

**SECOND DECLARATION OF RESTRICTIONS
OF MENDOCINO COAST SUBDIVISION
UNITS ONE, TWO, THREE, and FOUR**

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**SECOND DECLARATION OF
RESTRICTIONS OF
MENDOCINO COAST SUBDIVISION**

THAT CERTAIN DECLARATION, executed by MENDOCINO COAST PROPERTIES, a corporation ("Declarant"), entitled "Amended and Restated Declaration of Restrictions, Units One, Two, Three and Four, Mendocino Coast Subdivision" dated October 1, 1971, and recorded on November 16, 1971, in Book 868, Page 131, and corrected April 19, 1974, by that certain document recorded on said date in Book 960 at Page 38 of the Official Records of Mendocino County, California (collectively the "First Restated Declaration"), affects all of the properties described and commonly known as Irish Beach, is hereby amended and restated in its entirety to read as follows:

RECITALS

1. Declarant was the owner of certain property in the County of Mendocino, State of California, which is more particularly described in Exhibit A through D attached hereto and incorporated herein by reference (the "Properties").

2. Declarant originally conveyed the Properties, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in four separate declarations of restrictions that were all part of a common plan and scheme of development, namely: (1) Restrictions and Covenants Unit One - Mendocino Coast Subdivision, recorded in the Office of the County Recorder on June 2, 1965, in Book 690 at Page 508; (2) Amended Restrictions and Covenants Unit Two - Mendocino Coast Subdivision, recorded in the Office of the County Recorder on August 31, 1966, in Book 724 at Page 4; (3) Restrictions and Covenants Unit Three - Mendocino Coast Subdivision, recorded in the Office of the County Recorder on March 16, 1967, in Book 736 at Page 135; and (4) Restrictions and Covenants Unit Four - Mendocino Coast Subdivision, dated June 17, 1969, and recorded in the Office of the County Recorder in Book 794 at Page 237 (collectively, the "Original Declarations").

The Original Declarations were combined, amended and restated in their entirety by the First Restated Declaration which were incorporated into supplemental Declarations for Units 7,7A,8,9 and 9A as follows: a) Supplemental Declaration Of Covenants and Restrictions dated May 5, 1980 and recorded on May 6, 1980 at Book 1257 at Page 642 (Units 7 and 7A); b) Declaration of Covenants and Restrictions dated July 20, 1980 and recorded on July 21, 1980 at Book 1266 at Page 312 and amended by document dated September 8, 1989 and recorded January 2, 1990 at Book 1799 at Page 697 (Unit 8); c) Declaration of Covenants and Restrictions dated January 1, 1989 and recorded January 18, 1989 at Book 1729 at Page 473 (Unit 9); d) Declaration of Covenants and Restrictions dated January 1, 1991 and recorded January 18, 1991 at Book 1882 at Page 689 as amended by document dated March 30, 1996 and recorded on April 30, 1996 at Book 2328 at Page 409 (Unit 9A).

The purpose of the easements, protective covenants, conditions, restrictions, reservations, liens and charges of the Original Declarations and the First Restated Declaration were to enhance and protect the value, desirability and attractiveness of the Properties and all of which were intended to run with the Properties and be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner (as defined herein) thereof.

3. On Sept 9, 1998, 75% of the Owners of Lots within the Properties voted by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in Paragraph 8(b) of the First Restated Declaration. As so amended and restated, these easements,

covenants, restrictions, and conditions shall run with the Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I Definitions

Section 1.1 "Board of Directors" or "Board" shall mean the Board of Directors of IBIC and/or any appointed subcommittee, thereof.

Section 1.2 "Building Envelope" shall mean that area of a Lot upon which a residence can be built after provisions for a septic system and set back requirements or other physical limitations of the Lot are taken into account.

Section 1.3 "Committee" shall refer to the Architectural Design Committee defined in Article IV.

Section 1.4 "Common Area" shall mean all real property owned or leased by IBIC for the common use and enjoyment of the Owners, including all mutual or reciprocal easement rights appurtenant to separate interests.

Section 1.5 "Common Living Area" of a residence shall mean the living room or family room, dining room and a deck or patio immediately adjacent thereto. The "Common Living Area" of an unimproved lot shall be determined from proposed building plans in compliance with the most recent County Health Department approved Individual Sewage Disposal System Site Evaluation (i.e.; "perc" test).

Section 1.6 "County" shall mean the County of Mendocino, State of California.

Section 1.7 "CC&Rs" shall mean and refer to the provisions of this document, as may be amended from time to time in accordance with its provisions.

Section 1.8 "Declarant" shall mean and refer to the project developer of the Properties, namely, Mendocino Coast Properties, a corporation, its successors and assigns.

Section 1.9 "Declaration" shall mean this Second Restated Declaration of Covenants, Conditions and Restrictions as such Declaration may, from time to time, be amended. The "Original Declarations" shall mean the documents referenced in the second recital to this Declaration and the "First Restated Declaration" shall mean the document referenced in the preamble to this Declaration.

