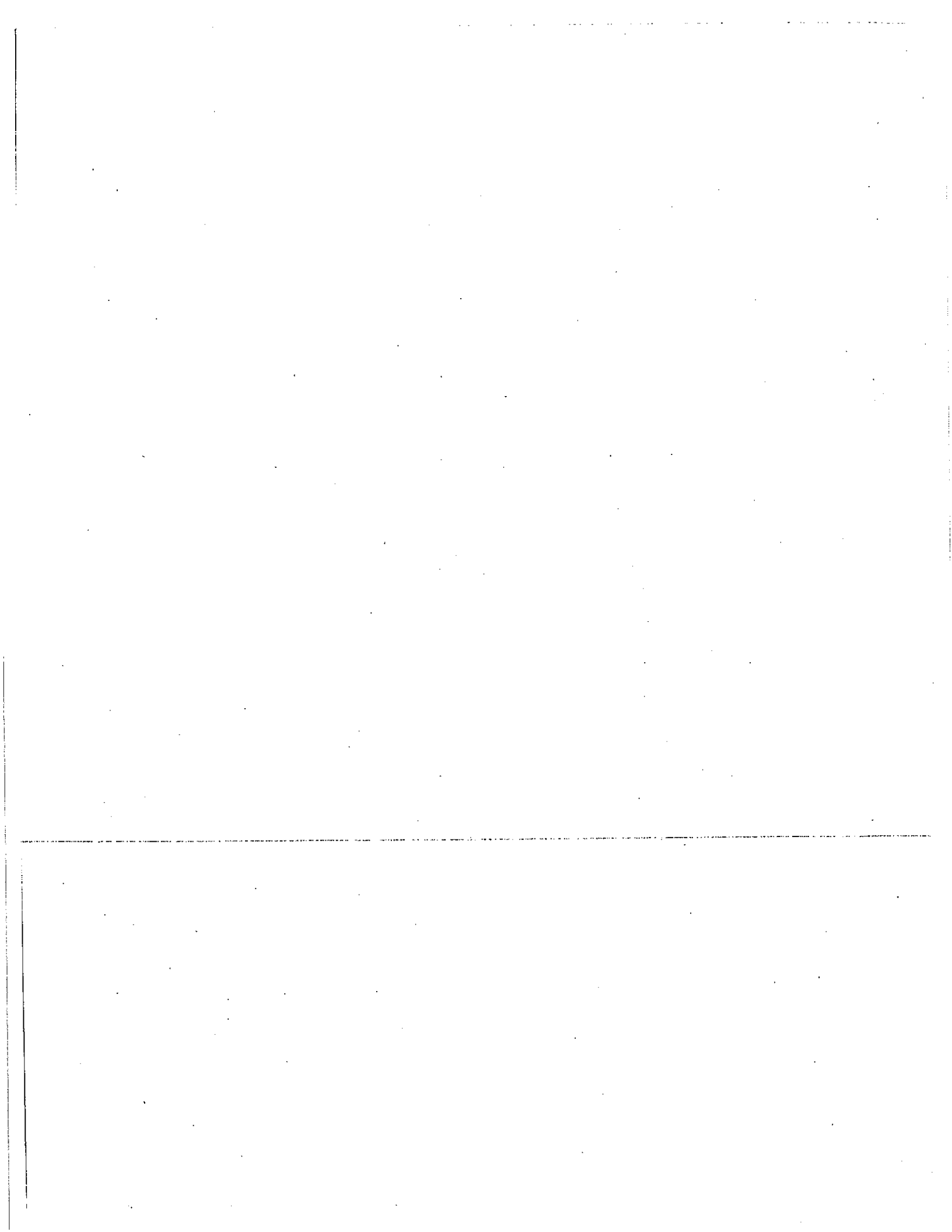


Subdivision Improvement
Agreement

Saddle Road Group
PLN050469



STANDARD FORM OF AGREEMENT

WHEN RECORDED MAIL TO: Monterey County Health Dept 1270 Natividad Road, Rm 301B Salinas, CA 93906	
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THIS SPACE FOR RECORDER'S USE ONLY

MONTEREY COUNTY
SUBDIVISION IMPROVEMENT AGREEMENT

THIS SUBDIVISION IMPROVEMENT AGREEMENT ("Agreement") is made and entered as of _____ by and between the County of Monterey, a political subdivision of the State of California, hereinafter "COUNTY", and Saddle Road Group, LLC hereinafter "SUBDIVIDER". The date of this Agreement for reference purposes is February 3, 2010.

RECITALS

This Agreement is made with respect to the following facts which each party acknowledges as true and correct:

Final Map: Saddle Road Group, LLC Subdivision PLN050469
("SUBDIVISION")

Tentative Map Resolution of Approval No. Planning Commission Resolution #08014

Title of Improvement Plans: Water System Improvements For A Minor Subdivision

Name of Surety or Financial or Other Institution Providing Security Instrument (hereafter referred to as "Surety"), Address, and Contact Person:

Security #1: Bank of America, 405 Main St, Salinas, CA 93901, Susie Lombardi, (831)755-3008.

