas serves a beneficial purpose of retaining soil moisture and supports important wildlife, including native pollinators. Once dead logs become rotted through and friable, they should be removed or scattered in the general area to avoid a concentration of lighter fuels.
 8. **Invasive weeds** shall be removed from the Homelands and Openlands of each Lot as part of annual vegetation management. Noxious weeds which act as a ladder fuel or have the potential to intensify fire behavior such as French broom, yellow star thistle, and poison hemlock should be targeted for eradication from the property. The Santa Lucia Conservancy can advise on removal techniques, including mowing, hand removal and the use of herbicide (which must be applied by a qualified

licensed applicator). **All vegetation management in Openlands not detailed in an approved Lot-Specific Plan requires prior Conservancy approval.**

9. Roadside mowing within 15 feet of pavement and 30 feet of a structure may occur as needed to maintain a height of 4 inches. Mowing beyond this area should occur not more than once every 60 days and, between February 1 to August 31, shall be conducted in consultation with the Conservancy to protect ground-nesting birds.

C. Fuel Management Zones

The Preserve supports a diversity of plant communities, topographic relief and microclimates. The development of Lot-Specific Plans ensures that these elements are addressed in the creation of defensible space for each home and safe access/egress. The following vegetation treatments are required within the Fuel Management Zones described in this section, as required, to create sufficient defensible space. Fuel treatments for areas in proximity to all structures include the Non-combustible Zone, the Landscaping Zone, and the Driveway Zone. The type(s) of plant communities present in and around each residential Lot influences the management actions required. For the purposes of this section, ‘fuel management zones’ are categorized according to proximity to structures and the presence of six general plant community types: grasslands, oak savanna, chaparral, coastal scrub, oak-shrub woodlands and oak woodlands, as noted below.

In circumstances where slope, vegetation cover, building materials of existing homes, or other circumstances beyond the control of the landowner are called out in the Lot-Specific Plan, the width of the relevant Fuel Management Zone may be expanded to address increased risk factors. In such cases, strategies other than vegetation removal should also be considered and incorporated to the extent feasible.

	Fuel Management Zone:	Zone Area:
1	Non-Combustible Zone	5 feet from structures
2	Landscaping Zone	entire landscaped area
3	Driveway Zone	15 to 30 feet from pavement
4	Grassland Zone	30 feet from structures
5	Oak Savanna	150 feet from structures
6	Chaparral Zone	200 feet from structures
7	Coastal Scrub Zone	200 feet from structures
8	Oak Woodland Zone	150 feet from structures
9	Oak/Shrub Woodland	200 feet from structures

1. Non-Combustible Zone – to a distance of 5 feet from structures

A non-combustible zone should be maintained within in a 5 foot buffer around structures.

Hardscape surfaces (such as patios, gravel, and bare soil), and landscape materials (such as lawn and succulent herbaceous plants) are examples of non-combustible surfaces. Wood mulch is not considered non-combustible. Landscape architects are encouraged to make liberal use hardscaping

within 5 feet of structures. Care should be taken in the design phase to ensure there is adequate room within the Homeland for such treatments.

2. Landscaping Zone – within entire landscaped area

Approved landscaping must be designed and maintained to minimize flammability. All landscaping occurs within the Homeland area.

Ornamental landscaping often results in large amounts of shrubby flammable vegetation being planted near structures. Many commonly used landscape plants, such as conifers, flammable woody shrubs, and tall ornamental grasses, should be avoided because they may create a fire threat to a home that would otherwise be fire safe. All plant material that is removed from the landscaping must be composted within the Homeland or removed from the Preserve and disposed of properly. In no case can material from the Landscaping Zone be left in the Openlands, and must be processed if it will remain in the Homeland.

The spacing between landscaping plants and volume of landscaping biomass should mimic the Oak Woodland Zone, and landscape areas should be maintained according to the recommendations in the Oak Woodland Zone (see below).

3. Driveway Zone – 15 to 30 feet from edge of driveway pavement

Safe ingress and egress must be maintained along the driveway.

The Driveway Zone is important to allow for safe passage and to provide a location where firefighter resources can travel and engage in fire response. The treatments required correspond to vegetation type.

- a. Grassland, and the understory of all Oak Savanna, and Oak Woodland vegetation should be mowed within 15 feet from the pavement edges, according to the recommendations in the Grassland Zone.
- b. All Chaparral, Coastal Scrub, and Oak/Shrub Woodland vegetation should be treated to 30 feet from the pavement edge, according to their respective recommendations.
- c. All tree branches extending over driveway surfaces should be pruned to ensure 15 of vertical clearance. Whenever possible, healthy overhanging branches higher than 15 feet should be left in place to shade driveway areas and thereby reduce weed and understory growth. Each Lot has accessibility to a fire hydrant located within 1,000 feet of a residence, and a hammerhead or other safe turnaround for fire equipment access as detailed in the Santa Lucia Preserve Design Guidelines. Vegetation around these facilities must be maintained as needed to ensure visibility and access, vegetation must be cleared three feet around fire hydrant.

4. Grassland Fuel Management Zone, to a distance of 30 feet from structures

Grassland zones must be mowed at least once annually in late spring or early summer.

Because grasslands dry and become flammable at the start of every summer, grassland areas will need annual attention, typically by mowing prior to the beginning of each summer. By mowing in late spring, native grasses and wildflowers are retained and may contribute in a lower-hazard condition.

Woody weed species such as French broom, poison hemlock and thistles must be completely removed annually.

- a. Within 30 feet from structures, all annual grassland areas should be mowed in early summer to maintain a minimum height of 4 inches during the summer.
- b. To promote native perennial grasses and wildflower stands which are less flammable and require less water, it is best to avoid mowing more frequently than 60 days. Ideal mowing time is shortly after they have set seed, and may require a delayed mowing schedule in wetter years to maintain their density. Consult with the Conservancy staff as needed.
- c. Trees growing within the Grassland Zone should be treated according to the recommendations made in the Oak Savanna Zone.
- d. Coyote bush, and a number of other shrub species, growing within the grassland zone, may be removed to maintain open herbaceous grasslands as part of an approved Lot-Specific Plan

5. Oak Savanna Zone – to a distance of 150 feet from structures

Grass under trees must be mowed annually, and small-diameter lower tree branches must be pruned.

Oak savannas consist of scattered oaks growing within a grassy understory, and both trees and grass should be maintained to provide a vertical separation between the ground and the tree canopy. According to fire behavior predictions, many areas of oak savanna are expected to produce flame lengths less than 4 feet before treatment. Mowing grass under and around trees reduces fire intensity and rate of spread of fire to an acceptable level, and diminishes the possibility that fire can climb into tree canopy. Pruning the small lower tree branches, as noted below, will reduce the possibility fire can spread into the tree crowns. Woody weed species such as French broom, poison hemlock and thistles must be completely removed annually.

Prescriptions for grass mowing:

- a. Within 30 feet of structures, all grassland areas should be mowed in early summer to a height of four inches, according to the recommendations in the Grassland Zone.
- b. Within 100 feet of structures, all grass growing under trees, out to 6 feet beyond the driplines of trees, should be mowed in early summer to a height of four inches.
- c. Within 30-100 feet of structures (depending on slope and other factors), grass growing in the open, away from trees, does not need to be mowed.

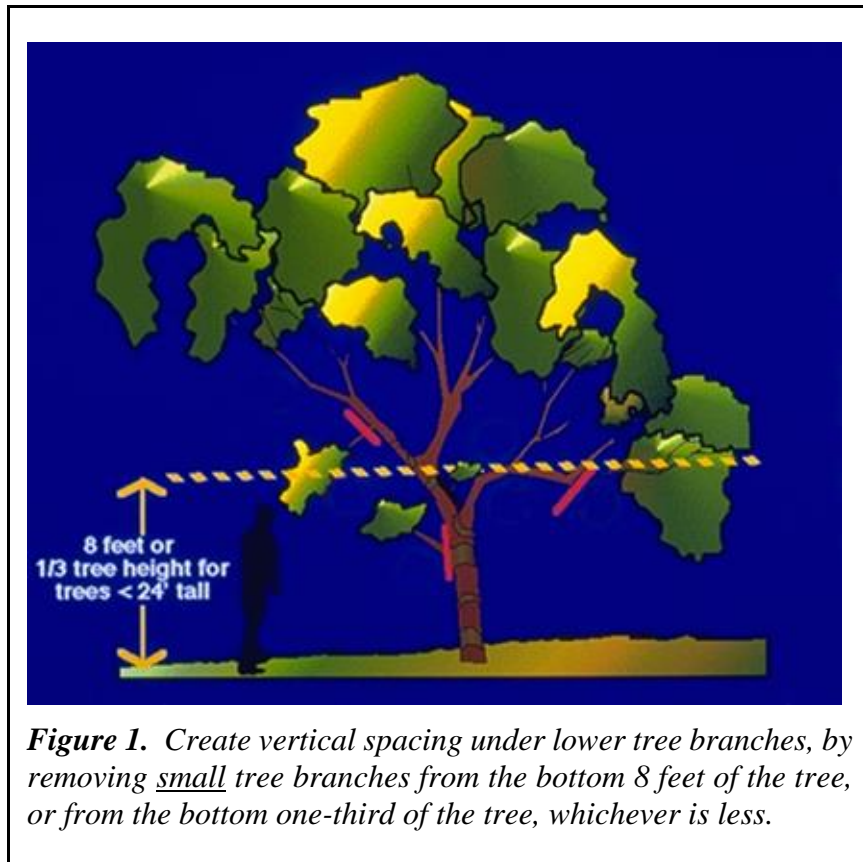
Prescriptions for removing dead wood on the ground:

- a. Throughout the Fuel Management Zones, removal all dead branches on the ground smaller than 6 inch diameter.
- b. Large dead material located within the fuel management zone may be removed or relocated as recommended by a Lot-Specific Plan. Dead logs larger than 8 inches in diameter, in the Fuel Management Zones within the Openlands, should remain on the site if isolated from dead material that is smaller than 4 inches in diameter, if not under a tree canopy, or if moved at least 100 feet from the structure. Large woody material by itself does not ignite readily and does not produce

long flames. Retaining these features in open areas serves a beneficial purpose of retaining soil moisture and supports important wildlife, including native pollinators. Once dead logs become rotted through and friable, they should be removed or scattered in the general area to avoid a concentration of lighter fuels.

Prescriptions for tree pruning:

- a. All branches, living or dead, less than 3 inches diameter in width and less than either 8 feet from the ground or three times the height of any understory shrubs whichever is greater, shall be removed (Figure 1).
- b. Living branches that are greater than 3 inches in diameter but lower than 8 feet in height can be retained, provided that the area within the drip-line of trees is maintained. Oaks with live limbs resting on the ground need not be removed, but all ground debris around and beneath the limbs must be removed to reduce fire risk.
- c. Dead limbs less than 8 feet in height shall be removed.
- d. In landscaped areas, healthy tree branches less than 3 inches in diameter or 8 inches diameter if split or diseased, should be removed to provide vertical clearance of 3 times the height of the understory plants, or 8 feet above understory plants, whichever is greater.
- e. For trees shorter than 24 inches in height, remove lower 1/3 of branches smaller than 3 inches in diameter, or alternatively, treat as a shrub grouping.
- f. Once initial pruning is accomplished, tree pruning is likely to be needed infrequently, on an interval of about once every 3 to 5 years.
- g. Do not thin or prune the tree canopy, as this will promote more understory shrub growth as well as lower parts of the tree, and will result in increased risk that fire will spread to the tree canopy.
- h. Sometimes small trees may need to be cut to the ground in order to achieve the separation of the ground level from the tree canopy, or because mowing equipment cannot avoid the small trees. In all circumstances, removal of seedlings and saplings of black oak, valley oak, or blue oak in the Openlands requires prior approval from the Santa Lucia Conservancy.



