

As of January 1, 2000¹, all California Community Associations are required, when providing a copy of a Governing Document, to include a cover page with the following statement:

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

It has been and continues to be the Association's policy not to discriminate on the basis of race, color, religion, gender, gender identity, gender expression, sex, familial status, marital status, sexual orientation, disability, national origin, or ancestry.

THE GEORGE RANCH

COMPILED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

The following Declaration of Conditions, Covenants and Restrictions is a compilation of the text of:

THE GEORGE RANCH DECLARATION OF AMENDMENT TO AND RESTATEMENT OF THE COVENANTS, CONDITIONS AND RESTRICTIONS recorded in the Official Records of Sonoma County on March 12, 2006 as document number 19960021337;

THE GEORGE RANCH DECLARATION OF FIRST AMENDMENT TO AND RESTATEMENT OF THE COVENANTS, CONDITIONS AND RESTRICTIONS recorded in the Official Records of Sonoma County on April 16, 1996 as document number 19960033842; and

THE GEORGE RANCH DECLARATION OF SECOND AMENDMENT TO AND RESTATEMENT OF THE COVENANTS, CONDITIONS AND RESTRICTIONS recorded in the Official Records of Sonoma County on April 7, 2006 as document number 2006041673.

ALL MEMBERS OF THE ASSOCIATION SHOULD OBTAIN AND RETAIN COPIES OF THE ACTUAL RECORDED DOCUMENTS FOR THEIR RECORDS. MEMBERS MUST PROVIDE COPIES OF THE ACTUAL RECORDED DOCUMENTS TO ANY PROSPECTIVE BUYERS OF THEIR GEORGE RANCH PROPERTY.

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DECLARATION OF AMENDMENT TO
AND RESTATEMENT OF THE
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
GEORGE RANCH

THIS DECLARATION OF AMENDMENT TO AND RESTATEMENT OF THE COVENANTS, CONDITIONS AND RESTRICTIONS OF GEORGE RANCH ("Declaration") is made as of this 10th day of October, 1995 (the "Effective Date"), which is the date of recordation of an instrument duly executed and certified by the President and Secretary of the Association setting forth the terms contained herein fully executed and agreed to by the GEORGE RANCH COMMUNITY ASSOCIATION, a California Non-Profit Mutual Benefit Corporation and Lot Owners in George Ranch constituting fifty-one percent (51%) or more of Association members who have consented to the adoption of this Declaration in writing (hereinafter referred to collectively as the "Declarant"). Declarant hereby amends and restates the Declaration of Covenants, Conditions and Restrictions of George Ranch (the "Original Declaration") by replacing it with this Declaration.

R E C I T A L S:

THIS DECLARATION is made with reference to the following facts:

A. Declarant constitutes the Association and lot owners comprising at least fifty-one percent (51%) of the total voting power of the Association of George Ranch, a common interest subdivision development located in the County of Sonoma, State of California. George Ranch is a custom home subdivision which was developed, constructed and marketed in four phases.

B. The Original Declaration of Covenants, Conditions and Restrictions of George Ranch was executed by the Original Declarant and recorded on September 21, 1982, as Instrument Number 82-050929 in the Official Records of Sonoma County, California, and was amended by that certain Amendment to Declaration of Covenants, Conditions and Restrictions of George Ranch dated November 2, 1982 and recorded in the Official Records on November 3, 1982, as Instrument No. 82-059479 (the "First Amendment") and was further amended by that certain Amendment to Declaration of Covenants, Conditions and Restrictions dated January 21, 1986 and recorded in the Official Records on February 10, 1987, as Instrument No. 86-009468 (the "Second Amendment"). The Declaration of Covenants, Conditions and Restrictions of George Ranch, as amended by the First and Second Amendments shall be referred to herein as the "Original Declaration".

C. The Original Declaration, through its original recordation and through the execution and recordation of those certain Declarations of Annexation, duly executed and recorded in the Official Records of Sonoma County, California, subjected all of the real property within George Ranch to the provisions of the Declaration and created the same as covenants running with and binding said real property and all of its owners, successors and assigns. The dates of execution and recordation of the four (4) Declarations of Annexation are as follows:

1. Declaration of Annexation of Phase II of George Ranch and Imposition of Covenants, Conditions and Restrictions made February 22, 1983, and recorded in the Official Records on February 28, 1983 as Instrument No. 83-011800;

2. Declaration of Annexation of Phase III of George Ranch and Imposition of Covenants, Conditions and Restrictions made December 10, 1982 and recorded in the Official Records on February 28, 1983 as Instrument No. 83-011813; and

3. Declaration of Annexation of Phase IV of George Ranch and Imposition of Covenants, Conditions and Restrictions made December 10, 1982 and recorded in the Official Records on February 28, 1983 as Instrument No. 83-011826.

4. Declaration of Annexation of Lot 56 to George Ranch and Imposition of Covenants, Conditions and Restrictions made August 3, 1990 and recorded in the Official Records on November 5, 1990 as Instrument No. 1990-0109096.

D. It is the desire and intention of Declarant to amend the Original Declaration in the manner set forth herein in order to provide for the preservation of the values and amenities in George Ranch and to create and maintain thereon common community facilities. For that objective, Declarant desires and intends to impose upon the property constituting the George Ranch mutually beneficial restrictions, easements, assessments and liens under a general plan or scheme of improvement for the benefit of all of the Lots and Common Area in the current and future owners of said Lots and Common Area.

E. The County of Sonoma ("County") is constituted a third-party beneficiary to the Original Declaration and, pursuant to the provisions of the Original Declaration, written consent of the County in the form of a resolution by the Board of Supervisors is required for certain amendments to be effective. By executing the Consent to Amendment and Restatement set out herein and by passing a resolution consenting to such amendment, the County hereby evidences its consent to the amendments and modifications to the Original Declaration set forth herein.

NOW, THEREFORE, Declarant hereby declares that the real property described on the Map is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved, subject to the following limitations, restrictions, covenants, and conditions, all of which are declared and agreed to be in furtherance of the plan for the subdivision, improvements and sale of said real property as a Planned Development and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the real property and every part thereof. All of the limitations) easements, uses, obligations, covenants, restrictions, and conditions stated herein shall run with the real property, shall be binding on all parties having or acquiring any right, title, or interest in the described real property or any part thereof, shall be for the benefit of each Owner (defined in Article 1, infra), or any portion of said real property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the Owners thereof. Each and all of the said limitations, easements, uses, obligations, covenants, conditions and restrictions shall be deemed to be, and shall be construed as equitable servitudes, enforceable by any of the Owners of any of the individual Lots against any other Owner, tenant, or occupant of the Property (defined in Article 1, infra), or any portion thereof.

ARTICLE I DEFINITIONS

Unless the context clearly indicates a different meaning therefor, the terms used herein shall have the meanings specified in this Article.

Additional Charges. The term "Additional Charges" shall mean costs, fees, charges and expenditures, including without limitation, attorneys' fees, late charges, interest and recording and filing fees actually incurred by the Association in collecting and/or enforcing payment of assessments, fines and/or penalties.

Agricultural Lot. The term "Agricultural Lot" shall mean lot numbers 1-1, 1-2, 1-3, 1-4, and I-B, together with all improvements which are from time to time constructed thereon, as shown on the Phase I Subdivision Map.

Agricultural Management Plan. The term "Agricultural Management Plan" shall mean that plan dated November, 1981, and accepted by Sonoma County on July 28, 1982, as further described in Sections 3.17 and 5.4 herein.

Archaeological Sites. The term "Archaeological Sites" shall mean and refer to those certain sites described and identified in the Phase II, Phase III and Phase IV Subdivision Maps.

Architectural Control Committee. The term "Architectural Control Committee" shall mean the committee established pursuant to Article VI.

Architect. The term "Architect" shall mean a person holding a certificate to practice architecture in the State of California under authority of Division 3, Chapter 3, of the Business and Professions Code of the State of California.

Articles. The term "Articles" shall mean the Articles of Incorporation of the George Ranch Community Association which are on file in the Office of the Secretary of the State of California.

Association. The term "Association" shall mean and refer to the George Ranch Community Association, its successors and assigns, incorporated as a nonprofit corporation under the laws of the State of California.

By-Laws. The term "By-Laws" shall mean the by-laws of the Association which are or shall be adopted by the Governing Body.

Caretaker. The term "caretaker" shall mean the person or caretaking company appointed as such pursuant to Section 3.13.

Common Area. The term "Common Area" shall mean all real property within the George Ranch owned in fee by the Association for the common use of Owners (as members of the Association) and shall include, without limitation, Lot II-A and the Roads.

Common Interests. The term "Common Interests" shall include all real and personal property owned by or leased to the Association, including the Common Area and the riding and hiking trails described in Section 7.3.

Declarant. The term "Declarant" shall mean and refer collectively to the Association and to the Lot Owners in George Ranch constituting fifty-one percent (51%) or more of Association members who have separately consented to the adoption of the Declaration.

Declaration. The term "Declaration" shall mean and refer to this Declaration of Amendment to and Restatement of the Covenants, Conditions and Restrictions of George Ranch.

Declaration of Annexation. The term "Declaration of Annexation" shall mean and refer to any or all of those four (4) Declarations of Annexation identified in Recital C hereto.

Excavation. The term "Excavation" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for planting) which results in the removal of earth, rock, or other substance from a depth of more than twelve inches (12") below the natural surface of such land.

Fill. The term "Fill" shall mean any addition of rock or earth materials to the surface of the land which increases the natural elevation of such surface by more than twelve inches (12").

George Ranch. The term "George Ranch" shall mean the real property contained in the Subdivision Map.

George Ranch Restrictions. The term "George Ranch Restrictions" shall mean, with respect to all property within the George Ranch, the limitations, restrictions, covenants, and conditions set forth in this Declaration and as may from time to time be amended.

George Ranch Rules. The term "George Ranch Rules" shall mean the rules from time to time adopted and in effect pursuant to the provisions of Section 3.15.

Governing Body or Board. The terms "Governing Body" or "Board" shall mean the Board of Directors of the Association.

Governing Instruments and Management Documents. The terms "Governing Instruments" and "Management Documents" shall mean the Articles, By-Laws, this Declaration and the George Ranch Rules.

Guests. The term "Guests" shall mean any person present on the Property with the direct or constructive permission of an Owner or Resident.

Improvements. The term "Improvements" shall include buildings, outbuildings, road driveways, parking areas, patios, stone walls, fences, retaining walls, stairs, decks, hedges, windbreaks, poles, signs, and any structures of any type or kind.

Lots. The term "Lots" shall mean all of the Lots as designated on the Subdivision Map.

Lot Splitting. The term "Lot splitting" shall mean the division of any lot within the George Ranch into two or more parcels and shall include a "subdivision" within the

meaning of Division 4, Part 2, Chapter 1, of the Business and Professions Code of the State of California.

Manager. The term "Manager" shall mean the person or management company appointed as such pursuant to Section 3.14.

Member. The term "Member" shall mean any person who is a member of the Association pursuant to Article III.

Official Records. The term "Official Records" shall mean and refer to the Official Records of Sonoma County, California.

Original Declarant. The term "Original Declarant" shall mean and refer to Damstraat Inc., a California corporation.

Owner. The term "Owner" shall mean any person, other than the Association, who is the record owner of a fee simple interest in any Lot.

Project. The term "Project" shall mean the George Ranch.

Project Documents. The term "Project Documents" shall have the same meaning as the terms "Governing Instruments" and "Management Documents".

Property. The term "Property" shall mean all of the real property depicted in the Subdivision Map, and more commonly known as the George Ranch.

Record, Recorded. The term "Record" or "Recorded" shall mean, with respect to any document, that such document shall have been recorded in the Office of the Records of the County of Sonoma, State of California.

Residence. The term "Residence" shall mean the building or buildings, and attendant garage, carport, or similar outbuilding, used for residential purposes.

Resident. (a) The term "Resident" shall mean any person who is an Owner, or any person that may be the lessee of real property within the boundaries of the George Ranch. A Resident shall qualify as such only so long as he or she or it meets the requirements set forth in this Section.

(b) Any person living on the Property, whether as Caretaker, Manager or employee of a Resident shall be subject to the obligations of this Declaration but not entitled to the benefits of an Owner or Resident hereunder.

Residential Lot. The term "Residential Lot" shall mean and refer to those certain Lots depicted on the Subdivision Map, and all improvements which may from time to time be constructed thereon, more particularly defined as follows:

1. Lots 1-1 through 1-4, inclusive, as shown on the Phase I Subdivision Map;

2. Lots II-5 through II-31, inclusive, as shown on the Phase II Subdivision Map.

3. Lots III-32 through III-44, inclusive, as shown on the Phase III Subdivision Map; and

4. Lots IV-45 through IV-55, inclusive, as shown on the Phase IV Subdivision Map;

5. Lot 56 as described in that certain Declaration of Annexation of Lot 56 to George Ranch and Imposition of Covenants, Conditions and Restrictions recorded in the Official Records on November 5, 1990 as Instrument No. 1990-0109096.

Road. The term "Road" shall mean any vehicular way, constructed within or upon any portion of the Common Area or designated a private road, emergency access road or common driveway, on any Subdivision Map, but not including any Agricultural Road or apron or other area constructed for the purpose of providing individual access from such way to any Residential or Agricultural Lot.

Scenic Easement. The term "Scenic Easement" shall mean that certain Deed of Scenic Easement executed by the Association's predecessor in interest in satisfaction of the original subdivision approval for the Project and recorded on February 28, 1983, as Document No. 83-011797 in the Official Records.

Soil Conservation Measures. The term "Soil Conservation Measures" mean all necessary measures that are to be taken to assure that the natural vegetative soil cover shall not be injured, scarred, or decreased to less than an average of two inches in height, commonly referred to as "stalk" or "stubble height", and to assure that erosion of soil or washing of other surface materials will not occur.

Structure. The term "Structure" shall mean anything constructed or erected, the use of which requires location on the ground or attachment to something located on the ground.

Subdivider. The term "Subdivider" shall have the same meaning as the term "Original Declarant."

Subdivision. The term "Subdivision" shall have the same meaning as the term "Project."

Subdivision Interest. The term "Subdivision Interest" shall mean any Lot and appurtenant rights and interests other than a lot designated as Common Area.

Subdivision Map. The term "Subdivision Map" shall mean and refer collectively or individually as the reference requires, to the following final subdivision maps filed for record in the Official Records:

(a) That certain subdivision map entitled "Tract No. 609, Phase I, The George Ranch," filed on September 21, 1982 in Book 338 of Maps at pages 9-17 (the "Phase 1 Subdivision Map");

(b) That certain subdivision map entitled "Tract No. 610, Phase II, The George Ranch," filed on February 28, 1983 in Book 342 of Maps at pages 30-43 (the "Phase II Subdivision Map");

(c) That certain subdivision map entitled "Tract No. 611, Phase III, The George Ranch," filed on February 28, 1983 in Book 342 of Maps at pages 44-48 (the "Phase III Subdivision Map"); and

(d) That certain subdivision map entitled "Tract No. 612, Phase IV, The George Ranch," filed on February 28, 1983 in Book 345 of Maps at pages 1-7 (the "Phase IV Subdivision Map").

