

PREAMBLE

This Declaration of Conditions, Covenants, and Restrictions (CC&Rs) is affirmed by the Hollister Ranch Owners' Association and individual owners and was originally made on the 13th day of September, 1971, by MGIC Equities Corporation, a Delaware corporation, as the developer of the unique California coastal ranch known as the Hollister Ranch. Since the date of the original Spanish land concession in 1791, the Ranch has been beautifully preserved in its natural and unspoiled state. The purpose of these CC&Rs is to perpetuate the rich variety of this rugged coastal and pastoral environment for the benefit of all who acquire property therein and the flora and fauna that live on the Ranch.

The Hollister Ranch Owners' Association seeks to develop and maintain Hollister Ranch in a manner that ensures the full enjoyment of the historical traditions and natural advantages of the area for all who acquire property therein and yet encourages diverse individual expression within the environment. The Hollister Ranch Owners' Association believes that this fundamental concept can serve the interests of those who become such owners by fostering a beneficial land use that retains the unique beauty of the land and creates an atmosphere enriching the spirit of its participants.

It must be assumed that all who become owners of property subject to these CC&Rs are motivated by the character of the natural environment in which it is located, and accept, for and among themselves, the principle that the development and use of the property must preserve that character for the present and future enjoyment of all owners. It is also assumed that those who are entrusted with the administration of Hollister Ranch will discharge their trust in full recognition of that principle and, to the extent consistent therewith, will foster maximum flexibility and freedom of individual expression.

It is to promote the foregoing that these CC&Rs have been adopted and it is the intention of the Hollister Ranch Owners' Association and the individual owners that these CC&Rs, and all other subsequent changes and additions, will be understood and construed in recognition of the foregoing. *(Preamble amended by the 27th Amendment, 12/2/06 and the 29th Amendment 12/6/08)*

CONTENTS

1.0 ARTICLE I – DEFINITION OF TERMS	1	6.0 ARTICLE VI – MISCELLANEOUS PROVISIONS	16
2.0 ARTICLE II – LAND CLASSIFICATIONS	1	6.01 Water Rights	16
2.01 Private Area: Uses; Restrictions	1	6.02 Use of Parcels by Owners and Guests	17
2.02 Private Area: Construction and Alteration of improvements, Excavations, Etc.	2	6.03 Annexation	18
2.03 Restricted Private Area: Uses, Restrictions	5	6.04 Conveyance of Common Areas; Reservations of Easements and Rights of Way; Reclassification of Land Uses; Assignment of Powers	19
2.04 Common Area: Uses, Restrictions	5	6.05 Obligations of Owners: Avoidance; Termination	19
2.05 Sirens within Common Area, Private Area, Restricted Private Area and Access to Siren Sites	6	6.06 Division or Consolidation of Parcels	19
2.06 Realignment of Common Area (Private Road Easements)	6	6.07 Term of Declaration	19
2.07 Limited Common Area Easement	7	6.08 Amendments	20
3.0 ARTICLE III – DESIGN COMMITTEE	7	6.09 Discipline; Suspension of Rights	20
3.01 Organization; Power of Appointment and Removal of Members	7	6.10 Enforcement	20
3.02 Duties	7	6.11 Severability	20
3.03 Meetings: Actions; Compensation; Expenses	7	6.12 Notices; Documents; Delivery	20
3.04 Rules	8	6.13 Attorney's Fees	20
3.05 Non-Waiver	8	6.14 Condemnation	20
3.06 Actions and Procedures	8	6.15 Transfer of Ownership	20
3.07 Liability	8	7.0 ARTICLE VII – CONSERVATION	21
4.0 ARTICLE IV – THE HOLLISTER RANCH OWNERS' ASSOCIATION	8	7.01 HROA Conservation Activities	21
4.01 Organization	8	7.02 Conservancy Committee	21
4.02 Membership	8	7.03 Conservancy Charter	21
4.03 Voting Rights	8	8.0 ARTICLE VIII – CATTLE RANCHING	22
4.04 Duties and Obligations of the Association	9	Exhibit A: LEGAL DESCRIPTION	23
4.05 Powers and Authority	10	Exhibit B: DECLARATION AMENDMENT RECORDING INFORMATION	23
4.06 The Hollister Ranch Rules	12		
4.07 Liability	13		
4.08 General Powers	13		
4.09 Alternative Dispute Resolution	13		
5.0 ARTICLE V – FUNDS AND ASSESSMENTS	13		
5.01 Operating Fund	13		
5.02 Maintenance Assessments	13		
5.03 Capital Improvement	15		
5.04 Special Assessments	15		
5.05 Extraordinary Special Assessment for External Affairs	15		
5.06 Default in Payment of Assessments	15		
5.07 Preparation and Distribution of Financial Statements, Reports and copies of Governing Instruments	15		
5.08 Financial Representation	16		

HOLLISTER RANCH OWNERS' ASSOCIATION

Declaration of Covenants, Conditions and Restrictions (CC&Rs)

1.0 ARTICLE I - DEFINITION OF TERMS

1.01 "Grantor" shall mean and refer to MGIC Equities Corporation, a Delaware corporation, its successors and assigns.

1.02 "Parcel" shall mean and refer to each numbered parcel shown upon any recorded Parcel Map of The Hollister Ranch.

1.03 "This Declaration" shall mean and refer to the contents of this entire document and amendments thereto.

1.04 "Roads" shall mean any and all roads including the main paved access road and all interior roads used for ingress and egress located on The Hollister Ranch.

1.05 "Association" shall mean and refer to The Hollister Ranch Owners' Association, its successors and assigns.

1.06 "Owner" shall mean and refer to a Deeded Owner, as defined in Section 6.02 (b), or a Designated Owner, as defined in Section 6.02 (b). *(Section 1.06 amended by the 29th Amendment 12/06/08)*

1.07 "Common Area" shall mean all real property, including easements, owned by the Association for the common use and enjoyment of the owners or owned by the Grantor and designated as "Common Area," including "Common Area (Private Road Easement)" and "Common Area (Beach Recreation)" on the aforesaid Parcel Map or Maps.

1.08 "Restricted Private Area" shall mean that area within each parcel that is within 200 feet of any exterior boundary of such parcel.

1.09 "Private Area" shall mean that area within each parcel which is not Restricted Private Area or Common Area.

1.10 "The Hollister Ranch" shall mean that certain real property more particularly described in Exhibit A hereto attached.

1.11 "Guest" shall mean a person other than a Designated Owner while on the Ranch. A Guest is a guest of one or more parcels, the Hollister Ranch Cooperative, or the Association. *(Section 1.11 added by the 29th Amendment 12/06/08)*

1.12 "Capital Improvement" shall mean any substantial

discretionary addition or upgrade to a Common Area, or a material alteration to the appearance of the Common Areas, the sole discretion of which lies with the Board of Directors. *(Section 1.12 added by the 29th Amendment 12/06/08)*

1.13 "Voting Member" shall have the meaning provided in the Bylaws, Section 3.2, as amended from time to time. *(Section 1.13 added by the 29th Amendment 12/06/08)*

2.0 ARTICLE II - LAND CLASSIFICATIONS

2.01 Private Area: Uses; Restrictions. The private area of each parcel shall be for the exclusive use and benefit of the Owner thereof, subject, however, to all of the following limitations and restrictions and reservations.

(a) The Association, or its duly authorized agents, shall have the right at any time, and from time to time, without any liability to the Owner for trespass or otherwise, to enter upon any private area for the purpose (1) of maintaining such private area, as provided for in this Declaration, (2) of maintaining any and all Common Areas, (3) of removing any improvement constructed, reconstructed, refinished, altered or maintained upon such private area in violation of any provisions called for herein, (4) of restoring or otherwise reinstating such private area as authorized and (5) of otherwise enforcing, without any limitation, all of the restrictions set forth as a part of this Declaration or The Hollister Ranch Rules.

(b) No improvement, excavation, or other work which in any way alters any private area from its natural or improved state existing on the date such private area was first conveyed in fee by Grantor to an Owner shall be made or done except upon strict compliance with, and within, these restrictions.

(c) The private area of each parcel shall be used exclusively for residential, recreational and agricultural purposes, limited by all applicable zoning and other municipal ordinances.

(d) All Restricted Private Areas and Private Areas of a parcel, and the improvements thereon, as well as all licensed improvements within the Common Area, 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 Hollister Ranch, or any part thereof, all at such Owner's sole cost and expense. *(Section 2.01(d) amended by the 26th Amendment 12/03/2005)*

(e) No noxious or offensive activity shall be carried on

upon any private area, 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 their enjoyment of their private areas, or in their enjoyment of any 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 Hollister Ranch, are entitled to the reasonable enjoyment of the natural benefits and surroundings of The Hollister Ranch.

(f) No signs whatsoever, including but without limitation, commercial, political and similar signs, visible from neighboring property, shall be erected or maintained upon any private area or Common Area, except:

(1) Such signs as may be permitted by Section 712 of the California Civil Code and such signs as may be required by legal proceedings,

(2) Residential or facility identification signs of a combined total face area of three (3) square feet or less for each residence or facility.

(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) Signs for the purpose of safety. (*Section f and its subsections added by the 24th Amendment 12/06/97.*)

(g) No house trailer, travel trailer, camper, permanent tent, or similar facility or structure shall be kept, placed or maintained upon any private area or Common Area except in designated areas, if any, at any time for living or any purposes; 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.

(h) No trailer of any kind, truck camper, or boat shall be kept, placed or maintained upon any private area in such a manner that such trailer, truck camper or boat is visible from neighboring property; 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.

(i) Accessory structures or buildings constructed, placed or maintained upon any private area prior to the construction of the main structure of the residence may be approved by the Design Committee. (*Section 2.01 (i) amended by the 20th Amendment 12/04/93.*)

(j) No trailer, vehicle or boat shall be constructed, reconstructed or repaired upon any private area in such manner that such construction, reconstruction or repair is visible from neighboring property.

(k) Except as otherwise permitted by paragraph (m) below, all garbage and trash shall be placed and kept in covered containers. In no event shall such containers be maintained so as to be visible from neighboring property. The collection and disposal of garbage and trash shall be in strict compliance with The Hollister Ranch Rules.

(l) Outside clotheslines or other outside clothes drying or airing facilities shall not be visible from neighboring property.

(m) 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.

(n) There shall be no exterior fires whatsoever except barbecue and incinerator fires contained within receptacles and such other fires as may from time to time be permitted by The Hollister Ranch Rules.

(o) Consistent with the preamble of this Declaration and the desire of the owners to preserve the natural resources of the Hollister Ranch, upon approval by Santa Barbara County of an amendment to its land use regulations permitting any additional residential units or any residential use in place of existing permitted uses on the Hollister Ranch over and above what is allowed under the land use regulations in effect on the date of the recordation of this subsection, whether such additional residential units be labeled an RAU, second unit, or otherwise, the number of dwelling units per parcel shall be limited to three (3). Those parcels which have dwelling units in excess of three, and which have been approved by the Design Committee and been permitted as dwelling units by the County as of the recording date of the amendment adding this subsection, may continue to have that number of dwelling units as legally nonconforming structures under this provision, and those structures may be modified, remodeled or enlarged subject to the other provisions of this Declaration and any relevant laws. (*Section 2.01 (o) added by the 25th Amendment 12/6/03.*)

2.02 Private Area: Construction and Alteration of Improvements, Excavations, Etc. The right of an Owner to construct, reconstruct, refinish, alter or maintain any improvement upon, under or above any private area, 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 the following limitations and conditions of this section.

(a) Except to the extent permitted by paragraph (g) below, any construction or reconstruction of, or the refinishing or alteration of any part of the exterior of, any improvement upon any private area is absolutely prohibited until and unless the Owner of such private area first obtains the approval therefor from the Design 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 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) No excavation or fill which would be visible from neighboring property shall be created or installed upon, and

(2) No change in the natural or existing drainage for surface waters upon, and

(3) No living tree having a height of six (6) feet or more and having a trunk measuring six (6) inches or more in any diameter at ground level shall be destroyed or removed from any private area until and unless the Owner of such private area first obtains the approval therefor from the Design 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 private area to its state existing immediately prior to such violation, in the event of any violation of clause (3) above, replace any tree which has been improperly removed or destroyed with either a similar tree in type and size or with such other tree as the Association may deem appropriate. The Owner of such private area shall reimburse the Association for all 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 an 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 to refinish or alter any part of the exterior of, any improvement on or within his private area, or to perform any work which under paragraph (b) above requires the prior approval of the Design Committee, shall apply to the Design Committee for approval as follows:

(1) The Owner shall notify the Design Committee of the nature of the proposed work, and the Design Committee shall thereupon furnish such Owner with a copy of the Design Committee Rules which summarizes the ecological factors relevant to the design, construction and maintenance of improvements at The Hollister Ranch and the various design controls and restrictions applicable to the Owner's private and common areas. The Owner and his agent, if any, shall acknowledge, by signing the Design Committee application that he and his agent, if any, have read and understand the contents of the Design Committee Rules and this Declaration. If the Design Committee requests, the Owner and his agent, if any, shall meet with member(s) of the Design Committee in order to benefit from their knowledge and experience involving the Hollister Ranch. Such meeting shall be at a mutually convenient time not to exceed sixty (60) days following the Design Committee's request therefor and shall

be held at The Hollister Ranch.