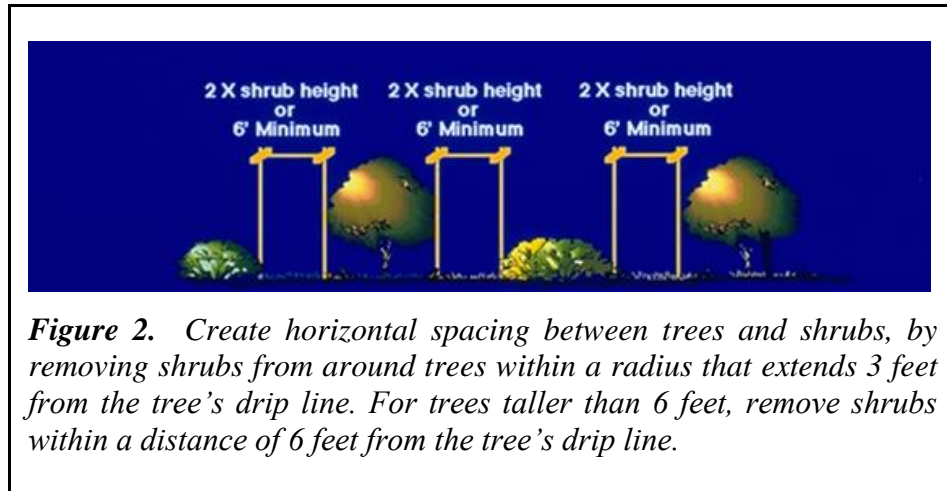
6. Chaparral Zone – to a distance of 200 feet

All shrubs within chaparral must be thinned or mowed within 200 feet of structures.

Chaparral composed of broad-leaved shrubs and bushes that form dense thickets, is an important habitat type on the Santa Lucia Preserve. This habitat type burns with great intensity and it poses a high fire hazard to adjacent structures. When mowed or burned woody shrubs in this habitat type re-sprout from the root system and require regular treatment to manage fire risk. In this vegetation type, defensible space is created by maintaining well-spaced chaparral shrubs that are short-stature, with succulent young vegetation, and no dead branches. Shrubs should not be allowed to grow above 2.5 ft height (usually 5 years or less) before being re-treated.

- a. Shrubs within 200 feet of structures should be mowed, or cut, at ground level. Site topography and vegetation will determine whether the treatments can be “feathered” at the edges, and whether it can be conducted with machinery or by hand crews.
- b. All healthy trees within the 200-foot Chaparral Zone should be retained. As trees increase within the chaparral, they provide a long-term reduction in shrub cover and fire hazard.
- c. Trees growing within chaparral should be encouraged by removing shrubs from within a zone around the tree (Figure 2):
 - When the tree is shorter than 6 feet high, all shrubs should be removed from within a distance of 3 feet from the tree’s drip line.

- When a tree is taller than 6 feet high, all shrubs should be removed from within a distance of 6 feet from the tree's drip line.



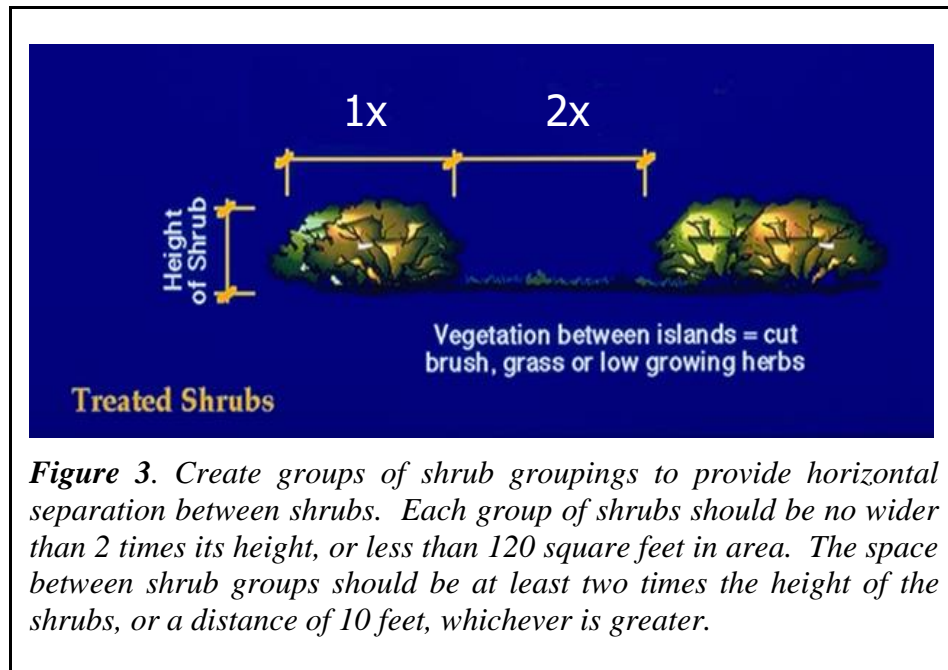
7. Coastal Scrub Zone – to a distance of 200 feet

All shrubs within coastal scrub must be thinned or mowed within 200 feet of structures.

Like chaparral, coastal scrub is an important habitat type on the Santa Lucia Preserve. Coastal scrub is comprised of a diverse mixture of native shrub species including coyote bush, native sage, blackberry, coffeeberry, and poison oak. Like most chaparral shrubs on the Santa Lucia Preserve, shrub species growing within coastal scrub habitat will stump-sprout vigorously when mowed or burned, so coastal scrub zones will need to be retreated on a regular basis.

- In open areas away from trees, within 200 feet of structures, change the pattern into discontinuous groups of shorter, younger, more succulent shrubs and ensure the distance between groups of shrubs is at least 2 times the height of the shrub patch (see Figure 3).
- In coyote brush dominated stands, if other shrub species are present, retain them at the expense of coyote brush. Retain less-flammable desirable shrubs, such as ceanothus, currant, coffeeberry, native rose, and sticky monkey flower.
- It is not necessary to eliminate coyote brush within the fuel management zone. Instead, change the pattern into discontinuous groups of shorter, younger, more succulent shrubs. If native bunch grasses are present, consult with the Conservancy regarding restoring grassland conditions through permanent removal of encroaching brush species.
- Remove all dead branches from less-flammable desirable shrubs, such as ceanothus, currant, coffeeberry, native rose, and sticky monkey flower.
- All healthy trees within the 200-foot Coastal Scrub Zone should be retained. As trees increase within the chaparral, they provide a long-term reduction in shrub cover and fire hazard.
- Trees growing within coastal scrub zones should be encouraged by removing shrubs from within an area around the tree as shown below (Figure 2, above):

- When the tree is shorter than 6 feet high, all shrubs should be removed from within a distance of 3 feet from the tree's drip line.
- When a tree is taller than 6 feet high, all shrubs should be removed from within a distance of 6 feet from tree crown edge.



8. Oak Woodland Zone – to a distance of 150 feet

Understory plants must be kept short, and small lower tree branches must be removed.

The understory of oak woodland habitat includes shade tolerant shrubs and grasslands. The goal of this standard is to maintain an existing oak woodland with a short-statured understory of herbaceous plants and shrubs, and a tree canopy at least 8 feet above the ground. An initial treatment will be required to prune smaller branches of trees up to 8 feet above the ground and to reduce density and stature of understory shrubs. After the initial treatment, annual maintenance will be needed to cut back shrub sprouts in order to maintain a maximum height of 2.5 feet.

Prescriptions for understory maintenance:

- Within 30 feet from structures, at the beginning of each summer, ensure that the herbaceous understory is maintained at a maximum height of 4 inches.
- Understory vegetation should not be completely removed. Instead, selectively remove flammable species like coyote bush, and prune-back and remove dead branches from less-flammable desirable species such as coffeeberry, currant and wild rose.
- Native understory shrubs are to be kept free of dead branches and no more than 2.5 feet in height.

- d. Leaf litter depth should be kept to no greater than 4 inches.

Prescriptions for tree pruning:

- a. All branches, living or dead, less than 3 inches diameter in width and less than either 8 feet from the ground or three times the height of any understory shrubs whichever is greater, shall be removed (Figure 1).
- b. Living branches that are greater than 3 inches in diameter but lower than 8 feet in height can be retained, provided that the area within the drip-line of trees is maintained. Oaks with live limbs resting on the ground need not be removed, but all ground debris around and beneath the limbs must be removed to reduce fire risk.
- c. Dead limbs less than 8 feet in height shall be removed.
- d. In landscaped areas, healthy tree branches less than 3 inches in diameter or 8 inches diameter if split or diseased, should be removed to provide vertical clearance of 3 times the height of the understory plants, or 8 feet above understory plants, whichever is greater.
- e. For trees shorter than 24 inches in height, remove lower 1/3 of branches smaller than 3 inches in diameter, or alternatively, treat as a shrub grouping.
- f. Once initial pruning is accomplished, tree pruning is likely to be needed infrequently, on an interval of about once every 3 to 5 years.
- g. Do not thin or prune the tree canopy, as this will promote more understory shrub growth as well as lower parts of the tree, and will result in increased risk that fire will spread to the tree canopy.
- h. Sometimes small trees may need to be cut to the ground in order to achieve the separation of the ground level from the tree canopy, or because mowing equipment cannot avoid the small trees. **In all circumstances, removal of seedlings and saplings of black oak, valley oak, or blue oak in the Openlands requires prior approval from the Santa Lucia Conservancy.**

9. Oak-Shrub Woodland Zone – to a distance of 150 feet

Understory plants must be kept short, and small lower tree branches must be removed.

The goal of the following treatment is to facilitate the conversion from a transitional woodland / shrubland vegetation type, into a more fire-safe oak woodland with an understory consisting of grass, herb or other low-growing fire-resistant plants. Native understory shrubs are acceptable, if maintained to a maximum height of 2.5 feet, and if kept free of dead branches. Once the conversion has been made to a stable oak woodland, little vegetation treatment will be necessary other than the normal treatments for the Oak Woodland Zone. Woody non-native weeds such as French broom should be vigorously suppressed.

Prescriptions for understory maintenance:

- a. Understory vegetation should not be completely removed. Instead, selectively remove all French broom and flammable native species like coyote bush, and prune-back and remove dead branches from less-flammable desirable species such as coffee berry and wild rose.

- b. Within 30 feet of structures, at the end of each spring mow grass according to the Grassland Zone.
- c. Remove chamise, a highly flammable dense-growing native (*Adenostoma fasciculatum*), under tree canopies. Where chamise is found outside of tree canopies, mow chamise at ground level, or create shrub groupings, according the recommendations in the Coastal Scrub Zone. If other shrub species are present with the chamise, retain them at the expense of the chamise.

Prescriptions for tree pruning:

- a. All branches, living or dead, less than 3 inches diameter in width and less than either 8 feet from the ground or three times the height of any understory shrubs whichever is greater, shall be removed (Figure 1).
- b. Living branches that are greater than 3 inches in diameter but lower than 8 feet in height can be retained, provided that the area within the drip-line of trees is maintained Oaks with live limbs resting on the ground need not be removed, but all ground debris around and beneath the limbs must be removed to reduce fire risk.
- c. Dead limbs less than 8 feet in height shall be removed.
- d. In landscaped areas, healthy tree branches less than 3 inches in diameter or 8 inches diameter if split or diseased, should be removed to provide vertical clearance of 3 times the height of the understory plants, or 8 feet above understory plants, whichever is greater.
- e. For trees shorter than 24 inches in height, remove lower 1/3 of branches smaller than 3 inches in diameter, or alternatively, treat as a shrub grouping.
- f. Once initial pruning is accomplished, tree pruning is likely to be needed infrequently, on an interval of about once every 3 to 5 years.
- g. Do not thin or prune the tree canopy, as this will promote more understory shrub growth as well as lower parts of the tree, and will result in increased risk that fire will spread to the tree canopy.
- h. Sometimes small trees may need to be cut to the ground in order to achieve the separation of the ground level from the tree canopy, or because mowing equipment cannot avoid the small trees. **In all circumstances, removal of seedlings and saplings of black oak, valley oak, or blue oak in the Openlands requires prior approval from the Santa Lucia Conservancy.**

Exhibit A

(Public Resources Code 4291)

Public Resources Code §4291. Structures in Mountainous Areas; Flammable Materials.

A person that owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining any mountainous area, forest-covered lands, brush-covered lands, grass-covered lands, or any land that is covered with flammable material, shall at all times do all of the following:

(a) Maintain around and adjacent to the building or structure a firebreak made by removing and clearing away, for a distance of not less than 30 feet on each side of the building or structure or to the property line, whichever is nearer, all flammable vegetation or other combustible growth. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to any building or structure.

(b) Maintain around and adjacent to the building or structure additional fire protection or firebreak made by removing all brush, flammable vegetation, or combustible growth that is located within 100 feet from the building or structure or to the property line or at a greater distance if required by state law, or local ordinance, rule, or regulation. This section does not prevent an insurance company that insures a building or structure from requiring the owner of the building or structure to maintain a firebreak of more than 100 feet around the building or structure. Grass and other vegetation located more than 30 feet from the building or structure and less than 18 inches in height above the ground may be maintained where necessary to stabilize the soil and prevent erosion. This subdivision does not apply to single specimens of trees or other vegetation that is well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a dwelling or structure.