Visible from Neighboring Property. The term "Visible from Neighboring Property" shall mean, with respect to any given object or activity, that such object or activity is or would be in any line of sight originating from any point six feet above any other lot or Common Area.

ARTICLE II COMMON AREA OWNERSHIP; MUTUAL WATER COMPANY

2.1 COMMON AREA OWNERSHIP. The Common Area within the Project has been conveyed to and shall be held by the Association subject to the rights, duties and obligations set forth herein.

2.2 MUTUAL WATER COMPANY.

2.2.1 Original Declarant formed the George Ranch Mutual Water Company, a nonprofit mutual benefit corporation, for the purpose of owning and operating a water supply system to provide water to all of the Lots. The Mutual Water Company owns and operates the water supply system constructed to provide water to the Lots. Each Owner of a Lot, by virtue of such ownership, is a member of the George Ranch Mutual Water Company.

2.2.2 Each share certificate of the George Ranch Mutual Water Company shall be appurtenant to the Subdivision Interest for which it is issued and shall not be transferable except with the conveyance of the Subdivision Interest for which said certificate is issued. Such conveyance shall effect the transfer of the certificate appurtenant to that particular Subdivision Interest to its purchaser.

2.2.3 Membership in the George Ranch Mutual Water Company entitles the Owner to water service for one residence and the necessary out-buildings which may include, but need not be limited to, gazebos, swimming pools, guest houses, garages, tool sheds, or potting sheds and service for watering lawns and gardens appurtenant thereto ("Domestic Use"). Members utilizing such services shall be known as "User Members". Water will be provided for agricultural uses, such as irrigation purposes other than watering lawns and gardens as set forth above, so long as such water is available after provision for Domestic Use.

2.2.4 All members of the George Ranch Mutual Water Company shall be required to pay the following, regardless of whether their Lot is hooked up to the water supply system or whether they are User Members:

(a) a membership fee upon the original issuance of the share certificate:

(b) a transfer fee upon the transfer of the share certificate; and

(c) all assessments levied by the board of directors of the George Ranch Mutual Water Company.

2.2.5 In addition to the obligation set forth in Section 2.2.4 above, all User Members shall be obligated to pay the following, which shall be established by the board of directors of the George Ranch Mutual Water Company:

(a) a hookup and water meter fee; and

(b) a rate for water furnished.

2.2.6 Members may use only water meters supplied by the George Ranch Mutual Water Company.

ARTICLE III
COMMUNITY ASSOCIATION

3.1 THE ORGANIZATION

3.1.1 The Association shall be a nonprofit membership corporation charged with the duties and empowered with the rights set forth herein and in the Articles. Its affairs shall be governed by this Declaration, the Articles, the By-Laws, and the George Ranch Rules.

3.1.2 In the event that the Association as a corporate entity is dissolved, a nonprofit, unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association hereunder. The affairs of such unincorporated Association shall be governed by the law of the State of California and, to the extent not inconsistent therewith, by the Articles and By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated Association.

3.2 MEMBERSHIP. Each owner of a Lot shall be a Member of the Association or of the unincorporated association succeeding to the Association, provided that any person or entity who holds an interest in a Lot merely as security for the performance of an obligation shall not be a Member. Each Lot Owner shall be entitled to one (1) membership in the Association for each Lot owned. Association membership shall be appurtenant to and may not be separated from the ownership of any Lot. Upon termination of Lot ownership, the membership in the Association shall also terminate. Ownership of a Lot shall be the sole qualification for membership in the Association. Except as otherwise provided herein, the rights, duties, privileges, and obligations of all Members of the Association shall be as provided in this Declaration, the Articles, By-Laws, and George Ranch Rules. The membership of an Owner shall not be transferred, pledged, or alienated in any way except upon transfer of title to the Owner's Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer is void.

3.3 VOTING. The Association shall have one (1) class of voting Members. Each Owner of a Subdivision Interest shall be entitled to vote one (1) vote for each Subdivision Interest. If a Subdivision Interest is owned by more than one person, each person shall be a Member of the Association, but there shall be no more than one (1)

vote for each Subdivision Interest. Such single vote shall be cast by the designated "Voting Owner" for that Subdivision Interest as hereinafter provided. Fractional votes shall not be allowed and in no event shall more than one vote be cast with respect to any one Subdivision Interest. When more than one (1) person owns a single Subdivision Interest, there shall be one "Voting Owner" for such Subdivision Interest. The "Voting Owner" shall be designated by the record Owner or Owners of each Subdivision Interest by written notice to the Governing Body. Said designation shall be revocable at any time by actual notice to the Governing Body given by any record Owners of the Subdivision Interest or by the death or judicially declared incompetence of any such Owner. The power herein conferred to designate a "Voting Owner" and to revoke said designation, may be exercised by the Subdivision Interest owner's conservator, by the guardian of his estate, by the parent or parents entitled to custody of a minor in the case of such an owner being a minor having no guardian, or, during the administration of his estate, by the executor or administrator of a deceased record Subdivision Interest owner where the latter's interest in said property is subject to administration in his estate. Where no "Voting Owner" of a Subdivision Interest has been designated, or where said designation has been revoked as provided, the vote for such Subdivision Interest shall be exercised as the majority of co-owners of the Subdivision Interest mutually agree. No vote shall be cast for any Subdivision Interest where there is no designated "Voting Owner" and the majority of co-owners present and representing said Subdivision Interest cannot agree to said vote or other action.

A member who has sold his Subdivision Interest to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Governing Body before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments until fee title to the Subdivision Interest sold is transferred.

3.4 VOTING PROCEDURES. Except for the election of the first Governing Body and the levy of assessments, voting rights attributable to Subdivision Interests shall not vest until assessments against those interest have been levied by the Association.

Membership action shall be taken by either the vote of the members, cast in person or by proxy, or by unanimous written consent, as provided in the Governing Instruments and the California Corporations Code.

3.5 NOTICE AND QUORUM AND LOCATION OF MEETING. Regular meetings of Members of the Association shall be held not less frequently than once each calendar year at a time and place prescribed by the Bylaws.

Meetings of Association members shall be held within the Subdivision or at a meeting place as close thereto as possible. Unless unusual conditions exist, Members meetings shall not be held outside of the county in which the Subdivision is situated.

A special meeting of the members of the Association shall be promptly called by the Governing Body upon:

(a) The vote for such a meeting by a majority of a quorum of the Governing Body; or

(b) Receipt of a written request for a special meeting signed by Members representing at least five percent (5%) of the total voting power of the Association.

Written notice of regular and special meetings shall be given to Members by the Governing Body by means which is appropriate given the physical setup of the Subdivision. Notice of Regular meetings shall be given not less than fifteen (15) nor more than ninety (90) days before said meeting. Notice of a special meeting called by the Board shall be given not less than fifteen (15) nor more than ninety (90) days from said meeting. Notice of a special meeting called by the members shall be given not less than thirty-five (35) nor more than ninety (90) days from the meeting. The notice shall specify, the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

Presence in person or by proxy of fifty-one percent (51%) of the voting power of the Association shall constitute a quorum for the transaction of business at a meeting of Members of the Association. In the absence of a quorum at a Members' meeting, a majority of those present, in person or by proxy, may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than fifteen (15) days and not more than forty-five (45) days from the original meeting date. Presence in person or by proxy, of twenty-five percent (25%) of the total voting power of the Association shall constitute the quorum for an adjourned meeting. Notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings.

Any action which may be taken by the vote of members at a regular or special meeting, except the election of Governing Body members where cumulative voting is a requirement (see Section 3.6 and the Declaration), may be taken without a meeting if done in compliance with the provisions of Section 7513 of the Corporations Code.

3.6 ELECTION AND REMOVAL OF GOVERNING BODY MEMBERS. [As amended April 16, 1996 in the Declaration of First Amendment to and Restatement of the of Conditions, Covenants and Restrictions] The Board of Directors of the

Association shall constitute the Governing Body of the Association. The Governing Body shall undertake all duties and responsibilities of the Association and the management and conduct of the affairs thereof, except as expressly reserved herein to a vote of the Members. The Governing Body shall consist of five (5) directors ("Governing Body Members"), whose terms of office shall be one (1) year and shall be concurrent.

Voting for the Governing Body shall be by secret ballot, and as otherwise specified in the George Ranch Community Association By-Laws.

The Governing Body or any individual thereof may be removed upon the affirmative vote of at least fifty-one percent (51%) of the Membership of the Association.

3.7 MEETINGS OF GOVERNING BODY. [*As amended April 7, 2006 in the Declaration of Second Amendment to and Restatement of the of Conditions, Covenants and Restrictions*] Regular meetings of The Governing Body of the Association shall be held as prescribed in the Bylaws. Ordinarily such meetings shall be conducted at least monthly though the Bylaws prescribe meetings as infrequently as every six months if business to be transacted by the Governing Body does not justify more frequent meetings. Regular meetings of the Governing Body shall be held at a time and at a place within the Subdivision fixed by the Governing Body from time to time. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Common Area and shall be communicated to Governing Body Members not less than seven (7) days prior to the meeting, unless the time and place of meeting is fixed by the Bylaws; provided, however, that notice of a meeting need not be given to any Governing Body Member who has signed a waiver of notice or a written consent to holding of the meeting.

A special meeting of the Governing Body may be called by written notice signed by the President of the Association or by any two members of the Governing Body other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice shall be posted in a manner prescribed for notice of regular meetings and shall be sent to all Governing Body Members not less than seventy-two (72) hours prior to the scheduled time of the meeting; provided, however, that notice of the meeting need not be given to any Governing Body Member who signed a waiver of notice or a written consent to holding of the meeting.

Regular and special meetings of the Governing Body shall be open to members of the Association and members are encouraged to participate in discussion subject to reasonable rules of conduct established by the Governing Body Member chairing the meeting. Members may not vote on matters before the Governing Body. The Governing Body may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon

personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. An explanation of any action taken in executive session shall be posted at a prominent place within the Common Area within seven (7) days after the executive session is held.

The Governing Body may take actions without a meeting if all its members consent in writing to the action to be taken. If the Governing Body resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within seven (7) days after the written consents of all Governing Body Members have been obtained.

3.8 GENERAL POWERS, DUTIES AND AUTHORITY OF THE ASSOCIATION AND GOVERNING BODY.

The Association shall have all of the powers set forth in the Articles, together with the general power to do any and all things that a non-profit corporation organized under the laws of the State of California may lawfully do in operating for the benefit of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws, and this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required, or permitted to be done by the Association under and by virtue of 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 or the Lot Owners and guests of the Lot Owners.

Without limiting the generality of the foregoing paragraph, the Governing Body of the Association, for the benefit of all Lots and all Lot Owners, shall have the following powers and duties:

3.8.1 Enforcement of applicable provisions of this Declaration, Articles, Bylaws, and other instruments for the ownership, management and control of the Subdivision.

3.8.2 Payment of taxes and assessments which are, or could become, a lien on the Common Area or a portion thereof.

3.8.3 Contracting for casualty, liability and other insurance on behalf of the Association.

3.8.4 Contracting for goods and/or services for the Common Areas, facilities, and interests or for the Association subject to the limitations set forth below in Section 3.10.

3.8.5 Delegation of its powers to committees, officers or employees of the Association as expressly authorized by the Governing Instruments.

3.8.6 Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.

3.8.7 Formulation of rules of operation of the Common Area and facilities owned or controlled by the Association (the "George Ranch Rules").

3.8.8 Initiation and execution of disciplinary proceedings against Members of the Association for violation of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.

3.8.9 Entering upon any privately-owned Subdivision Interest as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the owners in common.

3.8.10 Election of officers of the Governing Body.

3.8.11 Filling of vacancies on the Governing Body except for vacancy created by the removal of a Governing Body member.

3.9 INSURANCE. The Board shall obtain and maintain insurance as provided in this Section.

3.9.1 General Provisions and Limitations: All insurance policies shall be subject to and, where applicable, shall contain the following provisions and limitations:

(a) Underwriter: All policies shall be written with a company legally qualified to do business in the State of California and holding a rating of A-XII or better in the financial category as established by Best's Insurance Reports, if such a company is available, or, if not available, the best rating possible or its equivalent.

(b) Named Insured: Unless otherwise provided in this Section, the named insured shall be the Association.

(c) Authority to Negotiate: Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board subject to the

contracts or policies of insurance between the Association and its insurance carriers; provided, however, that no Mortgagee having an interest in such losses may be prohibited from participating in any settlement negotiations related thereto.

(d) Contribution: In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by Owners or their Mortgagees.

(e) General Provisions: To the extent possible, the Board shall make every reasonable effort to secure insurance policies providing for the following:

(i) A waiver by the insurer of its right to repair and reconstruct instead of paying actual cash value;

(ii) That no policy may be cancelled, invalidated or suspended on account of the acts or any one or more individual Owners;

(iii) That any "other insurance" clause in any policy excludes individual Owners' policies from consideration;

(iv) That no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

(f) Term: The period of each policy shall not exceed three (3) years, provided the policy permits short rate cancellation by the insureds.

(g) Annual Review: The Board shall review the adequacy of all insurance at least once every year. At least once every three years, the review shall include a replacement cost appraisal of all insurable Common Area Improvements without respect to depreciation. The Board shall adjust the policies to provide coverage and protection that is customarily carried by prudent owners of similar property in the area in which the Project is situated.

(h) Deductible: The policy may contain a reasonable deductible and the amount of the deductible shall be added to the face amount of the policy in determining whether the insurance equals replacement cost.

3.9.2 Types of Coverage: At least the following kinds and amounts of insurance shall be obtained:

(a) Property Insurance: A policy or policies of all risk property insurance for all insurable Common Area Improvements, including fixtures and building

service equipment, against loss or damage by fire or other casualty, in an amount equal to at least ninety percent (90%) of the current full replacement cost (without respect to depreciation) of the Common Area, and exclusive of land, foundations, excavation and other items normally excluded from coverage. A replacement cost endorsement shall be part of the policy.

(b) Liability Insurance: A combined single limit policy of public liability insurance in an amount not less than Two Million Dollars (\$2,000,000.00) covering the Common Area and all damage or injury caused by the negligence of the Association, the Board or any of its agents or the Members against any liability to the public or to any Member incident to the use of or resulting from any accident or intentional or unintentional act occurring in or about any Lot or Common Area. If available, each policy shall contain a cross liability endorsement in which the rights of the named insured shall not be prejudiced with respect to any action by one named insured against another named insured.