(2) Following the Design Committee receipt of a Design Committee application signed by the Owner and his agent, if any, and following any meeting with member(s) of the Design Committee, the Owner or his agent shall submit to the Design Committee for approval such plans and specifications for proposed work as the Design Committee may from time to time request, including, when deemed appropriate by the Design Committee, but without limitation, the following:

(aa) A master plan of the Parcel showing (i) contour lines, (ii) the location of all existing and/or proposed improvements, (iii) the proposed drainage plan, (iv) the proposed sanitary disposal facilities, (v) the location of existing trees, (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 colors, with samples;

(ee) Working drawings and construction specifications; and

(ff) Grading plan.

The Design Committee shall require that the submission of plans and specifications as detailed in the Design Committee Rules be accomplished by a reasonable plans inspection fee in an amount not to exceed \$100.

(3) If at any time following an Owner's notification of the Design Committee pursuant to clause (1) above of his proposed work the Design Committee shall determine that it would be in the best interests of The Hollister Ranch for such Owner to employ an architect to design any improvements involved in the proposed work, the Design Committee shall inform such Owner in writing of its determination, whereupon all plans and specifications submitted pursuant to clause (2) above must be prepared by an architect. *(Section 2.02(c) and its subsections amended by the 21st Amendment 12/03/94.)*

(d) Subject to the provisions of paragraph (e) below, the Design 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, if any, shall have strictly complied with the provisions of paragraph (c) above; and

(2) The Design Committee finds that the plans and specifications conform to The Hollister Ranch Restrictions, particularly to the requirements and restrictions of this section and to the Design Committee Rules in effect at the time such plans were submitted to the Design Committee.

All such approvals shall be in writing and may be conditioned upon the submission by the Owner or the Owner's agent, if any, of such additional plans and specifications as the Design 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 Design Committee shall be deemed approved, except that the Design Committee may extend this forty-five (45) day period if agreed to by the Owner or his agent. One set of plans as finally approved shall be retained and maintained by the Design Committee as a permanent record. (*Section 2.02(d) and its subsections amended by the 21st Amendment 12/03/94.*)

(e) Notwithstanding the provisions of paragraph (d) above, if within the forty-five (45) day period referred to in said paragraph (d) the members of the Design Committee, in their sole discretion, unanimously 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 private or the Common Area), be incompatible with The Hollister Ranch, then the Design Committee shall not approve the plans, drawings and specifications submitted to it pursuant to paragraph (c) above and shall so notify the Owner concerned in writing setting forth the reason for such disapproval.

(f) Grantor shall upon the timely request of the Design Committee, file with the Design Committee copies of such of the plans and specifications described in paragraph (c) above, which have been prepared by Grantor and which are deemed by the Design Committee to be necessary for the purpose of maintaining a permanent record of all improvements constructed or being constructed by Grantor upon any private area or parcel.

(g) 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 Design 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 Design Committee and not revoked pursuant to paragraph (i) below or in the plans and specifications filed pursuant to paragraph (f) above.

(h) Upon receipt of the approval from the Design 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.

(i) With reference to paragraph (h) 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 Design Committee prior to the expiration of said two (2) year period and upon a finding by

the Design Committee that there has been no change in circumstances, the time for such commencement is extended in writing by the Design Committee.

(j) 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 private area within one (1) year 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 Design Committee shall notify 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.

(k) 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 Design Committee and within sixty (60) days thereafter the Design 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 Design 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 non-compliance within such sixty (60) day period and shall require the Owner to remedy such non-compliance. If upon the expiration of sixty (60) days from the date of such notification, the Owner shall have failed to remedy such non-compliance, the Design Committee shall notify the Association of such failure, and the Association, at its option, shall either remove the improvement or remedy the non-compliance. The Owner shall reimburse the Association for all expenses incurred in connection therewith. If for any reason the Design Committee fails to notify the Owner of any such non-compliance 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.

(l) 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 private areas:

(1) All improvements and developments on parcels shall be constructed in accordance with the requirements of the Design Committee as set forth in the Design Committee Rules.

(2) No reflective finishes (other than glass) shall be used on exterior surfaces (other than surfaces of hardware fixtures), including, without limitation, the exterior surfaces of any of the following: roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, equipment, mailboxes and newspaper tubes.

(3) Except for nails, bolts, other approved connecting devices and hardware fixtures used in connection therewith, all fences, screens, and similar exterior structures shall be constructed solely of wood; provided, however that subject to the provisions of subparagraph (2) above, retaining walls, fences used to enclose animals and fowl and tennis court and swimming pool fencing may be constructed of other material.

(4) Each residence shall contain a sewage disposal system approved by the Design Committee and the public authority, if any, having jurisdiction. In no event shall sewage be discharged directly or indirectly into the ocean, any creek, marsh, river, sound or beach or shoreline or bank thereof.

(5) All residences (structures used for living purposes) must meet the Santa Barbara County building requirements. Violations of this provision shall be enforced by the appropriate governmental agency. (*Section 2.02(l) (1) & (5) amended by the 20th Amendment 12/04/93. Section 2.02(l) and its subsections amended by the 21st Amendment 12/03/94.*)

2.03 Restricted Private Area: Uses, Restrictions. The restricted private areas of each parcel shall be for the limited use and benefit of the Owner thereof, subject to the rights the Association set forth below and to all of the following limitations and restrictions:

(a) Grantor and the Association, or its duly authorized agents, shall have the right at any time, and from time to time, without liability to the Owner for trespass or otherwise, to enter upon any restricted private area for the purpose (1) of drilling water wells thereon, equipping and maintaining the same, extracting and conveying water therefrom, installing and maintaining all necessary well equipment, pumps, casing and water lines, and installing and maintaining access roads and power and other public and private utility lines, (2) of removing any improvement constructed or reconstructed or maintained upon such restricted private area in violation of the terms hereof, and (3) of otherwise enforcing the restrictions set forth in this section.

(b) No improvement, excavation or structure, except roads, fences and the structures and improvements authorized under subparagraph (a) above, shall be permitted in such restricted private area.

(c) There shall be no use of the restricted private area except (1) any use contemplated by any improvement permitted under subparagraphs (a) and (b) above and (2) natural agricultural and recreational uses which do not injure, modify or deface such restricted private area or the vegetation thereon, interfere with the structure and uses specified in subparagraphs (a) and (b) above or cause unreasonable embarrassment, disturbance and annoyance to other Owners in their enjoyment of their private areas.

2.04 Common Area: Uses, 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 any Common Area shall be subject to The Hollister Ranch Rules.

(b) The use of any Common Area shall be subject to such easements and rights of way reserved therefrom at the time of the conveyance thereof by Grantor or 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 Grantor or the Association.

(c) No improvement, excavation or other work which in any way alters any Common Area from its natural or existing state shall be made or done except upon strict compliance with, and within the restrictions and limitations of, the provisions hereof.

(d) Any portion of any Common Area may be developed into one or more recreational facilities. Upon the development of any recreational facility by Grantor or Association pursuant to the provisions contained herein, such facility shall be used exclusively by Owners and Guests who become permitted users, subject to the provisions of The Hollister Ranch Rules with respect to such use.

(e) Except to the extent otherwise permitted pursuant to the provisions of paragraph (d) above, 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 embarrassment, disturbance or annoyance to Owners in their enjoyment of their private areas, or in their enjoyment of Common Areas. Without limiting the generality of the foregoing,

(1) There shall be no camping in Common Area except in areas developed therefor by the Association, if any.

(2) There shall be no fires started or maintained on Common Area except (aa) fires started and controlled by the Association incidental to the maintenance and preservation of property within The Hollister Ranch, and (bb) cooking and campfires in picnic and other areas within recreational facilities developed therefor by the Association.

(f) Anything contained herein to the contrary notwithstanding, any portion of the Common Area may continue to be used for any purpose in existence at the time of the conveyance thereof to the Association and, in addition, the Common Area and structures therein may be used as follows:

(1) For office purposes by the Association or by the Grantor;

(2) For maintenance and storage of equipment necessary for the Association to perform its security, maintenance and other authorized functions;

(3) For office, storage and any reasonably related operational purpose of any common agricultural enterprise or

agricultural cooperative operated by the owners or some of them;

(4) For a bunkhouse and/or other housing provided for employees of the Association or any common agricultural enterprise or agricultural cooperative operated by the owners or some of them;

(g) Special Study Areas. In furtherance of the preservation of the flora and fauna of the Hollister Ranch, the Board of Directors may establish "Special Study Areas" within portions of the Beach Recreational Common Area, which have special ecological, historical, or archaeological significance. Special Study Areas once created shall be managed as specified in the Board action creating each Study Area, which may include, as appropriate, as follows:

(1) Motor vehicles may be prohibited within the Special Study Areas;

(2) Domestic animals may be prohibited, unless directly supervised by their owners;

(3) Each Special Study Area may be monitored periodically by a qualified specialist, such as a biologist or archaeologist, and a specific management plan may be prepared for and adopted by the Board and in effect with respect to each area.

It may be modified upon specific recommendations and with the approval of the Board;

(4) The Association may monitor each Study Area and implement the respective management plans.

2.05 Sirens Within Common Area, Private Area, Restricted Private Area and Access to Siren Sites. As an exception to the restrictions set forth in Section 2.01 regarding Private Areas and in Section 2.03 regarding Restricted Private Areas, the Board may authorize siren communication facilities and other warning devices to be installed and maintained within Private Areas and Restricted Private Areas, in accordance with the following conditions:

(a) The authorized facility must be necessary in the determination of the Board to facilitate notification of an emergency involving the operation of the natural gas and oil pipelines, which cross the Ranch from the Point Arguello field.

(b) The site is appropriate to maximize coverage with a minimum number of facilities as determined by Santa Barbara County Office of Emergency Services.

(c) The site and installation must receive the approval of the Design Committee, as with all other improvements constructed in the Private Areas or Restricted Private Areas.

(d) The Board may authorize up to four sites for such facilities in addition to those existing on May 15, 1991, and those maintained for the Beach Recreational Common Area.

As an exception to the limitations set forth in Section 4.05(i)

(regarding the authority of the Board to grant access rights within Common Areas), the Board may authorize siren communication facilities and other warning devices to be installed and maintained within Common Area (Private Road Easement), in accordance with the foregoing conditions and with the consent of the owners of the parcel on which the facility would be located, and Restricted Private Areas over the Common Area (Private Road Easement). Any compensation paid for a facility permitted under this Section shall be paid to the owner of the parcel on which it is located, regardless of the land classification in which it is located.

2.06 Realignment of Common Area (Private Road Easements). Notwithstanding other provisions of this Declaration, including, without limitation, Sections 2.04 and 4.05(i), upon application by an Owner to the Design Committee in accordance with this subsection and upon the recommendation of the Design Committee, the Association shall have the full power and authority upon the majority vote of all members of its Board of Directors to realign a portion of the Association's Common Area (Private Road Easement) within an Owner's Parcel to:

(a) Allow for the construction of residences and residential structures and amenities on the conditions herein set forth if the Owner can demonstrate that there is not a suitable building site upon his Parcel for said residences and/or residential structures and amenities without substantial changes to the natural condition of the Parcel; or,

(b) Realign roads; or

(c) Obtain use of land with recreational, historical or environmental value to the Association.

Any such realignment shall be at the sole discretion of the Board of Directors; the Owners affected by this Declaration shall not accrue any rights to said realignment by reason of the topography of their respective Parcels, other realignment by the Board or Association or other actions or inactions of the Board or Association; and any such realignment shall be upon such conditions as the Board shall direct, in its sole discretion, including the standard conditions set forth in this subsection and this Declaration.