Section 1.10 "IBIC" shall mean and refer to Irish Beach Improvement Club, a California nonprofit corporation, its successors and assigns.

Section 1.11 "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision Map of the Properties, excluding the Common Area, and, when appropriate to the proper interpretation of this Declaration, to the Residence and other improvements constructed or to be constructed on any such Lot.

Section 1.12 "Materially Obstructs" or "Material Obstruction" shall mean an obstruction which is greater than forty percent (40%) of the total available view from a common living area which would be possible absent any such obstruction.

Section 1.13 "Owner" shall mean any person, firm, corporation or other entity in which title to a Lot is

vested as shown by the official records of the Office of the County Recorder and includes (except when the context otherwise requires) the family, guests, tenants, and invitees of such Owner.

Section 1.14 "Properties" shall mean all portions of the real property described in the first Recital to this Declaration, together with all buildings, structures, utilities, other improvements located thereon or to be constructed or installed thereon, all appurtenances thereto and any additional real property hereafter annexed to the Properties pursuant to Article II, Section 2.2 hereof.

Section 1.15 "Residence" shall mean a dwelling situated on a Lot and used for single family residential purposes.

Section 1.16 "Single Family Residential Use" shall mean occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

ARTICLE II

Property Rights and Obligations of Owners

Section 2.1 Declaration Regarding Properties

(a) Purpose of Declaration: The Properties shall be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only upon compliance with and subject to the provisions of this Declaration, which is hereby declared to: (i) be in furtherance of a plan for the subdivision of the Properties and the sale of residential Lots within the Properties, (ii) be for the benefit and protection of the Properties and to enhance the desirability, value and attractiveness of the Properties, (iii) be for the benefit of the Owners, (iv) run with the land and be binding upon all the Owners, (iv) run with the land and be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, (v) inure to the benefit of every portion of the Properties and any interest therein, and (vi) inure to the benefit of and be binding upon each Owner, the Declarant and each successor in interest of the Declarant as long as the Declarant or any successor shall hold an interest in any Lot within the Properties.

(b) Declaration Binding on Present and Future Owners, Tenants and Occupants. Each conveyance, transfer, sale, assignment, lease or sublease made by Declarant of the Common Area and of any Lot shall be deemed to incorporate by reference all of the provisions of this Declaration, including, but not limited to, the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitude provided for herein. All present and future Owners, tenants and occupants within the Properties shall be subject to, and shall comply with, each and every provision of the CC&Rs, as the same shall be amended from time to time unless a particular provision of the CC&Rs is specifically restricted to one or more classes of persons (e.g., Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the execution of a lease, sublease or contract of sale with respect to any Lot or the entering into occupancy of any Residence shall make the provisions of this Declaration binding upon said persons and they shall thereafter observe and comply with these CC&Rs.

(c) Enforcement of Declaration. This Declaration shall be enforceable by Declarant, each Owner, and each successor in interest and assignee of Declarant and each Owner, and the Committee.

The covenants and restrictions in this Declaration shall be enforceable equitable servitude, unless held unreasonable by a Court of Law, and shall inure to the benefit of and bind all owners of separate interests

in the development. In any action to enforce the Declaration, the prevailing party shall be awarded reasonable attorney's fees and costs, as determined by the Court.

Section 2.2 Annexation of Additional Property

If the Declarant develops, or causes to be developed, additional real property within the Irish Beach Water District boundaries, the Declarant shall have the right to annex such additional real property or any portion or portions thereof to the Properties and to bring such real property within the general plan and scheme of this Declaration, so long as the proposed annexation is in substantial conformance with a detailed plan of phased development submitted to the California Real Estate Commissioner (the "Commissioner") with the application for a public report for the first phase of the subdivision, and the land proposed for annexation and the total number of Residences then contemplated by the Declarant for the entire subdivision are identified.

ARTICLE III

The Irish Beach Improvement Club (IBIC)

Section 3.1 IBIC Membership

IBIC is a California nonprofit mutual benefit corporation and every Owner of a Lot shall be entitled to be a dues paying and voting Member of IBIC. Each Owner shall be entitled to one membership in IBIC for each Lot owned and the membership shall be appurtenant to such Lot. Ownership of a Lot and current payment of dues and assessments shall be the sole qualifications for membership in IBIC and an Owner shall remain a Member of IBIC until his or her payment of dues or ownership in all Lots in the Properties ceases, at which time his or her membership in IBIC shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not entitled to be Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

ARTICLE IV

Architectural Design Committee

Section 4.1 Establishment of an Architectural Design Committee

The Board of Directors shall establish a standing sub-committee to be called the Architectural Design Committee (the "Committee") and to consist of three to five members of which two-thirds shall constitute a quorum, who shall be appointed by the Board. The Committee members shall serve for terms of one (1) year. There are no limitations on the number of consecutive terms a Committee Member can serve. The purpose of the Committee shall be to regulate and control the exterior architecture and design within the community in such a way as to maintain the value and desirability of the Properties for the benefit of all Owners. Members of the Committee shall be deemed to be members of the IBIC Board of Directors for the purposes of the protection afforded by Section 1365.7 of the California Civil Code.