(c) Worker's Compensation: Worker's compensation insurance to the extent necessary to comply with all applicable laws of the State of California or the regulations of any governmental body or authority having jurisdiction over the Project.

(d) Directors and Officers: Errors and omissions insurance covering Directors and officers, if reasonably available, in types and amounts as the Board determines to be appropriate.

(e) Other Insurance: Other types of insurance as the Board determines to be necessary to fully protect the interests of the Members.

3.10 LIMITATIONS ON POWERS, DUTIES, AND AUTHORITY OF THE GOVERNING BODY OF THE ASSOCIATION. The Governing Body of the Association shall ordinarily be prohibited from taking any of the following actions, except with the vote or written consent of a bare majority of the voting power of the Association:

3.10.1 Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions (and any additionally set out in Bylaws):

(a) A management contract;

(b) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(c) Prepaid casualty and/or liability insurance policies are not to exceed three years duration, provided that the policy permits short rate cancellation by the insured.

(d) Lease agreements for improvements and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Subdivider has a direct or indirect ownership interest of ten percent (10%) or more.

3.10.2 Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses contained in the operating budget of the Association for that fiscal year.

3.10.3 Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses contained in the operating budget of the Association for that fiscal year.

3.10.4 Paying compensation to members of the Governing Body or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Governing Body may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

3.10.5 Filling of a vacancy on the Governing Body created by the removal of a Governing Body Member.

3.11 FIDELITY BOND. The Governing Body shall have power to contract and pay for a fidelity bond naming the Governing Body and such other persons as the majority of the Lot Owners may designate as principals, and the Lot Owners and Association as obligees, in an amount equal to at least one-half (1/2) of the total sum collected through the maintenance fund during the preceding year.

3.12 LOT LIENS. The Governing Body shall have the power to pay any lien or encumbrance, including taxes levied against any Lot which may constitute a lien against the Common Area; provided, however, that the Governing Body shall levy a special reimbursement assessment against such Lot for the amount thereof. Where one or more persons are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Governing Body by reason of said lien or liens shall be specifically assessed to said Lot Owners.

3.13 CARETAKER. The Governing Body may employ a Caretaker and delegate the daily maintenance duties to said Caretaker who shall be subject to the direction and

control of the Governing Body. The Governing Body may hire an individual or caretaking company, provided that any contract with such individual or company, and the compensation to be paid must be approved as provided in Section 3.10.

3.14 MANAGER. The Governing Body may employ a Manager and delegate the daily management duties to said Manager who shall be subject to the direction and control of the Governing Body. The Governing Body may hire a manager or management company, provided that any contract with such manager or management company, and the compensation to be paid, must be approved as provided in Section 3.10.

3.15 PROPERTY RULES: THE GEORGE RANCH RULES.

3.15.1 The Governing Body may, from time to time, and subject to the provisions of this Declaration, propose such rules as the Governing Body may deem necessary for the management of the Property ("the George Ranch Rules"), which rules shall become effective and binding on all Lot Owners upon the vote or written assent of a bare majority of the voting power of the Association. The George Ranch Rules may concern, but need not be limited to, the following subjects:

- (a) Use of the Common Area, Residential Lots, or Agricultural Lots;
- (b) Signs;
- (c) Collection and disposal of refuse;
- (d) Use of recreational facilities;
- (e) Restrictions on parking, vehicular travel and types of vehicles permitted to use the Common Area;
- (f) Minimum standards of maintenance of the property; and
- (g) Any other subject or matter within the jurisdiction of the Association as provided in this Declaration.

3.15.2 With respect to Subsection 3.15.1. above, the George Ranch Rules may, without limitation and to the extent deemed necessary by the Association in order to preserve the benefits of the Property for all Lot Owners and their families, invitees, licensees and guests, restrict and/or govern the use of the Common Area by any Guest, Lot Owner, or family of such Lot owner.

3.15.3 A copy of the George Ranch Rules so adopted and as amended from time to time shall be furnished to each Lot Owner who shall have the obligation to insure that his family, guests, employees, invitees, licensees and tenants shall comply with said George Ranch Rules.

3.16 ENFORCEMENT OF GOVERNING INSTRUMENTS.

3.16.1 The Governing Body shall have the authority to impose monetary penalties, temporary suspensions of an Owner's rights as a Member of an Association or other appropriate discipline for failure to comply with the Governing Instruments, provided that the procedures for notice and hearing, satisfying the minimum requirements of Section 7341 of the Corporations Code, are followed with respect to the accused Member before a decision to impose discipline is reached.

3.16.2 A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and facilities for which the Member was allegedly responsible or in bringing the Member and his Subdivision Interest into compliance with the Governing Instruments may not be characterized nor treated in the Governing Instruments as an assessment which may become a lien against the Members Subdivision interest enforceable by sale of the Subdivision interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code.

3.16.3 There can be no power in the Association to cause a forfeiture or abridgement of an Owner's rights to the full use and enjoyment of his individually-owned Subdivision Interest on account of a failure by the Owner to comply with the provisions of the Governing Instruments or of duly-enacted rules of operation for the Common Areas and facilities except by judgment of a court or a decision arising out of arbitration or an account of a foreclosure or sale under a power or sale for failure of the Owner to pay assessments levied by the Association.

3.17 AGRICULTURAL MANAGEMENT PLAN. The Declarant has entered into an Agricultural Management Plan as required by the County of Sonoma. The provisions of the Plan may affect the use and enjoyment of Subdivision Interests other than the lots specifically described. Reference is made to Sections 5.4 and 5.5 of this Declaration.

3.18 NOTICE AND NOTIFICATION OF SALE OF LOT. Concurrently with the consummation of the sale of any Lot under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferor and transferee shall separately notify the Governing Body in writing of such sale. Such notification shall set forth the name of the transferee and his mortgagee and transferor, the common address of the Lot purchased by the transferee, the transferee's and the mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Governing Body or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Governing Body. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to his transferor if the Governing Body has received no notice of transfer as above provided, by certified mail, return receipt requested, at the mailing address above specified. Notices shall also be deemed received twenty-four (24) hours after being sent by telegram or upon personal delivery to any occupant of a Lot over the age of twelve (12) years.

ARTICLE IV FUNDS AND ASSESSMENTS

4.1 COVENANTS TO PAY: Declarant and each Owner covenant and agree to pay to the Association the assessments and any Additional Charges levied pursuant to this Article IV.

(a) Liability for Payment: The obligation to pay assessments shall run with the land so that each successive record Owner of a Lot shall in turn become liable to pay all such assessments. No Owner may waive or otherwise escape personal liability for assessments or release the Lot owned by him from the liens and charges hereof by non-use of the Common Area, abandonment of the Lot or any other attempt to renounce rights in the Common Area or the facilities or services within the Project. Each assessment shall constitute a separate assessment and shall also be a separate, distinct and personal obligation, jointly and severally, of each person who is the Owner of the Lot at the time when the assessment was levied and shall bind his heirs, devisees, personal representatives and assigns. Any assessment not paid within thirty (30) days after it becomes due is delinquent. The personal obligation of any Owner for delinquent assessments shall not pass to a successive Owner unless the personal obligation is expressly assumed by the successive Owner. No such assumption of personal liability by a successor Owner (including a contract purchaser under an installment land contract) shall relieve any Owner from personal liability for delinquent assessments. After an Owner transfers fee title of record to his Lot, he shall not be liable for any charge thereafter levied against the Lot.

(b) Funds Held in Trust: The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely for the operation, care and maintenance of the Project as provided in this Declaration. Upon the sale or transfer of any Lot, the Owner's interest in the funds shall be deemed automatically transferred to the successor in interest of such Owner.

(c) Offsets: No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

4.2 REGULAR ASSESSMENTS:

(a) Payment of Regular Assessments: Regular Assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Regular Assessments shall be levied on a fiscal year basis. Unless otherwise specified by the Board, Regular Assessments shall be due and payable in quarterly installments on the first day of each quarter during the term of this Declaration.

(b) Budgeting: Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing:

(1) Estimated revenue and expenses on an accrual basis;

(2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Civil Code Section 1365.5, which shall be printed in bold type and include all of the following:

(A) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years.

(B) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component.

(C) As of the end of the fiscal year for which the study is prepared:

(i) The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components.

(ii) The current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components.

(D) The percentage that the amount determined for purposes of clause (ii) of subparagraph (B) is of the amount determined for purposes of clause (i) of subparagraph (B).

(3) A statement as to whether the Board of the Association has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component or to provide adequate reserves therefor.

(4) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repair, replacement, or additions to those major components that the Association is obligated to maintain.

The total amount shall be charged proportionately against all Lots as Regular Assessments, subject to the limitations set forth in Section 4.4 hereof. The Board shall annually prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the Regular Assessment to be levied against the Owner's Lot, not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year.

(c) Restrictions for Tax Exemption: As long as the Association seeks to qualify and be considered as an organization exempt from federal and state income taxes pursuant to Internal Revenue Code section 528 and California Revenue and Taxation Code section 23701t and any amendments thereto, then, notwithstanding any other provision in the Project Documents, the Board shall prepare its annual budget and otherwise conduct the business of the Association in such a manner consistent with federal and state requirements to qualify for such status. As long as either federal or state regulations may so require for the Association to receive tax exempt status, the following budgeting limitations shall be observed:

(1) On Gross Income: Sixty percent (60%) or more of the gross income of the Association for each taxable year shall consist solely of amounts received as membership dues, fees and assessments from Members;

(2) On Nature of Expenditures: Ninety percent (90%) or more of the expenditures of the Association for the taxable year shall be expenditures solely for providing management, maintenance and care of the property of the Association or for the general welfare of the Members;

(3) On Benefit to Individuals: No part of the net earnings of the Association shall inure to the benefit of any Member or individual (other than those benefits provided by the Association's management, maintenance and care of property within the Project or by a rebate of excess assessments);

(4) On Expenditures for Utilities: The Association shall not provide or maintain facilities to provide utilities for its Members (provided, however, that the Association may charge for commonly metered services provided to the Project by utility companies); and

(5) On Funds for Capital Improvements: Amounts received as assessments for capital improvements which are not expended for Association purposes during the taxable year (funds collected for contingencies and deferred maintenance, repair and replacement of capital Improvements), not including excess funds in the Current Operation Account, shall be transferred or deposited to and held in a separate trust account(s) to provide for management, maintenance and care of the property within the Project and to promote the general welfare of the Members.

(d) Allocation of Regular Assessments: All assessments, both Regular and Special, shall be levied equally among the Lots.

(e) Non-Waiver of Assessments: If before the expiration of any fiscal year the Association fails to fix Regular Assessments for the next fiscal year, the Regular Assessments established for the preceding year shall continue until a new Regular Assessment is fixed.

4.3 SPECIAL ASSESSMENTS: Subject to the limitations set forth in Section 4.4 below, Special Assessments may be levied in addition to Regular Assessments for (i) constructing capital Improvements; (ii) correcting an inadequacy in the Current Operation Account; (iii) defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of Improvements in the Common Area; or (iv) paying for such other matters as the Board may deem appropriate for the Project. Special Assessments shall be levied in the same manner as Regular Assessments.

4.4 LIMITATION OF ASSESSMENTS:

(a) General Limitations: The Board may not impose, except as provided in this Section 4.4, a Regular Assessment that is more than ten percent (10%) greater than the Regular Assessment for the immediately preceding fiscal year or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of Owners, constituting a quorum, casting a majority of votes at a meeting or election of the Association. For the purpose of this section, a quorum means not less than sixty-seven percent (67%) of the Owners. However, annual increases in Regular Assessments for any fiscal year, as authorized above, shall not be imposed unless the Board has complied with Subdivision (a) of Civil Code Section 1365 with respect to that fiscal year.

The Association shall provide notice by first-class mail to the Owners of any increase in the Regular or Special Assessments of the Association, not less than 30 nor more than 60 days prior to the increased assessment becoming due.

(b) Exceptions: The provisions of Section (a), above shall not apply to Regular Assessment increases or Special Assessments necessary for emergency situations. An emergency situation is any one of the following:

(1) An extraordinary expense required by an order of a court;

(2) An extraordinary expense necessary to repair or maintain the Project or any part of it for which the Association is responsible, where an immediate threat to personal safety in the Project is discovered; and

(3) An extraordinary expense necessary to repair or maintain that portion of the Project for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required under the Bylaws; provided, however, that prior to the imposition or collection of an assessment under this subparagraph, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and such resolution shall be distributed to the Members with the notice of Assessment.

4.5 REIMBURSEMENT ASSESSMENTS: The Association shall levy a Reimbursement Assessment against any Owner and his Lot if a failure to comply with the Project Documents has (i) necessitated an expenditure of monies by the Association to bring the Owner or his Lot into compliance or (ii) resulted in the imposition of a fine or penalty. A Reimbursement Assessment shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association until Notice and Hearing has been given. Notwithstanding any other provision in the Project Documents expressly or impliedly to the contrary, Reimbursement Assessments are assessments and may be enforced by any lien rights provided in this Declaration.

4.6 ACCOUNTS:

(a) Types of Accounts: Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank and/or savings and loan association, which accounts shall be clearly designated as (i) the Current Operation Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operation Account and shall deposit those portions of the assessments collected as reserves for contingencies and for replacement and deferred maintenance of capital Improvements into the Reserve Account.

(b) Current Operation Account: All of the following may be paid from the Current Operation Account:

- (1) All costs of enforcing the provisions of the Project Documents;
- (2) Taxes and assessments, if any, levied or assessed separately against the Common Area;
- (3) Sums necessary to discharge any lien or encumbrance, including taxes, levied against any Lot which constitutes a lien against any portion of the Common Area;
- (4) Insurance premiums and costs for policies purchased for the benefit of the Association;
- (5) Water, sewer, garbage, electrical, gas, telephone and other necessary utility services for the Common Area, the Lots to the extent such services are not separately metered or individually charged;
- (6) Costs of routine maintenance, repair and upkeep of Improvements in the Common Area; and

(7) All other goods, materials, supplies, furniture, labor, services, maintenance, repairs or alterations which the Association is authorized to secure and pay for pursuant to the terms of the Declaration or by law, other than those items which are to be paid for with funds from the Reserve Account.

(c) Reserve Account: Subject to the Bylaws, the Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of capital Improvements for which reserves have been collected and held. No portion of a reserve designated for a particular capital Improvement may be expended for any purpose other than the maintenance or replacement of that capital Improvement. Except for funds collected for contingencies, no funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

(d) Account Reconciliation: The Board shall do the following not less frequently than quarterly:

(1) Cause a current reconciliation of the Association's Current Operating Account(s) to be made and review the same;

(2) Cause a current reconciliation of the Association's Reserve Account(s) to be made and review the same;

(3) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(4) Review the most current account statements prepared by the financial institution where the Association has its Current Operating and Reserve Accounts;

(5) Review an income and expense statement for the Association's Current Operating and Reserve Accounts.