All Owners wishing to invoke this subsection for a Board realignment of an Association Common Area (Private Road Easement) shall submit to the Association's Design Committee the maps, data and information concerning the Parcel required by the Design Committee from time to time, which data shall include, but not be limited to:

(d) A certified topographical map and survey at 10-foot contours and scaled to 1 inch equals 100 feet showing location of all improvements upon the Parcel, the location of all Common Areas, the proposed building envelope(s), the proposed Common Area relocation, and the proposed buildings for the proposed building envelope(s); (*Section 2.06(d) amended by the 22nd Amendment 12/02/95.*)

- (e) A current title report; and
- (f) An application describing in detail the proposed realignment and residential building project to be undertaken by the Owner.

In making said submission and application, the Owner shall become obligated for all fees, costs, and expenses for the processing and recordation of the realignment and shall post reasonable deposits with the Association therefor, as determined by the Design Committee. The submission by the Owner shall be either recommended for approval or disapproval by the Design Committee to the Board within ninety (90) days of submission by the Owner, and the Board, within sixty (60) days of such recommendation by the Design Committee shall either approve (with appropriate conditions as determined by the Board) or disapprove said submission and application. Any recommendation of approval by the Design Committee to the Board shall be accompanied with conditions of approval, which conditions shall include, but not be limited to, those set forth hereinafter. The failure of the Board to approve said submission and application of the Owner within one hundred fifty (150) days of said submission shall be deemed a disapproval by the Board. Any disapproval by the Board of a realignment submitted herein shall not be administratively or judicially appealable or reviewable as said realignments are at the sole discretion of the Board.

A realignment of Common Area (Private Road Easement) as herein authorized, shall only be on the following conditions in addition to others that the Design Committee and/or Board may require.

- (1) All owners of property underlying the realignment shall consent to the realignment.
- (2) The building envelope(s) shall be set back a reasonable distance as determined by the Board from any existing road or relocated road adjacent to the Common Area, with any such relocated road to be at the cost of the applicant and shall be constructed to the standards then applicable of The Hollister Ranch for such roads.
- (3) Common Area (Private Road Easement) of like area and quality shall be conveyed by the Owner to the Association to replace the area realigned, free of any monetary liens and encumbrances.
- (4) Construction, renovation, remodeling and any other improvement or maintenance shall comply strictly with the limitations placed thereon by the conditions of approval, with the obligation of the Owner to remove any nonconforming improvements and the authority of the Association to remove same at the cost of the Owner after the Owner's failure to remove same upon sixty (60) days' written notice by the Association to the Owner, or his/her successors in interest.
- (5) All costs, expenses and fees of the Association, its Board, its Design Committee, and its attorneys and other consultants the processing and recording of said realignment, as well as enforcing any conditions of approval, shall be the obligation of the respective Owner and shall become a lien on

the affected Parcel enforceable under the provisions of Section 5.06 hereof. (*Section 2.06 and its subsections amended by the 21st Amendment 12/03/94.*)

2.07 Limited Common Area Easement.

The Association may accept grants of road easements from Owners within their private area and restricted private area to be known as a "Limited Common Area Easement" on the following terms and conditions:

(a) Limited Common Area Easements shall be for access for emergency vehicles, Association personnel, and Cattle Co-OP operations.

(b) The Owner may request the Association to accept a particular Limited Common Area Easement over existing roadways or driveways within his parcel, and the Owner would assume all costs in relation to The Limited Common Area Easement.

(c) Upon proposing the grant of a Limited Common Area Easement the Owner shall provide the Association a surveyed legal description and graphic depiction of the alignment and area of The Limited Common Area Easement.

(d) The Board of Directors may accept, by a majority vote, the grant of the Limited Common Area Easement if in the sole discretion of the Board, it determines such acceptance is in the interest of the Association and its members.

(e) Upon acceptance by the Board of a Limited Common Area Easement, a grant of the easement attaching the proposed legal description thereof shall be prepared and executed and recorded in a form to be approved by the Association's counsel, which on its face recites that the conveyance is of a Limited Common Area Easement pursuant to this section.

(f) The Owner shall remain solely responsible for maintaining and repairing at his sole cost and expense any roadway and related drainage or other improvements in the Limited Common Area Easement in accordance to the standards of the HROA's road system with applicable regulations once conveyed pursuant to this section."

(g) Grantor (owner) is to defend, indemnify and hold harmless the Association and its officers, director and employee from any and all claims arising from the grant and use of the property. (*Section 2.07 added in its entirety by the 31st Amendment 12/01/2012.*)

3.0 ARTICLE III - DESIGN COMMITTEE

3.01 Organization: Power of Appointment and Removal of Members. There shall be a Design Committee, organized as follows:

(a) The Design Committee shall consist of five (5) members. No member shall be required to meet any qualifications for a membership on the Design Committee.

Each of said persons shall hold office until such time as he or she has resigned or has been removed or a successor has been appointed, as set forth herein.

(b) The right from time to time to appoint and remove all members of the Design Committee shall be, and is hereby reserved to and vested solely in the Association, provided, however, that any such appointment or removal shall be subject to the prior written approval of Grantor thereto so long as Grantor owns more than ten percent (10%) of the parcels then subject to this Declaration.

3.02 Duties.

(a) It shall be the duty of the Design Committee to consider and act upon such proposals or plans from time to time submitted to it pursuant to section 2.02, and to perform such other duties set forth in this Declaration and from time to time delegated to it by the Association. *(Section 3.02 amended by the 26th Amendment 12/03/2005.)*

(b) The Design Committee shall delegate the review and approval of certain minor and auxiliary development projects, as described in the "Staff-Level Development Approval Program" policy adopted from time-to-time by the Board of Directors, to the Ranch Manager. All rights and responsibilities of the Design Committee with respect to these projects are granted to the Ranch Manager. For these projects, all references to the Design Committee in this Declaration and the Design Guidelines are hereby understood to mean the Ranch Manager. Based on an initial review of any such project, the Ranch Manager may determine at his sole discretion that such project is more appropriately addressed by the Design Committee. *(Subsection 3.02 (b) amended by the 27th Amendment 12/02/2006 and 28th Amendment 12/01/2007.)*

3.03 Meetings; Actions; Compensation; Expenses. The Design Committee shall meet from time to time as necessary to perform properly its duties hereunder. The vote or written consent of a majority of the members shall constitute an act by the Design Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Design Committee shall keep and maintain a record of all action from time to time taken by the Design Committee at such meetings or otherwise. Unless authorized by the Association, the members of the Design Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performances of any Design Committee function.

3.04 Rules. The Design Committee may, from time to time, propose the adoption, amendment, and/or repeal of rules regarding aesthetics, design, location, and/or architectural standards, for the adoption by the Association in accordance

with Civil Code Sections 1357.100, et seq. Said rules are to be known as "Design Rules." Any reference in this Declaration to "Design Rules" shall henceforth be deemed to refer to "Design Rules." Said Design Rules, among other things, may interpret or implement the provisions of this Declaration regarding aesthetics, design, location, and/or architectural standards. The Design Rules, as they may from time to time be adopted, amended, or repealed by the Association, shall be binding upon the Association and the owners and the Association shall provide copies thereof to each owner. *(Section 3.04 amended by the 26th Amendment 12/03/2005 and the 28th Amendment 12/01/07.)*

3.05 Non-Waiver. The approval by the Design Committee of any plans, drawings or specifications for any work done or proposed, or in connection with any other matter requiring the approval of the Design Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar plan, drawing, specification or matter whenever subsequently or additionally submitted for approval.

3.06 Actions and Procedures. When thirty (30) days after written demand therefor is delivered to the Design Committee by any Owner, and upon payment therewith to the Association of a reasonable fee from time to time to be fixed by the Association, the Design Committee shall prepare a letter executed by any three of its members, certifying with respect to any parcel of said Owner, that as of the date thereof either (a) all improvements and other work made or done upon or within said parcel by the Owner, or otherwise, comply with this Declaration or (b) such improvements and/or work do not so comply, in which event the certificate shall also (1) identify the non-complying improvements and/or work and (2) set forth with particularity the cause or causes for such non-compliance. Any purchaser from the Owner, or mortgagee or other encumbrancer shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, Grantor and all Owners and such purchaser, mortgagee or other encumbrancers.

3.07 Liability. Neither the Design Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development, or manner of development of any property within The Hollister Ranch provided, however, that such member has, with the actual knowledge possessed by him, acted in good faith. Without in any way limiting the generality of the foregoing, the Design Committee, or any member thereof, may, but is not required to, consult with or hear the Association or any Owner with respect to any plans, drawings or specifications, or any other proposal submitted to the Design Committee.

4.0 ARTICLE IV - THE HOLLISTER RANCH

OWNERS' ASSOCIATION

4.01 Organization.

(a) The Association is a non-profit mutual benefit corporation charged with the duties and empowered with the rights set forth herein. It was created by the Articles and its affairs shall be governed by the Articles and Bylaws. (*Section 4.01 amended by the 29th Amendment 12/06/08*)

(b) In the event that the Association as a corporate entity is dissolved, a non-profit, unincorporated association shall forthwith and without further action or notice be formed and succeed to all rights and obligations of the Association hereunder. Said unincorporated association shall be known as The Hollister Ranch Owners' Association and its affairs shall be governed by the laws of the State of California and, to the extent not inconsistent therewith, by the Articles and Bylaws, respectively, as if they were created for the purpose of governing the affairs of an unincorporated association.

4.02 Membership.

(a) Each Owner, by virtue of being an Owner and for so long as he is an Owner, shall be a member of the Association, or, in the event of its dissolution, a member of the unincorporated association succeeding to the Association, as provided for in paragraph (b) of Section 4.01.

(b) The rights, duties, privileges and obligations of an Owner as a member of the Association or its succeeding unincorporated association shall be those set forth in, and shall be exercised and imposed in accordance with the provisions of this Declaration, The Hollister Ranch Rules and the Articles and Bylaws of the Association.

(c) In the event of the dissolution of the Association and the formation of an unincorporated association, as provided for in paragraph (b) of section 4.01, each member of the unincorporated association shall have an equal, underlying beneficial interest in all of the Association's property transfer to or for the account or benefit of said unincorporated association in direct proportion to the number of parcels owned by such member; provided, however, that there shall be no judicial partition of such property, or any part thereof, nor shall any such member or other person acquiring any interest in said property, or any part thereof, seek any such judicial partition.

4.03 Voting Rights. Each parcel shall have one designated Owner who shall be entitled to one vote for each parcel owned by all Owners on all matters properly submitted for vote to the membership of the Association; provided, however, that every Owner entitled to vote at any election of the members of the Board may cumulate his votes and give any one or more candidates a number of votes equal to the number of parcels owned by the Owner multiplied by the number of directors to be elected. The right to vote may not be severed or separated from any parcel and any sale, transfer or conveyance of any parcel to a new Owner shall operate to

transfer the appurtenant vote without the requirement of any express reference thereto.

4.04 Duties and Obligations of the Association. The Association shall have the obligations and duties, subject to this Declaration, to do and perform each and every of the following for the benefit of the Owners and for the maintenance and improvement of The Hollister Ranch.

(a) The Association shall accept title or easements to or interest in any real property from time to time conveyed to it, if ever, by Grantor, pursuant to the provisions, and subject to the restrictions imposed by, section 6.04 below.

(b) Notwithstanding anything to the contrary contained in paragraph (b) of section 4.01, immediately prior to any dissolution of the Association as a corporate entity the Association shall convey all real property vested in it to Title Insurance and Trust Company or to its successor, or to any other independent corporate trustee, to hold such real property in trust for the benefit of the unincorporated association formed pursuant to said paragraph (b) and for the benefit of the Owners.

(c) The Association shall maintain, or provide for the maintenance of, any access roads and Common Areas including roads, recreational facilities and all improvements of whatever kind and for whatever purpose from time to time located on such Common Areas in good order and repair; provided, however, that notwithstanding the foregoing, the Association shall have no obligation to maintain in good order and repair any improvement constructed upon any Common Area by the Owner. Roads shall be maintained in a condition of repair at least equal to that of comparable ranch roads of the County of Santa Barbara.

(d) The Association shall enter upon and maintain, or provide for the maintenance of, any private area which is not maintained by the Owner thereof, and assess any and all cost for such maintenance and any expense in connection with such maintenance as called for herein.