(c) Remove that portion of any tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(d) Maintain any tree adjacent to or overhanging a building free of dead or dying wood. (e) Maintain the roof of a structure free of leaves, needles, or other dead vegetative growth.

(f) Prior to constructing a new building or structure or rebuilding a building or structure damaged by a fire in such an area, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(g) Except as provided in Section 18930 of the Health and Safety Code, the director may adopt regulations exempting structures with exteriors constructed entirely of nonflammable materials, or conditioned upon the contents and composition of same, he or she may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

No exemption or variance shall apply unless and until the occupant thereof, or if there is not an occupant, the owner thereof, files with the department, in a form as the director shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(h) The director may authorize the removal of vegetation that is not consistent with the standards of this section. The director may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is applicable to a legislative body under Section 51186 of the Government Code.

(i) As used in this section, "person" means a private individual, organization, partnership, limited liability company, or corporation.

Exhibit B

(Map depicting SLP land uses)

Santa Lucia Preserve

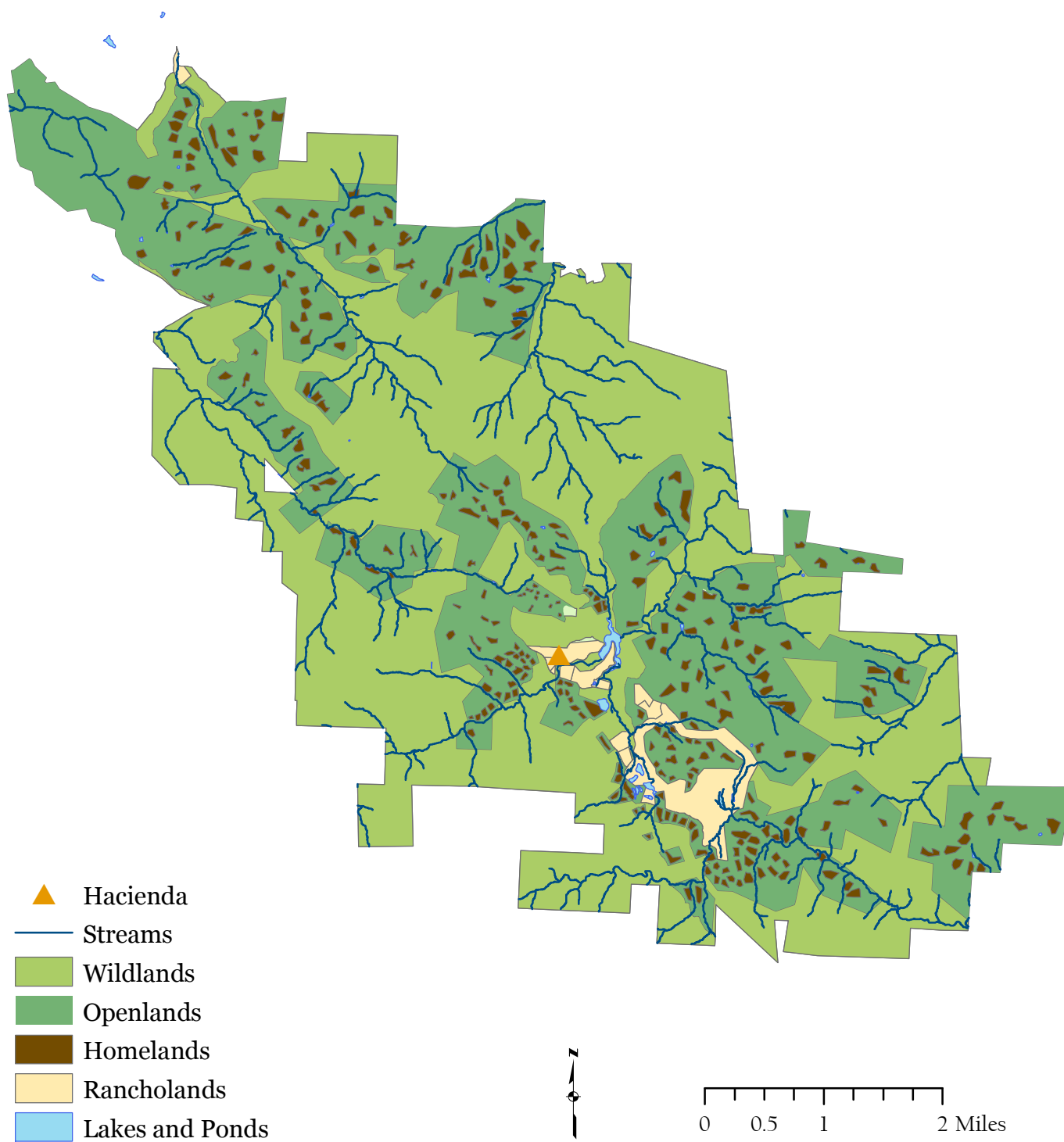


Exhibit C

(SLP Declaration of Protective Restrictions, Phase A)

OFFICE
COPY

DECLARATION OF PROTECTIVE RESTRICTIONS
FOR THE
HOMELANDS AND OPENLANDS
OF THE
SANTA LUCIA PRESERVE

Conformed copy of recorded instrument.

WHEN RECORDED, MAIL TO:

Recorded 11/24/1998
Document No. 9882399
Re-Recorded 12/04/1998
Document No. 9885190

BRIAN FINEGAN
BRIAN FINEGAN AND MICHAEL D. CLING, APC
60 West Alisal Street, Suite 1
Post Office Box 2058
Salinas, California 93902

DECLARATION OF PROTECTIVE RESTRICTIONS
FOR THE
HOMELANDS AND OPENLANDS
OF THE
SANTA LUCIA PRESERVE

THIS DECLARATION is hereby made on the date hereinafter set forth by RANCHO SAN CARLOS PARTNERSHIP L.P., a California limited partnership, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Declarant is the Owner of certain real property located in the unincorporated area of Monterey County, California, being Lots 1 through 75 & 135-154, inclusive, as shown on that certain subdivision map of Tract No. 1308, SANTA LUCIA PRESERVE PHASE A, recorded November 24, 1998, in Volume 20 of Maps, "Cities and Towns", at page 8, Official Records of Monterey County, California.

WHEREAS, the said real property is a standard subdivision as defined in Section 11000 of the California Business and Professions Code; and

WHEREAS, it is Declarant's intention to impose upon said real property mutually beneficial restrictions under a general plan of improvement for the benefit of all portions of the Subject Property, and the Owners thereof;

WHEREAS, Declarant is also the Owner of additional real property located in the Greater Monterey Peninsula Planning Area of the unincorporated area of Monterey County, California,

November 19, 1998

adjacent to said real property, consisting of all of the residential Lots included within the boundaries of the Vesting Tentative Subdivision Map of The Santa Lucia Preserve (PC-94-067) approved by the Monterey County Board of Supervisors on February 6, 1996 (Resolution No. 96-060) and re-approved by the Monterey County Board of Supervisors on August 26, 1997 (Resolution No. 97-360) (the "Later Phase Property"); and

WHEREAS, Declarant is also the Owner of additional real property located in the Carmel Valley Master Plan Area and the Carmel Area Coastal Zone of the unincorporated area of Monterey County, California, adjacent to said real property and the Later Phase Property, portions of which may be proposed for residential development in the future (the "Future Phase Property").

NOW, THEREFORE, Declarant hereby declares that the real property hereafter declared to be subject to this Declaration shall be held, sold, occupied and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding upon all parties having any right, title or interest in the Subject Property or any part hereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

PROPERTY SUBJECT TO DECLARATION

Section 1. Phase A. The real property subject to this Declaration, and located in the unincorporated area of Monterey County, California, is described as follows:

Lots 1 through 75 and 135 through 154, inclusive (but expressly excluding Lots 255 through 263 inclusive) as said Lots are shown and described on the recorded final map of Tract No. 1308, "THE SANTA LUCIA PRESERVE PHASE A" filed for record on November 24 1998, in Volume 20 of Maps, "Cities and Towns", at page 8, Official Records of Monterey County, California. "Subject Property"

Section 2. Annexation of Additional Property. Additional property may become subject to this Declaration by the following procedure:

A. Future Phase Property. If Declarant or Declarant's successor in interest shall develop or cause to be developed as a standard subdivision additional detached single-family residential property

November 19, 1998

within the Later Phase Property, Declarant shall annex the residential portions (Homelands and Openlands) of such additional real property to the Subject Property of this Declaration, and to bring such additional real property within the general plan and scheme of this Declaration without the approval or consent of the then Owners of the Subject Property, by executing and recording a declaration of annexation declaring such additional real property to be annexed to this Declaration and bound by all of its covenants, conditions and restrictions.

B. Future Phase Property. If Declarant or Declarant's successor in interest shall develop or cause to be developed as a standard subdivision additional detached single-family residential property within the Future Phase Property, Declarant shall have the right, but not the obligation, from time to time to annex such additional real property or any portion or portions thereof to the Subject Property of this Declaration, and to bring such additional real property within the general plan and scheme of this Declaration without the approval or consent of the then Owners of the Subject Property, by executing and recording a declaration of annexation declaring such additional real property to be annexed to this Declaration and bound by all of its covenants, conditions and restrictions.

C. Recordation. Upon the recordation of any such declaration of annexation, all of the real property described in such declaration of annexation shall be included within the meaning of "the Subject Property" for all purposes of this Declaration.

ARTICLE II

DEFINITIONS

Certain terms as used in this Declaration, in the deeds conveying the Lots and in the maps filed for record pertaining to this real estate development, shall be defined as follows unless the context clearly indicates a different meaning therefor:

1. "Association" means The Santa Lucia Preserve Association, a California nonprofit mutual benefit corporation, the members of which shall be the Owners of Lots in the Subject Property, their successors and assigns.

2. "Board" means the governing body of the Association, unless some other board is expressly designated.

3. "Building Envelope" means that portion of any Lot designated as a Building Envelope on the Final Map and defined in

this Declaration as a "Homeland", and within which the construction of buildings and accessory and appurtenant structures and improvements is permitted.

4. "Bylaws" means the bylaws of the Association, as amended from time to time.

5. "Grazing Plan" means and refers to the Revised Rancho San Carlos Cattle Grazing and Livestock Management Plan (Sage Associates, February 1994, Revised October 1998), as amended from time to time.

6. "The Conservancy" shall mean and refer to the Santa Lucia Conservancy, the entity responsible for the management of the open space components of the Project, including but not limited to the Openlands and the Wildlands.

7. "Community Services District" shall mean and refer to a Community Services District established by the County of Monterey pursuant to the County Services District Law (Government Code Section 61000 et. seq.) to provide extended governmental services (which may include, but are not limited to security and police protection, structural fire protection services, operation of water and wastewater systems and septic systems, maintenance of roads, bridges, culverts, gates and drainage facilities, and transportation services) to the Project and to levy taxes, rates and other charges within the Project in an amount sufficient to pay for such services.

8. "Declarant" shall mean and refer to the RANCHO SAN CARLOS PARTNERSHIP L.P., a California limited partnership.

9. "Declaration" shall mean and refer to this Declaration.

10. "Declaration of Annexation" shall mean a duly executed and recorded declaration of annexation declaring an addition phase or phases of the Project to be annexed to this Declaration and bound by all of its covenants, conditions and restrictions as provided in Article I, Section 2 of this Declaration.

11. "Design Guidelines" shall mean and refer to The Santa Lucia Preserve Design Guidelines (Hart/Howerton 1998) as the same may be modified from time to time as provided herein.

12. "The DRB" means the Design Review Board authorized to carry out Design Review in accordance with Article III, Section 2 of this Declaration.

13. "Employee Unit" shall mean and refer to a residential unit, whether single family or multi-family, designated and occupied by a person or persons employed within the Santa Lucia Preserve, including, without limitation, the residential unit located on Lot 66, the residential units located on those Lots designated for multiple residential use in sub-section B(ii) of Section 2 below, and Lots designated in a Declaration of Annexation for a subsequent phase or phases of the Project.

14. "Final Map" shall mean and refer to the recorded final subdivision map or parcel map for any portion of the Subject Property. For the first phase of the Project, the Final Map is the final subdivision map of Tract No. 1308, THE SANTA LUCIA PRESERVE PHASE A, recorded on November 24 1988, in Volume 20 of Maps, "Cities and Towns", at page 8, Official Records of Monterey County, California.

15. "Forest Management Plan" shall mean and refer to the Rancho San Carlos Forest Management Plan (Ralph Osterling Consultants, Inc., February 18, 1994), as amended from time to time.