Section 4.2 Committee Jurisdiction

The Committee has jurisdiction over any improvement on an Owner's Lot, including, but not limited to remodeling and/or additions to existing structures that change its external dimension(s) or profile. The Committee shall also have jurisdiction over placement of fences, decks, storage buildings, propane tank placement/enclosure, satellite or television antennas over 18 inches in height or diameter, screening or housing of boats, recreational vehicles and other personal property in order to mitigate impacts on views from neighboring Lots. The Committee shall set up a permit process to control the foregoing to assure Owners' construction, remodeling and improvement projects comply with general requirements of this document and safeguard the unique character of the community.

Section 4.3 Committee Approval of Improvements

(a) Submission Requirements. Prior to commencement of construction or installation of any improvement within the Properties, including but not limited to the construction, installation, alteration or remodeling (including, without limitation, color changes, replacing siding, windows, doors or roofing) of buildings, exterior walls, fences, decks or any building of any kind, the Owner planning such improvement must submit to the Committee a written request for approval.

Notwithstanding the foregoing, Committee approval shall not be required, subject to the following conditions, for alteration or remodeling projects which result in no change to the exterior dimensions and/or profile of the existing structure. This waiver, however, shall only apply if the following conditions are met: 1) notification of the proposed alteration or remodel is first provided to the Committee and 2) if in all other aspects the project complies with the terms and conditions provided herein.

In the event of new construction or major remodeling that the Committee finds may impact neighboring Lot Owner views or setbacks, the Committee shall conduct its review in two stages. The initial request, to be reviewed at the first stage by the Committee at a public meeting, shall be for the purpose of selecting the optimum location, in light of topographical, septic and neighboring view corridor restrictions for the proposed improvement. All potentially affected property Owners shall be notified in writing by the Committee of the application including documents to be reviewed. The Owner's initial request shall be submitted to the Committee with sufficient copies to be distributed to potentially affected property owners at least three weeks prior to the first public meeting and shall include:

- (i) Topographical map on a minimum of five (5) foot contours indicating any necessary cuts or fills and the percentage of gradient;
- (ii) Site location map designating access roads, septic system layout, set back requirements and view corridors from surrounding Lots;
- (iii) Narrative review of the site limitations and considerations given to affects on surrounding sites in the selection of the building site or Building Envelope;

Owners shall receive a written acknowledgment of receipt of such plans and specifications by the Committee. For the purposes of this Article, the term "building" shall be defined as any permanent structure built with a foundation. The term "fence" shall be defined as any surface or barrier designed to be permanent.

Upon approval of the initial submission by the applicant, as may be modified by the Committee, the owners shall submit for review by the Committee at a second public meeting, at least three weeks prior to the meeting as the second stage of approval, if required by the Committee, the following;

- (i) a topographical map on one (1) foot contours of the designated Building Envelope;
- (ii) site map showing final access roads, cut and fill locations, garbage enclosures, two car garage location (whether or not to be constructed within the permit period), off-street screened parking for two vehicles if a garage is not scheduled for construction;
- (iii) elevations of all improvements to be constructed, with designation of height above natural grade, including decks, fencing and exterior lighting;

(b)Criteria for Approval or Disapproval. Approval or disapproval of the Owner's request shall be based on considerations by the Committee that the proposed improvement:

- (i) conforms with these CC&R's and the rules, if any, of the Committee; and
- (ii) will not interfere with the reasonable use and/or enjoyment of any other Lot Owner of his or her property, as defined by California Civil Code Section 3479 entitled "Acts Constituting Nuisance" and Court interpretation thereof.

(c)Professional Preparation or Review. To insure accuracy and compliance with the provisions of these CC&R's and to better enhance the unique character of this community, all new construction and major remodels must be designed or customized and signed by a licensed architect or professional architectural designer. The Committee in its discretion may retain an independent professional to review site plans and building plans for compliance with these CC&Rs. The cost of such review shall be part of the reasonable processing fees that the Committee may impose.

(d)Reasonable Processing Fees. The Committee shall be entitled to impose reasonable processing fees to help defray the costs of discharging the Committee's functions. These fees shall be established by the Committee. If the Committee is required to seek a legal opinion in resolving a dispute as to interpretation of these CC&Rs, the attorney fees associated therewith shall be that of the applicant and added to the applicant's permit fee. The Committee shall maintain a record of all fees received and monies expended and issue a report to the Board on an annual basis.

(e)Prior Approvals. Any construction or improvement on a Lot performed under a Committee Permit issued prior to the date of this Declaration shall be deemed to be in compliance with this Declaration.