(e) To the extent not assessed to or paid by the Owners, the Association shall pay all real property taxes and assessments levied upon any portion of Common Area or upon any recreational facility or other property owned by the Association. In addition, should the taxes and assessments applicable to any Common Area other than Common Area designated as "Common Area (Private Road Easement)" not be separately assessed, the Association shall pay to the person against whom the same is assessed such amounts of such taxes and assessments as shall be properly allocable to the Association's interest or ownership therein.

(f) Unless provided by a municipal, county or other governmental body and unless the cost thereof is assessed, directly or indirectly, against the Owners by such body, the Association shall contract for, employ or otherwise provide

security personnel necessary to maintain the private and exclusive use of all Common Area and rights of all owners.

(g) The Association shall obtain and maintain in force the following policies of insurance:

(1) Fire and extended coverage insurance on all improvements owned by the Association and from time to time located upon or within any Common Area, or recreational facility, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value (exclusive of the cost of excavations, foundations and footings), of such improvements as from time to time determined by the Association.

(2) Bodily injury liability insurance with limits of not less than Two Hundred Thousand Dollars (\$200,000) per person and One Million Dollars (\$1,000,000) per occurrence insuring against any and all liability with respect to The Hollister Ranch or any portion thereof, or arising out of the maintenance or use thereof, and

(3) Property damage liability insurance with a deductible of not more than One Thousand Five Hundred Dollars (\$1,500) and a limit of not less than Five Hundred Thousand Dollars (\$500,000) per accident.

The policy or policies of insurance referred to in subparagraph (2) and (3) above shall name as insureds (aa) the Grantor, the Association, the Board, the Design Committee, and their representatives, members and employees, and (bb) with respect to any liability arising out of the maintenance and use of Common Area or any recreational facility, the Owners. Such policy or policies shall protect each of the insureds as if each were separately insured under separate policies provided, however, that such policy or policies shall not require the insured or insurers to pay any amount in excess of the maximum limits stated therein. Each and every policy of insurance obtained by the Association, whether or not required to be obtained pursuant to the provisions of this Declaration, shall expressly waive any and all rights of subrogation against Grantor, its representatives and employees, and any Owner.

(h) The Association shall accept and act upon applications submitted to it for the development of private recreational facilities.

(i) The Association shall from time to time make, establish, promulgate, amend and repeal The Hollister Ranch Rules as provided for herein.

(j) To the extent provided for herein, the Association shall exercise its rights to appoint and remove members of the Design Committee to ensure that at all reasonable times there is available a duly constituted and appointed Design Committee.

(k) The Association shall take such action, whether or not expressly authorized by this Declaration, as may

reasonably be necessary to enforce the restrictions, limitations, covenants, and conditions of this Declaration, The Hollister Ranch Rules and the Design Committee Rules.

4.05 Powers and Authority. The Association shall have all of the powers set forth in the Articles, together with its general powers as a nonprofit corporation, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and in this Declaration and The Hollister Ranch Rules, 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 of the Owners and Guests of The Hollister Ranch. Without in any way limiting the generality of the foregoing:

(a) The Association shall have the power and authority at any time, and from time to time, and without liability to any Owner, to enter upon any parcel for the purpose of enforcing any and all of the provisions called for herein, or for the purpose of maintaining and repairing any such area if for any reason whatsoever the Owner thereof involved fails to maintain and repair such area as required. The Association shall also have the power and authority from time to time, in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and The Hollister Ranch Rules and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration and The Hollister Ranch Rules.

(b) In fulfilling any of its obligations or duties under The Hollister Ranch Declaration of Restrictions, including, without limitation, its obligations or duties for the maintenance, repair, operation or administration of any Common Area, any access road, any recreational facility, any facility or improvement in any Restricted Private Area and, to the extent necessitated by the failure of the Owners thereof, any parcel, the Association shall have the power and authority,

(1) To contract and pay for, or otherwise provide for the maintenance, restoration and repair of all improvements of whatever kind, including Common Area roads, and for whatever purpose from time to time located upon Common Area, or within any recreational facility.

(2) To obtain, maintain and pay for such insurance policies or bonds as the Association shall deem to be appropriate for the protection or benefit of The Hollister Ranch, the Association, the members of the Board, the members of the Design Committee, Owners or Guests, including, but without limitation, war risk insurance, boiler insurance, workmen's compensation insurance, malicious mischief insurance, automobile non-ownership insurance, and performance and fidelity bonds.

(3) To contract and pay for, or otherwise provide for, such utility services, including, but without limitation, water,

electrical, telephone and gas services, as may from time to time be required.

(4) To contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys and certified public accountants and such other professional and non-professional services as the Association deems necessary.

(5) To contract and pay for, or otherwise provide for, fire, security and such other protection services as the Association shall from time to time deem necessary for the benefit of The Hollister Ranch Owners and Guests, any property located within The Hollister Ranch.

(6) To contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment and labor as and to the extent the Association deems necessary, and

(7) To pay and to discharge any and all liens from time to time placed or imposed upon any Common Area or recreational facility on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation, or administration.

(c) In fulfilling any of its obligations, or in exercising any of its rights, to contract improvements or other work upon any Common Area or Restricted Private Area, or in connection with the development of any road or recreational facility, the Association shall have the right, power and authority,

(1) To contract and pay for, or otherwise provide for, the construction of such improvements or other work upon such terms and conditions as the Association shall deem appropriate.

(2) To obtain, maintain and pay for such insurance policies or bonds, in addition to those obtained by the Association pursuant to subparagraph (2) of paragraph (b) above, as the Association may deem appropriate for the protection or benefit of the Association, the members of the Board, the members of the Design Committee, Owners and Guests, including, but without limitation, builder's risk insurance, workmen's compensation insurance and performance and fidelity bonds.

(3) To contract and pay for, or otherwise provide for the services of architects, engineers, attorneys and certified public accountants and other professional and non-professional services; and

(4) To pay and discharge any and all liens arising out of the construction of any such improvement.

(d) The Association shall have the power and authority from time to time to grant and convey to any third party such easements, rights of way, parcels or strips of land, in, on, and over or under any Common Area or recreational facility, for the purpose of constructing, erecting, operating and maintaining thereon, therein and thereunder, (1) roads, walks, driveways, parkways and park areas, (2) poles, wires and conduits for the transmission of electricity for lighting, heating, power, telephone, television and other purposes and for the necessary attachments in connection therewith, and (3) private sewers, storm water drains, land drains and pipes,

water systems, sprinkling systems, water, heating and gas lines or pipes and any and all equipment in connection with the foregoing.

(e) The Association may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California and upon such conditions as are otherwise deemed advisable by the Association, the Association may delegate to the manager any of its powers under this Declaration.

(f) The Association shall have the right from time to time to pay, compromise or contest any and all taxes and assessments levied against all or any part of any Common Area or recreational facility or upon any real or personal property belonging to the Association; provided, however, that prior to the tax or assessment, the Association shall pay and discharge the lien imposed with respect to such property.

(g) The Association shall have the power and authority from time to time to reclassify any portion of any 'restricted private area' to 'private area' for the benefit of the owner of the parcel in which it is located, subject, however, to the retention of such easements and rights and the imposition of such conditions as the Association may deem appropriate for the benefit of the Association or any of the Owners. Such reclassification shall be effected by the execution and recording of an appropriate declaration of reclassification referring to this subparagraph of this Declaration and describing the parcel, or portion thereof, affected.

(h) Upon application by a Parcel Owner in accordance with this subsection, the Association shall have the full power upon the vote of its Board of Directors to affect Common Areas as follows:

(1) Portions of Common Area (Private Road Easement) may be the subject of a licensing agreement within the terms of this subsection.

(2) The Association may grant upon application by a Parcel's Owners, a license to permit fencing, gates and cattle guards, landscaping, drainage structures, grading, septic, safety signs, utilities (e.g., gas, electric, telephone, water, etc.) and their associated structures on a portion of any Common Area within his Parcel. A license may also be granted for common underground utilities (e.g., gas, electric, telephone, water, cable T.V., etc., but not for septic utilities or facilities), and structures required for the operation of these utilities, in the Common Area which may extend outside of the Owner's Parcel. *(Section 4.05(h) (2) replaced in its entirety by the 23rd [corrected] Amendment 12/07/96; Section 4.05(h) (2) replaced in its entirety by the 24th Amendment 12/06/97.)*

(3) Any license applied for hereunder may be granted at the discretion of the Association, if the following conditions exist:

(aa) A corridor of at least eighty (80) feet in width with the existing road entirely therein shall remain for use as Common Area, except that the Association may in its discretion permit perimeter fencing to cross such corridor at or

near the parcel boundaries or at the terminals of any fencing on the corridor sides.

(bb) The proposed enclosure of Common Area is reasonable in terms of topography.

(cc) Adequate provision is made at the adjoining Parcel Owners' boundary lines, at all fence lines bordering any enclosed or unenclosed Common Area and elsewhere as required by the Association for cattleguards, horse guards, horse gates, cattle gates, fences and any other control measures deemed appropriate by the Association to assure convenient passage between and through Parcels via the remaining unlicensed corridor.

(dd) The licensing hereunder in no way diminishes or alters the enjoyment by all Parcel Owners of designated Common Areas, in that any Common Area licensed for enclosure by a Parcel Owner shall not cause any material restriction of passage through such Common Area.

(ee) The Association in its discretion feels such licensing would be appropriate.

(ff) The term "corridor" as used herein, may include such Parcel Owners' Restricted Private Area licensed to the Association if all other requirements hereunder can be met. Such license to the Association shall be on the same terms and conditions as provided for in subsection (4).

(gg) Whenever the licensing of Common Area applied for hereunder may preclude or adversely affect an adjoining Parcel Owner from securing a license as to the portions of that Common Area within his Parcel, the Association shall require that such adjoining Parcel Owner be notified of the application hereunder. In granting the license, the Association shall make an equitable division of Common Area available for licensing between such Parcel Owners.

(hh) The licensing hereunder shall not hinder the Association's activities or the operations of any common enterprise undertaken by the Parcel Owners.

(4) Any license granted hereunder by the Association shall be at the discretion of its Board of Directors and made upon the following conditions:

(aa) That such license is revocable at any time without cause by the Association or by the Parcel Owner.

(bb) That the revocation of any license granted hereunder shall require the removal of all fences and other improvements placed upon the Common Area within a one hundred and twenty (120) day period. Additionally, the Common Area must be restored to its original natural state within such period.

(cc) No improvements shall be erected on such Common Area licensed hereunder other than fences, gates and cattle guards, landscaping, drainage structures, grading, utilities and their associated structures approved or required by the Association.

(dd) All costs, expenses and fees of the Association, its Board, its Design Committee, and its attorneys and other consultants in the processing and enforcing any conditions of approval, shall be the obligation of the respective Owner and shall become a lien on the affected Parcel enforceable under the provisions of Section 5.06 hereof.

(ee) The licenses granted hereunder in no way affect the easements owned by the Association consisting of all Common Areas conveyed to the Association by deed dated September 9, 1971, and recorded as Instrument No. 30003, Book 2364, Page 1196, deed dated January 3, 1972, and recorded as Instrument No. 601, Book 2382, Page 28, and deed dated January 31, 1972, and recorded as Instrument No. 4094, Book 2385, Page 778 of Official Records of Santa Barbara County.

(ff) The licenses granted hereunder in no way affect the easements reserved by the grantor under the terms of Section 6.01 below.

(gg) The Association may remove improvements and restore the Common Area to its original natural state if the Owner does not do so within one hundred and twenty (120) days of any revocation.

(hh) Any costs incurred by the Association under the terms of subsection (4) (dd) and subsection (4) (gg) in the removal of improvements and restoration of Common Area to its original natural state upon revocation of the license shall become a lien on the Parcel Owner's parcel enforceable under the provisions of Section 5.06.

(ii) The Association shall be under no responsibility for restoration of any Restricted Private Area licensed to it hereunder.

(jj) The responsibility for any fire control required by the Association, this Declaration or The Hollister Ranch Rules on such enclosed Common Area shall be that of the Parcel Owner as though such enclosed Common Area were Private Area. (*Section 4.05(h) and its subsections amended by the 21st Amendment 12/03/94.*)

(i) Notwithstanding other provisions of this Declaration, including without limitation subparagraph (b) of Section 2.04 and Subparagraph (d) of this Section 4.05, the Association may not convey, grant, dedicate, license or otherwise transfer any right of way, easement or right of access on, over, upon, across or through any portion of any Common Area except as follows:

(1) To and for the exclusive benefit of, and only when appurtenant to, one or more of the Parcels; or

(2) To and for the exclusive benefit of, and use only for the operational purposes of, the Association or any common agricultural enterprise or agricultural cooperative operated by the owners or some of them; or

(3) To public and private utility companies, water distribution companies and similar service and utility entities but only for purposes of providing utility or other services and products to the Association or to owners or to Parcels within The Hollister Ranch; or

(4) To other third parties only if approved in writing by both a resolution of the Board of Directors of the Association and the written consent of the owners of more than fifty percent (50%) of the Voting Members.