(e) Withdrawals From Reserve Account: Withdrawal of funds from the Reserve Account(s) shall require the signatures of either:

(1) Two Directors of the Board; or

(2) One Director of the Board and an officer who is not also a Director.

4.7 ENFORCEMENT OF ASSESSMENTS:

(a) Establishment of Lien: There shall exist a lien, with power of sale, against each Lot to secure payment of all assessments (except Reimbursement Assessments, which shall constitute a lien against the Lots upon which they are assessed) levied against the Lot pursuant to this Declaration, all Additional Charges and all sums which become due and payable in accordance with this Declaration from and after the date of recordation of a notice of delinquent assessment under Section (b), below. Except for the transfer of a Lot pursuant to a foreclosure proceeding, the sale or transfer of a Lot shall not affect such a lien. The priority of all assessment liens shall be in inverse order so that, upon foreclosure of the lien for a particular assessment, any foreclosure sale will be subject to all assessment liens previously levied on such Lot. Any lien recorded shall be in favor of the Association. Each Owner hereby authorizes the Association to appoint and designate in the notice of delinquent assessment a person or entity to act as "Trustee," with power of sale, for and on behalf of such Owner, pursuant to California Civil Code section 1367(d), and to appoint, at the Association's discretion, a substitute trustee pursuant to California Civil Code section 2934(a). The designation of a substitute trustee may be effected by any authorized officer of the Association. Each Owner empowers such trustee to enforce the lien and to foreclose the lien by the private power of sale provided in section 1367(d) of the California Civil Code, as that statute may be revised, amended or altered from time to time, or by judicial foreclosure. Each Owner further grants to the Association, as trustee, the power and authority to sell the Lot of any defaulting Owner to the highest bidder to satisfy such lien. Each Owner hereby waives the benefit of any homestead or exemption laws of this State of California now or then in effect regarding any lien created pursuant to this Declaration.

(b) Enforcement: In accordance with California Civil Code section 1367(d), and in addition to all other remedies provided by law, the Association, or its authorized representative, may enforce the obligations of the Owners to pay each assessment provided for in this Declaration in any manner provided by law or by either or both of the following procedures:

(1) By Suit: The Association may commence and maintain a suit at law against any Owner personally obligated to pay a delinquent assessment. The suit shall be maintained in the name of the Association. Any judgment rendered in any action shall include the amount of the delinquency, Additional Charges and any other amounts as the court may award. A proceeding to recover a judgment for unpaid assessments may be maintained without the necessity of foreclosing or waiving the lien established herein.

(2) By Lien: The Association may commence and maintain proceedings to foreclose the lien established herein. No action shall be brought to foreclose a lien until a notice of delinquent assessment ("Notice") authorized by the Board and signed by an authorized agent, has been recorded in the Official Records of the County and a copy of the recorded Notice has been delivered to the Owner(s) named in the Notice. The Notice shall state the amount of the delinquent assessment(s), the Additional Charges incurred to date, a description of the Owner's interest in the Lot against which the Assessment and other sums are levied, the name(s) of the recorded Owner(s) thereof, and the name and address of the trustee authorized by the Association to enforce the lien. Once (i) thirty (30) days have elapsed since the recordation of the Notice and (ii) ten (10) days have elapsed since the mailing (herein defined as deposit into the United States mail, postage prepaid, addressed to the Owner at the address for the Owner contained in the Association records) or delivery of a copy of the recorded Notice to the Owner(s), an action in the name of the Association may then be commenced to foreclose the lien for the delinquent assessment(s). When a Notice has been recorded, such assessment shall constitute a lien on each respective Lot prior and superior to all other liens, except (i) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (ii) the lien or charge of any First Mortgage.

(c) Additional Charges: In addition to any other amounts due or any other relief or remedy obtained against an Owner who is delinquent in the payment of any assessments, each Owner agrees to pay such additional costs, fees, charges and expenditures ("Additional Charges") as the Association may incur or levy in the process of collecting from that Owner monies due and delinquent. All Additional Charges shall be included in any judgment in any suit or action brought to enforce collection of delinquent assessments or may be levied against a Lot as a Reimbursement Assessment. Additional Charges shall include, but not be limited to, the following:

(1) Attorneys' Fees: Actual attorneys' fees and costs incurred in the event an attorney(s) is employed to collect any assessment or sum due, whether by suit or otherwise;

(2) Late Charges: A late charge in an amount to be fixed by the Board in accordance with California Civil Code section 1366(c)(2) to compensate the Association for additional collection costs incurred in the event any assessment or other sum is not paid when due or within any "grace" period established by law; provided, however, that such late charge shall not exceed twelve percent (12%) per annum of the delinquent assessment or ten dollars (\$10.00), whichever is greater, or such greater amount as may from time to time be allowed by law;

(3) Costs of Suit: Costs of suit and court costs incurred as are allowed by the court;

(4) Interest: Interest on all sums imposed in accordance with this Article, including the delinquent assessment, reasonable costs of collection, reasonable attorneys' fees, and late charges, at an annual percentage rate to be established by the Board but in no event to exceed twelve percent (12%) interest, or such greater amount as may, from time to time, be allowed by law, commencing thirty (30) days after the assessment becomes due; and

(5) Other: Any such other reasonable costs that the Association may incur in the process of collecting delinquent assessments or sums.

(d) Certificate of Satisfaction of Lien: Upon payment of a delinquent assessment or other satisfaction thereof, the Association shall record a certificate stating the satisfaction and release of the assessment lien.

4.8 STATEMENT OF ASSESSMENT LIEN: Within ten (10) days of a request from an Owner liable for assessments, the Association shall furnish to that Owner a written certificate signed by an officer or authorized agent of the Association stating the amount of any assessment and any Additional Charges secured by the lien upon his Lot. A charge, not to exceed the reasonable costs of preparation and reproduction of the certificate, may be levied by the Board for the issuance of such certificate.

4.9 SUBORDINATION OF LIEN: Notwithstanding any provision to the contrary, the liens for assessments created by this Declaration shall be subject and subordinate to and shall not affect the rights of the holder of a First Mortgage made in good faith and for value. Upon the foreclosure of any First Mortgage on a Lot, any lien for assessments which become due prior to such foreclosure shall be extinguished; provided, however, that after such foreclosure there shall be a lien on the interest of the purchaser at the foreclosure sale to secure all assessments, whether Regular or Special, charged to such Lot after the date of such foreclosure sale, which lien shall arise, have the same effect, and be enforced in the same manner as provided herein. For purposes of this Section, a Mortgage may be given in good faith or for value even though the Mortgagee has constructive or actual knowledge of the assessment lien provisions of this Declaration.

ARTICLE V
LAND CLASSIFICATIONS, USE
AND RESTRICTIONS COVENANTS

5.1 LAND CLASSIFICATIONS. All land within the George Ranch has been classified into the following categories:

(a) Residential Lots - This category includes all Residential Lots, as identified herein together with all improvements which from time to time may be constructed thereon, and does not include the category "Common Areas";

(b) Agricultural Lots - This Category includes all lots identified herein as Agricultural Lots, together with all improvements which from time to time may be constructed thereon; and

(c) Common Area - This category includes all Common Area as defined herein, together with all improvements which from time to time may be constructed thereon.

5.2 RESIDENTIAL LOTS: USES AND RESTRICTIONS. Such lots shall be for the exclusive use and benefit of the Owner thereof, subject, however, to all of the following limitations and restrictions:

(a) Each Residential Lot, and any and all improvements from time to time located thereon, shall be maintained by the Owner thereof in good condition and repair, and in such manner as not to create a fire hazard to the George Ranch, or any part thereof, all at such Owner's sole cost and expense.

(b) The Association, or its duly authorized agents, shall have the right but not the obligation, upon reasonable notice to the Owner, following prior written demand upon the owner to do any of the things set out below and failure of said Owner to do so within fifteen (15) days of mailing, without any liability to the Owner for trespass or otherwise, to enter upon any Residential Lot for the purpose:

(1) Of maintaining such Residential Lot, which is not maintained by the Owner in accordance with the requirements of this Article;

(2) Of removing any improvement constructed, reconstructed, refinished, altered or maintained upon such Residential Lot in violation of paragraph (a) of Section 5.3;

(3) Of restoring or otherwise reinstating such Residential Lot as authorized by paragraph (b) of Section 5.3; and

(4) Of otherwise enforcing, without any limitations, all of the restrictions set forth in this Article.

(c) No improvements, excavation, or other work which in any way alters any Residential Lot from its natural or improved state existing on the date such Residential Lot was first conveyed in fee by Grantor to an Owner shall be made or done except upon strict compliance with, and within the restrictions of, the provisions of Section 5.3, or in the case of Agricultural Lots, Section 5.5.

(d) Each Residential Lot shall be used exclusively for residential purposes, and no more than one family (including its servants and transient guests) shall occupy such Residential Lot; provided, however, that nothing in this paragraph (d) shall be deemed to prevent:

(1) any artist, artisan, craftsman or professional business person from pursuing their artistic calling, profession or business upon their Residential Lot if such artist, artisan, craftsman or professional business person:

(aa) also uses such lot for residential purposes;

(bb) has no employees working in such lot; and

(cc) does not advertise or offer any produce or work of art for sale to the public upon or from such Lot;

(2) any medical doctor from using his Residential Lot as a medical office so long as said Lot is his residence;

(3) the leasing of any Lot from time to time by the Owner thereof, subject, however, to all of the Governing instruments and The George Ranch Rules;

(4) noncommercial agricultural uses of the Residential Lots when such uses are in accordance with Section 5.8; or

(5) commercial agricultural uses of Agricultural Lots when such uses are in accordance with Section 5.4.

(e) No auctions, sales or similar events shall be conducted on any Residential Lot.

(f) No noxious or offensive activity shall be carried on upon any Residential Lot, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to other Owners in the enjoyment of their Residential Lots, Agricultural Lots or Common Area. In determining whether there has been a violation of this paragraph recognition must be given to the premise that Owners, by virtue of their interest and participation in the George Ranch, are entitled to the reasonable enjoyment of the natural benefits and surroundings of the George Ranch.

(g) Without limiting any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Residential Lot and improvements located thereon, shall be placed or used upon any Residential Lot. It is the responsibility of the Owner to maintain any such security devices in good working order.

(h) The keeping of animals, livestock, poultry or other household pets of any kind shall be in accordance with Section 5.8.

(i) Except when required by agricultural uses permitted in Section 5.4, no trees exceeding caliper diameter of six inches (6") at one foot (1') above ground, located on any portion of any Residential Lot, shall be removed, cut down or in any way damaged or destroyed without the prior written approval of the Architectural Control Committee. No tree described above may be trimmed in such a way as to increase the visibility of a structure from Neighboring Property without the prior written approval of the Architectural Control Committee.

(j) No signs whatsoever, including, but without limitation, commercial, political and similar signs, billboards, unsightly objects or nuisances Visible from Neighboring Property, shall be erected or maintained upon any Residential Lot, except

(1) such signs as may be required by legal proceedings;

(2) residential identification signs including, address numbers of a combined total face area of two (2) square feet or less for each residence;

(3) during the time of construction of any residence or other improvement, job identification signs having a maximum face area of six (6) square feet per sign and of the type usually employed by contractors, subcontractors and tradesmen;

(4) not more than one "for sale" or "for rent" sign having a maximum face area of three (3) square feet; and

(5) such signs as may be permitted by the Architectural Control Committee in connection with any agricultural use permitted by Section 5.4.

(k) No house trailer, mobile home, tent, or similar facility or structure shall be kept, placed or maintained upon any Residential Lot at any time; provided, however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any work or improvement permitted by Section 5.3. Construction shelters are not to be used for overnight residence.

(l) No trailer or vehicle of any kind, truck, camper, motor home, tent or boat shall be kept, placed or maintained upon any Residential Lot for any period exceeding 24 hours unless such trailer, truck camper or boat is kept in such a manner that it is not visible from Neighboring Property. None of the items mentioned in this paragraph shall be constructed, reconstructed, or repaired upon any Residential Lot so that such construction, reconstruction or repair is Visible from Neighboring Property. Exception to the foregoing shall be made for agricultural vehicles and equipment, the customary use of which requires placement in the open for a reasonably limited period of time.

(m) No accessory structures or buildings shall be constructed, placed, or maintained upon any Residential Lot prior to the construction of the main structure of the residence; provided, however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of the main structure of the residence, and further provided that the Architectural Control Committee may make exceptions for Agricultural Lots.

(n) Any motor vehicle on the Property, including automobiles, dune buggies, and motorcycles, shall have noise control mufflers and spark arresters on its exhaust system and shall be ridden only on paved roads within the Property. The operation of trail bikes and any noisy motor vehicles, as designated at the sole discretion of the Association, is strictly prohibited on any portion of the Property, with the exception of agricultural vehicles and equipment used in connection with any use permitted by Section 5.4. No motor vehicle which is not in an operating condition shall be parked or left on any part of a Residential Lot other than a garage or screened enclosure and no motor vehicle, regardless of its operating condition, shall be parked overnight on any Road. No motor vehicle shall be ridden on any Residential Lot except for the purpose of parking, loading or garaging the same or for necessary maintenance

of the lot and the structures, persons, animals or plants thereon or for any agricultural use permitted by Section 5.4; in no event shall motor vehicles be operated for recreational purposes on any Residential Lot.

(o) Except as otherwise permitted by this paragraph, all garbage and trash shall be placed and kept in covered containers and regularly removed from all Residential Lots and shall not be allowed to accumulate thereon. In no event shall such containers be maintained so as to be Visible from Neighboring Property except during collection time. The maintenance of accumulated waste plant materials is prohibited except as part of an established compost pile which shall be maintained in such manner as not to be Visible from Neighboring Property.

(p) Outside clotheslines or other outside clothes drying or airing facilities shall not be visible from Neighboring Property.

(q) Except as provided in Section 5.4, there shall be no exterior fires whatsoever except barbecue and incinerator fires contained within receptacles therefor which have been approved by the Governing Body and such other fires as may from time to time be permitted by the George Ranch Rules.

(r) Except for those structures required for uses permitted by mineral interests in the property which are of record at the date of this Declaration, no derrick, windmill, pump or other structure designed for use in boring, mining, or quarrying for oil, natural gas or precious minerals shall be erected, maintained or permitted upon any Residential Lot.

(s) No Residential Lot may be further subdivided or "split".