16. "Homeland" shall mean and refer to all of the area of any Lot located within the Building Envelope as shown on the Final Map.

17. "Lot" shall mean and refer to a subdivided residential Lot as shown and described on any recorded final map of the Subject Property.

18. "Member" means a person or entity entitled to membership in the Association. Each Owner of any Lot in the Subject Property shall be a member.

19. "Mortgage" shall include a deed of trust as well as a mortgage.

20. "Openlands" shall mean and refer to all portions of any Lot located outside of the Homeland and subject to a conservation easement in favor of the Conservancy.

21. "Owner" shall mean and refer to the record Owner, whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the Subject Property, but excluding those persons or entities having an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale, the vendee-purchaser, rather than the vendee-fee Owner, will be considered the "owner".

22. "Person" means a natural person, a corporation, a partnership, trustee or other legal entity.

23. "Private Road" means and refers to any road shown by name on the Final Map, or on the final map of any other subdivision hereafter annexed to this Declaration, whether paved or unpaved, not owned or maintained by the County of Monterey or any other public entity other than the Community Services District, and excluding Public Roads and Private Driveways.

24. "Private Driveway" means any driveway within the Project leading from any Private Road or Public Road to one or more Homelands.

25. "The Project" shall mean and refer to the entirety of the real estate project known as The Santa Lucia Preserve, including the residential, recreational and open space components thereof, whether located in the Greater Monterey Peninsula Planning Area, the Carmel Valley Master Plan Area or the Carmel Area Coastal Zone.

26. "Public Road" means and refers to any road shown by name on the Final Map, or on the final map of any other subdivision hereafter annexed to this Declaration, whether paved or unpaved, owned or maintained by the County of Monterey, or any other public entity other than the Community Services District, and excluding Private Roads and Private Driveways.

27. Recorded, Recording and/or of Record. Recorded, recording and/or of record in the office of the County Recorder of Monterey County, California.

28. "Resource Management Plan" means and refers to the Resource Management Plan for The Santa Lucia Preserve, dated April, 1994, as amended from time to time.

29. Singular and Plural. The singular and plural number and the masculine, feminine and neuter gender shall each include the other where the context requires.

30. "Subdivision" means and refers to all of the land embraced within the exterior boundaries of the subdivision shown and described on the Final Map, or on the final map of any other subdivision hereafter annexed to this Declaration.

31. "Tentative Map" shall mean and refer to the vesting tentative subdivision map of The Santa Lucia Preserve as approved by the Monterey County Board of Supervisors on February 6, 1996,

by Resolution No. 96-060, and re-approved by the Monterey County Board of Supervisors on August 26, 1997, by Resolution No. 97-360, and any subsequently approved tentative subdivision map, tentative parcel map or vesting tentative subdivision map of any portion of the First Phase Property, the Later Phase Property or the Future Phase Property. Said Resolutions, and the resolutions approving any subsequently approved tentative subdivision map, tentative parcel map or vesting tentative subdivision map of any portion of the First Phase Property, the Later Phase Property or the Future Phase Property are hereby referred to collectively as "the Project Approvals," and the conditions of approval contained in the Project Approvals are hereinafter referred to collectively as "the Conditions of Approval."

32. "Wildlands" shall mean and refer to those portions of the project owned in fee by the Conservancy, designated for open space and conservation uses, and subject to a conservation easement.

ARTICLE III

RESTRICTIONS ON THE USE AND OCCUPANCY OF PROPERTY

Section 1. Uses of Property.

A. Restrictions on the Use and Occupancy of Homelands and Openlands. The use and occupancy of all Homelands and Openlands subject to this Declaration shall be subject to the following covenants, conditions and restrictions:

i) Equestrian Use. The Homelands and Openlands of Lots 1, 3, 4, 5, 6 and 26 may be used by the Owner as Full-Time Sites (as defined in the Grazing Plan), and the Homelands of Lots 10, 11, 13, 14, 15, 16, 17, 47, 137, 138, 139, 145, 146, 147, 148 and 149 may be used by the Owner as Part-Time Sites (as defined in the Grazing Plan), for the maintenance, raising, breeding and keeping of horses, subject to the provisions of the Conservation Easement pertaining to the Openlands of such Lots, and subject to the standards and regulations of the Grazing Plan. Except as provided in this sub-section (i) or in a Declaration of Annexation for a subsequent phase or phases of the Project, the keeping of horses on the Homelands or Openlands of any Lot shall be prohibited.

ii) Livestock. Except as expressly provided herein or in the Declaration of Annexation for a subsequent phase or phases of the Project, the maintenance, raising, breeding or keeping of horses, cattle, swine, sheep, goats, chickens, turkeys or other farm animals or fowl, whether for private or commercial purposes,

is prohibited on the Homelands and Openlands of the Subject Property.

iii) Household Pets. No bird, fowl, reptile or animal of any kind shall be raised, bred or kept on the Homelands or Openlands of the Subject Property, except as expressly provided in this sub-section 1.A, and except that domestic household pets, including dogs and cats, may be kept on the Homelands of the Subject Property provided that (a) said household pets are of a reasonable size; (b) said household pets do not exceed a reasonable number on any Lot; (c) no bird, fowl, reptile or animal of any kind shall be kept, bred or maintained for any commercial purpose; (d) said pets are controlled by a leash or other appropriate constraint when outside of a Homeland; (e) said pets do not produce noise or odor which unreasonably disturbs the occupants of other Lots in the Subject Property, or wildlife in any Openlands or Wildlands; and (f) the free roaming of cats and other domestic pets of any kind outside of the Homeland of any Lot is prohibited. The Association shall cause non-complying pets to be removed from the Project in accordance with the procedures set forth in Article IV, Section 2.B. of this Declaration.

iv) Temporary Structures. No tent, shack, trailer, camper, basement, garage, outbuilding, mobile home, modular home or structure of a temporary character shall be installed, constructed, used or occupied on the Homeland or Openlands of any Lot at any time as a residence, either temporarily or permanently.

v) Trade or Business. No trade, business, commercial or transient activity shall be carried on or conducted on the Homeland or Openlands of any Lot, provided, however, that bona fide home occupations are not prohibited on the Homeland of a Lot so long as they are merely incidental to primarily residential use of the Lot, are permitted by local law, are conducted by the occupant of the principal residence on the Lot, and are conducted in such a manner as to not generate additional traffic or otherwise adversely affect other Owners' use and enjoyment of the Project.

vi) Quiet Enjoyment. No noxious, illegal or seriously offensive activities shall be carried on upon the Homeland or Openlands of any Lot or any part of the Subject Property; nor shall anything be done thereon which may be or may become a serious annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment of, each of the Owners of their respective Lot.

vii) Satellite Dishes and Antennas. No satellite dish

or external antenna of any kind shall be allowed on the Openlands of any Lot. A satellite dish or external antenna of any kind shall be allowed on the Homeland of any Lot only if shielded from view from any road, driveway, another Homeland, or from any Openlands or Wildlands (including the Openlands of such Lot).

viii) Sign Control. Except for a) directional or informational signs installed or maintained by Declarant, the Association, the Conservancy or the Community Services District, and b) signs not exceeding six (6) square feet in size containing the property Lot number or address and the Owner's name or property name, and c) signs not exceeding six (6) square feet in size advertising a Lot for sale, no signs, billboards, posters or advertising of any kind or character shall be erected or maintained on any Lot. Signs allowed under sub-sections a) or b) of this sub-section viii shall require Design Review and Approval in accordance with Section 2 of this Article III.

ix) Noise. Activities conducted on the Homelands and Openlands of the Subject Property shall be conducted so as to avoid the emission, generation, amplification or transmission of noise which is inconsistent with the rural and wilderness character of The Santa Lucia Preserve or causes a nuisance to the Owners or occupants of adjacent Homelands. The operation on any Homeland or Openlands of any machine, mechanism, device or contrivance which produces a noise level exceeding 85 dba measured fifty feet therefrom is prohibited. Chain saws, leaf blowers, generators and other devices and machines powered by two-cycle engines shall be muffled in accordance with the best available technology to reduce noise, and the operation of such devices and the production of outside amplified music is prohibited before one hour after sunrise and after sunset except in the case of a *bona fide* emergency.

x) Private Water Sources. No private water wells shall be drilled, stream impoundments or diversions constructed, or other alternate private water sources installed on the Homeland or Openlands of any Lot. Nothing contained in this Sub-Paragraph shall be construed or interpreted to preclude the drilling, improvement, operation, maintenance, repair or replacement on Homelands or Openlands of water wells which are part of the community water system serving the Project.

xi) Fire Fuel Modification. To the extent that compliance is not achieved by the fuel modification activities conducted by the Conservancy on the Openlands, Owners shall comply with the fuel modification requirements of Public Resources Code Section 4291 and Chapter 18.56 of the Monterey County Code in accordance with guidelines published by the Conservancy for the

purpose of diminishing the likelihood and intensity of wildfire by maintaining a "defensible space" around all structures and reducing the volume and density of flammable vegetation in the vicinity of structures.

xii) Rubbish and Odors. No rubbish or debris of any kind (other than *bona fide* composting of bio-degradable vegetation trimmings) shall be permitted to accumulate upon the Homeland or Openlands of any Lot, and no odor shall be permitted to arise therefrom which is or may become detrimental to any of the Subject Property in the vicinity thereof and the occupants thereof and no nuisance shall be permitted to exist upon the Homelands or Openlands of the Subject Property which is offensive or detrimental to any property in the vicinity thereof or to its occupants. Except as expressly provided herein, no dump, burial pit or other solid waste disposal facility shall be used or maintained within the Homeland or Openlands of any Lot.

xiii) Mineral Extraction. Oil drilling, oil development operations, refining operations of any kind, quarrying or other mineral extraction of any kind shall not be permitted upon the Homeland or Openlands of any Lot, nor shall oil wells, tanks (other than approved domestic propane tanks or fire protection water tanks), tunnels, mineral excavations or shafts be permitted upon or in the Homeland or Openlands of any Lot subject to this Declaration.

xiv) Hazardous Activities. No activities shall be conducted, and no structure or improvement constructed or maintained, on the Homelands or Openlands of any Lot which is unsafe, dangerous or hazardous to persons or property. Without limiting the generality of the foregoing, no firearms shall be discharged on the Homelands or Openlands of any Lot except in *bona fide* cases of legally sanctioned defense of persons, property or animals.

xv) Exterior Lighting. Exterior lighting shall be unobtrusive, harmonious with the pastoral character of The Santa Lucia Preserve, and shall be located, designed, constructed and maintained so that only the intended area is illuminated and off-site glare is fully controlled. All exterior lighting shall require Design Review and Approval in accordance with Section 2 of this Article III. Design Approval shall be granted only for exterior lighting which is a) reasonably necessary for the safe use of a driveway serving the Homeland of the Lot; b) emergency lighting connected to a security system, or c) totally concealed from off-site visibility.

xvi) Storage of Building Materials. No lumber, metals,

roofing, siding, excavation or fill dirt, rock or other building materials shall be kept, stored or allowed to accumulate on the Homelands or Openlands of any Lot, except during the ordinary course of approved construction on the Lot, and then only within the building site.

xvii) Fish and Aquatic Life. No fish or other aquatic organisms shall be kept or released in any drainage, pool, pond or other waterbody on the Homeland or Openlands of any Lot except for a completely secure pool or pond located within the boundaries of the Homeland for which approval has been granted by the Conservancy and which is constructed in accordance with Design Review as provided in Section 2 of this Article III.

xviii) Resource Protection. The Homelands and Openlands of the Subject Property are subject to the provisions of the Resource Management Plan. The Homeland and Openlands of each and every Lot within the Subject Property shall be used, occupied, developed, improved and maintained in compliance with the goals, objectives and provisions of the Resource Management Plan, including but not limited to the use of drought-tolerant native landscaping, water-efficient irrigation systems, low flow shower heads and water-conserving toilets; and in compliance with all other resource conservation programs and measures adopted by the County of Monterey or any other governmental entity having jurisdiction over the Subject Property, or by the Conservancy, for the purpose of protecting the identified unique and valuable natural resources of The Santa Lucia Preserve.

xix) Compliance with Zoning Ordinance. All uses conducted on the Homelands and Openlands of the Subject Property, and all development and structures on the Homelands and Openlands of the Subject Property, shall be subject to and comply with the provisions of the Monterey County Zoning Ordinance, and nothing contained in this Section 1 shall be interpreted to permit uses, development or structures in contravention of the Monterey County Zoning Ordinance, or to allow uses, development or structures without first obtaining all applicable permits or entitlements from the County of Monterey pursuant to the provisions of the Monterey County Zoning Ordinance. No structures within the Openlands shall be allowed to interfere with underground utilities or facilities.

xx) Archaeological Resources. If archaeological resources (as defined in Section 21083.2 of the Public Resources Code) or human remains are discovered during construction on the Homelands or Openlands, work shall be halted within 50 meters (150 feet) of the find until it can be evaluated by a qualified professional archaeologist and, as appropriate, a Native American

representative as designated by the Native American Heritage Commission. If the find is found to be significant, appropriate mitigation measures shall be formulated and submitted to the Monterey County Planning and Building Inspection Department for review and approval.

xxi) Erosion Control. Soil disturbance activities on the Homelands and Openlands, such as road grading, shall be limited to the period between April 15 and October 15 unless winter season operating conditions as provided in the Erosion Control Ordinance (Chapter 16.12, Monterey County Code) are implemented and exposed soil is protected in accordance with the Rancho San Carlos Final Erosion Control Report (Bestor Engineers, 1998).

xvii) Viticulture. Viticulture is prohibited within the Homelands and Openlands of the Project.