To the extent legally permissible any existing license, contract or authorization not conforming to the foregoing shall terminate on the adoption of the amendment incorporating this subparagraph. (*Section 4.05 (i) amended by the 29th Amendment 12/06/08*)

(j) The Association shall have the power and the authority at any time, and from time to time, at the discretion of the Association's Board of Directors, to enter into agreements with the water companies serving certain Parcels at the Hollister Ranch for the purpose of providing support to such water companies, including, without limitation: (1) contracting to provide labor and other services for the upkeep and maintenance of systems owned by such water companies; (2) leasing, or otherwise making available to the water companies and their personnel and agents housing, workshops, storage areas and similar facilities; (3) permitting employees of the water companies to have access to the Hollister Ranch as necessary to repair and maintain such water systems; and (4) entering into such other agreements as the Board may deem necessary and proper relating to such water companies within the foregoing limitation of authority.

4.06 The Hollister Ranch Rules.

(a) The Association may, from time to time and subject to the provisions of this Declaration adopt, amend, and repeal rules and regulations, to be known as "The Hollister Ranch Rules," governing among other things:

- (1) The use of Common Area and recreational facilities;
- (2) The use of roads;
- (3) The collection and disposal of refuse;
- (4) The burning of open fires; and
- (5) The keeping and maintenance of animals within The Hollister Ranch.

(b) With respect to subparagraph (a)(1) above, The Hollister Ranch Rules may, without limitation and to the extent deemed necessary by the Association in order to preserve the benefits of The Hollister Ranch for all Owners, their families, invitees, licensees and lessees, and for Guests, restrict and/or govern the use of Common Area and recreational facilities by any Guest, by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that with respect to use of Common Area and recreational facilities, The Hollister Ranch Rules may not discriminate between Owners.

(c) With respect to subparagraph (a) (2) above, The Hollister Ranch Rules may, without limitation, provide for:

- (1) Parking restrictions and limitations;
- (2) Maximum speeds for vehicular travel;
- (3) The time or times when commercial vehicles may be permitted to use the roads, and
- (4) The type or types of vehicles other than conventionally equipped passenger automobiles which may be permitted to The Hollister Ranch or any part of same privately owned or the Common Area.

(d) A copy of The Hollister Ranch Rules, as they may from time to time be adopted, amended or repealed, certified by the Secretary or any Assistant Secretary of the Association, shall be recorded and duplicate copies thereof shall be

delivered to each Owner and each participating facility. Upon such recordation and delivery The Hollister Ranch Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

(e) Upon the adoption, amendment, or repeal of any Ranch Rule under authority of this Declaration or the Bylaws, the Board shall give notice to the Owners, which notice may be provided through the Hollister Hawk, the Association's newsletter. The Owners may petition the Board to submit the adoption, amendment, or repeal of a Ranch Rule to a vote of the membership in accordance with the procedure pursuant to Section 1357.140 of the California Civil Code, as amended from time to time. (*Section 4.06(e) amended by the 29th Amendment 12/06/08*)

4.07 Liability.

(a) No member of the Board, or any other volunteer acting on behalf of the Association at the direction of the Board, shall be personally liable to any Owner, Guest, participating facility, or to any other person, for any error or omission of the Association, its representatives and employees, the Design Committee or the Manager, provided, however, that such individual has, with the actual knowledge possessed by him, acted pursuant to Section 7231.5 (a) of the California Corporations Code, as amended from time to time.

(b) The Association is not the guarantor of the safety or security of an Owner or his guest(s). Instead, the Association operates under a controlled-access basis. The Association shall not be liable for the safety or security of persons on the Ranch whether in the Common Areas or on parcels. Each Owner has the sole and primary responsibility for his or her safety and security and the safety and security of his or her Guests.

(c) The Owners, on behalf of themselves and their Guests, understand that there are many hazardous conditions within The Hollister Ranch including, but not limited to, the ocean, natural terrain, roads (under certain circumstances, such as, but not limited to, wet weather), and wildlife. As such, the Owners on behalf of themselves and their Guests assume any and all risks of harm, including death, that may result from these conditions. (*Section 4.07 amended by the 29th Amendment 12/06/08*)

4.08 General Powers. The Association, through the Board and its duly authorized representatives, shall have the exclusive right to exercise the powers and authority referred to in Section 4.05.

4.09 Alternative Dispute Resolution. Prior to the filing of a civil action by an Owner for declaratory relief and/or injunctive relief and/or monetary damages, the Association and Owner shall endeavor to submit their dispute to a form of alternative dispute resolution in accordance with the procedures established under Civil Code Section 1354 (or any successor statute) regardless of the amount in dispute. In determining the amount of the award for attorney's fees, costs and expenses under section 6.13 of this Declaration, a party's refusal to

participate in alternative dispute resolution prior to filing of the action may be considered. (*Section 4.09 added by the 22nd Amendment 12/02/95.*)

5.0 ARTICLE V - FUNDS AND ASSESSMENTS

5.01 Operating Fund. There shall be an operating fund, into which the Association shall deposit all monies paid to it as

- (a) Maintenance assessments;
- (b) Capital improvement assessments;
- (c) Special assessments;
- (d) Use fees paid by users of recreational facilities;
- (e) Use fees paid by participating facilities;
- (f) Miscellaneous fees; and
- (g) Income and profits attributable to the operating fund;

and from which the Association shall make disbursements in performing the functions for which the foregoing assessments are levied.

5.02 Maintenance Assessments.

(a) Prior to the commencement of each fiscal year the Association shall estimate the costs and expenses to be incurred by the Association during such fiscal year in performing its functions (including a reasonable provision for contingencies and replacements), and shall subtract from such estimate:

- (1) The estimate of costs and expenses referred to in Section 5.03;
- (2) An amount equal to the anticipated balance (exclusive of any reserves for contingencies and replacements) in the operating fund at the start of such fiscal year which is attributable to maintenance assessments; and
- (3) The amount collected and anticipated as use fees during the preceding fiscal year and/or accrued and yet to be collected for such period.

The Board will provide notice of any increased assessments to all members prior to implementation consistent with applicable regulations. (*Section 5.02a amended by the 26th Amendment 12/03/2005.*)

(b) The sum or net estimate determined pursuant to paragraph (a) above shall be assessed equally as a maintenance assessment to each parcel subject to this Declaration, except that parcels owned by the Association shall not be subject to such assessment.

(c) If at any time and from time to time during any fiscal year the maintenance assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof, the Association may levy a further assessment in the amount of such actual or estimated inadequacy, which shall be assessed to the Owners in the manner set forth in paragraph (b) above.

(d) Maintenance assessments shall be due and payable by the Owners to the Association in equal monthly

installments, on or before the first day of each month during the fiscal year, or in such other manner as the Association shall designate.

(e) Notwithstanding any more restrictive limitations placed on the Board herein, the Board may not impose maintenance assessments under section 5.02(a) and 5.02(b) which are more than 20% greater than the total of such assessments for the Association's preceding fiscal year; nor may the Board impose during any fiscal year additional maintenance assessments for unanticipated expenses under section 5.02(c), capital improvement assessments under section 5.03, and extraordinary assessments under section 5.05, which in the aggregate exceeds 5% of the budgeted gross expenses of the Association for that fiscal year without the approval of the Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with section 7510) of Part 3 of Division 2 of Title 1 of Corporations Code and Section 7613 of Corporations Code. For the purposes of this section, "quorum" means more than 50% of the Voting Members. (*Section 5.02(e) amended by the 29th Amendment 12/06/08*)

(f) Subparagraph (e) of this section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any of the following:

- (1) An extraordinary expense required by an order of a court;
- (2) An extraordinary expense necessary to repair or maintain the Common Area or any part of it, for which the Association is responsible where a threat to personal safety on the property is discovered;
- (3) An extraordinary expense necessary to repair or maintain the Common Area or any part of it, 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 pursuant to Sections 5.02(a) and 5.07. However, prior to imposition or collection of an assessment under this subdivision, 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 the resolution shall be distributed to the members with the notice of assessment.

(g) The costs and expenses for which any maintenance assessment may be assessed shall be limited to:

- (1) Maintenance, repair, and replacement of facilities and equipment;
- (2) Current services and operations necessary to discharge the Association's responsibilities under this Declaration and its Articles and Bylaws.
- (3) Capital improvements subject to a limit of \$15,000.00 per fiscal year (as such sum may be adjusted upward in direct proportion to any increase in the Cost of Living Index measured from January 1, 1979, to the January

immediately preceding the start of the fiscal year involved). Other than the sums which may be levied pursuant to this clause, it is intended that major capital improvements will be undertaken and major items of capital equipment will be purchased through funds derived from separate capital improvement assessments levied under Section 5.03. Nothing contained herein shall prevent or limit the funds assessable hereunder for the reconstruction or replacement of facilities and equipment, now existing or hereafter acquired, through such maintenance assessments, whether directly or through creation of appropriate reserves.

(4) Expenditures otherwise assessable as an extraordinary assessment under Section 5.05 when an emergency requiring immediate action is found to exist by the Board of Directors subject, however, to an aggregate limit in any fiscal year of \$15,000.00 (as such sum may be adjusted upward in direct proportion to any increase in the Cost of Living Index measured from January 1, 1979, to the January immediately preceding the start of the fiscal year involved).

(h) The Association may adopt from time to time a schedule of use fees, to be treated as an assessment, the total of which shall operate to reduce the maintenance assessment provided for in paragraph (a) and (b) as herein provided. Such use fees may be charged in connection with, and measured by the extent of, uses, activities and incidents which contribute to the maintenance costs incurred by the Association.

(i) The schedule of use fees under subparagraph (h) above shall be adopted, modified and repealed pursuant to Sections 1357.100-150 of the California Civil Code, as amended from time to time. (*Section 5.02 (i) amended by the 28th Amendment 12/01/07 and the 29th Amendment 12/06/08*)

(j) The Association may adopt from time to time a schedule of monetary penalties to be imposed on Owners by the Board of Directors, after notice and an opportunity for a hearing, for violation of any Ranch Rules, Design Committee Rules, and these CC&Rs, provided, however, that the maximum of any penalty for any one act or incident shall be up to \$250 (up to \$1,000 for unapproved/unauthorized fires) and for any continuous violation shall be up to \$100 per day (up to \$1,000 for unapproved/unauthorized fires); such penalties shall be cumulative to any other remedy and the imposition thereof shall not prejudice or be deemed in lieu of other disciplinary or legal action that the Association may take. (*Section 5.02(j) replaced in its entirety by the 24th Amendment 12/06/1997, amended by the 22nd [corrected] Amendment 12/05/1998 and by the 28th Amendment 12/1/2007.*)

(k) The schedule of penalties under subparagraph (j) above shall be adopted, modified and repealed pursuant to Sections 1357.100-150 of the California Civil Code, as amended from time to time. (*Section 5.02(k) amended by the 29th Amendment 12/06/08*)

5.03 Capital Improvements Assessments. In addition to the

annual maintenance assessments authorized above, the Association may levy a capital improvement assessment for the purpose of defraying the cost of constructing any Capital Improvement, not otherwise to be funded through maintenance assessments. Such assessment must have the vote or written consent of more than sixty-six and two-thirds percent (66-2/3%) of the Voting Members. (*Section 5.03 amended by the 29th Amendment 12/06/08*)

5.04 Special Assessments. The Association may levy a special assessment against any Owner as a direct result of whose acts or failure or refusal to act or otherwise to comply with this Declaration, The Hollister Ranch Rules or the Design Committee Rules, monies were expended from the operating fund by the Association in performing its functions under this Declaration and The Hollister Ranch Rules. Such assessment shall be in the amount so expended, and shall be due and payable to the Association when levied. Pursuant to Section 7.01(e), the Members may approve a special assessment for "extraordinary nature preservation and restoration projects" as defined in Section 7.01(e) by the vote of more than fifty percent (50%) of the voting Members by secret ballot. (*Section 5.04 amended by the 30th Amendment 12/04/10*)

5.05 Extraordinary Special Assessment for External Affairs. To preserve, protect and enhance the natural beauty of The Hollister Ranch as well as the common welfare, property rights and economic interests of the Association and its members as a whole, the Association may undertake external activities, including, without limitation, the development and maintenance of relationships with governmental authorities and officials, appearances and participation in community groups and community affairs, and the institution, defense and participation in legal actions. These external affairs activities may be funded through the regular maintenance assessments of the Association except that funds expended on any external problems, situations or litigation in the aggregate shall not exceed \$50,000 per year, unless approved by the vote at a meeting or by written consent of more than fifty (50%) of the Voting Members. This \$50,000 shall be exclusive of the salary for the Community Affairs Manager, that is, the salary for the Community Affairs Manager shall not be considered as part of the \$50,000 amount. (*Section 5.05 replaced in its entirety by the 22nd Amendment 12/02/95 and amended by the 29th Amendment 12/06/08*)

5.06 Default in Payment of Assessments.

(a) Each assessment provided for herein shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed. Assessments are delinquent 15 days after they become due. If an assessment is delinquent, the Association may recover all of the following:

- (1) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees;
- (2) A late charge not exceeding 10% of the delinquent assessment or \$10.00, whichever is greater;
- (3) Interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable

costs of collection, and late charges, at an annual percentage rate of 12%, commencing 30 days after the assessment becomes due.