(t) No well, windmill, pump or other structure for furnishing water shall be constructed or maintained on any Residential Lot except as permitted by Section 5.4.

(u) The following shall not be erected or maintained on any Residential Lot without the prior written consent of the Architectural Control Committee: (aa) exterior radio antenna, television antenna or other antennae, satellite dish of any type; and (bb) windmill or other structure for generating power.

(v) No fire hazardous materials or accumulations of woodland "fuel" (as the same may be determined from time to time by the Association) shall be permitted within fifteen feet (15') of any paved road or driveway on or abutting any Residential Lot and Owners shall be responsible for compliance with applicable fire district regulations.

(w) Solar collectors for pools shall be located in such a manner as not to be Visible from Neighboring Property.

(x) Tennis courts may be lighted only with lights twelve feet (12') or less from the surface and Owners are encouraged to locate the court surfaces so that they are not Visible from Neighboring Properties or Roads.

(y) No hunting will be allowed on any Residential Lot except for Agricultural Lots. Fishing will not be allowed in any creek and will be limited to the pond situated in the Common Area, subject to jurisdiction of the Association.

(z) The Association will supply mail boxes for each Residential Lot. No other form of mail box may be erected or maintained on any Lot.

5.3 RESIDENTIAL LOTS: CONSTRUCTION AND ALTERATION OF IMPROVEMENTS; EXCAVATIONS; ETC. The right of an Owner to construct, refinish, alter, or maintain any improvement upon, under, or above any Residential Lot, or to make or create any excavation or fill thereon, or to make any change in the natural or existing surface drainage thereof, or to install any utility line (wire or conduit) thereon or thereover, or to destroy or remove any tree therefrom, shall be subject to all of the following limitations and conditions of this section.

(a) Except to the extent permitted by paragraph (f) below, any construction or reconstruction of, or the refinishing or alteration of any part of the exterior of any improvement upon and Residential Lot is absolutely prohibited until and unless the Owner of such lot first obtains the approval therefor from the Architectural Control Committee as herein provided and otherwise complies with all of the provisions of this Section. The Association shall remove any improvement constructed, reconstructed, refinished, altered or maintained in violation of this paragraph and the Owner thereof shall reimburse the Association for all reasonable expenses incurred in connection therewith.

(b) Except to the extent reasonably necessary for the construction, reconstruction, or alteration of any improvement for which the Owner has obtained approved plans pursuant to this Section,

(1) except when required by agricultural uses permitted by Section 5.4, no excavation or fill which would be Visible from Neighboring Property shall be created or installed upon; and

(2) except when required by agricultural uses permitted by Section 5.4, no change in the natural or existing drainage for surface waters upon; and

(3) except as permitted by the County of Sonoma, no power, telephone or other utility line (wire or conduit) which would be Visible from Neighboring Property shall be installed upon; and

(4) except when required by agricultural uses permitted by Section 5.4. no living tree having a height of six feet (6') or more and having a trunk measuring six inches (6") or more in any diameter at one foot (1') above ground level shall be destroyed or removed from any Residential Lot until and unless the Owner of such lot first obtains the approval therefor from the Architectural Control Committee as herein provided and such Owner otherwise complies with all of the provisions of this section.

The Association shall, in the event of any violation of clause (1) or clause (2) above, restore such Residential Lot to its state existing immediately prior to such violation, in the event of any violation of clause (3) above, remove all unauthorized power, telephone, or other utility lines (wires or conduits) and, in the event of any violation of clause (4) above, replace any tree which has been improperly removed or destroyed with either a similar tree type and size or with such other tree as the Association may deem appropriate. The Owner of such lot shall reimburse the Association for all reasonable expenses incurred by it in performing its obligations under this paragraph; provided, however, that with respect to the replacement of any tree the Owner shall not be obligated to pay any amount in excess of the expenses which would have been incurred by the Association had it elected to replace the destroyed or removed tree with a tree similar in type and size.

(c) Any Owner proposing to construct or reconstruct, or refinish (other than the originally approved finish) or alter any part of the exterior of any improvement on or within his Residential Lot, or to perform any work which under paragraph (b) above requires the prior approval of the Architectural Control Committee for approval as follows:

(1) The Owner shall notify the Architectural Control Committee of the nature of the proposed work, and the Architectural Control Committee shall thereupon furnish such Owner with a building guide which summarizes the ecological factors relevant to the design, construction, and maintenance of improvements at the George Ranch and the various design controls and restrictions applicable to the Owner's Residential Lot. The Owner shall acknowledge by letter that he has read and understands the contents of the building guide, as shall any architect employed by the Owner to design the proposed work. If the Architectural Control Committee shall so request within ten (10) days following its receipt of such letter of acknowledgement, the Owner and his architect, if any, shall meet with a member of the Architectural Control Committee in order to benefit from such member's knowledge of and experience with

the George Ranch Restrictions, the Architectural Control Committee Rules, and the ecology, of the George Ranch. Such meeting shall be at a mutually convenient time not to exceed sixty (60) days following the Architectural Control Committee's request therefore, and shall be held at the office of the Association at the George Ranch or at some other mutually convenient place.

(2) Following receipt by the Architectural Control Committee of said letter of acknowledgement and following said meeting, if any, the Owner shall submit to the Architectural Control Committee for approval such plans and specifications for the proposed work as the Architectural Control Committee may from time to time request, including when deemed appropriate by the Architectural Control Committee, but without limitation, the following:

(aa) a plot plan of the lot showing

- (i) contour lines;
- (ii) the location of all existing and/or proposed improvements;
- (iii) the proposed drainage plan;

(iv) the proposed septic system leach fields;

(v) the location of all living trees having a height in excess of six feet (6') and having a trunk measuring six inches (6") or more in any diameter at one foot (1') above ground level within the immediate vicinity of the building envelope;

(vi) such trees which the Owner proposes to remove; and

(vii) the location of all proposed utility installations;

(bb) floor plans,

(cc) drawings showing all elevations;

(dd) description of exterior materials and color, with samples; and

(ee) the Owner's proposed construction schedule. The Architectural Control Committee shall require that the submission of plans and specifications be accompanied by a reasonable plans inspection fee in an amount not to exceed Five Hundred Dollars (\$500.00).

(3) If, at any time following an Owner's notification to the Architectural Control Committee pursuant to paragraph (1) above of his proposed work,

the Architectural Control Committee shall determine that it would be in the best interest of the George Ranch for such Owner to employ an architect and/or engineer to design any improvement involved in the proposed work, the Architectural Control Committee shall inform such Owner in writing of its determinations whereupon all plans and specifications submitted pursuant to paragraph (2) above must be prepared by an architect and/or engineer.

(d) Subject to the provisions of paragraph (e) below, the Architectural Control Committee shall approve the plans, drawings and specifications submitted to it pursuant to paragraph (c) only if the following conditions shall have been satisfied:

(1) the Owner and the Owner's architect and/or engineer, if any, shall have strictly complied with the provisions of paragraph (c) above; and

(2) the Architectural Control Committee finds that the plans and specifications conform to the George Ranch Restrictions, particularly to the requirements and restrictions of this Section and to the Architectural Control Committee Rules in effect at the time such plans were submitted to the Architectural Control Committee.

All such approval shall be in writing and may be conditioned upon the submission by the Owner or the Owner's architect, if any, of working drawings and construction specifications and such other items as the Architectural Control Committee shall deem appropriate for the purpose of insuring that the construction of the proposed improvement shall be in accordance with the approved plans; provided, however, that plans, drawings and specifications which have been neither approved nor rejected within forty-five (45) days from the date of submission thereof to the Architectural Control Committee shall be deemed to be approved.

(e) Notwithstanding the provisions of paragraph (d) above, if within the forty-five (45) day period referred to in paragraph (d) a majority of the members of the Architectural Control Committee, in their sole discretion, find that the proposed work would, for any reason whatsoever (including the design, height or location of any proposed improvement and the probable effect thereof on other Owners in the use and enjoyment of their Residential Lots, Agricultural Lots or Common Area) be incompatible with the George Ranch, then the Architectural Control Committee shall not approve the plans, drawings, and specification submitted to it pursuant to paragraph (c) above and shall so notify the Owner concerned in writing setting forth the reasons for such disapproval. The Owner will have the sole remedy of a further review by the Governing Board as set forth in Article VI.

(f) Any provision herein to the contrary notwithstanding, any Owner may at any time, and from time to time, without first obtaining the approval of the Architectural Control Committee and without otherwise complying with paragraph (c) above, reconstruct or refinish any improvement or any portion thereof, excavate or make any other installation, in such manner as may be set forth in the last plans thereof approved by the Architectural Control Committee and not revoked pursuant to paragraph (h) below.

(g) Upon receipt of the approval from the Architectural Control Committee pursuant to paragraph (d) above, the Owner shall as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations pursuant to the approved plans.

(h) With reference to paragraph (g) above, Owner shall satisfy all conditions and commence the construction, reconstruction, refinishing, alterations or other work pursuant to the approved plans within two (2) years from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given pursuant to paragraph (d) above shall be deemed revoked unless, upon the written request of the Owner made to the Architectural Control Committee prior to the expiration of said two (2) year period and upon a finding by the Architectural Control Committee that there has been no change in circumstances, the time for such commencement is extended in writing by the Architectural Control Committee.

(i) With further reference to paragraph (h) above the Owner shall in any event complete the construction, reconstruction, refinishing, or alteration of the foundation and all exterior surfaces (including the roof, exterior walls, windows and doors) of any improvement on his Residential Lot within two (2) years after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, or natural calamities. If Owner fails to comply with this paragraph, the Architectural Control Committee shall notify the Governing Body of the Association of such failure, and the Association, at its option, shall either complete the exterior in accordance with the approved plans or remove the improvement, and the Owner shall reimburse the Association for all expenses incurred in connection therewith.

(j) Upon the completion of any construction or reconstruction of, or the alteration or refinishing of the exterior of any improvement, or upon the completion of any other work for which approved plans are required under this section, the Owner shall give notice thereof to the Architectural Control Committee and within sixty (60) days thereafter the Architectural Control Committee, or its duly authorized representative, may inspect such improvement to determine whether it was constructed,

reconstructed, altered or refinished in substantial compliance with approved plans. If the Architectural Control Committee finds that such construction, reconstruction, alteration, or refinishing was not done in substantial compliance with approved plans, it shall notify the Owner of such noncompliance within such sixty (60) day period and shall require the Owner to remedy such noncompliance. If upon the expiration of sixty (60) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Architectural Control Committee shall notify the Governing Body of the Association of such failure, the Association, at its option, shall either remove the improvement or remedy the noncompliance, and the Owner shall reimburse the Association for all expenses incurred in connection therewith. If for any reason the Architectural Control Committee fails to notify, the Owner of any such noncompliance within sixty (60) days after receipt of said notice of completion thereof from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

(1) The following standards and restrictions are applicable to the construction, reconstruction, alteration and refinishing of any and all improvements from time to time existing upon residential Lots:

(aa) The only buildings that may be constructed on any such lot are single family dwelling containing at least one thousand seven hundred and fifty (1,750) square feet, not including servant's quarters, guest house without kitchen, barns, stables, pool houses, and accessory building and a garage (whether or not attached to the dwelling structure). No residence or other structures shall be constructed on any portion of any Residential Lot other than the area indicated on any Subdivision Map with respect to such lot, except as otherwise permitted by the Architectural Control Committee. Facilities and structures related to commercial agricultural uses, such as those described in Section 5.4, shall be constructed only with the permission of the Architectural Control Committee. No residence or related buildings may be constructed on Lot number I-B.

(bb) No used buildings constructed or erected upon other real property shall be moved from other locations into residential Lot. No structures of a temporary character, trailers, basements, tents, shacks, garages, barns, or other outbuildings shall be used on any such lot at any time as a residence, either temporarily or permanently.

(cc) All improvements shall be constructed in accordance with applicable building line, setback, and height provisions set forth on any Subdivision Map.

(dd) Each residence shall contain parking space for at least two automobiles by one of the following means:

(i) a garage either attached or detached from the main structure of the residence;

(ii) a carport enclosed on not less than two sides, either attached directly to the main structure of the residence or connected by a roof or major fence.

(ee) All fuel tanks, water tanks or towers, or similar storage facilities shall either be constructed as an integral part of the main structure of the residence or shall be installed or constructed underground or not visible from Neighboring Property.

(ff) Private water wells or other independent water supply works or facilities may be constructed or maintained within any Residential Lot only in accordance with Section 5.4.5 and upon the prior written approval of the Architectural Control Committee and in accordance with the requirements of any mutual water company serving such lot, or governmental entity having jurisdiction over such lot.

(gg) Exterior lighting may be installed and maintained; however, the light source must not be Visible from Neighboring Property.

(hh) Except as specifically provided for the Agricultural Lots, all fencing shall conform to the design rules and development guidelines promulgated by the Architectural Control Committee.

(ii) Except for Agricultural Lots, no Owner may lease less than the entire Lot. All leases must be in writing and be expressly subject to the Governing Instruments. The breach of any provision of the Governing Instruments shall be a default under the lease.

5.4 AGRICULTURAL LOTS: USES AND RESTRICTIONS.

5.4.1 General. In order to further the purposes of maintaining the George Ranch as a rural residential/agricultural area, the following provisions shall, to the extent inconsistent with other provisions of this Declaration, control such other provisions and the use and enjoyment of the George Ranch.

In addition to the agricultural uses contemplated for Lot numbers I-1, I-2, I-3, I-4, and I-B, other lots may be suitable for husbandry of general types. It is the intent of this Declaration that, to the extent such uses are not specifically described and permitted herein, the Governing Body shall exercise its discretionary powers to encourage and permit such agricultural uses by Owners.

5.4.2 Extensive Agricultural Lot I-3 and Lot I-4.

(a) As a condition of subdivision approval by Sonoma County, Declarant has entered into a Conservation Easement for the use and purpose of precluding future land division and of setting land use guidelines for these lots. The provisions of that easement bind and are an obligation of the Owner. The use of these lots shall also be subject to such easements for equestrian and hiking purposes as are reserved in Article VII, Section 7.3.

(b) As a further condition, the Declarant has developed an Agricultural Management Plan for the George Ranch ("Ag Plan"), the purpose of which is to assure that these Lots I-3 and I-4 will be used by the Owner for residential uses otherwise provided for in this declaration and for open space and grazing of domestic livestock. The provisions of the Ag Plan are incorporated herein by this reference. A further purpose of this restriction is to provide fire protection for the project.

(c) It shall be the obligation of the Owner to utilize the land for the stated purposes, all in a good farm-like manner and to discharge the obligations and perform the duties required by the Ag Plan pertaining to Lot I-3 and Lot I-4. As is provided in the Ag Plan, compliance may be effected by a lessee, but the ultimate responsibility or such compliance shall remain with the owner.