B. Restrictions on the Use and Occupancy of Homelands Only. The use and occupancy of all Homelands subject to this Declaration shall be subject to the following covenants, conditions and restrictions:

i) Allowable Structures. Except as provided in sub-sections (i), (ii) and (iii) of this sub-section 1.B, no Homeland shall be occupied and used except for single family residential purposes (including *bona fide* home occupations) by the Owners, their domestic employees, tenants and social guests. No building or structure shall be erected, placed or permitted to remain on any Homeland other than the following as permitted by the Monterey County Zoning Ordinance:

a) One principal residence.

b) One senior citizen unit, subject to the limitation contained in sub-section (iii) of this sub-section 1.B.

c) One caretaker unit on any Lot exceeding two acres in size, or ten acres in size if a senior citizen unit exists on the site, subject to the limitation contained in sub-section (iii) of this sub-section 1.B.

d) One guest house, subject to the limitation contained in Sub-Paragraph (iii) of this sub-section 1.B.

e) Such additional buildings and structures as are clearly appurtenant and accessory to the residential use of the Lot.

f) The Homelands of Lots 15, 17, 73, 136, 138, 139, 147, 148 and 149, and Lots so designated in a Declaration of Annexation for a subsequent phase or phases of the Project, may be occupied and used for one (1) additional residential unit per Lot, subject to first obtaining the following: i) a certificate from Declarant allocating to such Lot one additional unit of the Project's overall allowed residential density, and ii) all required permits from the County of Monterey for such second residential unit, and provided that the total development within the Santa Lucia Preserve shall at no time exceed that permitted by Monterey County Board of Supervisors Resolution No. 93-115.

ii) Multiple Residential Units. The Homelands of Lots 27, 28, 29, 30, 31, 62, 63, 64 and 67, and Lots so designated in a Declaration of Annexation for a subsequent phase or phases of the Project, may be occupied and used for multiple residential units for persons or families employed in connection with the Project, either attached or detached, subject to first obtaining all required permits from the County of Monterey, and limited to the following number of units:

Lot 27: 2 units

Lot 28: 2 units

Lot 29: 2 units

Lot 30: 2 units

Lot 31: 2 units

Lot 62: 6 units

Lot 63: 2 units

Lot 64: 4 units

Lot 67: 2 units

Lots so designated in a Declaration of Annexation for a subsequent phase or phases of the Project: The number of units specified in such Declaration of Annexation.

Said Homelands of such Lots shall be used solely for residential purposes. No building or structure shall be erected, placed or permitted to remain on the Homelands of said Lots other than residential units not exceeding the number provided in this Sub-Paragraph, and such additional buildings and structures as are clearly appurtenant and accessory to the residential use of the

Lots.

iii) Guesthouses and Caretaker Units. The number of guest houses within the project shall not at any time exceed a number that is equal to 75% of the number of market-rate residential Lots contained within Tentative Maps approved for the Project from time to time; and the number of caretaker and senior citizen units within the project shall not at any time exceed a number that is equal to 50% of the number of market-rate residential Lots contained within Tentative Maps approved for the Project from time to time.

iv) Water Conservation. Occupancy and use of the Homeland of any Lot subject to this Declaration shall comply with the provisions of Monterey County Water Resources Agency Ordinance #3539, including the following water conservation measures: New construction shall incorporate the use of low water use plumbing fixtures including, where applicable, hot water recirculation systems; landscaping of front yards of all homes at the time of construction; and use of drought tolerant plants together with water-efficient irrigations systems. Repair of irrigation system leaks shall be the responsibility of the Owner. Vehicle and building washing shall utilize hoses equipped with shut-off nozzles. No potable water shall be used for sidewalk washing, and potable water shall not be allowed to spill into streets, curbs and gutters. Swimming pools shall not be drained or refilled unless required for structural repairs or for compliance with public health regulations. Decorative fountains shall provide for recirculation within the fountain.

v) Landscaping. Residential development within the Homeland of any Lot subject to this Declaration shall comply with the following standards:

a) Use of native and non-invasive non-native, drought-tolerant and/or fire resistant plant material is mandatory.

b) Extensive use of non-native turf is prohibited.

c) Landscape irrigation systems shall utilize low precipitation sprinkler heads, bubblers, drip systems and timing devices to minimize water use.

d) Landscape design shall incorporate vegetation management and fuel modification principles to reduce the quantity of flammable material conducive to wildfire.

vi) Maintenance. No building or structure upon the Homeland of any Lot subject to the provisions of this Declaration shall be permitted to fall into a state of disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted.

vii) Garbage Service. All residences within the Homelands shall be continuously served by garbage collection service.

viii) Rentals. Except for multi-family units and designated employee housing units, no residence on any Lot, including senior citizen units and caretaker units, shall be let, leased or rented for a term less than one year.

ix) Height Limits. No structure on Lot 65 shall exceed a height of 24 feet; no structure on Lots 28, 29, 30 and 31 shall exceed a height of 18 feet; and no structure on Lot 27 shall exceed a height of 16 feet; as height of structures is defined in the Monterey County Zoning Ordinance.

x) Vehicle Parking and Storage. No trailer, camper, motor home, recreational vehicle, truck (other than standard size pickup truck or standard size van), boat, inoperable automobile, or similar vehicle or equipment shall be permitted upon any area within the Homeland of any Lot unless placed or maintained within a structure or other visual screen, and not visible from any road, driveway, any other Homeland, or from any Openlands (including the Openlands of such Lot) or Wildlands. No Owner shall construct, repair, service or maintain any motor vehicle within the Homeland of any Lot except for emergency repairs or private non-commercial vehicle construction, reconstruction, repair, service or maintenance carried on entirely within an enclosed garage or shop.

xi) Non-native Vegetation. The planting, growing or maintenance of non-native plants or vegetation on the Homeland of any Lot is allowed only in a manner and location which assures that such non-native species will not invade the Openlands or the Wildlands of the Preserve.

xii) Heating. Energy for space heating and water heating shall be provided primarily from propane, solar or other non-electric sources.

xiii) Fences and Walls. No fence or wall shall be constructed or maintained within the Homelands of any Lot, including perimeter fencing, without first obtaining Design Review and Approval in accordance with Section 2 of this Article III. Design Approval shall be granted only for fences and walls which

a) do not encroach on any Openlands of any Lot; b) do not impede the movement of wildlife through the Openlands of any Lot, c) do not alter or obstruct the view from any other Lot or Parcel; and d) are harmonious with the pastoral character of The Santa Lucia Preserve.

C. Restrictions on the Use and Occupancy of Openlands Only. The Openlands of the Subject Property shall be occupied and used solely for open space, recreational and conservation purposes, as more particularly provided in this Sub-Paragraph C:

i) Permitted Uses of Openlands.

The following itemized uses and activities are permitted uses of the Openlands, but may be carried on only by the Conservancy or its licensee:

a) Fuel & Fire Management: The reasonable and prudent management of fuel and fire conditions, including vegetation management, maintenance of fuel breaks, construction and maintenance of fire-safe areas, prescribed burns and fire suppression.

b) Livestock Grazing: Provided that they are not used by the Owner of the Lot for the keeping of horses as provided in sub-section A(i) of this Section 1; and provided further that the Conservancy obtains the written consent of the Owner of the Lot; the Openlands of Lots 1, 3, 4, 5, 6 and 26 may be used exclusively by the Conservancy for the maintenance, raising, breeding and grazing of cattle (including the construction and maintenance of pasture fencing in accordance with sub-section (C)(ii)(k) of this Section 1), subject to the provisions of the conservation easement pertaining to the Openlands of such Lot, and subject to the regulations and standards of the Grazing Plan. Except as provided in this sub-section (b) or in a Declaration of Annexation for a subsequent phase or phases of the Project, the grazing of livestock on the Openlands of any Lot shall be prohibited.

c) Native Plant Cultivation & Use: The propagation, cultivation and transplantation of native plants and seeds for nursery development, reforestation, habitat restoration and enhancement purposes exclusive to the Project.

d) Wildlife & Habitat Management: The restoration, enhancement, reintroduction, exotics-control, and other forms of management useful to support, sustain and enjoy the native biodiversity of the Subject Property, provided that any lawful hunting and fishing shall be managed according to

reasonable and prudent resource management principles, and shall only be conducted on the Openlands of any Lot with the prior written consent of the Owner of that Lot.

e) Education, Recreation & Research: Resource-oriented public education, interpretation, scientific and academic training and research programs, as supervised by the Conservancy; camping, picnicking, hiking, horseback riding and other managed and passive uses, as supervised by Declarant; all such uses subject to the written consent of the Owner.

The following itemized uses and activities are permitted uses of the Openlands, but may be carried on only by Declarant or the Community Services District:

f) Approved Infrastructure and Accessory Uses: The construction, operation and maintenance of approved Project infrastructure, including roads, utilities, driveways, bridges, trails, camp sites, culverts, drainage and erosion control structures and facilities, minor encroachments for landscaping and improvements (other than buildings), which are exclusively accessory to and in accordance with Project Approvals and the Conditions of Approval and the uses permitted by this Declaration.

g) Tree & Wood Removal: The selective and limited removal of standing live trees due to the construction of infrastructure (roads, utilities, etc.) for the approved Project in accordance with the Forest Management Plan and the Conditions of Approval, and selective and limited removal of downed trees and wood exclusive to use on the approved Project, provided that in all cases such removal does not increase erosion or sedimentation in any potentially significant way.

ii) Prohibited Uses of Openlands. The following activities and uses are prohibited on the Openlands:

a) Subdivision & Development: The legal or de facto further subdivision of the Subject Property.

b) Residences & Commercial & Industrial Uses: Residential, commercial and industrial uses, including viticulture and wineries, golf, and commercial harvesting of timber.

c) Mineral Exploration & Development: Exploration, excavation, or surface extraction of any mineral resources.

d) Dumping & Disposal: The dumping or disposal of all non-biodegradable refuse or vegetative materials composed

of non-native plant species, with the exception of composting sites for bio-degradable materials supervised and managed by the Conservancy in accordance with the Monterey County Solid Waste Management Plan.

e) Motorized Vehicles: The use of motorized vehicles on all unimproved roads, trails, and off-road areas, except by Grantor and Grantee, or others under authorization of the Conservancy, for construction, repair or maintenance of the Project infrastructure or accessory facilities and for permitted uses and emergency purposes. No trailer, camper, motor home, recreational vehicle, truck, boat, inoperable automobile, or similar vehicle or equipment shall be permitted upon any area within the Openlands of any Lot. No Owner shall construct, repair, service or maintain any motor vehicle within the Openlands of any Lot except for emergency repairs.

f) Water Development: The impoundment, pumping or removal of water beyond uses for the approved Project, to the extent that such removal would have or be likely to have a potentially significant adverse impact on aquatic life or creek, stream, spring, seep or other natural resources.

g) Agricultural: The tilling, terracing or other use of the Subject Property for agricultural purposes, including viticulture, other than livestock grazing and native plant cultivation and use as specifically provided herein.

h) Structures, Billboards & Signs: The construction, erection or placement of satellite dishes or external antennas of any kind, billboards or markers or signs, other than accessory to the approved Project, such as street, directional, warning, safety, informational and hiking signs, and structures accessory to permitted recreational uses, such as lean-tos, campgrounds and picnic facilities, and fencing, loading, boarding and feed storage facilities accessory to permitted livestock maintenance.

i) Native Vegetation Removal. Direct disturbance or removal of non-toxic and non-invasive native vegetation within the Openlands of any Lot subject to the provisions of this Declaration shall be prohibited except to the extent necessary for the installation, maintenance, repair and replacement of Project Infrastructure, construction and maintenance of fuel breaks and fire-safe areas, and maintenance of view corridors. Any non-toxic or non-invasive native vegetation disturbed or removed as a result of necessary installation of Project infrastructure shall be revegetated with non-toxic and non-invasive native vegetation.

j) Non-Native Plants and Vegetation. The planting, growing or maintenance of non-native plants or vegetation on the Openlands of any Lot.

k) Fences. No fence or wall shall be constructed or maintained within the Openlands of any Lot, including perimeter fencing, except for i) pasture fencing and paddocks constructed and maintained by the Owner under a license granted by the Conservancy on Lots designated as Full-Time Sites in sub-section A(i) of Section 1 of this Article III, and ii) pasture fencing reasonably necessary for cattle grazing constructed and maintained by the Conservancy with the consent of the Owner on Lots designated for cattle grazing in sub-section C(i)(b) of Section 1 of this Article III. Design and construction of all pasture fencing allowed by this sub-section k) shall require Design Review and Approval in accordance with Section 2 of this Article III. Design Approval shall be granted only for fences and walls which a) do not impede the movement of wildlife through the Openlands of any Lot, b) do not alter or obstruct the view from any other Lot or Parcel; and c) are harmonious with the pastoral character of The Santa Lucia Preserve.