The amount of the assessment, plus any costs of collection, attorney's fees, late charges, and interest assessed shall become a lien upon the parcel or parcels of such Owner upon recordation by the Association of a Notice of Delinquent Assessment. Said Notice shall state the amount of the assessment and other sums imposed as set forth above, a description of the Owner's parcel, the name of the record Owner or Owners of the parcel against which the lien is imposed, and the name and address of the trustee authorized by the Association to enforce the lien by sale, if any. The lien hereunder may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to California Civil Code section 2934. Such lien shall be subject and subordinate to the lien or mortgage upon the parcel or parcels of such Owner which is made in good faith and for value and is recorded prior to the recordation of Such Notice of Delinquent Assessment. The foregoing remedy shall be in addition to any other remedies provided by law.

(b) The Association shall execute and acknowledge a certificate stating the indebtedness secured by the lien upon any parcel or parcels and such certificate shall be conclusive upon the Association and the Owners, in favor of all persons who rely thereon in good faith, as to the amount of such indebtedness on the date of the certificate. The Association shall furnish a copy of such certificate to any Owner upon request at a reasonable fee. (*Section 5.06(a) amended by the 20th Amendment 12/04/93.*)

5.07 Preparation and Distribution of Financial Statements, Reports and Copies of Governing Instruments. The Association shall prepare and distribute to all its members the following financial statements, reports and copies of the governing instruments as indicated:

(a) A pro forma operating budget for each fiscal year which shall include all of the following:

- (1) The estimated revenues and expenses on an accrual basis;
- (2) The identification of the total cash reserves currently set aside;
- (3) An estimate of the current replacement cost of, and the estimated remaining useful life of, and the methods of funding used to defray future repair, replacement or additions to, those major components which the Association is obligated to maintain;
- (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.

A copy of the final operating budget shall be distributed not less than 30 days nor more than 90 days before the beginning of the Association's fiscal year.

(b) A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000). A copy of the review of the financial statement shall be distributed within 120 days after the close of the fiscal year.

(c) A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually distributed to the members not less than 30 days nor more than 90 days before the beginning of the Association's fiscal year.

(d) Copies of this Declaration, the Articles, Bylaws, Ranch Rules, the pro forma operating budget (see subsection (a) above), the review of the financial statement (see subsection (b) above) and the statement regarding delinquent assessments (see subsection (c) above) shall be provided any Owner within ten (10) days of the mailing or delivery of a written request. The Board may impose a fee to provide these materials not to exceed the Association's reasonable costs in preparing and reproducing the materials. (*Section 5.07(a) & (c) amended by the 20th Amendment 12/04/93 and by the 26th Amendment 12/03/2005.*)

5.08 Financial Representative. Each parcel shall have one Owner designated as that parcel's Financial Representative, who shall serve as the parcel's authorized representative with respect to the payment of assessments and other financial obligations of the parcel. The Association shall send any coupon books, invoices, billing statements, statements of account and other notices relating to financial matters for the parcel directly to the Financial Representative. The Owner designated to exercise voting rights for the parcel under Section 4.03 shall be deemed to be that parcel's Financial Representative unless the Financial Representative for the parcel is specifically designated in writing to the Association. It shall be the responsibility of the Owners to provide written notification to the Association of any change in the mailing address or designation of the Financial Representative for the parcel. Any such change concerning the Financial Representative shall not be effective until fourteen days after receipt of written notice by the Association. This section is not intended to limit the legal responsibility of Owners for the financial obligations of the parcel. (*Section 5.08 added by the 20th Amendment 12/04/93.*)

6.0 ARTICLE VI - MISCELLANEOUS PROVISIONS

6.01 Water Rights. Subject to the limited rights of each Owner, as specified below, to use the underground water

underlying or extractable from his parcel, Grantor reserves to itself all underground water lying or flowing beneath, or extractable from, the property covered by this Declaration. Grantor further reserves all existing wells and related equipment, including pumps, casing and waterlines, and all water produced or producible therefrom. Except for existing water wells, with respect to which Grantor shall have and reserve the right to improve, enlarge, deepen, redrill, rehabilitate, repair and maintain, and existing waterlines, with respect to which Grantor shall have and reserve the right to replace, maintain and repair wherever located, Grantor's surface rights to extract the underground water hereinabove reserved to it, including all necessary drilling and the installation of casing, pumps and related equipment, and Grantor's easements for installing, using and maintaining water pipelines, shall be limited and restricted to such surface areas as are designated hereunder as Restricted Private Area or Common Area.

The Owner of each parcel shall have the following limited rights with respect to the extraction and use of the underground water underlying or extractable from his parcel:

(a) With respect to existing water wells and wells hereafter drilled by Grantor on such parcel, the Owner shall have the right to use, for his own domestic and agricultural purposes only, up to an aggregate of 5,000 gallons of water per day from all such water wells located on such parcel, provided that Grantor shall have the right to impose reasonable restrictions on the rate and method of extraction and to require the installation by the Owner of measuring or metering devices, and provided further that Grantor shall have no obligation to drill, equip, repair or maintain any such well or to provide for the conveyance of water therefrom for Owner's use; should both Grantor and Owner be making use of water produced from any such well, the costs of maintenance and operation of such well shall be allocated in proportion to the total gallons used by each.

(b) To the extent that the total gallonage of water available on any one parcel either from existing wells or wells hereafter drilled by Grantor does not equal 5,000 gallons per day, the Owner thereof may drill, at his own expense, one or more wells thereon, subject to the following:

(1) The location thereof and all visible structures used in connection therewith shall have been approved in writing by the Design Committee, and

(2) With respect to any well not located within the Common Area or Restricted Private Area, the Owner shall have executed and delivered to Grantor a recordable instrument, satisfactory in form to Grantor, giving the legal description of the wellsite and a legal description of a reasonable waterline easement from such wellsite across said parcel to the nearest Common Area lying at a lower elevation; said instrument shall acknowledge the rights of Grantor hereunder to use the well and wellsite and to the water to be extracted therefrom and grant and convey to Grantor the right to install, use and maintain one or more waterlines in said

waterline easement, and

(3) The Owner shall have the right to use, for his own domestic and agricultural purposes only, such an amount, when added to all other water available to or used by him from the wells described in both this subparagraph (3) and the preceding subparagraph (a) of this section, or from any other source, as shall not exceed 5,000 gallons per day; the balance of the water produced or producible from such well shall be the property of Grantor, and

(4) Grantor shall have no obligation to share in or contribute to the cost of drilling, equipping, pumping, repairing or maintaining any such well or to share in or contribute to the cost of conveying water therefrom for Owner's use; should both Grantor and Owner be making use of water produced from any such well, the costs of maintenance and operation of such well shall, however, be allocated in proportion to the total gallons used by each.

(c) The failure by Grantor to use any or all of the water in excess of the amount to which the Owner is entitled hereunder shall not be deemed a waiver of its rights hereunder nor shall any use by Owner of an amount in excess of that permitted hereunder or otherwise contrary to the provisions hereof constitute an adverse use unless and until Owner shall have given written notice to Grantor of the fact and character of such adverse use.

6.02 Use of Parcels by Owners and Guests. The owners declare that the continued limited use by owners and their guests is an overriding concern of the owners in maintaining and preserving the Hollister Ranch as a wildlife preserve and limited use area. Accordingly, the following limitations on use shall apply:

(a) Limitation on Owner Access. Except for the transitory and restricted use by guests of owners, as limited below or by the Association through the Ranch Rules, the use of each parcel, whether or not improved by a residence or other structure, and the use of any Common Area by the owner or owners of any parcel, shall be limited to the use thereof by no more than twelve (12) persons, regardless of the recorded ownership or number of persons having ownership by any reason. Such persons must be members of not more than three (3) families as the term "family" is defined as follows: "Family", for purposes of the foregoing, shall be limited to the spouse of a Deeded Owner, the lineal ancestors and lineal descendants (minor or adult) of a current or deceased Deeded Owner of the parcel, as defined below in subparagraph (b), and their spouses so long as the "family" of a deceased Deeded Owner has continuous deeded ownership of the parcel. The intent of the foregoing provision is to permit access for successive generations by allowing the owners of that parcel to maintain designated ownership status for successive generations, so long as the parcel owners comply with the three family limitation as well as the twelve designated owners per parcel restriction.

The Association's Board of Directors may consider a request by an owner to permit designation of a person other

than a family member as defined herein, and the Board may grant such request provided that such other person is determined by the Board to stand in a bona fide relationship to such owner corresponding with one of the foregoing specified family relationships, such as a stepparent, stepchild or de facto spouse; with respect to a de facto spouse, a change in designation from one such relationship to another of the same type shall not be processed more frequently than once in any two (2) year period. *(Section 6.02(a) amended by the 31st Amendment 12/01/12)*

(b) Designation of Persons for Access. The holder or holders of record title shall designate in writing, and in a manner acceptable to the Association, the names of persons entitled to use the parcel and the Common Areas under this provision, and such designation shall not be changed more than three (3) times in any one calendar year without the express consent of the Association. Subject to the foregoing limit as to number and family relationship, such designation of the persons entitled to use a given parcel or the Common Areas of the Ranch shall also be limited:

(1) Where record title is in the name of one or more natural persons, to the title holders of record and to members of not more than three (3) families, as defined above, of any such title holders of record.

(2) Where record title is in the name of a partnership, to the partners thereof (whether limited or general) and to members of not more than three (3) families, as defined above, of any such partners.

(3) Where record title is in the name of a corporation, to the shareholders thereof who possess voting rights and to members of not more than three (3) families, as defined above, of any such shareholders.

(4) Where record title is in the name of a trustee or trust, to the trust beneficiaries and to members of not more than three (3) families, as defined above, of any such beneficiaries.

(5) Where record title is held in another form of legal entity other than that started in paragraphs one through four above, to the owners thereof who are the real parties in interest and to members of not more than three (3) families, as defined above, of any such owners.

The record title holders under subparagraph (1), the partners of a partnership holding title under subparagraph (2), the shareholders of a corporation holding title under subparagraph (3), the beneficiaries of a trust holding title under subparagraph (4), and the owners of the entity referred to in subparagraph (5) shall be referred to as "Deeded Owners." Deeded Owners must qualify as a member of one (1) of the three (3) families permitted under subparagraphs (1)-(5) in order to be designated to use the parcel and Common Areas hereunder. All persons duly designated for access to the Hollister Ranch under this provision shall be referred to as "Designated Owners." It is the intention of the foregoing provision to limit the use of the Common Area and the parcels in the Ranch to persons standing in a familial relationship to each other as defined above, and to not more

than three (3) families per parcel with at least one (1) Deeded Owner per family. *(Section 6.02(b) replaced in its entirety by the 23rd [corrected] Amendment 12/07/96 and amended by the 29th Amendment 12/06/08)*

(c) Leases of Parcels. In the case of a bona fide lease of an entire parcel (other than a lease of a portion or all of the parcel solely for agricultural or grazing purposes) for four (4) or more months, the lessee shall for the term of the lease be deemed the holder of a record title for the purposes of the designation provided in this section, if the lease or a memorandum thereof is recorded. A lease shall not be deemed bona fide if one or more of the individual lessors is a lessee thereunder, if one or more shareholders of the lessor corporation is a lessee thereunder, if one or more partners of a lessor partnership is a lessee thereunder or if one or more beneficiaries of a lessor trust is a lessee thereunder. Any lessee or tenant not qualified to be a holder of record title hereunder shall be entitled to use the leased parcel or any Common Area only as an employee or guest of an owner, subject to all limitations as to use by daytime employees or guests as provided herein or in the Ranch Rules.