Section 4.4 Procedures For Obtaining Committee Approval

The Committee shall meet with such frequency as may be necessary or appropriate to the proper discharge of its duties.

In the event the Committee fails to approve or disapprove the plans and specifications for a requested improvement within 60 days after the plans and specifications have been submitted to it, the Owner shall be notified in writing of the status of review of such plans and specifications. In approving a requested improvement, the Committee may condition its approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, height, or other factors.

Section 4.5 Committee Rules

The Committee may, from time to time and in its sole discretion and by majority vote, propose rules and regulations (or amendments thereto) pertaining to such matters as: (i) procedures for plan submission and architectural review; (ii) exterior color schemes and building materials; (iii) any other matter or concern within the jurisdiction of the Committee. These rules and regulations shall be known as the "Irish Beach Building Procedures"; and made available upon request to any property Owner. Said rules shall interpret and implement the provisions of this Article provided, however, that said rules shall not be in violation of local, County or State building codes or of the minimum architectural standards required by this Declaration. In the event of any conflict between the Committee rules and this Declaration, the provisions of the Declaration shall prevail. Once adopted, the Committee rules shall have the same force and effect as if set forth herein in full.

Section 4.6 Variances

The Committee shall be entitled to allow reasonable variances in any procedures specified in this Article IV or in any standards specified in Article V in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Committee must conduct a public hearing on the proposed variance after giving at least 30 days' prior written notice to all Owners of property within 300 feet of the subject Lot. The Owners receiving notice of the proposed variance shall have 30 days in which to submit to the Committee written comments or objections with respect to the variance. No decision shall be made with respect to the proposed variance until the 30-day comment period has expired.

(b) The Committee must make a good faith written determination that: (1) the requested variance does not constitute a material deviation from the overall plan and scheme of development within the Properties or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (2) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Lot, Common Area or Owner within the Properties.

Section 4.7 Limitation on Liability

Approvals by the Committee of improvements within the Properties shall not take the place of or be substituted for required federal, state, county or other required government approvals. Approvals by the Committee do not attest to or approve the structural, mechanical, or electrical adequacy of the design or construction of improvements within the Properties.

Neither IBIC, its Committee nor any Member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of (a) the approval or disapproval 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 or specifications.

ARTICLE V Minimum Construction Standards

The following minimum construction standards must be observed in constructing any dwelling structure and related improvements on any Lot unless a variance is applied for and granted by the Committee in accordance with Article IV, Section 4.6, above:

Section 5.1 View Corridors.

To the extent practical, views from common living areas as defined herein shall be preserved. When plans for construction of a new dwelling, outbuilding or addition are being developed, the views from other Lots shall be considered to the greatest extent possible for preserving views of the lighthouse, white water, blue water, mountains, headlands, meadow and pond.

All proposed construction that affects views shall be subject to the prior approval of the Committee.

Section 5.2 Minimum Building Size.

Units One, Two, Three, Four, Seven and Seven A: No single family dwelling shall be constructed which contains less than 800 square feet of interior ground floor space and less than 1200 feet of total floor

space.

Future Annexations: Building size in all future defined Units shall not be less than 1200 square feet of interior ground floor space.

The interior ground floor space as defined herein, does not include garage, porch or deck area. The Committee may issue a written variance to this construction standard if topographic, aesthetic or environmental concerns necessitate a lesser number of square feet on the ground floor.

Section 5.3 Set-Back Requirements

a) All structures shall be at least 20 feet from any street line and at least six feet from any side line or area line. The term "area line" shall mean a boundary line which is not a street line and does not extend to any street line, and the term "side line" shall mean a boundary line that is not a street line but which does intersect to a street line.

b) In addition to the foregoing, no dwelling hereafter constructed shall be closer than 28 feet in Units One and Two or 32 feet in all other Units plus the number of additional feet that the Committee may have granted through a height variance.

c) If the dwelling to be constructed is not adjacent to a Lot containing another dwelling, the Committee shall impose the foregoing set back requirements with respect to adjacent Building Envelopes to the greatest extent possible so that substantial construction restrictions do not affect adjacent Lots.

d) The Committee may waive the additional requirements of paragraphs b) and c) above if it finds a variance is requested and granted under the provisions of Article IV, Section 4.6.

Section 5.4 Height Limitations

Units One and Two: Except as hereinafter provided, no part of the roof of a structure shall exceed the height of a horizontal plane 16 feet above the mean natural grade at any point on the perimeter foundation. On steeply sloping Lots, that have a fall of five (5) feet within the natural contour of the property within the foundation perimeter, the architectural design shall incorporate mitigating factors such as stepping the roof and foundation to reduce the impact of the bulk of the structure.

Other Units: Except as hereinafter provided, no part of the roof of a structure shall exceed the height of a horizontal plane 20 feet above the mean natural grade at any point on the perimeter foundation. On steeply sloping Lots, that have a fall of five (5) feet within the natural contour of the property within the foundation perimeter, the architectural design shall incorporate mitigating factors such as stepping the roof and foundation to reduce the impact of the bulk of the structure.