Section 2. Design Review.

A. Approval Required. Every Lot within the Subject Property shall be subject to Design Review as provided in this Section 2.

B. Objectives. The objectives of the Design Review process in The Santa Lucia Preserve as set forth in this Section 2 are the following:

i) To preserve and protect the unique natural and scenic resources and habitat values of The Santa Lucia Preserve.

ii) To create a unique residential community of enduring quality and pastoral character synthesized within the sustained natural beauty of a managed nature preserve.

iii) To promote and inspire the highest level of creativity and sensitivity in planning and design;

iv) To encourage and obtain the siting and construction of imaginative, distinctive and tastefully designed homes and accessory structures consistent with the rural character of the Santa Lucia Preserve and the historic architectural traditions of Monterey, California.

v) To assist the Owner of a Lot and his or her design

professionals in complying with the objectives and standards of Design Review as set forth in this Declaration, and in completing the Design Review process in a timely, efficient and successful manner.

vi) To produce residential development that is sited and designed to be fire resistant and incorporates an on-going program of vegetation management and fuel modification to reduce the risk of bodily injury and property damage from wildfire.

vii) To protect the fundamental property rights of the Owners of Lots by assuring the full use and enjoyment of their Lots consistent with the goals, objectives and policies of The Santa Lucia Preserve.

C. General Authority and Standards. In exercising Design Review pursuant to this Section 2, the Design Review Board ("the DRB") shall, without otherwise limiting the scope of its authority, implement the following general authority and standards:

i) Resource Protection. In order to preserve and protect the natural resources, topography and habitat values of The Santa Lucia Preserve, and to prevent erosion and siltation of natural waterways and other natural areas, the DRB shall exercise control over siting, grading, excavating and tree and vegetation removal, and shall have the power and the duty to disapprove plans for development when alternative siting, design, materials or construction methods can be used to avoid or minimize the necessity for grading, excavation, habitat disturbance, tree or vegetation removal or in any other manner destroying or disturbing the natural topography, vegetation or other resources.

ii) Viewshed Protection. In order to preserve and protect the unique visual resources and the pastoral character of The Santa Lucia Preserve, as well as the extraordinary vistas to and from The Santa Lucia Preserve, the DRB shall exercise control over the siting, height, bulk and mass of structures, exterior materials, colors and lighting, and the removal, alteration, installation and replacement of trees and other vegetation which may provide visual screening.

iii) Forest and Woodland Protection. In order to protect the unique forest and woodland resources of The Santa Lucia Preserve, the DRB shall require compliance with mitigation measures M-12 through M-17 inclusive of the Resource Management Plan and the Homeowner Oak Tree Maintenance Guidelines contained in the Forest Management Plan.

iv) Water Conservation. In order to preserve and protect the water resources of The Santa Lucia Preserve, as well as to prevent the intrusion of invasive and non-native plant species into the flora of The Santa Lucia Preserve, the DRB shall exercise control over landscaping, planting and irrigation systems so as to encourage the use of native, drought-resistant and fire-resistant plant materials, and shall have the power and the duty to disapprove plans which propose the installation or use of high water use, invasive and non-native plant materials or the use of irrigation systems which do not employ the best available technology for conservation of water.

v) Fire Protection. In order to diminish the likelihood and intensity of bodily injury and property loss from wildfire, the DRB shall require site planning, construction materials and landscaping that promotes the maintenance of "defensible space" around all structures by reducing the volume and density of flammable vegetation in the vicinity of structures, and requiring the utilization of fire-resistant landscape materials.

D. Specific Standards. In exercising Design Review pursuant to this Section 2, the DRB, without otherwise limiting the scope of its authority, shall implement and enforce the specific standards and guidelines contained in the Design Guidelines as the same may be modified from time to time.

In furtherance of and consistent with the objectives set forth in sub-section B of this Section 2, and its general authority and standards as set forth in sub-section C of this Section 2, the DRB shall have the authority and the responsibility to adopt and publish and amend the Design Guidelines. The Design Guidelines as so adopted, published and amended need not be uniform for every Lot, but may vary from Lot to Lot based upon the characteristics of the Lot such as slope, vegetation and tree coverage, proximity to resource and habitat areas, natural features such as rock outcroppings, visibility or proximity to roads. The Design Guidelines shall be reasonable, precise, and feasible. The standards and criteria for a Lot shall not be modified by the DRB while an application for that Lot is pending, and in considering an application for Design Review, the DRB shall base its determination upon the standards and criteria which were in effect for that Lot on the date of the Owner's initial pre-design contact with the DRB.

E. Procedures for Design Review.

i) General. The purposes of the Design Review process are to enforce compliance with the objectives and

standards of this Section 2, and to assist the Owners of Lots and their design professionals in complying with said objectives and standards, and in completing the Design Review process in a timely, efficient and successful manner.

ii) Activities Requiring Approval. Except as expressly provided herein to the contrary, no fence, wall, deck, patio, sign (other than directional or informational signs installed or maintained by Declarant, the Association, the Conservancy or the Community Services District, drainage facility, pond, fountain or other ornamental structure, building, satellite dish exceeding 24 inches in diameter, exterior antenna or other structure, or exterior addition to or alteration thereof shall be commenced, constructed, erected, placed or permitted to remain on the Subject Property or any portion thereof, until plans and specifications shall have been submitted to and approved in writing by the Design Review Board ("the DRB").

iii) Design Review Process. All activities requiring Design Review shall comply with the procedures set forth in the Design Guidelines as the same may be modified from time to time. Review shall be based upon conformity with the objectives set forth in sub-section B of this Section 2, and in the specific design guidelines and standards adopted and published by the DRB from time to time pursuant to the provisions of sub-section D of this Section 2, in effect on the date of the Owner's initial pre-design contact. If the decision of the DRB is to disapprove the proposal, the DRB shall provide the Owner with a written statement of the basis for such disapproval to assist the Owner in redesigning the project so as to obtain the approval of the DRB.

iv) Failure to Approve or Disapprove Plans and Specifications. In the event the DRB fails to either approve or disapprove final plans and specifications within thirty (30) days after the same have been submitted to it, it shall be conclusively presumed that the DRB has approved such plans and specifications.

v) Commencement and Completion of Construction. All improvement work approved by the DRB shall be undertaken promptly and diligently pursued to completion. All improvements shall be constructed in strict accordance with approved plans and specifications, and in accordance with the construction procedures adopted and published by the DRB from time to time in accordance with the provisions of sub-section D of this Section 2.

vi) Inspection. Any member of the DRB, or a duly-authorized agent of the DRB, may from time to time at any reasonable hour or hours and upon reasonable notice, enter and inspect any property subject to the jurisdiction of said DRB to

determine compliance with the provisions of this Section 2.

F. Development Rights. Notwithstanding the foregoing, nothing contained in this Article III, Section 2, shall be interpreted or applied so as to deprive the Owner of any Lot of the full exercise of the right to develop within the Homeland of the Lot a complete residential compound consisting of a principal residential structure and such accessory and appurtenant structures, facilities and appurtenances allowed by this Declaration as may be desired by the Owner of the Lot. So long as the design, siting, materials, colors and construction methods are consistent with the restrictions contained herein and the Design Guidelines promulgated from time to time by the DRB as provided herein, nothing contained in this Article III, Section 2, shall be interpreted or applied so as to limit the size of any principal residential structure.

G. Number of Members and Term of Design Review Board Appointed by Declarant. The DRB shall consist of three (3) members. Initially, two (2) of the members shall be appointed by Declarant and the other member shall be appointed by the Board of the Conservancy. When the Declarant no longer owns any of the Lots in any phase of the Project, one (1) of the members shall be appointed by the Board of the Conservancy and the other two (2) members shall be appointed by the Board of the Association. Members shall serve staggered two-year terms.

H. No Liability. Neither Declarant, the Conservancy, the Association nor the DRB or its individual members shall be liable in damages to anyone submitting plans or specifications to them for review, or to any Owner of property affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Such plans and specifications are not approved for engineering design. Every person who submits plans or specifications to the DRB for approval agrees, by submission of such plans and specifications, and every Owner of any of the Subject Property agrees that he or she will not bring any action or suit against Declarant, the Association or the DRB to recover any such damages.

ARTICLE IV

REMEDIES AND ENFORCEMENT

Section 1. Enforcement by Owners. Each of the covenants, conditions and restrictions contained in this Declaration is intended to be and may be enforced as a covenant running with the

land as a mutual equitable servitude. Any Owner of a Lot, including Declarant, shall be entitled to enforce all conditions, covenants and restrictions contained herein in the manner provided by law for enforcing equitable servitudes. Every act or omission whereby any restriction, condition or covenant in this Declaration set forth or to which the Subject Property or any portion is subject, is violated in whole or in part is declared to be and shall constitute a nuisance and may be enjoined or abated by any Owner. Each remedy provided for in this Declaration shall be cumulative and not exclusive.

Section 2. Enforcement by Association.

A. The Association shall have and exercise powers of enforcement, control and interpretation of this Declaration, including the power to commence and maintain in its own name on behalf of itself and/or any Owner of any Lot, or in the name of or on behalf of and as the agent for any Owner of any such Lot, actions and suits to restrain and enjoin the breach or threatened breach of the provisions of the Declaration, and to pay the expenses therefor.

B. Subject to the procedural requirements set forth in sub-section C of this Section 2, the Association shall have the power and authority to impose reasonable monetary penalties and/or temporary suspensions of the right of any Owner or occupant of the Subject Property to use any services or facilities provided, furnished or operated by the Association as appropriate discipline for violation of or failure to comply with any of the covenants, conditions and restrictions contained in this Declaration or in any rules, regulations, guidelines or procedures duly adopted and promulgated by the Association pursuant to this Declaration.

C. Prior to imposing any monetary penalty or suspension of rights as provided in sub-section B of this Section 2, the Association shall comply with the following procedures which are deemed to be fair and reasonable:

i) Not less than fifteen (15) days' written notice shall be given by certified mail to the person or persons charged, including but not limited to the Owner of the Lot as to which such violation or non-compliance is claimed, which notice shall specify the monetary penalty or suspension of rights which may be imposed and the reason or reasons therefor;

ii) The person or persons charged shall be given an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the monetary penalty or the suspension of rights, by the Board of the Association.

D. In the event it is necessary for the Association to bring any sort of legal action to enforce the conditions and covenants set forth in this Declaration, the Association shall be entitled to recover from the defaulting party its reasonable costs and attorneys' fees for the bringing of said enforcement or abatement proceedings.

Section 3. Enforcement by Conservancy.

A. The Conservancy shall have and exercise powers of enforcement of this Declaration, including the power to commence and maintain in its own name on behalf of itself, actions and suits to restrain and enjoin the breach or threatened breach of the provisions of sub-sections A, B(v) and (xi) and C of Article III, Section 1 of this Declaration relative to the use and occupancy of the Openlands and Homelands, and to pay the expenses therefor.