(d) The Association shall have the right at reasonable times and after three (3) days, written notice to the Owner of Lot I-3 and Lot I-4, to enter upon Lot I-3 and Lot I-4 to determine whether the obligations and duties required by the Ag Plan are being met and performed by the Owner. In the event of a default or non-compliance by the Owner, the Association shall declare such default or non-compliance by a certification of the Secretary of the Association and serve that certification upon the Owner in accordance with '415.20 of the California Code of Civil Procedure. If, in the sole discretion of the Governing Body, the default or non-compliance is not corrected within ninety (90) days of such service, the Association may correct such matter at the Owner's expense and such cost shall become a charge which is immediately due and payable and enforceable as a lien against the lot in accordance with Article IV of this Declaration. The power and rights of the Association in this regard shall include the right to lease the lot for the agricultural purposes of the Ag Plan and retain the profits therefrom.

(e) Provided that the Owner complies with all pertinent County and other governmental regulations, the Owner may erect a residence structure, in addition to the Owner's dwelling for the exclusive use of persons employed from time to time as farm or ranch managers or laborers as may be necessary for the discharge of the obligations of the Ag Plan. The design of such structure shall be subject to the provisions of Section 5.5 and Article VI.

(f) The Ag Plan contemplates use of these lots for open space and cattle grazing. All usual and customary farming and ranching procedures, otherwise lawful, are permitted. Such uses may include but are not limited to the following:

- (1) Plowing, planting, fertilizing, fumigation of fields, spraying and the husbandry of livestock and crops related thereto;
- (2) Employment of non-resident labor;
- (3) Storage of fuel necessary for the operation;
- (4) Access to the lot on streets and roads of the George Ranch by all vehicles including tractors, trucks and trailers as are customary to farming and ranching;
- (5) Fencing as may be desirable to protect crops and livestock;
- (6) The like--such list not being exclusive of other appropriate practices.

(g) In the event of a dispute between the Owners and the Governing Body as to the provisions of this section, the question shall be submitted to the County Agricultural Advisor whose decision shall be final.

(h) To the extent compatible with the other provisions of this Section 5.4, Extensive Agricultural Lots I-3 and I-4 shall be subject to the restrictions on Residential Lots set forth in Section 5.2.

5.4.3 Intensive Agricultural Lot I-B and Lot I-1.

(a) As a condition of subdivision approval by Sonoma County, Declarant has developed an Agricultural Management Plan for the George Ranch ("Ag Plan").

(b) The Ag Plan contemplates the development of a portion of these lots as vineyards. In addition, Lot I-1 may be used for residential uses as otherwise provided in this Declaration. Because these lots are contained within the first of four proposed phases, Declarant has an interest in the manner in which it is to be developed. Thus, absolutely no vineyard development, including without limitation, clearing, rippings plowing, or construction of vineyard-related structures, shall take place until Declarant has reviewed and approved in writing a comprehensive development plan drafted by the Owner's agricultural advisor.

(c) Provided that the Owner can develop and maintain a vineyard on these Lots as a viable economic activity and in compliance with all pertinent County and other governmental rules and regulations, such a use is permitted and encouraged. Consistent therewith, all usual and customary vineyard agricultural practices are permitted and they shall include, but not be limited to, the following:

(1) Plowing, planting, staking, husbandry and harvest of grape vines;

(2) Fertilizing, spraying and fumigation of fields by any usual and lawful method;

(3) Employment of non-resident labor;

(4) Although frost projection may not be necessary due to prevailing climatic conditions, the following types of frost protection systems, and no other systems, are permitted:

(aa) Permanent set water sprinklers of the "Rain Bird"TM type;

(bb) Portable overhead fans, to the extent deemed necessary by the farmer, so long as such fans are powered (i) by quiet electric motors, or (ii) by gasoline or internal combustion engines of no more than six cylinders, muffled to the maximum extent that is technically possible, and never operating at more than 2,000 revolutions per minute;

(cc) Such fans shall be located in the field only while in use and must be stored in an enclosed structure at all other times;

(5) Access to the vineyard on streets and roads of the George Ranch by all vehicles including tractors, trucks and trailers as are customary to such farming;

(6) Fencing as may be desirable to protect the vineyard area from deer and other animals; and

(7) The like -- such list not being exclusive of other appropriate practices.

(d) The Owner may erect such structures as are necessary for the storage and repair of equipment and vehicles necessary and related to the vineyard. The design of such structures shall be subject to the provisions of Section 5.5 and Article VI.

(e) In the event of a dispute between the Owner and the Governing Body as to the provisions of paragraphs (c) or (d) above, the question shall be submitted to the County Agricultural Advisor whose decision shall be final.

(f) As a condition of subdivision approval by Sonoma County, Declarant has entered into a Conservation Easement for the use and purpose of precluding future land division and of setting land use guidelines for these lots. The provisions of that easement bind and are an obligation of the Owner.

(g) No residential structure is allowed on Lot I-B.

(h) To the extent compatible with the other provisions of this Section 5.4, the Intensive Agricultural Lot I-B and Lot I-1 shall be subject to the restrictions on Residential Lots set forth in Section 5.2.

5.4.4 Agricultural Lot I-2 .

(a) As a condition of subdivision approval by Sonoma County, Declarant has entered into a Conservation Easement for the use and purpose of precluding future land division and of setting land use guidelines for this lot. The provisions of that easement bind and are an obligation of the Owner.

(b) Residential uses are provided for this lot in this Declaration, to the extent compatible with the other provision of this Section 5.4, Agricultural Lot 1-2 shall be subject to the restriction on Residential Lots set forth in Section 5.2.

5.4.5 Wells and Water.

(a) Spring water may not be diverted for domestic or agricultural use.

(b) Subject to all local and state governmental regulations applicable thereto, the Owner may drill private wells and construct and maintain such independent water supply systems as are necessary for the agricultural and residential uses permitted on lot numbers I-1, I-2, I-3, I-4, and I-B. Further, private wells may be drilled and independent water supply systems constructed and maintained on those Lots in subsequent phases or other property, annexed to the George Ranch which are determined by Declarant to have agricultural potential and are so designated in the annexation document.

5.4.6 Winery Use.

(a) If the Owner of Intensive Agricultural Lot I-B also purchases a Residential Lot adjacent thereto, he may, provided all other county and state governmental regulations are met and provided that the provisions of Article VI are satisfied, construct and maintain on that Residential Lot a winery for the production of wine solely from grapes grown on the George Ranch. In connection with the winery, the usual and customary winery practices are permitted, including but not limited to, grape collection, crushing, processing, bottling, labelling, packing and shipping but excluding public wine tasting and sales; provided, however, the operation must be pursuant to all required permits and in conformance with all applicable standards and regulations. Without limiting the foregoing: (1) efficient disposal must meet Sonoma County Health Department & Regional Water Quality Control Boards standards; (2) structures must conform to building codes and be sited in accordance with Planning Department Use Permit approval, (3) operations must be within reasonable hours and in accordance with of the Sonoma County Health Department.

In the event of a dispute with the Governing Body as to whether such a use is reasonably necessary for the operation of the winery, the question shall be submitted to the County Agricultural Advisor whose decision shall be final.

(b) In the event that another lot is suitable for a vineyard as otherwise provided in this Declaration, construction and maintenance of a winery, including the provisions of operations described in subsection (a) above, are a permitted use, subject,

however, to the control of the Governing Body as is otherwise provided in this Declaration.

5.5 AGRICULTURAL LOTS: CONSTRUCTION AND ALTERATIONAL IMPROVEMENTS: EXCAVATIONS: ETC. The right of an Owner to construct, refinish, alter, or maintain any improvement upon, under, or above any Agricultural Lot, or to make any change in the natural or existing surface drainage thereof, or to install any utility line (wire or conduit) thereon or thereover, or destroy or remove any tree therefrom, shall be subject to all of the limitations and conditions of Residential Lots as set forth in Section 5.3 to the extent such limitations and conditions are compatible with the use provisions set forth in Section 5.4.

5.6 COMMON AREA: USES AND RESTRICTIONS. The exclusive use of Common Area shall be reserved equally to all Owners and to Guests, subject, however, to the following limitations and restrictions:

(a) The use of Common Area shall be subject to The George Ranch Rules.

(b) The use of Common Area shall be subject to such easements and rights of way reserved therefrom at the time of the conveyance thereof by Grantor to the Association, to such road and public utility easements and rights of way as may from time to time be taken under power of eminent domain and to such other road and public and private utility easements as may from time to time be granted or conveyed by the Association.

(c) There shall be no use of Common Area, exclusive of roads, except natural recreational uses-which do not injure or scar the Common Area or the vegetation thereon, increase the cost of maintenance thereof, or cause unreasonable disturbance, embarrassment, or annoyance to Owners in their enjoyment of their Residential Lots, Agricultural Lots, or other Common Area. without limiting the generality of the foregoing:

(1) there shall be no camping in the Common Area,

(2) there shall be no fires started or maintained on the Common Area except:

(aa) fires started and controlled by the Association incidental to the maintenance and preservation of property within the George Ranch; and

(bb) cooking and campfires within the recreational facilities,

(3) no animals shall be permitted on the Common Area except generally recognized house or yard pets when accompanied by and under the control of the Owners to whom they belong (see Section 5.8 concerning penalties for uncontrolled animals);

(4) auctions or similar events may not be held on the Common Area except under the jurisdiction of the Association.

(d) Lots classified as Common Area may not be further subdivided or split.

5.7 COMMON AREA, CONSTRUCTION AND ALTERATION OF IMPROVEMENTS, EXCAVATIONS, ETC. No improvements, excavation or work which in any way alters any Common Area from its natural or existing state on the date such Common Area was conveyed by Grantor to the Associations shall be made or done except upon strict compliance with, and within the restrictions and limitations of the following provisions of this Section.

(a) Except to the extent otherwise provided in paragraph (b) below, no person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon, such Common Area.

(b) The Association may at any time, and from time to time:

(1) construct, reconstruct, replace or refinish any road improvement upon any portion of Common Area designated on any Subdivision Map as an access easement or private street or road;

(2) replace destroyed trees or other vegetation on the Common Area, and, to the extent that the Association deems necessary for the conservation of water and soil, plant trees, shrubs and ground cover which at the time of such planting are of indigenous species; and

(3) place and maintain upon Common Area such signs and markers as the Association may, in its sole discretion, deem necessary for the identification of the George Ranch, any hiking or riding trails, and Roads, the regulation of traffic and parking, the regulation and use of Common Area and for the health, welfare and safety of Owners and Guests.

5.8 ANIMALS.

(a) No animals, livestock, swine, poultry, or household pet of any kind shall be raised, bred, or kept on any Lot, except ducks, swans, geese, chickens (but not including pheasants, peacocks or roosters), and dogs, cats and generally recognized indoor pets not kept, bred or maintained for any commercial purpose; provided, however, that cattle (of the genus BOS) sheep, goats and horses may be kept in accordance with paragraphs(s) (b) and (c) below.

(b) Cattle, sheep, goats and horses may not be kept, bred or maintained for any commercial purposes; provided, however, that commercial breeding of cattle and/or commercial breeding, boarding and training of horses (no showing) shall be encouraged on Lot Nos. 1-1, 1-3, I-4, and I-B.

(c) (1) The Owner of Lot I-3 shall be permitted to maintain a maximum of forty (40) cattle (of the genus BOS) or horses. The Owner of Lot I-4 shall be permitted to maintain a maximum of thirty-five (35) cattle (of the genus BOS) or horses.

(2) Owners of all lots consisting of five (5) acres or less shall be permitted to maintain a maximum of one (1) cattle (of the genus BOS) or one (1) horse or two (2) sheep or two (2) goats.

(3) Owners of all lots consisting of more than five (5) acres and less than seven and one-half (7.5) acres (excepting Lots I-3 and I-4) shall be permitted to maintain a maximum of two (2) cattle (of the genus BOS) or two (2) horses or four (4) sheep or four (4) goats.

(4) Owners of all lots consisting of more than seven and one-half (7.5) acres (excepting Lots 1-3 and 1-4) shall be permitted to maintain a number of type of animals set forth in the preceding paragraph (3), and, in addition, shall be permitted to maintain one (1) cattle (of the genus BOS) or one (1) horse or two (2) sheep or two (2) goats for each two and one-half (2-1/2) acre increment exceeding five acres.

(5) Upon written approval by the Architectural Control Committee additional animals may be permitted. The Architectural Control Committee shall review

such requests in light of proximity to neighbors, effects on hillsides for erosion and for prevention of overgrazing.

(d) Animals shall be allowed on the Common Area as provided in Section 5.6.

(e) No animal may be kept in any place or in any manner so as to constitute a nuisance or annoyance to other Owners in the sole discretion of the Association. Any such nuisance shall be corrected at the Owner's expense. Should the Owner not comply with the requirements of the Association, such correction shall be made under the Association's direction and billed to the Owner.

(f) No animal shall be allowed to roam uncontrolled from an Owner's Lot. The first time an animal is found roaming uncontrolled from its Owner's lot and complaint is made to the Association, the Association shall warn the Owner of the regulations concerning animals. The second time an animal is found so roaming and complaint is made to the Association, the Association shall levy a one hundred dollar (\$100) fine against an animal's owner. The third time an animal is found so roaming and complaint is made to the Association, the Association shall levy a two hundred dollar (\$200) fine. Subsequent offenses shall be remedied at the discretion of the Association.

(g) The keeping of animals shall be in accordance with good Soil Conservation Measures.

5.9 ARCHAEOLOGICAL SITES. Condition 49 of Resolution No. 68895A of the Sonoma Board of Supervisors approving the Tentative Map for George Ranch requires:

"49. Disturbance of the two Native American and two Euro-American sites MUST be minimized during construction and the CC and Rs should provide for their preservation after construction."

Declarant intends the provisions of this Section 5.9 to comply with the foregoing Tentative Map requirement with respect to those sites located on the Property.

5.9.1 The archaeological sites, described on the final map may not be constructed upon, filled in or excavated without the written permission of the Cultural Resources Facility, Sonoma State University, Academic Foundation Inc., 1801 East Cotati Avenue, Rohnert Park, California 94928.

ARTICLE VI
ARCHITECTURAL CONTROL COMMITTEE

6.1 CREATION. The committee for the control of structural and landscaping architecture and design within the Subdivision ("Architectural Control Committee") shall consist of three (3) members.

6.2 TERM. Each member shall hold office for a period of three (3) years and until his or her successor has been duly appointed as herein set forth unless he or she has sooner resigned or been removed.

6.3 APPOINTMENT OF MEMBERS. The Governing Body of the Association shall have the power to appoint all of the members of the Architectural Control Committee. All members appointed to the Architectural Control Committee shall be from the membership of the Association and shall not be members of the Governing Body.