(d) Three-Family Transition Provisions. With respect to parcels for which there are designations existing on file with the Association on the recording date of this amendment ("Effective Date"), which designations exceed the three (3) family designation limitation set forth above, the owners of such parcels may continue to designate the same unrelated persons entitled to use the parcel and the Common Areas as were designated on the Effective Date.

The owners of such parcels may designate new unrelated persons to use the parcel and the Common Areas so long as the total number of unrelated persons does not exceed that number as designated on the Effective Date and provided that the designation of new unrelated persons meets the requirements of subparagraph (b) as to relationship to a Deeded Owner. The intention of the foregoing provision is to permit the designation of the same number of unrelated persons and their families for any given parcel as existed on the Effective Date. *(Section 6.02(d) amended by the 29th Amendment 12/06/08)*

(e) Limitations on Guest Access; Responsibility for Guests; Association Guests. Subject to uniform Ranch Rules from time to time in effect respecting the number of guests permitted for special occasions or by special permit of the Association, any limitations on the use of Common Areas or facilities by guests, including denial of entrance or other privileges of guests who have abused or violated said Ranch Rules, the maximum number of guests present on the Ranch per day by virtue of permission of all the owners of any one parcel shall not exceed twelve (12) persons for any one parcel. The acts or omissions of any guests shall be deemed the acts or omissions of the owner or owners at whose invitation said guest is present to the end that such owner shall be fully responsible for any violation of the Ranch Rules or of this Declaration or of law committed by such guest.

The Association and its resident employees may have such guests as the Board of Directors may expressly authorize from time to time. The use of Common Areas by guests of the Association or of its employees shall be subject to the terms of this Declaration, the Ranch Rules and such other specific conditions as the Board of Directors may impose. (*Section 6.02(e) amended by the 32nd Amendment 12/07/13*)

6.03 Annexation.

(a) Additional property and Common Area may from time to time be annexed to the real property then subject to this Declaration with the consent of the Owners of two-thirds of the parcels then subject to this Declaration other than those owned by the Grantor.

(b) Any part or all of the property located within the area described in Exhibit A hereto attached may be annexed by the Grantor without the consent of members within five years from the date of this instrument.

(c) Such annexation shall be effective upon the recording of a Notice of Annexation of Territory containing the provisions set forth in subsection (d) and (e) of this section. Thereupon, the covenants, conditions, restrictions and reservations contained in this Declaration shall apply to the annexed land in the same manner as if it were originally covered by this Declaration; and thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the annexed land shall be the same as with respect to the original land, and the rights, privileges, duties and liabilities of the owners of all parcels within the annexed land shall be the same as in the case of the original land.

(d) The Notice of Annexation of Territory referred to in subsection (c) of this section shall contain the following provisions:

(1) A reference to this Declaration, which reference shall state the date of recording thereof and the instrument number of this Declaration as recorded; and

(2) A statement that the provisions of this Declaration shall apply to the annexed territory in the manner set forth in subsection (c) of this section.

(e) The Notice of Annexation of Territory referred to in subsection (d) of this section with respect to all or any portion of the property described in such Notice of Annexation of Territory, may provide for all or any of the following:

(1) New land uses not provided for in this Declaration and such additional or different covenants, conditions, restrictions and reservations with respect to the use thereof as Grantor may deem to be appropriate for the development of such annexed property;

(2) With respect to land uses provided for in this Declaration, such additional or different covenants, conditions, restrictions and reservations with respect to the use thereof as Grantor may deem to be appropriate for the development of such annexed property;

(3) In the event that any land use is provided for in such Notice that is not similar to the uses permitted in this Declaration, as it applies to the initial property subject thereto, such new land use must be consented to by two-thirds of the Owners.

6.04 Conveyance of Common Areas; Reservations of Easements and Rights of Way; Reclassification of Land Uses; Assignment of Powers.

(a) Grantor may transfer or convey to the Association and the Association shall accept (1) any interest or easement in any Common Area designated as such upon any recorded Parcel Map of The Hollister Ranch and (2) any other easements or water rights reserved to Grantor under this Declaration. In addition, upon the affirmative vote or written consent of the Owners of three-quarters or more of the parcels then subject to this Declaration, other than those owned by the Grantor, the Grantor may transfer any real property or interest in real property to the Association. Such property may be subject to any or all of the following exceptions, liens and encumbrances:

(1) The lien of real property taxes and assessments not delinquent;

(2) Such easements and rights of way on, over or under all or any part thereof as may be reserved to Grantor or granted to any Owner.

(3) Such easements and rights of way on, over or under all or any part thereof as may be reserved to Grantor or granted to or for the benefit of the United States of America, the State of California, or the County of Santa Barbara, any other political subdivision or public organization, any public utility corporation, any participating facility, or any area, for the purpose of constructing, erecting, operating and maintaining thereon, therein and thereunder, at that time or at any time in the future (aa) roads, streets, walks, driveways, parkways and park areas, (bb) poles, wires and conduits for the transmission of electricity for lighting, heating, power, telephone, television and other purposes and for the necessary attachments in connection therewith, and (cc) private sewers, sewage disposal systems, storm water drains, land drains and heating and gas lines or pipes and any and all equipment in connection therewith;

(4) The obligations imposed, directly or indirectly, by virtue of any statute, law, ordinance, resolution or regulation of the United States of America, the State of California, the County of Santa Barbara or any other political subdivision or public organization, having jurisdiction over such property or by virtue of any organization or body politic created pursuant to any such statute, law, ordinance or regulation;

(5) Any other lien, encumbrance or defect of title of any kind whatsoever (other than of the type which would at any time or from time to time create a lien upon such property to secure an obligation to pay money).

(b) The Association may, with respect to any property or interest in property owned or acquired by it and which is not Common Area, change the classification thereof to "Common Area" by the unanimous action by the Board or by the vote or written consent of more than fifty percent (50%) of the Voting

Members. (Section 6.04(b) amended by the 29th Amendment 12/06/08)

(c) Any and all of the rights and powers vested in Grantor pursuant to this Declaration may be delegated, transferred, assigned, conveyed or released by Grantor to the Association, and the Association shall accept the same, effective upon the recording by the Grantor of a notice of such delegation, transfer, assignment, conveyance or release.

6.05 Obligations of Owners: Avoidance; Termination.

(a) No Owner, through his non-use of any Common Area, project area or recreational facility, or by abandonment of his parcel or by consolidation of two or more parcels, may avoid or diminish the burdens or obligations imposed on him by this Declaration by virtue of his being an Owner.

(b) Upon the conveyance, sale, assignment or other transfer of a parcel to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such parcel after the date of such transfer and no person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration following the date of such termination.

6.06 Division or Consolidation of Parcels. Any division of any parcel, modification of parcel boundaries or consolidation of two or more parcels may be effected only with the prior written consent of the Association.

6.07 Term of Declaration.

(a) The covenants, conditions, restrictions and reservations of this Declaration, together with any amendments hereto, exclusive of all easements and water rights reserved by or on behalf of the Association, shall run with and bind the land subject to this Declaration, as described in Exhibit A hereto, including any land annexed hereto pursuant to the terms hereof, and be binding on all parties having any right, title or interest therein, or any part thereof, their heirs, successors, and assigns and shall inure to the benefit of each Owner thereof, for a period of ten (10) years from September 17, 1991, after which time the term hereof shall be automatically extended for two successive additional terms of ten (10) years each unless a document, approved by more than fifty percent (50%) of the Voting Members, revoking this Declaration is recorded prior to the end of any such term of this Declaration. (Section 6.07 (a) amended by the 28th Amendment 12/1/07.)

(b) In the event the term of this Declaration is extended for two successive additional terms of ten (10) years each pursuant to subsection (a) above, at the end of the second such successive term this Declaration, together with any amendments hereto, shall be deemed to have been renewed for successive terms of ten (10) years each unless a document, executed by more than fifty percent (50%) of the Voting Members, revoking this Declaration is recorded prior to the

end of the second extension under subsection (a) above, or prior to the end of any ten (10) year extension under this subparagraph. (Section 6.07(b) amended by the 29th Amendment 12/06/08)

6.08 Amendments. This Declaration may be amended at any time and from time to time, by a duly recorded amendment approved by more than fifty percent (50%) of the Voting Members, provided that any provision of this Declaration calling for the approval or consent of a greater percentage of such Owners Voting Members may be amended, insofar as it specifies such a greater percentage, only by a duly recorded amendment approved by such greater percentage of such Voting Members. Such Amendments are recorded in Exhibit B, "Declaration Amendment Recording Information." (Section 6.08 amended by the 28th Amendment 12/01/07 and the 29th Amendment 12/06/08))

6.09 Discipline; Suspension of Rights. In addition to all other means of enforcement, the Association may, pursuant to uniform rules, suspend the voting rights and the right by any Owner to use any Common Area or any recreational facilities for any period during which any assessment against his parcel remains unpaid and, for a period not to exceed thirty (30) days, for any infraction of this Declaration or of the published Ranch Rules, after a hearing by the Board of Directors of the Association.

6.10 Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

6.11 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

6.12 Notices; Documents; Delivery. Any notice or other document permitted or required by this Declaration to be delivered may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 24 hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: if to the Grantor, the Association or to the Design Committee, at The Hollister Ranch Owners' Association, 1000 Hollister Ranch, Gaviota, CA 93117; if to an Owner, then to any parcel within The Hollister Ranch owned by such Owner; provided, however, that any such address may be changed from time to time by an Owner, by the Design Committee, or by Grantor by notice in writing, delivered to the Association, or by the Association, by notice in writing delivered to all Owners. (Section 6.12 amended by the 29th Amendment 12/06/08)

6.13 Attorneys' Fees, Costs and Expenses. In any litigation,

to enforce the terms of this Declaration, the Ranch Rules or the Design Committee Rules, or arising from or connected with the provisions of this Declaration, the Ranch Rules or the Design Committee Rules, the prevailing party shall be entitled to recover from the other party all court costs and attorneys' fees, costs and expenses reasonably incurred in bringing such action and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of the action. The award of attorneys' fees, costs and expenses shall not be computed in accordance with any court schedule, but shall be made so as to fully reimburse the prevailing party for all attorneys' fees, costs and expenses or incurred in good faith. For purposes of this section, attorneys' fees, costs and expenses shall include, without limitation, attorneys' fees, paralegal fees, statutorily allowed costs, expert witness fees, investigative expenses in preparing the case for trial, extraordinary staff expenses and fees. *(Section 6.13 replaced in its entirety by the 24th Amendment 12/06/97.)*

6.14 Condemnation. The Common Areas and Parcels and other real property within Hollister Ranch, including easements, owned by the Association are held by the Association for the beneficial interest of all Owners. In the event Common Areas, or any portion thereof, shall be taken or condemned by any authority under the power of eminent domain, or acquired by the condemning authority by settlement or agreement with the Association under threat of acquisition under the power of eminent domain, all compensation and damage relating to the land or improvements, including severance damages, shall be distributed equally to each non-Association owned parcel and payable directly to the Owners who have a lawful entitlement to such compensation and damages. Unless determined otherwise by the Board of Directors, the procedure for such distribution shall be as follows:

(a) The Association shall cause any condemnation awards, compensation or damages subject to the provisions of this section to be deposited with a title company, or similar entity ("Trustee"), designated by the Board of Directors, who shall determine the persons or entities entitled to a distribution of the proceeds allocated to each individual Parcel, and the amount of the proceeds to which each such person or entity is entitled.

(b) Any fees, expenses or costs incurred by the Association and/or the Trustee in connection with administering or enforcing the provisions of this section shall be subject to reimbursement from the condemnation award, compensation, or damages, except that fees, expenses and costs incurred by the Association and/or the Trustee in connection with the allocation of condemnation proceeds as to a particular Parcel shall be subject to reimbursement from the condemnation proceeds allocated to such Parcel.