B. Subject to the procedural requirements set forth in sub-section C of Section 2 of this Article IV, the Conservancy shall have the power and authority to impose reasonable monetary penalties and/or temporary suspensions of the right of any Owner or occupant of the Subject Property to use any services or facilities provided, furnished or operated by the Conservancy as appropriate discipline for violation of or failure to comply with any of the covenants, conditions and restrictions contained in this Declaration or in any rules, regulations, guidelines or procedures duly adopted and promulgated by the Conservancy pertaining to the use and occupancy of the Openlands pursuant to this Declaration.

C. Prior to imposing any monetary penalty or suspension of rights as provided in sub-section B of this Section 3, the Conservancy shall comply with the following procedures which are deemed to be fair and reasonable:

i) Not less than thirty (30) days' written notice shall be given by certified mail to the Association and to the person or persons charged, including but not limited to the Owner of the Lot as to which such violation or non-compliance is claimed, which notice shall specify the monetary penalty or suspension of rights which may be imposed and the reason or reasons therefor;

ii) If the violation or non-compliance has not been cured and the Association has not undertaken enforcement as provided in Section 2 above within the thirty days following the written notice, the person or persons charged shall be given an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the monetary penalty or the suspension of rights, by the Board of the Conservancy.

D. In the event it is necessary for the Conservancy to bring any sort of legal action to enforce the conditions and covenants set forth in this Declaration, the Conservancy shall be entitled to recover from the defaulting party its reasonable costs and attorneys' fees for the bringing of said enforcement or abatement proceedings.

Section 4. Enforcement by County. The County of Monterey shall have the right to enforce the restrictive use covenants pertaining to the Openlands of the Santa Lucia Preserve as set forth in Article III, Section 1.A and 1.C and to charge any non-complying Owner the reasonable costs of such enforcement.

Section 5. Enforcement of Fuel Modification Requirements.
In the event that compliance with the fuel modification

requirements of Public Resources Code Section 4291 and Chapter 18.56 of the Monterey County Code is not achieved by the fuel modification activities conducted by the Conservancy on the Openlands, and the Owner of any Lot fails to comply by April 30th of each year with such fuel modification requirements, the Community Services District shall have the right, after fifteen (15) days' written notice to such Owner, to enter upon the Homeland of such Owner's Lot and perform the work necessary or appropriate to bring the Lot into compliance, and to charge such Owner the reasonable costs of such work.

Section 6. Responsibility of Owners.

A. The obligations imposed by this Declaration shall be the joint and several personal obligation of each and every Owner of a Lot. The failure of an Owner to utilize the Lot, or the abandonment thereof, shall not relieve an Owner of the personal obligation to comply with any of the obligations imposed by this Declaration.

B. Each Owner shall be responsible for actions and conduct of such Owner's tenants, lessees, guests, invitees, servants, contractors and agents while in or upon the Project, and for compliance by such Owner's tenants, lessees, guests, invitees, servants, contractors and agents with the applicable covenants, conditions and restrictions contained in this Declaration.

ARTICLE V

DURATION AND MODIFICATION

Section 1. Duration. All of the restrictions, conditions, covenants and reservations set forth in this Declaration shall continue and remain in full force and effect at all times against the Subject Property subject to this Declaration and each part thereof and the Owners thereof, subject to the right to amend, change, modify and terminate provided for in Section 2 of this ARTICLE V until January 1, 2038, provided, however, that all of the said restrictions, conditions, covenants and reservations in this Declaration contained which are subject to expiration shall, as the same are in force immediately prior to such expiration, be continued automatically without further notice from that time for a period of ten (10) years and thereafter for successive periods of ten (10) years each without limitation unless within the six months prior to the expiration of any successive ten (10) year period thereafter, there shall be recorded a written agreement executed by the then record Owners (including mortgagees under recorded mortgages and trustees and beneficiaries under recorded trust deeds) of more than 75% of the Lots embraced within the

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property subject to this Declaration, by the terms of which agreement any or all of said restrictions, conditions, covenants and reservations are changed, modified or extinguished in whole or in part as to all or any part of the property subject thereto in the manner and to the extent therein provided. In the event that any such written agreement or change or modification shall be duly executed and recorded as provided herein, the restrictions, conditions, covenants and reservations as changed or modified thereby shall continue in force for successive periods of ten (10) years unless and until further changed, modified or extinguished in the manner above provided.

Section 2. Modification of Restrictions. This Declaration may be amended by a written document executed by the Owners of 75% of the Lots then subject to this Declaration, and recorded. Notwithstanding the foregoing, the provisions of Article III, Section 1.C of this Declaration may not be amended without the prior written approval of the Conservancy and the Monterey County Board of Supervisors.

ARTICLE VI

POWERS AND PURPOSES OF THE ASSOCIATION

THE SANTA LUCIA PRESERVE ASSOCIATION, A California nonprofit mutual benefit corporation, shall have the general rights, powers and duties of a nonprofit corporation subject to the provisions of this Declaration and any limitations imposed hereby, to do and perform each and every of the following for the benefit, maintenance and improvement of the property subject to this Declaration and for the benefit of the Owners thereof, to wit:

Section 1. Powers of Association.

A. Enforcement of Restrictions. To exercise such powers of enforcement, control, interpretation, modification and cancellation of this Declaration which now are or hereafter may be vested in, delegated to, or assigned to the Association, and to pay all expenses incidental thereto; to commence and maintain in its own name on behalf of itself and/or any Owner of any Lot, or in the name of or on behalf of and as the agent of any Owner of any such Lot, actions and suits to restrain and enjoin the breach or threatened breach of this Declaration or any portion thereof and to enforce this Declaration and to pay the expenses therefor.

B. Maintenance of Roads. To the extent such functions are not performed by the Community Services District or any other entity, to maintain, repair, manage, restore and replace the Private Roads within the Subject Property subject to this

Declaration, and to assess the various Owners for the cost thereof in accordance with the provisions of Section 4 of this Article VI.

C. Maintenance of Drainage Facilities. To the extent such functions are not performed by the Community Services District, the Conservancy or any other entity, to maintain, repair, manage restore and replace the drainage facilities within the Subject Property subject to this Declaration, and to assess the various Owners of the cost thereof in accordance with the provisions of sub-section A of Section 4 of this Article VI. For the purposes of this Declaration, the term "drainage facilities" shall mean facilities for the detention, retention and conveyance of storm waters within the Project, as shown on the approved subdivision improvement plans for any phase of the Project.

D. Fuel Modification. To the extent not performed by the Community Services District, the Conservancy or any other entity, to carry out on the Openlands and the Homelands of any Lot fuel modification actions as necessary or appropriate in order to achieve compliance with the fuel modification requirements of Public Resources Code Section 4291 and Chapter 18.56 of the Monterey County Code, and to assess the various Owners for the cost thereof in accordance with the provisions of Section 4 of this Article VI.

E. Other Services. To the extent not performed by the Community Services District, the Conservancy or any other entity, to provide, maintain, repair, manage, restore and replace such services and facilities as the Board may determine necessary or appropriate for the safety, security, comfort and well-being of the Owners of the Project.

F. Right of Entry. The Association shall have the right to enter upon the Homelands and Openlands of any Lot as necessary in order to carry out any of the activities which the Association is authorized to do under the provisions of this Section 1. Prior to entering upon the Openland or Homelands of any Lot for such purposes, the Association shall give the Owner of such Lot reasonable notice of the Association's intention to so enter, except in the case of a *bona fide* emergency, in which case no notice shall be required.

G. General Powers. Generally to do any and all things that a nonprofit corporation may lawfully do in operating for the benefit of its members and without profit to said Association, except as expressly limited in this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety, and/or

general welfare of the Owners of any property subject to the jurisdiction of the Association.

H. Agency. The authorized powers of the Association are set forth in this Declaration of Protective Restrictions. The Association is irrevocably appointed agent and attorney-in-fact of each and all of the Owners and their successors to exercise the powers delegated to the Association by this Declaration.

I. Failure to Perform. If the Association fails or refuses to exercise any of its powers as set forth in this Section 1, and as a result any of the resources or facilities of The Santa Lucia Preserve are threatened or endangered, the Conservancy, upon written thirty (30) days' notice to the Board of the Association, shall have the right, but not the obligation, to exercise such powers in the place and stead of the Association as necessary to protect the threatened or endangered resources or facilities, and to charge the Association for the reasonable cost of such actions.

J. Delegation of Duties. The Association shall have the right to delegate any of its powers and duties hereunder to The Conservancy, to the Community Services District, or to any other qualified agent or agency selected by the Board of the Association, provided, however, that any such delegation shall have the prior consent of the delegatee.

K. Assumption of Duties. The Association shall have the power to assume responsibility, either temporarily or permanently, to provide, maintain, repair, manage, restore and replace such services and facilities as are currently performed by the Community Services District, and pay the cost thereof, provided, however, that any decision to assume such responsibility on a permanent basis shall require the prior affirmative vote of Owners representing not less than two-thirds (2/3) of the voting power of the Association, and provided further that any decision to assume responsibility for fire protection services, water services and wastewater services and facilities shall also require the prior consent of the Monterey County Board of Supervisors.

Section 2. No Commonly Owned Areas. The Subject Property shall consist of Lots separately owned by the various Owners together with certain nonexclusive easements appurtenant thereto. There shall be no additional contiguous or noncontiguous Lots, parcels or areas owned in common by the Owners of the separately owned Lots; nor shall there be any mutual, common or reciprocal interests in or restrictions upon all or portions of such separately owned Lots other than nonexclusive easements over the Project roads and the restrictions contained therein. It is the

intention of Declarant that this project not be constituted or defined as a "planned development" within the meaning of Section 11003 of the California Business and Professional Code, or a "common interest development" within the meanings of Section 1351 of the California Civil Code.

Section 3. Membership in Association.

A. Number of Memberships. The total number of voting memberships in the Association shall equal the number of legal residential Lots from time to time subject to this Declaration.

B. Qualifications for Membership

1) Each membership shall be owned by the record Owner of the Lot to which said membership is appurtenant; and if a Lot is owned of record by two (2) or more Owners, the membership shall be owned jointly by all of such Owners of record.

2) Such membership interest shall vest immediately upon becoming a record Owner and such record Owner or Owners shall thereupon be entitled to all rights and privileges of membership in the Association and subject to all duties and obligations imposed upon the members of the Association. Such membership interest shall automatically terminate upon ceasing to be a record Owner of such Lot.

C. Voting Rights. The Association shall have two classes of voting members:

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

2) Class B. The Class B member shall be the Declarant, who shall be entitled to three votes for each Lot owned.

D. Termination of Class B Membership. The Class B membership shall be irreversibly converted to Class A membership when the total outstanding votes held by Class A members equal the total outstanding votes held by Class B members.

E. Restriction. The voting rights of memberships shall be subject to the restrictions and limitations provided in this Declaration.

F. Election to Board. The Board shall consist of three (3) Owners, elected at an annual meeting of members held in December of each year. Board members shall serve for staggered terms of three (3) years. Cumulative voting shall be allowed in any election of the Board. Board members shall not serve more than two (2) consecutive terms.

Section 4. Maintenance Assessments.

A. Basic Assessments.

1) Preliminary Budget. In order to coordinate its budgeting process with the budgeting of the Community Services District, the Board shall adopt a fiscal year coinciding with the fiscal year of the Community Services District, and shall prepare and circulate to the Members each year in accordance with a schedule which parallels the budgeting schedule for the Community Services District, a proposed budget for the forthcoming fiscal year. The proposed budget shall include estimated costs for all anticipated Association activities, including, but not limited to, the maintenance of the Private Roads and drainage facilities, performing fuel modification activities, and such other services as the Board may determine necessary or appropriate for the safety, comfort and well-being of the Owners residents of the Project, as provided in Section 1 of this Article VI, to the extent that such activities are not anticipated to be performed by the Conservancy, the Community Services District or any other entity, or to be supported by Special Assessments or Special Charges.

2) Final Budget. The final budget for each fiscal year shall be adopted by a majority vote of the Board immediately following adoption by the governing board of the Community Services District of the District's budget for the same fiscal year. In adopting the final budget, the Board shall take into consideration the budget adopted for the Community Services District, and shall adjust the preliminary budget of the Association as necessary or appropriate to reflect the scope and cost of the services to be provided by the Community Services District.

3) Reserves. The preliminary budget and the final budget shall include the creation and maintenance of reasonable reserves for a) the estimated cost to repair, replace, restore or maintain major facilities which are within the responsibility of the Association, and b) the estimated cost of assuming in whole or in part the responsibility to repair, replace, restore or maintain major facilities which are currently within the responsibility of

the Community Services District, the Conservancy or other entity, but which might be assumed by the Association.