The Committee shall be entitled to grant variances to the height limits set forth if the topography of a Lot is such that it places an impractical hardship on an applicant or requires a change to preserve view corridors from other Lots and mitigate visual intrusion upon neighboring Lots. Variances can be used to either reduce or raise the height of a structure. Architectural design mitigation shall be proposed by the applicant receiving a variance to most appropriately blend the structure into the community. For Lots within the Properties that are severely restricted in their development potential due to standards for septic systems in conjunction with height restrictions, the Committee may grant variances to the height limit on Lots where the Committee finds that the variance will have little impact on the views from surrounding Lots. The variance shall not exceed one and one half stories in units with a 16 foot height restriction nor two stories in units with a 20 foot height restriction and in each instance the applicant shall use architectural mitigating factors to lower the profile of the structure.

Section 5.5 Retaining Walls

Construction of walls over three (3) feet in height designed to hold back earth for erosion and drainage control must be designed or approved by a licensed engineer and requires the approval of the Committee prior to construction.

Section 5.6 Fences

No fence shall be constructed on any lot or property within the Properties which materially obstructs a view from any other Lot within the Properties. Solid property line fences shall not be permitted. To preserve the open feeling of the Properties, privacy or screening fences shall be in close proximity and in architectural harmony with the residence and constructed of wood material. Deer fences of green laminated wire to protect garden areas may be permitted if they are screened from neighboring properties and public ways. Any fence construction shall be first submitted to the Committee for approval of area to be enclosed, materials to be used and height.

Section 5.7 Off-Street Parking

Residence construction proposals shall include the location of a two-car garage, whether to be constructed or not, so that its impact may be measured by the Committee during the initial review process. All new residences must include a two car garage or off-street parking for a minimum of two cars. Off-street parking shall be screened from view from the street and adjoining properties. The Committee shall grant variances if the Lot size does not permit compliance with the above.

Section 5.8 Painting Limitations

All exterior paints and stains should be in muted tones consistent with neighboring structures, and in colors commonly found daily in the surrounding natural environment. A sample of the paint or stain must be submitted to the Committee for approval on all initial painting. A sample must also be submitted for repainting if the desire is to substantially change the color previously approved. The sample must be on a piece of wood at least 6 inches square.

Section 5.9 Window and Door Materials

All window and door frames shall be of materials that can withstand the rigors of the coastal environment and finished to match or complement in muted tones the exterior color of the structure.

Section 5.10 Limitations on Roofing Materials

Roofs shall be fire proof or fire resistant architectural grade shingles in muted tones that provide a relief appearance similar to wood shakes. The slope of a roof should be a minimum of four inches in 12 inches, unless the Committee finds that a variation from this is necessary because of the contour of the Lot or because of view considerations from other Lots. Flues should be sheathed to within 12 inches of the top of the flue and to within 4 inches of the peak of the roof.

Section 5.11 Garages and Outbuildings

Garages and other outbuildings erected on any Lot shall be similar in construction quality and architectural design to the dwellings located on the Lot and must conform to the other restrictions contained in this Article.

Section 5.12 Exterior Lighting

All exterior lights must be sheltered or housed in such a way that no light will shine directly into any window of any neighboring Lot within the Properties.

Section 5.13 Antennas and/or Satellite Dishes

In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties every Owner shall obtain a permit from the Committee for any Antenna/Satellite Dish that

exceeds 18 inches in height or 18 inches in diameter. Roof top installation should be avoided unless it is the only location that provides access to the desired signal.

Section 5.14 Drainage

No Owner shall do any work, construct any improvement, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Owner's Lot or any adjacent Lots or Common Area, except to the extent such alteration in drainage pattern is approved in writing by the Committee.

ARTICLE VI Exterior Maintenance Responsibilities

Section 6.1 Common Area

IBIC shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area. No person other than IBIC or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, or shall make or create any excavation or fill or change the natural or existing drainage of the Common Area. In addition, no person shall destroy, remove or plant any tree, shrub or other vegetation upon the Common Area without the express approval of IBIC.

Without limiting the foregoing, IBIC shall be responsible for:

- (a) The reconstruction, replacement, or refinishing of any Common Facility or other improvements upon Common Area as necessary in accordance with the original design, finish or standard of construction of such improvement.
- (b) The construction, reconstruction, replacement, refinishing of any road or surface upon any portion of Common Area designated on any Subdivision Map as a private road or parking area.
- (c) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area.
- (d) Erosion control and drainage projects within the Common Area.
- (e) The placement and maintenance of such signs as IBIC may deem necessary for the identification of, the regulation and use of Common Area and Common Facilities.

Section 6.2 Owner Maintenance Responsibility

Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot, including without limitation all buildings and other structures, landscaping and drainage.