6.4 REMOVAL AND RESIGNATION. Any Architectural Control Committee member may be removed by the Governing Body with or without cause by a majority vote. Any Architectural Control Committee member may resign by submitting a written notice to the Governing Body stating the effective date of his or her resignation, and acceptance of the resignation shall not be necessary to make the resignation effective.

6.5 Architectural Control Committee Functions. [*As amended April 7, 2006 in the Declaration of Second Amendment to and Restatement of the of Conditions, Covenants and Restrictions*] The functions of the Architectural Control Committee, in addition to any functions set forth elsewhere in this Declaration, shall be to consider and approve or disapprove any plans, specifications or other material submitted to it for the erection, construction, installation, alteration, placement or maintenance of any buildings or other improvement on Lots, or for the alteration or remodeling of, or construction of additions to, any then existing structures on Lots.

All actions of the Architectural Control Committee are subject to review by the Governing Body of the Association at its discretion.

The review by the Architectural Control Committee shall be by the three (3) members. In the event the majority of the regular members disapprove the plans, specifications or materials and upon request of the Owner the Governing Body shall review the plans, specifications or material and may, by majority of a quorum approve said materials. Any decision of the Governing Body shall be final.

The Architectural Control Committee shall adopt such rules as required by this Article VI, and perform such other duties as may, from time to time, be delegated to it by the Association. In the exercise of its discretion and the performance of its functions, the Architectural Control Committee shall not be concerned with the interior layout, design or appearance of any improvement. The Architectural Control Committee shall meet from time to time as necessary to adequately perform its duties hereunder. Any action required to be taken by the Architectural Control Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Architectural Control Committee members. The Architectural Control Committee shall keep and maintain a record of all actions taken by it.

6.6 REVIEW OF PLAN. The Architectural Control Committee may, by enacting appropriate rules, specify the procedures for the submission to and approval of said plans, specifications and other material by the members; provided, however, that the Architectural Control Committee's approval or disapproval of any such plans, specifications and other materials shall be given in writing, within a reasonable time, as specified in such rules after submission of said plans, specifications and other materials. If the Architectural Control Committee shall disapprove of any such plans, specifications and other materials, notice of its disapproval shall be sent to the person or persons applying for said approval at the address set forth in the application therefor within a reasonable time. If notice of disapproval is not sent within forty-five (45) days from the date of submission thereof to the Architectural Control Committee, the plans, specifications and other materials submitted shall be deemed to have been approved by the Architectural Control Committee.

6.7 REQUIREMENTS FOR PLANS. All plans and specifications for any new building or other improvement shall be prepared by an architect and/or engineer if so requested by the Architectural Control Committee and shall include, without limitation, floor, elevation, and grading plans; a plot plan of the lot showing contour lines; the location of all existing and/or proposed improvements; the proposed drainage plan; the proposed septic system leach fields; the location of all living trees with a height in excess of six feet (6') and with a trunk measuring six inches (6") or more in diameter at one foot (1') above ground level within the immediate vicinity of the building envelope; such trees as are proposed for removal; specifications for the principal exterior materials with samples; description of color schemes; landscaping plans; provisions to be made for automobile parking; outside lighting plans, if any; and a detailed description of the location, character, and method of utilization of all utilities.

The plans and specifications for any alteration, modification, or addition to the exterior of any existing building or improvement including, without limitation, alterations such as exterior painting (except for repainting with the same color paint) and changes in or addition of fencing, shall contain the same information as is required for any new -

building or other improvement, except that plans for nonstructural alterations, modifications, or additions need not be prepared by an architect. After approval of any plans, specifications and, other materials, the Architectural Control committee shall, upon written request from the Owner, provide said Owner with a statement of approval in a form appropriate for recordation.

6.8 STANDARDS OF REVIEW. The Architectural Control Committee shall, in reviewing plans, specifications, and other materials submitted to it, consider the suitability of the proposed building or other improvement for the Area in which it will be located; the quality of the materials to be used in construction; and the effect of the proposed building or other improvement on the Property. The Architectural Control Committee shall require that the overall visual character of the Property be one of natural materials, rough textures, earth and vegetation colors and forms compatible with those occurring in the natural landscape, and that the roofs and other exterior portions of all buildings and other improvements on the Property conform to aesthetic standards contained in and be constructed with materials specified in The George Ranch Design Rules. In the exercise of its discretion and the performance of its functions, the Architectural Control Committee shall not be concerned with the interior layout, design or appearance of any improvement.

6.9 PROSECUTION OF WORK AFTER APPROVAL. After approval by the Architectural Control Committee of any plans, specifications, or other materials, the construction, alteration, or other work described in such plans, specifications or other materials shall be performed as promptly and diligently as possible and in complete conformity with said plans, specifications or other materials. Failure to accomplish such construction, alteration or other work within two (2) years after the date of approval or to complete the proposed work strictly in accordance with said plans, specifications, or other materials shall operate automatically to revoke the approval by the Architectural Control Committee unless, upon written request of the owner to the Architectural Control Committee made prior to the expiration of said two (2) year period, the time for such commencement is extended in writing by said Committee. Upon automatic revocation and demand by the Architectural Control Committee, the Lot upon which such construction, alteration or other work was undertaken shall be restored as nearly as possible to its state existing prior to any such constructions alteration, or other work. If such Lot is not so restored the Architectural Control Committee may undertake such restoration and charge the cost thereof to Owner of said Lot, which cost shall be enforceable as a special reimbursement assessment in accordance Article IV. The Architectural Control Committee and its duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of any such construction, alteration, or other work. The Architectural Control Committee may record a notice to show that any such work has not been approved or that any approval given has been automatically revoked as provided in this Section.

6.10 FEES. The Architectural Control Committee shall have the right to require payment of reasonable fees for review of proposed plans, specifications and other materials, not to exceed the sum of Five Hundred Dollars (\$500.00).

6.11 GEORGE RANCH DESIGN RULES. The Architectural Control Committee shall adopt rules and regulations

(a) regulating construction at the Property including, without limitation, dust and noise abatement requirements, use of temporary construction camps, trailers, construction offices, supply and equipment shelters and screening, hours of construction activity and construction equipment routes; and

(b) interpreting or implementing the provisions of this Declaration pertaining to the design of buildings and other improvements, including without limitation, building height, minimum square footage requirements for improvements, types of building materials, permissible exterior colors, landscaping and aesthetic requirements. Said rules and regulations shall be called the "George Ranch Design Rules." Without limiting the generality of the foregoing, the George Ranch Design Rules shall contain rules and regulations to implement a fuel modification plan and program for the Property. The fuel modification plan and program shall be in such form as the Architectural Control Committee shall in good faith determine, from time to time, as being appropriate in light of potential fire hazards pertaining to the Property. A copy of the George Ranch Design Rules as from time to time adopted, amended or repealed, certified by a member of the Architectural Control Committee, shall be mailed or delivered to all Owners as modified and shall be maintained in the Association office and shall be available for inspection during normal business hours by any Owner or prospective Owner or any architect or agent of any Owner or prospective Owner.

6.12 LIABILITY OF BOARD, OFFICERS AND ARCHITECTURAL CONTROL COMMITTEE MEMBERS. Provided that the Board, Officers and Architectural Control Committee members act in good faith and with due diligence, neither the Architectural Control Committee nor any member thereof nor the Board or any Officer, shall be liable to the Association, any Owner, or any other person for any damage, loss, or prejudice suffered or claimed on account of: the approval or disapproval of any plans, specifications, and other materials, whether or not defective; the construction or performance of any work, whether or not pursuant to approved plans, specifications and other materials, the development or manner of development of any land within the Property; the execution and recordation of a form of approval or disapproval whether or not the facts stated therein are correct; or the performance of any other function pursuant to the provisions of this Declaration.

6.13 PROFESSIONAL ADVICE. The Architectural Control Committee may employ the services of an architect or engineer to render professional advice, and may pay a reasonable compensation not to exceed five hundred dollars (\$500.00) for such services which compensation may be charged to any Owner who has submitted plans, specifications, or other materials requiring review by such architect or engineer; provided that such compensation may only be charged to such Owner if he or she has been informed in advance that such compensation will be so charged.

6.14 ADDITIONAL REQUIREMENTS FOR APPROVAL OF LOT DEVELOPMENT. As a condition to Architectural Control Committee approval of any plans, specifications or other materials for construction, the Architectural Control Committee may require the person submitting such plans, specifications or other materials to:

(a) obtain the approval of governmental agencies or bodies having jurisdiction over the Property or improvements thereon (including, without limitation, the approval of appropriate governmental bodies with respect to any fuel modification plan and program); or

(b) construct additional roads, water systems, sewage treatment plants, or other utilities or similar facilities if the Architectural Control Committee determines that existing roads, utilities, or similar facilities cannot support the proposed construction or development.

The Architectural Control Committee may require that such person post a reasonable bond to secure completion of any such roads, utilities, or similar facilities.

6.15 DETERMINATION OF COMPLIANCE: Any work performed, whether or not the Owner obtained proper approvals, shall be inspected and a determination of compliance shall be made as follows:

6.15.1 Upon the completion of any work performed by an Owner for which approval was required, the Owner shall give written notice of completion to the Architectural Control Committee. If the Owner fails to give the notice of completion of work performed for which approval was required, the Architectural Control Committee may proceed upon its own motion to determine if completion has occurred.

6.15.2 Within sixty (60) days of the completion of the work, the Architectural Control Committee shall inspect the work performed and determine whether it was performed in substantial compliance with the approval granted. If the Architectural Control Committee finds that the work was not performed in substantial compliance with the approval granted or if the Architectural Control Committee finds that

the approval required was not obtained, the Architectural Control Committee shall notify the Owner in writing of the non-compliance. The notice shall specify the particulars of the non-compliance and shall require the Owner to remedy the non-compliance.

6.16 FAILURE TO REMEDY THE NON-COMPLIANCE: If the Architectural Control Committee has determined that an Owner has not constructed an Improvement consistent with the specifications of the approval granted and if the Owner fails to remedy such non-compliance in accordance with the provisions of the notice of non-compliance, then after the expiration of thirty (30) days from the date of such notification, the Governing Body shall provide Notice and Hearing to consider the Owner's continuing non-compliance. At the hearing, if the Governing Body finds that there is no valid reason for the continuing non-compliance, the Governing Body shall determine the estimated cost of correcting it. The Governing Body shall then require the Owner to remedy or remove the same within a period of not more than forth-five (45) days from the date of the Governing Body's determination. If the Owner does not comply with the Governing Body's ruling within such period or within any extension of such period as the Governing Body, in its discretion, may grant, the Governing Body may either remove the non-complying Improvement or remedy the non-compliance. The costs of such action shall be assessed against the Owner as a Reimbursement Assessment.

6.17 WAIVER: Approval of any plans, drawings or specifications for any work proposed, or for any other matter requiring approval, shall not be deemed to constitute a waiver of any right to deny approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

6.18 ESTOPPEL CERTIFICATE: Within forty-five (45) days after written demand seeking an estoppel certificate is delivered to the Governing Body by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Association), the Governing Body shall record an estoppel certificate, executed by any two (2) Directors, certifying that as of the date thereof, either: (a) the work completed complies with this Declaration or (b) the work completed does not comply. In the latter situation, the certificate shall also identify the particulars of the non-compliance. Any successor in interest of the Owner shall be entitled to rely on the certificate with respect to the matters set forth. The certificate shall be conclusive as between the Association, Declarant and all Owners and such persons deriving any interest through any of them.

ARTICLE VII COMMON AREAS AND EASEMENTS

7.1 TITLE TO AND USE OF ROADS.

(a) Title to the Roads and a fifty (50) foot wide access and public utility easement has been conveyed by the Original Declarant to the Association in accordance with the provisions of the Original Declaration. Such conveyance provided that every Owner and Resident shall have a nonexclusive right and easement to use the Roads for pedestrian, equestrian and vehicular traffic, and may delegate such right and easement to such Owner's or Resident's Guests, subject to the rules and regulations of the Association.

(b) The Association shall have the right to offer, dedicate and transfer any or all of the Roads to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association consistent with the provisions of this Declaration; provided, however, that no such dedication or transfer shall be effective unless such dedication has been approved by the Governing body and by Members representing two-thirds (2/3) or more of the voting power of the Association, and an instrument to such effect signed by the Secretary of the Association has been recorded agreeing to such dedication of transfer.

7.2 TITLE TO AND USE OF LOTS CLASSIFIED AS COMMON AREA. The Association holds fee simple title to all lots contained within that Project that are designated as Common Area in accordance with the provisions of the Original Declaration.

7.3 RIDING AND HIKING TRAILS. The Association holds title to easements for hiking and equestrian purposes as indicated on the Subdivision Map. The Association shall have the responsibility of constructing, maintaining and policing the use of said trails.

Every Owner and Resident shall have the nonexclusive right and easement to use said trails for hiking and equestrian purposes, and may delegate such right and easement to such Owner's or Resident's Guests, subject to the rules and regulations of the Association.

7.4 RIGHTS IN COMMON INTERESTS. The rights of Owners and Residents and their Guests to use Association Property shall be subject to this Declaration and to the rules and regulations of the Association. The Association shall have the right to enforce such rules and regulations against any Resident or Guest of a Resident by suspending the right of such Resident or Guest to use Common Interests in accordance with the provisions of Section 3.16 as though such Resident were an Owner referred to therein.

No Owner, Resident, or Guest shall do anything or cause anything to be kept in or on the Common Area that might result in an increase in insurance premiums on insurance obtained by the Association or that might cause cancellation of such insurance, without the prior written consent of the Association. No Owner, Resident, or Guest shall do anything or keep anything in or on Common Area that would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental body.

No Owner, Resident, or Guest shall obstruct, damage or commit waste to any Common Area. No Owner, Resident, or Guest shall change, alter, or repair, or store anything in or on any Common Area, without the prior written consent of the Association.

7.5 LOSS OR DAMAGE TO COMMON AREAS. If, due to the act or neglect of an Owner or Resident, or such Owner's or Resident's Guest, loss or damage shall be caused to any Common Area, such Owner or Resident shall be liable and responsible for the same except to the extent that such damage or loss is covered by insurance obtained by the Association and the issuer has waived its rights of subrogation against such Owner or Resident. The amount of such loss or damage may be collected by the Association from such Owner or Resident, and such amount shall be, secured by a lien on the Lot of any such Owner in accordance with the provisions of Section 4.6.

7.6 EASEMENTS FOR REPAIR, MAINTENANCE AND EMERGENCIES. The Association shall have an easement for access through each Lot for making emergency

repairs thereon necessary to prevent damage to Common Area, or to another Lot. Nothing herein shall be deemed to obligate the Association to make any such emergency repairs.