4) Allocation of Budgeted Costs. The total budgeted expenses of the Association as reflected in final adopted budget shall be allocated among all of the Lots then subject to this Declaration as the Basic Assessment for the forthcoming year in the following proportions: Ninety-five percent (95%) of the total budgeted expenses shall be allocated to the Lots then subject to this Declaration which are not designated for Employee Units as provided in this Declaration, and five percent (5%) of the total budgeted expenses shall be allocated to the Lots then subject to this Declaration which have been designated for Employee Units as provided in this Declaration. The portion of the total budgeted expenses allocated to the Lots which are not designated for Employee Units shall be divided by the total number of such Lots, and assessed equally to each such Lot as the Basic Assessment for each such Lot; provided, however, that if any such Lots have been granted an allocation of an additional residential unit pursuant to the provisions of Article III, Section 1(B)(1)(f) of this Declaration, the total number of such allocations shall be added to the total number of such Lots, and the Basic Assessment for each such Lot that has been granted such an allocation shall be two times that assessed to Lots that have not received an allocation of an additional residential unit. The portion of the total budgeted expenses allocated to the Lots designated for Employee Units shall be divided by the total number of Employee Units then in existence on such Lots, and assessed to each such Lot in accordance with the number of Employee Units located on each such Lot as the Basic Assessment for each such Lot. The Basic Assessment shall be paid by the Owners of each Lot in two (2) equal semi-annual installments due and payable on the tenth day of December and April of the forthcoming fiscal year.

B. Special Assessments.

1) Purposes. Special Assessments may be levied by the Association upon the Owners of the Lots subject to the basic assessment under this Declaration for the following purposes:

a) For the purpose of defraying in whole or in part the cost of any extraordinary or unexpected repair, replacement, restoration or maintenance of facilities which are within the responsibility of the Association for which the reserves are inadequate;

b) For the purpose of defraying in whole or in part the cost of any extraordinary or unexpected repair, replacement, restoration or maintenance of facilities which are

within the responsibility of the Community Services District, the Conservancy or some other entity, but which the Community Services District, the Conservancy or such other entity is unable to perform, and for which the Association's reserves are inadequate.

2) Adoption of Emergency Special Assessments. Special Assessments for emergency purposes may be adopted by the Board upon the affirmative vote of two thirds (2/3) of the voting power of the Board, without the vote of the Members. For the purposes of this sub-section, "emergency" shall mean and refer to a sudden or unexpected event which poses an immediate threat to the health, safety, welfare or property of the Owners or occupants of the Project.

3) Adoption of Regular Special Assessments. Regular non-emergency Special Assessments may be adopted by the Board upon the affirmative vote of a majority of the voting power of the Board; provided, however, that the Board shall not levy special assessments in any fiscal year which in the aggregate exceed 5% of the budgeted gross expenses of the Association for that year, without the vote or written assent of a majority of the voting power of the Association residing in Members other than Declarant.

4) Allocation of Special Assessments. Special Assessments, whether for emergency or non-emergency purposes, shall be levied among the Owners of all of the Lots then subject to this Declaration in the same manner as the allocation the Basic Assessments as provided in sub-section A.4 of this Section 4.

C. Special Charges. The Association shall be entitled to reimbursement from the Owner of any Lot for any materials or services provided by the Association to or for the benefit of such individual Lot or the Owner thereof if said materials or services were requested by such Owner or were provided by the Association in the exercise of any of its powers under this Declaration. Such special charges shall be a personal obligation of the Owner of such Lot, and shall be due and payable thirty (30) days following the date on which such Special Charges are billed to such Owner.

D. Commencement. The basic assessment shall commence on the month following the closing of the first sale of a Lot in the Subject Property. Assessments shall be paid irrespective of whether the Lot is developed or undeveloped. Declarant shall pay any assessments for unsold Lots subject to this Declaration.

E. Delinquency. Any basic assessment, special assessment or special charge shall be delinquent if not paid in full by the date due and shall bear interest at the maximum rate allowed by law from said date until paid.

F. Right to Access. Every Owner of a Lot subject to this Declaration, his guests, tenants and invitees, shall be entitled to the use of the Public Roads and the Private Roads for purposes of ingress and egress and utilities.

G. Personal Obligation. The obligation to pay the basic assessments and special assessments provided for herein shall be the joint and several personal obligation of each and every Owner of a Lot as to which such assessments are levied. The failure of an Owner to utilize the Lot, or the abandonment thereof, shall not relieve any Owner from the personal obligation to pay such assessments.

Section 5. Maintenance of Drainage Facilities.

A. Yearly Report. Unless performed by the Community Services District, the Conservancy or some other agency or entity, the Association shall commission and pay for a yearly report prepared by a registered civil engineer monitoring the impacts of drainage and the status of maintenance of drainage facilities within the Subject Property. The cost of such yearly report shall be included as part of the budgeted costs of maintaining the drainage facilities as provided in sub-section A(2) of Section 4 above. A copy of such yearly report shall be submitted for the review and approval of the Monterey County Water Resources Agency.

B. Maintenance by Water Resources Agency. If the drainage facilities within the Subject Property are not maintained by the Community Services District or the Conservancy, and if the Association fails to properly maintain, repair or operate the drainage and flood control facilities within the Subject Property, the Monterey County Water Resources Agency, after notice and hearing by the Agency, shall be granted the right to enter any and all portions of the Subject Property (other than individual residences) and to perform the repairs, maintenance or improvements necessary to properly operate the drainage and flood control facilities within the Subject Property. The Agency shall have the right thereupon to collect the cost for said repairs, maintenance and improvements from the Owners in accordance with the terms of a written agreement entered into between Declarant and the Agency concurrent with the filing of the Final Map.

Section 6. Maintenance of Private Driveways. Maintenance, repair and replacement of each Private Driveway shall be the sole responsibility of the Owner or Owners of the Lot or Lots served by the Private Driveway. If the Owner of any Lot fails to maintain such Private Driveway, and the failure to maintain presents a risk of erosion, siltation or damage to significant natural resources,

the Conservancy shall have the right, after fifteen (15) days' written notice to such Owner, to enter upon the Openlands and the Homeland of such Owner's Lot and perform the work necessary or appropriate to bring the Private Driveway into compliance, and to charge such Owner the reasonable costs of such work.

Section 7. Fuel Modification. If the Owner of any Lot fails to comply with fuel modification requirements established by State law or by the agency responsible for fire protection within the Subject Property, the Conservancy shall have the right, after fifteen (15) days' written notice to such Owner, to enter upon the Openlands and the Homeland of such Owner's Lot and perform the work necessary or appropriate to bring such Openlands and Homelands into compliance with requirements, and to charge such Owner the reasonable costs of such work.

ARTICLE VII

MISCELLANEOUS

Section 1. Interpretation of Restrictions. In interpreting and applying the provisions of this Declaration, they shall be held to be minimum requirements adopted for the preservation and enhancement of values and the promotion of the health, safety, comfort, convenience and general welfare of the Owners and occupants of The Santa Lucia Preserve. It is not the intent of this Declaration to interfere with any provisions of any law or ordinance or any rules, regulations or permits previously adopted or issued or which may be adopted or issued pursuant to law relating to the use of buildings or premises; nor is it the intent of this Declaration to interfere with or abrogate or annul easements, covenants and/or other agreements between parties; provided, however, that where this Declaration imposes a greater restriction upon the use and/or occupancy of any Lot or upon the construction of buildings or structures or in connection with any other matters that are imposed or required by such provisions of law or ordinance or by such rules, regulations, or permits or by such easements, covenants, and agreements then in that case the provision of this Declaration shall control.

Section 2. Limitation of Restrictions on Declarant. Declarant is undertaking the work of development and construction of a community preserve consisting of a residential subdivision, open spaces, active and passive recreational facilities, habitat and resource conservation and enhancements and incidental improvements upon the Subject Property known as The Santa Lucia Preserve. The completion of that work and the sale, rental and other disposition of the residential Lots is essential to the establishment, maintenance and financing of a sustainable

community preserve, and for the general welfare of the Owners and occupants of The Santa Lucia Preserve. In order that said work may be completed and the Subject Property be established as a fully integrated community preserve as rapidly as possible, nothing in this Declaration shall be understood or construed to:

A. Prevent Declarant, its contractors or subcontractors from doing on the Subject Property or on any Lot, whatever is reasonably necessary or advisable in connection with the completion of said work; or

B. Prevent Declarant or its representatives from erecting, constructing and maintaining on any part of the Subject Property, such structures, including temporary trailers, as may be reasonable and necessary for the conduct of its business of completing said work and establishing the Subject Property as a community preserve and marketing of the residential components thereof; or

C. Prevent Declarant from conducting on any part of the Subject Property its business of completing said work and of establishing a community preserve and marketing the residential components of the Subject Property; or

D. Prevent Declarant from maintaining such sign or signs, models or sales offices on or adjacent to the Subject Property as may be necessary for the sale, lease or disposition thereof.

Section 3. Termination of Any Responsibility of Declarant. In the event Declarant shall convey all of its rights, title and interest in and to the Subject Property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

Section 4. Binding Upon Owners and Grantees. The undersigned, each present Owner and each grantee hereafter of any part or portion of the property subject to this Declaration, and any purchaser under any contract of sale or lessee or tenant under any lease or tenancy (including a month-to-month tenancy) covering any part or portion of the Subject Property shall be subject to all of the restrictions, conditions, covenants and reservations provided for in this Declaration.

Section 5. Construction and Validity of Reservations. All of said restrictions, conditions, covenants and reservations

contained in this Declaration shall be construed together; but if it shall at any time be held that any one or more of these restrictions, conditions, covenants, or reservations, or any part thereof, is invalid or for any reason becomes unenforceable, no other restrictions, conditions, covenants or reservations or any part thereof shall be thereby affected or impaired.

Section 6. Waiver and Exemptions. The failure by any Owner of any Lot included in the Subject Property or any other person to enforce any of the restrictions, conditions, covenants or reservations to which the Subject Property or any part thereof is subject, shall in no event be deemed a waiver of the right to do so thereafter or to enforce any other restrictions, conditions, reservations or covenants.

Section 7. Protection of Mortgages or Deeds of Trust. No breach of any covenants, conditions, restrictions, limitations or uses herein contained shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said matters shall be binding upon any Owner whose title is derived through foreclosure or trustee's sale.

Section 8. Priority of Certain Easements. The covenants, conditions and restrictions contained in this Declaration are subject and subordinate to the following:

A. The easements, covenants and restrictions contained in that certain Deed of Conservation Easement recorded on November 24, 1998, as Document No. 9882397, Official Records of Monterey County, California ("the Conservation Easement").

B. The easements, covenants and restrictions contained in that certain Archaeological/Wetlands/Conservation/Scenic Easement Deed, recorded on November 24, 1998, as Document No. 9882398, Official Records of Monterey County, California ("the County Easement").

IN WITNESS WHEREOF, the undersigned have set their hands this 23rd day of November, 1998.

RANCHO SAN CARLOS PARTNERSHIP, L.P.
A California Limited Partnership

By: Las Garzas Associates, L.P.,
A California Limited Partnership
Its: General Partner

By: Chamisal Developers, L.P.,
A California Limited Partnership
Its: General Partner

By: Pacific Union of Monterey, Inc.,
A California corporation
Its: General Partner

By /s/ Thomas A. Gray

Thomas A. Gray
Its: President

By: WB/OLY San Carlos, L.L.C., a Delaware
Limited Liability Company
Its: General Partner

By s/s Thomas A. Gray

Its: Attorney-in-Fact

November 19, 1998

STATE OF CALIFORNIA)
) ss
COUNTY OF MONTEREY)

On this 23d day of November, 1998, before me, the undersigned, personally appeared Thomas A. Gray, 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.

/s/ Brian Finegan

Notary Public in and for the
State of California

November 19, 1998

Exhibit D

Consultants qualified to produce Fuel Management Plans must meet the following criteria to the satisfaction of the Conservancy and the Landowner:

1. The demonstrated ability to correctly prepare spatially-explicit fire behavior analyses, using industry-standard software (FlamMap and/or FARSITE).
2. The ability to accurately map the building, Homelands area and fuel management zones to scale so that those who need to implement the plan can determine distances, and for the owner to see the relationship of flame lengths to building footprint.
3. Certification as a Wildland Fire Manager or Wildland Fire Ecologist, from the Association of Fire Ecology (AFE). Wildland Urban Interface Inspector certification by the National Fire Prevention Association does not meet this criterion.
4. Completion of Lot-Specific Fuel Management Plans that fully meet the Preserve FMS requirements consistently and timely, in a manner that facilitates effective, ecologically appropriate and cost-effective fuel management treatments.