ARTICLE VII Property Use Restrictions

In addition to restrictions established by law the following restrictions are hereby imposed upon the use of the individual Lots and other portions of the Properties and to the extent applicable, an Owner is responsible for his/her Tenants in abiding by the restrictions:

Section 7.1 Enforcement

Owners who have a dispute with fellow property owners with respect to the interpretation and/or enforcement of the Property Use Restrictions in this Article must first attempt informal agreement. If these efforts do not result in agreement, Owners have the option to submit their disputes to the Committee for mediation under this Article. Mediation may be a requirement for recovery of attorneys fees in an enforcement through any legal proceeding (see California Code of Civil Procedure, Sec. 1354(f)). The Committee shall conduct the mediation in a private hearing with the disputing property owners. If the dispute is unresolved thereafter, every owner has a right to take legal action to correct any perceived violations of the following restrictions by another Owner if they directly affect the use and enjoyment of his property.

Section 7.2 Penalties, Costs and Attorneys Fees

In bringing an enforcement action the prevailing party shall be entitled to reasonable attorney's fees. In the event that judgment is entered for the plaintiff, the court shall assess, in addition to any other costs and monetary awards, a compliance fee against the defendant in an amount not to exceed \$10,000 which shall be deposited with the Treasurer of IBIC and released to the defendant when the defendant has fully complied with the court's order.

Section 7.3 Single Family Residential Use

(a) Except as provided in subparagraph (b) below, the use of the individual Lots on the Properties is hereby restricted to Single Family Residential Use. Accordingly, only one single family dwelling shall be placed, constructed or maintained on any Lot within the Properties.

(b) The following Lots shall not be subject to the general restriction of Lots to single family residential use set forth in subparagraph (a) above: Lot 96 of Unit One may be used as a real estate office and one or two appurtenant Lots within the Properties may be used as an IBIC office and meeting facility.

(c) No residence in any manner shall be occupied or lived in until the exterior is made to comply with the requirements set forth herein. No building or structure anywhere on any property, other than a completed dwelling, shall ever be used as a residence or rental, including mobile homes, recreational vehicles, campers, tents, shacks, outbuildings or other structures. Nothing herein shall prohibit a contractor's tool house (or privy) and his equipment being used during construction and then removed. Such contractor facilities and equipment shall be placed wholly within the Lot under construction. No overnight camping shall be permitted on any Lot.

Section 7.4 Lots

Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration. No buildings shall be moved from other locations onto any Lot. All Lots, whether occupied or unoccupied, and the Residences and other improvements constructed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly or hazardous to other Properties by reason of the accumulation of rubbish, debris, brush and tree trimmings or unsightly growth thereon. All structures, fences and landscaping shall be located and maintained in a manner not inconsistent with the criteria defined by Articles IV, V and VI of this Declaration.

Section 7.5 Trees

The tree height limit will be 20 feet in units One and Two, and 35 feet in the balance of the Properties. Trees may exceed these height limitations if the greater height will not impair the views as defined in

Article V, Section 5.1 or deny sunlight to other properties.

Trees that create a fire hazard or are prone to cause other damage during wind storms, such as Monterey Pine or most species of Eucalyptus, are not advised. Owners should consult any local nursery for native trees and shrubs suitable for the coastal environment.

Section 7.6 Landscaping

All landscaping on any Lot in the Properties should be based on how it will impact views from other Lots as it matures. The maturation impact of trees should be a prime consideration for choosing the variety and placement.

(a) Preservation of views from neighboring Lots shall be given priority over aesthetic consideration in landscaping. No trees, shrubs, other vegetation, or change in grade shall be planted, placed or maintained on any Lot or property within the Properties which obstructs the view from any other Common Living Area or potential Building Envelope within the Properties.

Notwithstanding the foregoing, landscaping to prevent erosion shall be permitted providing, however, that such landscaping shall comply with all height limitations otherwise stated herein.

(b) Immediately following construction of any Residence, the Owner shall cause the land owned by him between the building and the street line to be suitably planted and maintained except for those areas used for walks or driveways. All disturbed ground shall be re-seeded and leveled to a natural slope within six months of disturbance. Native and evergreen plants are the most desirable. Owners should be cognizant of how individual plants will impact view corridors and respect their neighbors rights to views as defined in Article V, Section 5.1.

(c) Plants that provide privacy screens between windows, and deck areas and adjoining properties are permitted. Any planting of shrubs close enough together to provide a screen must consider the impact on adjoining Lots and other affected Lots and maintain the height at a level to minimize the obstruction.

Section 7.7 Prohibition of Noxious Activities

No illegal, noxious or offensive activities shall be carried on or conducted upon any Lot or within any portion of the Common Area nor shall anything be done within the Properties which is or may become a nuisance (as defined by California Civil Code Section 3479 "Acts Constituting Nuisance" and Court interpretation thereof) to the other Property Owners, their guests or tenants. Without limiting the foregoing, no Owner shall permit continuous or excessive noise, including, but not limited to the barking of dogs, stereo amplifier systems, television systems or excessively noisy motor vehicles to emanate from the Owner's Lot, or the Common Area, which would disturb the quiet enjoyment of other Owners and residents.