7.7 NEGLIGENCE OR WILLFUL MISCONDUCT. Any damage to any Lot caused by the Gross negligence or willful misconduct of the Association or any of its agents during any entry onto any Lot shall be repaired by and at the expense of the Association.

7.8 EASEMENTS FOR DRAINAGE AND UTILITIES. The Association shall have an easement for drainage and utility purposes over that portion of the Property which is within eight (8) feet from the side boundary line of each of the Roads. The Association shall have the right to offer, dedicate or transfer its rights in said easement to any one or more public agency, authority or public or private utility for such purpose.

7.9 MINOR ENCROACHMENTS. If any portion of the Common Area encroaches on any Lot or if any portion of a Lot encroaches on the Common Area regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and, all Lots and the Common Area are made subject to such easements.

ARTICLE VIII
AMENDMENT AND ENFORCEMENT

8.1 AMENDMENTS. This Declaration may be amended in accordance with the following provisions; provided, however, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action thereunder:

8.1.1 Amendment of Provisions: The vote or written consent of not less than sixty-seven percent (67%) of the voting power of the Association.

8.1.2 Recordation of Amendment: Any amendment shall be effective upon the recordation in the Official Records of the County of an instrument setting forth the terms of the amendment, duly certified and executed by the President and Secretary of the Association.

8.2 ENFORCEMENT.

8.2.1 Rights to Enforce: [As amended April 7, 2006 in the Declaration of Second Amendment to and Restatement of the of Conditions, Covenants and Restrictions] Subject to the provisions hereof, and except as specifically limited by Section 8.2.5 below, the Association and/or any Owner shall have the power to enforce the provisions of the Project Documents in any manner provided by law or in equity and in any manner provided in this Declaration. The Association may institute appropriate arbitration proceedings, suspend an Owner's use of the recreation facilities or his voting rights for a period not to exceed thirty (30) days and/or levy a fine against Owner in an amount not to exceed Fifty Dollars (\$50.00) or such other standard maximum amount as may be approved by fifty-one percent (51%) of Members. The Governing Body shall distribute to each Member by first class mail or personal delivery, a schedule of the monetary penalties for violation of the Project Documents approved pursuant to this Declaration. Monetary penalties, fines and Reimbursement Assessments are expressly agreed to be enforceable by the lien provisions of this Declaration. No determination of whether a violation has occurred shall be made until Notice and Hearing has been provided to the Owner. In the event arbitration proceedings are instituted by the Association, any award rendered shall include all appropriate Additional Charges. Notwithstanding anything to the contrary contained in this Declaration, the Association shall not have the power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Lot, including access thereto over and across the Common Area, due to the Owner's failure to comply with the provisions of the Project Documents, unless the loss or forfeiture is the result of the judgment of a court, an arbitration decision or a foreclosure proceeding or a sale conducted pursuant to this Declaration. The provisions of this Declaration shall be equitable servitudes, enforceable by any Owner and/or the Association against the Association and/or any other Owner, tenant or occupant of the Project. Except as otherwise provided, Declarant, the Association or any Owner(s) shall have the right to enforce, in any manner permitted by law or in equity, any and all of the provisions of the Project Documents, including any decision made by the Association, upon the Owners, the Association or upon any property in the Project.

8.2.2 Violation of Law: The Association may treat any Owner's violation of any state, municipal or local law, ordinance or regulation, which violation creates a nuisance to the other Owners in the Project or to the Association, in the same manner as a violation by an Owner of the Project Documents by making such violation subject to any or all of the enforcement procedures set forth in this Declaration, provided that the Association complies with the Notice and Hearing requirements herein.

8.2.3 Remedies Cumulative: Each remedy provided by this Declaration is cumulative and not exclusive.

8.2.4 Nonwaiver: The failure to enforce the provisions of any covenant, condition or restriction contained in this Declaration shall not constitute a waiver of any right to enforce any such provisions or any other provisions of this Declaration.

8.2.5 Binding Arbitration of Disputes: [As amended April 7, 2006 in the Declaration of Second Amendment to and Restatement of the of Conditions, Covenants and Restrictions] IN CASE OF ANY CLAIM OR DISPUTE BETWEEN THE ASSOCIATION AND ANY LOT OWNER OR OWNERS, OR AS BETWEEN LOT OWNERS, WHICH CLAIM OR DISPUTE RELATES TO THE RIGHTS OF AND/OR DUTIES OF THE PARTIES UNDER THE PROJECT DOCUMENTS THE PROCEDURE SHALL BE AS FOLLOWS:

THE AGGRIEVED PARTY OR PARTIES SHALL NOTIFY THE OTHER PARTY OR PARTIES OF THE GRIEVANCE, IN WRITING. WHEN SUCH A NOTICE IS RECEIVED BY SAID OTHER PARTY, IT SHALL PROMPTLY RESPOND WITH AN INVESTIGATION, INSPECTION, MEETING, DISCUSSION, OR OTHER ACTION REASONABLY APPROPRIATE TO THE CIRCUMSTANCES. APPROPRIATE ACTION SHALL INCLUDE, WITHOUT LIMITATION, PROMPT COMMUNICATION WITH THE AGGRIEVED PARTY OR PARTIES, AND A PROPOSED COURSE OF ACTION TO RESOLVE THE PROBLEM. ALL PARTIES INVOLVED IN THE MATTER SHALL NEGOTIATE IN A GOOD FAITH ATTEMPT TO AMICABLY RESOLVE THE PROBLEM. IF THE PARTIES ARE UNABLE TO RESOLVE THE PROBLEM WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED NINETY (90) DAYS AFTER THE FIRST NOTICE OF CLAIM OR DISPUTE) THE MATTER SHALL BE SUBMITTED TO BINDING ARBITRATION TO ONE (1) ARBITRATOR PURSUANT TO THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

IF THE MATTER PROCEEDS TO ARBITRATION, DISCOVERY SHALL BE ALLOWED PURSUANT TO CODE OF CIVIL PROCEDURE § 1283.05. ARBITRATION OF ANY MATTER PURSUANT TO THIS CLAUSE SHALL NOT BE DEEMED A WAIVER OF THE ATTORNEY/CLIENT OR ATTORNEY/WORK PRODUCT PRIVILEGE IN ANY MANNER.

MEMBERS OF THE ASSOCIATION SHALL ANNUALLY BE PROVIDED A SUMMARY OF THE PROVISIONS OF THIS SECTION, WHICH SUMMARY SHALL INCLUDE A STATEMENT THAT AN ASSOCIATION MEMBER HAS NO RIGHT TO SUE THE ASSOCIATION OR ANOTHER MEMBER REGARDING ENFORCEMENT

OF THE GOVERNING DOCUMENTS AND IS LIMITED TO THE ARBITRATION PROVISIONS SET OUT HEREIN.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 RIGHTS OF COUNTY. All of the limitations, easements, uses, obligations, covenants, restrictions and conditions stated herein shall constitute:

(a) Covenants running with the land, equitable servitudes, and administrative regulations governing the George Ranch and each parcel in it, to the maximum extent permitted under California law. The restrictions contained in the Declaration are for the benefit of each parcel in the George Ranch against all others and shall burden each parcel for the benefit of all others, the Association and the County of Sonoma.

(b) A contract under California law between the Original Declarant and each of his immediate successors in interest in each parcel. The contract shall run in favor of the County of Sonoma as third-party beneficiary, as described below under California Civil Code ' 1559, and shall bind all of the successors in interest of the Original Declarant in any parcel in this Subdivision and shall otherwise bind the Association and its successors in perpetuity.

Each of the Original Declarant's successors in interest, legal, or equitable, agrees by taking an interest in any portion of this Subdivision after the Restrictions are recorded that the restrictions shall be effective without the written consent by resolution of the Board of Supervisors of the County of Sonoma; and notwithstanding any other paragraph herein any attempted amendment of Sections 5.4, 5.5, 5.6, 7.1, 7.2, 7.3, or 9.1 without that consent is void.

The restrictions contained in the Declaration constitute a third-party beneficiary agreement under California Civil Code ' 1559 in favor of the County of Sonoma. Each of the Original Declarant, its successors in interest, and the Association waive and relinquish irrevocably any right of rescission otherwise provided under ' 1559 or other provision of law, except with the written consent by resolution of the Board of Supervisors of the County of Sonoma; and any attempted rescission without that consent is void.

The County of Sonoma as third-party beneficiary of these Restrictions shall have the right, but not the duty, to enforce any of the obligations of the Association or Original Declarant set forth herein or with respect to such Restrictions.

The prevailing party in any action brought to enforce the terms of this agreement or arising out of this agreement may recover its reasonable costs and expenses including witness, expert, and attorney fees expended in connection with such action(s) from the other party.

9.2 MECHANIC'S LIEN. In case there shall be filed a Notice of Mechanic's Lien against a Lot which adversely affects the Common area or any other Lot for, or purporting to be for, labor or material alleged to have been furnished or delivered for any Lot Owner at the Property, or at his Lot, the Lot Owner shall forthwith cause such lien to be discharged by payment, bond or otherwise. If the Lot Owner shall fail to cause such lien to be discharged by payment, bond or otherwise, the Governing Body may send written notice to said Lot Owner specifying that unless said Lot Owner discharges said lien within five (5) days from the date of said notice, the Governing Body may cause said lien to be discharged by payment, bond or otherwise. Within said five-day period, the Lot owner shall be permitted to address a hearing of the governing Body regardless of the validity of such lien or any offsets or defenses thereto. The Governing Body shall determine whether such lien adversely and improperly affects and encumbers the ownership interest of other Lot Owners. Should the Governing body determine that said lien adversely and improperly affects and encumbers the ownership interest of other Lot Owners or the Association and that no adequate protection of said interests has been provided, the Governing Body may cause said lien to be discharged by payment bond or otherwise. The Governing body shall have the right to collect from the Lot Owner responsible for said lien all amounts so paid, together with interest thereon at the legal rate, and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

9.3 TERM OF DECLARATION. The provisions of this Declaration of Covenants, Conditions and Restrictions shall continue and be effective for a term of sixty (60) years from the date of this Declaration, after which time this Declaration shall be automatically extended for successive periods of ten (10) years unless an instrument executed by the then Owners of not less than two-thirds (2/3) of the Lots has been recorded agreeing to terminate this Declaration.

9.4 EFFECT OF PROVISIONS OF DECLARATION. Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, rights or interest to effectuate any provision of this Declaration:

(a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in the Property or in any Lot is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;

(b) shall, by virtue or acceptance of any right, title or interest in the Property or in any Lot by an Owner, be deemed accepted, ratified, adopted, and declared as a personal covenant of such Owner, and, as a personal covenant, shall be binding on such Owner and such Owner's heirs, personal representatives, successors and assigns and shall be deemed a personal covenant to, with, and for the benefit of any other Owner;

(c) shall be deemed a real covenant by Original Declarant for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to the Property and each Lot and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of the Property and each Lot; and

(d) shall be deemed a covenant, obligation and restriction secured by a lien in favor of the Association burdening and encumbering the title to the Property and each Lot in favor of the Association.

9.5 PROTECTION OF ENCUMBRANCES. No violation or breach of, or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgagee deed of trust or other lien on any Lot taken in good faith and for value and recorded prior to the time of recording of an instrument describing the Lot and listing the name or names of the Owner or Owners of fee simple title to the Lot and giving notice of such violation, breach or failure to comply; nor shall such violation, breach or failure to comply or action to enforce, affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust or other lien or title or interest acquired by any, purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Upon foreclosure of any such mortgage, deed of trust or other lien, no such holder who thereby assumes title to a Lot shall be required to correct past violations hereof with respect to said Lot so long as said Lot is neither occupied nor used for any purpose by such holder but is merely held for prompt resale. The Association, at its sole cost and expense, may correct said past violations. Any such purchaser on foreclosure shall, however, take subject to this Declaration except only that violations or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser, shall not be deemed breaches or violations hereof or failures to Comply herewith with respect to such purchaser, his or her heirs, personal representatives, successors or assigns.

9.6 PROHIBITION AGAINST FURTHER SUBDIVISION. None of the real property subject to this Declaration shall be further divided into parcels under separate ownership by sale or gift, except such divisions necessary for public acquisition.

9.7 NON-AVOIDANCE. No owner through non-use or abandonment of his or her Lot may avoid the burdens or obligations imposed on him or her by this Declaration.

9.8 LIMITED LIABILITY. Neither Original Declarant, Declarant, the Association, the Architectural Control Committee, any member of the Governing Body, or the Architectural Control Committee, any officer of the Association, nor any agent or employee of Declarant, the Association or the Architectural Control Committee, shall be liable to any Owner or other person for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith. The Association shall indemnify every present and former officer and director of the Association, and every present and former member of the Architectural Control Committee, against all liabilities incurred as a result of holding such office, to the full extent permitted by law.

9.9 SEVERABILITY. Invalidity, or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any valid or enforceable part of a provision of this Declaration.

9.10 CAPTIONS. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

9.11 NO WAIVER. Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

9.12 FURTHER ASSURANCES. The Association and each Owner hereby agree to do such further acts and execute and deliver such further instruments as may reasonably be required to effectuate the intent of this Declaration.

9.13 NOTICES. Any notice, information or material required to be given hereunder shall be deemed furnished or delivered to a party at the time a copy thereof is deposited in the mail or at a telegraph office, postage or charges prepaid, addressed to the party, and in any event, when such party actually receives such notice, information or material. Any notice, information or material shall be deemed properly addressed to an Owner if it is addressed to the name and address shown on the most recent written notice of name and address, if any, furnished to the Association by such Owner or, if a name and address is not so furnished, if it is addressed to the Owner at the principal executive office of the Association. Notices, information and material required to be given hereunder to Declarant, the Association, the Governing body or the

Architectural Control Committee shall be addressed to such entity care of the Association at the main office of the Association at the Property.

9.14 CONSTRUCTION OF PROVISIONS. The provisions of this Declaration shall be liberally construed to effect its purpose of creating a uniform plan for the development and operation of a Planned Development.

9.15 BINDING. This Declaration shall be for the benefit of and be binding upon all Lot Owners, their respective heirs, legatees devisees, executors, administrators, guardians, conservators, successors, purchasers, lessees, encumbrancers, donees, grantees, mortgagees, lienors and assigns.

9.16 GENDER AND NUMBER. As used herein, the singular shall include the plural and the masculine shall include the feminine.

9.17 RECORDATION OF INSTRUMENT. The President and Secretary of the Association are authorized to execute and record in the Official Records an instrument setting forth the terms of this Declaration of Amendment to and Restatement of Covenants, Conditions and Restrictions of George Ranch. This Declaration shall be effective upon the Effective Date, which is the date of its recordation.