6.15 Transfer of Ownership. There are important and unique matters regarding The Hollister Ranch of which all

new Owners should be aware, for their own benefit and for the long-term benefit of The Hollister Ranch. As a result:

(a) Each selling Owner shall agree to have signed, and each buying Owner agrees to sign, as one of the buyer's covenants and contingencies of the purchase and sale agreement, that the buyer acknowledges in writing to the Association that he or she:

(1) Has received, read, and been invited to discuss with a representative of the Association, the Association's governing documents and other matters important to understanding The Hollister Ranch.

(2) Has been offered the option of requesting an orientation review with the Design Committee; and

(3) Has the right to review the Association's records for parcel permit status and related matters.

Such acknowledgement by the buyer shall be provided to the Association during the disclosure contingency period.

(b), Section 1368 of the California Civil Code, as amended from time to time, requires a seller of an interest to provide a set of documents to a prospective purchaser of that interest. In addition, each seller of an interest on Hollister Ranch shall provide to a buying Owner an invitation, as developed by the Association., strongly encouraging the new Owner to attend, at a date and time mutually agreeable to the Owner and the Association, an orientation and welcoming discussion with a Board-designated representative of the Association, as soon as practicable after the close of escrow. *(Section 6.15 added by the 29th Amendment 12/06/08)*

7.0 ARTICLE VII – CONSERVATION

The members confirm the principles enunciated in the Preamble to the Declaration and in implementation thereof set forth the provisions in this Article.

7.01 HROA Conservation Activities. The members recognize that in order to advance conservation efforts and protect the property rights of the members, it is prudent for the Association to undertake certain conservation and restoration activities in the Common Area and on the property of activities in the Common Area and on the property of owners who are willing participants in such activities. Therefore, the Association is specifically authorized as follows:

(a) To develop, manage, coordinate, and generally advance conservation and restoration projects that support private property rights, conservation, and rangeland preservation.

(b) To facilitate and coordinate efforts of the HROA, Hollister Ranch Cooperative, the water companies, and individual owners to improve the rangelands, tide lands, and watersheds of the Hollister Ranch.

(c) To develop and maintain relationships with the

owners of other property in the region to undertake efforts to protect the diversity and health of the flora and fauna of the region.

(d) To develop and maintain relationships with governmental, non-governmental, commercial, and other entities that directly or indirectly can advance or stymie the efforts of the HROA to effectuate conservation activities on the Ranch.

(e) Extraordinary nature preservation and restoration projects may not be funded by maintenance assessments, but they may be funded by a special assessment approved by the vote of more than fifty percent (50%) of the voting Members by secret ballot. "Extraordinary nature preservation and restoration projects" means a conservation or restoration project involving an expenditure of \$25,000 or more (as adjusted for inflation from the base year of 2010) including personnel for staffing the project and shall not include ongoing maintenance activities, projects undertaken with the Cooperative, ongoing staff support for (1) the managed access program, (2) administrative support to the Conservancy, (3) invasive plant removal and (4) erosion control, other projects in connection with the maintenance of the common Area road system and similar efforts which are ongoing and routine. *(Section 7.01(e) replaced in its entirety by the 30th Amendment 12/04/2010.)*

(f) No restoration or other conservancy project shall be pursued without a strategy for minimizing risk to the owners and without strong support of affected owners. *(Section 7.01(f) added by the 30th Amendment 12/04/2010.)*

7.02 Conservancy Committee. A committee to be known as the "Hollister Ranch Conservancy" (Conservancy) shall be established and maintained by the Board as follows:

(a) The Conservancy shall operate and be governed by the provisions of the Conservancy Charter as directed by the Board and bylaws as adopted from time to time by the Conservancy and affirmed by the Board.

(b) The Conservancy shall comprise members who volunteer, participate, and agree to abide by the Conservancy bylaws and are appointed by the Board.

(c) The Conservancy shall be advisory to the Board and shall have only such authority as may be delegated to it from time to time by the Board.

7.03 Conservancy Charter. The Conservancy is charged with the following duties, as directed by the Board:

(a) Purpose: To protect and enhance the Ranch environment.

(b) Goals:

- (1) To study and advise the Board on the management and conservation of the Ranch environment.
- (2) To develop programs of managed access to the

Ranch for scientific and educational purposes.

(3) To provide a forum and materials for the owners of the Ranch to learn about and participate in conservation of the Ranch environment.

(c) Implementation:

(1) Continue the comprehensive review of the natural environment of the Ranch including the cataloguing of the flora, fauna, geology, history, and archeology of the Ranch.

(2) Coordinate programs of managed access for educational and scientific purposes.

(3) Develop programs for the enhancement, monitoring, and/or protection of specific sites found to be interesting, rare, sensitive, or endangered.

(4) Raise funds for the Conservancy operations by donations and fund-raising events.

(5) Document all activities, maintain records, and archive data.

(6) Advise the Board with respect to the management of Special Study Areas created by the Board within the Beach Recreation Common Areas. However, the rights of owners to use and enjoy the Beach Recreation Common Areas will not be abridged without a vote of the Owners.

(7) Report to the Board monthly on Conservancy activities, identified problems, and needed direction. *(Article VII added by the 27th Amendment 12/2/2006.)*

8.0 ARTICLE VIII — CATTLE RANCHING

Cattle ranching is the preferred agricultural operation on the Ranch. It is the commitment of the Association and its Owners that The Hollister Ranch remain a cattle ranch in perpetuity.

(a) Grazing rights were first granted in 1791 to Rancho Nuestra Señora del Refugio, a Spanish land grant that included what has since become the Hollister Ranch. Cattle have grazed almost continuously on Hollister Ranch lands since the late 1700s. The cattle replaced the elk and other large grazers native to this area.

(b) Cattle ranching is integral to the heritage and character of the Ranch, constituting the Ranch's primary agricultural operation, continuing our western heritage, preserving open rangeland, helping protect our watersheds and riparian species, protection from rangeland fires, and control of noxious weeds.

(c) The Ranch employs an approach to managing cattle operations that features enlightened stewardship of the land, unifying the landscape and perpetuating the rich variety of flora and fauna that live on the Ranch, as is called for in the Preamble to these CC&Rs.

(d) Rules, policies, and operational practices adopted by the Association, the Hollister Ranch Cooperative, and the mutual water companies should be considered in light of their impacts on the cattle operation. *(Article VIII added by the 28th Amendment 12/1/07 and amended by the 29th Amendment 12/06/08)*

Exhibit A

LEGAL DESCRIPTION

The original Declaration covered a portion of The Hollister Ranch designated as Phase I; the balance of the entire Ranch has been annexed as called for herein by documents entitled "Notice of Annexation of Territory" dated January 3, 1972, covering Phase II and recorded in Book 2382, Page 26 on January 7, 1972, in the County of Santa Barbara and "Notice of Annexation of Territory" dated January 31, 1972, covering Phase III and recorded in Book 2384, Page 779 on February 7, 1972, in the County of Santa Barbara and "Notice of Annexation of Territory" covering Parcel 136 of The Hollister Ranch recorded February 24, 1984, in Reel No. 84-9917 of the office of the County of Santa Barbara.

Exhibit B

DECLARATION AMENDMENT RECORDING INFORMATION

This Document incorporates the text of the Declaration as amended through December 2, 2006; the relevant recordation data are set forth below:

Original Declaration recorded as Instrument No. 30002 in Book 2364, Page 1163 of Official Records of Santa Barbara County, California. The Declaration has been amended by that certain:

- Addendum to Declaration of Restrictions, Covenants and Conditions dated April 24, 1973, recorded April 26, 1973, as Instrument No. 15853 in Book 2458, Page 1229, Official Records of Santa Barbara County, California;
- Second Addendum to Declaration of Restrictions, Covenants and Conditions on Phase I, The Hollister Ranch, recorded December 19, 1975, as Instrument No. 46180 in Book 2596, Page 1749 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated June 28, 1973, recorded July 2, 1973, as Instrument No. 25860 in Book 2469, Page 1197, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated January 22, 1974, recorded February 25, 1974, as Instrument No. 6343 in Book 2503, Page 642, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated July 24, 1975, recorded August 5, 1975, as Instrument No. 26951 in Book 2579, Page 468, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated December 17, 1975, recorded December 19, 1975, as Instrument No. 46180 in Book 2596, Page 1749, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated June 25, 1976, recorded July 1, 1976, as Instrument No. 27516 in Book 2618, Page 1830, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated July 20, 1976, recorded September 30, 1976, as Instrument No. 41816 in Book 2628, Page 2144, Official Records of Santa Barbara County, California;
- Amendment to Second Addendum to Declaration of Restrictions, Covenants and Conditions dated September 12, 1977, recorded September 12, 1977, in Reel No. 77-46064 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated October 31, 1977, recorded November 3, 1977, in Reel No. 77-55188, Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated April 25, 1980, recorded May 7, 1980, in Reel Nos. 80-18681 and 80-18682 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated January 13, 1981, recorded January 13, 1981, in Reel Nos. 81-1522, 81-1523 and 81-1524 of Official Records of Santa Barbara County, California;
- Amendment of Declaration of Restrictions, Covenants and Conditions dated May 23, 1988, recorded May 24, 1988, in Reel No. 88-031379 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated December 1, 1990, recorded December 31, 1990, in Reel No. 90-083881 of Official Records of Santa Barbara County, California;
- First Amended and Restated Second Addendum to Declaration of Restrictions, Covenants and Conditions dated February 15, 1991, recorded February 15, 1991, in Reel No. 91-009002 and re-recorded on February 26, 1991 in Reel No. 91-011079 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated February 15, 1991, recorded February 15, 1991, in Reel No. 91-009003 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated August 15, 1991, recorded October 21, 1991, in Reel No. 91-070515 of Official Records of Santa Barbara County, California;
- Amendment to Declaration of Restrictions, Covenants and Conditions dated October 26, 1991, recorded February 11, 1992, in Reel No. 92-009267 of Official Records of Santa Barbara County, California;
- Eighteenth Amendment to Declaration of Restrictions, Covenants and Conditions dated December 7, 1991, recorded February 12, 1992 in Reel No. 92-009484 of Official Records of Santa Barbara County,

California;

- Nineteenth Amendment to Declaration of Restrictions, Covenants and Conditions, dated December 5, 1992, recorded March 3, 1993 in Reel No. 93-016447 of Official Records of Santa Barbara County, California;
- Second Amended and Restated First Addendum to Declaration of Restrictions, Covenants and Conditions dated September 20, 1993, recorded September 22, 1993, in Reel No. 93-074515;
- Twentieth Amendment to Declaration of Restrictions, Covenants and Conditions dated December 4, 1993, recorded December 8, 1993 in Reel No. 93-097735 of Official Records of Santa Barbara County, California;
- Third Amended and Restated First Addendum to Declaration of Restrictions, Covenants and Conditions dated March 15, 1995, recorded March 16, 1995, in Reel No. 95-013882;
- Twenty-First Amendment to Declaration of Conditions, Covenants and Restrictions dated December 3, 1994, recorded March 16, 1995 in Reel No. 95-013883 of Official Records of Santa Barbara County, California;
- Twenty-Second Amendment to Declaration of Conditions, Covenants and Restrictions dated December 2, 1995, recorded April 12, 1996;
- Twenty-Third Amendment to Declaration of Conditions, Covenants and Restrictions dated December 7, 1996, recorded February 4, 1997;
- Twenty-Fourth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 6, 1997, recorded May 7, 1998;
- Twenty-Fifth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 6, 2003, recorded February 17, 2004;
- Twenty-Sixth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 3, 2005, recorded October 4, 2006;
- Twenty-Seventh Amendment to Declaration of Conditions, Covenants and Restrictions dated December 2, 2006, recorded in December 20, 2007;
- Twenty-Eighth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 1, 2007, recorded December 20, 2007;
- Twenty-Ninth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 6, 2008, recorded February 4, 2009.
- Thirtieth Amendment to Declaration of Conditions, Covenants and Restrictions dated December 4, 2010, recorded January 12, 2011 in Reel No. 2011-0002465 of Official Records of Santa Barbara County, California;
- Thirty-First Amendment to Declaration of Conditions, Covenants and Restrictions dated December 6, 2012, recorded December 12, 2012 in Reel No. 2012-0084982 of Official Records of Santa

Barbara County, California;

The easements, conditions, covenants and restrictions therein imposed are applicable to The Hollister Ranch as therein described, the legal description of said Hollister Ranch having been set forth above.