Section 7.8 Household Pets.

(a) With the exception of dogs, cats, caged birds and other small pet animals, no other animals, livestock, or poultry of any kind shall be kept, bred or raised on any Lot. Dogs shall only be allowed on the Common Areas when they are leashed and under the supervision and control of their Owners. No household pet shall be left chained or otherwise tethered in front of a Lot or within the Common Area. No animals shall be kept, bred or maintained

on any Lot for commercial purposes.

(b)The County leash laws shall govern the control of dogs and cats. Any dog that is not on a leash or under voice control shall be considered a stray and dealt with accordingly. In the event that a feral cat, stray dog or other animal becomes a nuisance, the situation should be brought to the attention of the appropriate Mendocino County Animal Control Office.

Section 7.9 Signs

Except as provided in this section, no signs of any kind, including without limitation, advertising, or commercial signs shall be displayed on any Lot or posted within or upon any portion of the Common Area. Signs permitted hereunder shall include the following: (a) signs required by legal proceedings; (b) signs designating a Property name and/or address, which signs shall be limited to two (2) per Property each not to exceed four (4) square feet and shall be of colors complementary with the decor of the Property; (c) a single "For Rent", "For Lease" or "For Sale" sign of reasonable dimensions not to exceed four (4) square feet and in muted colors; and (d) during the time of construction of any residence or other improvement, a single job identification sign per contractor having a maximum surface area of four (4) square feet per sign and of the type normally used by contractors, subcontractors and architects. Waivers to the foregoing sign constraints may be granted upon application to and approval by the Committee.

Section 7.10 Business Activities

No business or commercial activities of any kind whatsoever shall be conducted in any building or in any portion of any Lot. Notwithstanding the foregoing, no restrictions contained in this Section 7.10 shall be construed in such a manner as to prohibit any Owner from (a)maintaining his personal library therein; (b)keeping his personal business records or accounts therein; (c)handling his personal or professional telephone calls or correspondence therefrom; (d)pursuing a trade as a self-employed artist, craftsman or professional so long as the activity does not involve (i)any hired employees working within the Properties (ii)any visible advertising signs (iii)any excessive street traffic or (iv)any unreasonable noises or noxious odors; or (e)conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or governmental regulations without the necessity of first obtaining a special use permit or similar specific governmental authorization. Such uses are expressly declared to be customarily incidental of the Lot's principal residential use and not in violation of any provision of this Article VII. IBIC or its successor shall be exempted from the restriction herein and shall have the right to maintain a structure within the Properties for the use and benefit of its members.

Section 7.11 Garbage

No rubbish, trash, or garbage shall be allowed to accumulate on Lots. Any rubbish, trash or garbage outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers located at all times within an enclosed garbage or storage area that is located to be accessible for garbage collection. Any extraordinary accumulation of rubbish, trash, garbage or debris from construction or modification of improvements shall be removed from the Properties to a public dump or trash collection area by the Owner or tenant at his expense.

Section 7.12 Storage

Storage of personal property on any Lot shall be maintained within the enclosed storage areas. Propane tanks must be screened with the same siding material as the Residence and if visible from lots above, the tank must be painted a dark earth tone and kept clear of flammable materials. The fire department rules will be the standard. If a firewood storage area is not available at the rear of the house, wood must be stacked neatly. All new construction of Residences shall include a covered shed for storage of firewood if the Residence includes a wood burning stove or fireplace.

Section 7.13 Clotheslines

Exterior clotheslines shall not be permitted unless screened from view.

Section 7.14 Firearms

Discharging of firearms within the Properties is prohibited.

Section 7.15 Machinery and Equipment

No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or construction of a private residence or appurtenant structures within the Properties.

Section 7.16 Excavation

No excavation for stone, gravel or soil will be allowed on any Lot; provided, however, that Lots may be excavated to the extent required by construction plans approved by the Committee pursuant to Article V hereof.

Section 7.17 Parking and Vehicle Restrictions

(a) All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall not be left open unnecessarily.

(b) No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided however that the provisions of this Section shall not apply to emergency vehicle repairs or ordinary vehicle maintenance that can be accomplished in a few hours.

(c) Unused vehicles, (defined as a vehicle not used or moved for more than four (4) consecutive days) trailers, camper shells, boats, recreation vehicles, motor homes and similar equipment shall be stored in a garage or screened from view from the street or any neighboring Lot.

(d) No vehicles shall be permitted to drive or park on any beach within the Properties.

(e) No vehicle may be parked or otherwise stored in any area not intended for vehicle use. This includes lawns, backyards, or other areas not normally used by vehicles.

Section 7.18 Open Fires

No open fires shall be permitted on the beach portions of the Properties. Open fires on Lots for whatever purpose shall be managed by the Lot Owner in accordance with the County regulations and under the supervision of the local fire department. Nothing contained herein shall be construed to prohibit the use and enjoyment of barbecue fires on a Lot so long as the coals are contained in a conventional barbecue.

Section 7.19 Restriction on Further Subdivision and Severability

No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof.

Section 7.20 Use of Private Streets in Common Area

Private streets shall not be used for recreational purposes, including "joy riding" or racing. Motorcycles, mopeds, or cars shall be allowed on such private streets only for ingress and egress.

Section 7.21 Beach Rules

The following rules shall be observed when using the beach area:

- (a) No overnight camping;
- (b) No fires, fireworks or firearms;
- (c) No chain saws; and
- (d) No motor vehicles beyond the parking area.

ARTICLE VIII Damage or Destruction

Section 8.1 Damage or Destruction of Residences.

(a) Obligation to Rebuild or Clear Lot. If all or any portion of any Residence is damaged or destroyed by fire or other casualty it shall be the duty of the Owner of said Residence either to rebuild, repair or reconstruct said Residence or promptly clear the Lot of wood and other debris.

(b) Committee Approval Any Owner who has suffered damage shall apply to the Committee for approval of plans for the reconstruction, rebuilding, or repair of the Residence. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawings and elevations showing the proposed reconstruction and the end result thereof. The Committee shall grant such approval only if the design proposed by the Owner would result in a finished Residence that is in harmony with the exterior design of other Residences on the Properties and otherwise in compliance with the requirements of Articles IV through VI of this Declaration.

(c) Time Limitation. The Owner or Owners of any damaged Residence(s), shall be obligated to proceed with all due diligence within six months after the damage occurs and complete reconstruction within one year after the damage occurs, unless prevented by causes beyond his reasonable control or unless the Owner, upon written request to the Committee, is granted additional time to avoid unreasonable hardship.

ARTICLE IX Breach and Default

Section 9.1 Remedy at Law Inadequate

It is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitude contained in this Declaration may be inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the this Declaration may be enjoined by appropriate legal proceedings instituted by any Owner, and/or the Committee.

Section 9.2 Nuisance

Without limiting the generality of the foregoing Section 9.1, the result of every act or omission whereby

any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 9.3 Costs and Attorneys' Fees. In any action brought by any Owner of a Lot and/or the Committee because of any alleged breach or default by any other Owner under this Declaration, the Court may award to the prevailing party in any such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 9.4 Cumulative Remedies. The Respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 9.5 Failure Not a Waiver. The failure of any Owner or the Committee to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitude contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon IBIC or the Board, or any of its officers or agents.

Notwithstanding the foregoing, any act, omission, construction or use with prior Committee (or its predecessor) approval or under variance shall be deemed permitted and not subject to later enforcement for failure to comply.

ARTICLE X Amendment of Declaration

Section 10.1 Amendment in General

This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power of the Owners.

Section 10.2 Effective Date of Amendment

The amendment shall be effective upon the recording in the Office of the Recorder of Mendocino County of an instrument setting forth the terms thereof duly certified and executed by the Secretary of IBIC. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or mortgage recorded prior to the recording of such amendment.

Section 10.3 Reliance on Amendments

Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XI Notices

Section 11.1 Mailing Addresses

Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the box number or to such other address as the Owner may from time to time designate in writing to IBIC.

If to IBIC: To the attention of the Board of Directors of IBIC at the box number or to such other address as IBIC may from time to time designate in writing to the Owner.

If to the Committee: To the attention of the Board of Directors of IBIC at the box number or to such other address as IBIC may from time to time designate in writing to the Owner.

Section 11.2 Personal Service Upon Co-Owners and Others

Personal service of a notice or demand to one of the co-owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 11.3 Deposit in U.S. Mails

All notices and demands served by mail shall be by first class, registered or certified mail, with postage prepaid, and shall be deemed delivered 48 hours after deposit in the United States mail in Mendocino County, California.

ARTICLE XII Miscellaneous

Section 12.1 Term

The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitude contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, IBIC, its Board of Directors, and its officers and agents, and their respective successors in interest, until December 31, 2007, after which time the same shall be automatically extended for successive periods of 10 years each unless, within six months prior to the expiration of the initial term or of any such 10-year extension period, a recordable written instrument, approved by at least a two-thirds majority of the Owners, terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of Mendocino County, California.

Section 12.2 Construction

(a)Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b)Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c)Gender and Number. As used in this Declaration, the singular shall include the plural and the plural the singular, unless the context requires the contrary, and the masculine, feminine or neuter gender shall each be deemed to include the others whenever the context so indicates.

(d)Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

(e)Exhibits. All exhibits attached hereto shall be deemed to be incorporated herein by reference.

DATED: Sept 9, 1998

MENDOCINO COAST PROPERTIES, OR ITS SUCCESSORS,
By /s/ Gordon Moores
(MCP President)

By /s/ Kathleen U. Poling
President)

(IBIC

Note: Exhibits A, B, C, & D on file.