Security #2: First National Bank, 400 Pearl St, Monterey CA 93940, Carol Brunswick (831)333-1480

Estimated Cost of Improvements:

Streets - Public/Private: \$ N/A

Storm Drain: \$ N/A

Sewer:	\$ <u>N/A</u>	
Water:	\$ <u>58,320</u>	
Landscaping:	\$ <u>N/A</u>	
Other Infrastructure:	\$ <u>N/A</u>	
Estimated Total Cost of Improvements	\$ <u>58,320</u>	
10% Contingency	\$ <u>5,832</u>	
Faithful Performance Bond (100% of Est. Total Cost):	\$ <u>64,152</u>	
Security #1(Living Trust of Nader & Homejra Daliri)		
Form of Security, if other than bond:	<u>CD</u>	<i>und cdn</i>
Amount:	\$ 35,640	<i>\$ 45,843.02</i>
Reference information (e.g., Bond Number): No.	<u>acct. #00818-05430</u>	
Security #2(Bjorn H Olsson/Dale R. Leclerc)		
Form of Security, if other than bond:	<u>CD</u>	<i>und cdn</i>
Amount:	\$ 28,512	<i>\$ 18,308.98</i>
Reference information (e.g., Bond Number): No.	<u>acct. #0102228467</u>	
Labor & Materials Bond (50% of Est. Total Cost):	\$ <u>32,076</u>	
Security #1(Living Trust of Nader & Homejra Daliri)		
Form of Security, if other than bond:	<u>CD</u>	<i>und cdn</i>
Amount :	\$ 17,820	<i>\$ 22,921.51</i>
Reference information (e.g., Bond Number): No.	<u>acct. #00818-05430</u>	
Security #2(Bjorn H Olsson/Dale R. Leclerc)		
Form of Security, if other than bond:	<u>CD</u>	<i>und cdn</i>
Amount:	\$ 14,256	<i>\$ 9,154.49</i>
Reference information (e.g., Bond Number): No.	<u>acct. #0102228467</u>	
Warranty Security (20% of Total Cost of Construction)¹	\$ <u>To Be Determined</u>	
Estimated Total Cost of Monumentation	\$ <u>N/A</u>	
Monumentation Bond No.:	<u>N/A</u>	

¹ This Bond or Security shall be provided to the County upon acceptance of dedicated subdivision improvements by the County.

A. SUBDIVIDER has presented to COUNTY for approval and recordation a final map of a proposed subdivision pursuant to the Subdivision Map Act (California Government Code Section 66410 et. seq.) and COUNTY ordinances and regulations relating to the filing, approval and recordation of subdivision maps. The Subdivision Map Act and COUNTY ordinances and regulations relating to the filing, approval and recordation of subdivision maps are collectively referred to in this Agreement as the "Subdivision Laws."

B. A tentative map of the SUBDIVISION has been approved subject to the Subdivision Laws and to the requirements and conditions of approval ("Conditions of Approval") contained in the Resolution of Approval. The Resolution of Approval is on file in the office of the Clerk to the Board of Supervisors and is incorporated into this Agreement by reference.

C. In consideration of approval of a final map for the SUBDIVISION by the COUNTY Board of Supervisors, SUBDIVIDER desires to enter into this Agreement, whereby SUBDIVIDER promises to install and complete, at SUBDIVIDER'S own expense, all the improvement work (hereinafter "Improvements") required by the Improvement Plans in connection with the proposed subdivision. SUBDIVIDER has secured this Agreement by improvement security required by the Subdivision Laws and approved by the County Counsel.

D. Complete Improvement Plans (hereinafter "Improvement Plans") for the construction, installation and completion of the Improvements have been prepared by SUBDIVIDER and approved by the County Environmental Health Bureau (hereinafter EHB). The Improvement Plans for this subdivision are incorporated into this Agreement by reference and shall be attached in Exhibit A. All references in this Agreement to the Improvement Plans shall include reference to any specifications for the Improvements as approved by the EHB.

E. Repair the well on Parcel B to return it a usable condition. If the well is not repairable and/or the casing has been irreparably damaged, it must be destroyed in accordance with Chapter 15.08, Monterey County Code Standards.

NOW, THEREFORE, in consideration of the approval and recordation by the COUNTY of the final map of the SUBDIVISION, and the mutual covenants and agreements contained herein, SUBDIVIDER and COUNTY agree as follows:

1. **SUBDIVIDER'S Obligations to Construct Improvements.** SUBDIVIDER shall:
 - a. Comply with all the requirements of the Conditions of Approval of the tentative map for the subdivision.

- b. Construct and install at SUBDIVIDER'S own expense all the Improvements in conformance with the Improvement Plans and applicable COUNTY and State standards.
- c. Commence the construction and installation of the Improvements within 180 days from the COUNTY'S approval of said final map and complete said work within ONE (1) year from the date of said approval unless otherwise approved by the COUNTY. Any extension shall be in accordance with the provisions of Title 19 of the Monterey County Code. Any such extension may be granted without notice to SUBDIVIDER'S Surety and shall not affect the validity of this Agreement or release the Surety or Sureties on any security given under this Agreement. Strikes, boycotts, or similar actions by employees or labor organizations which prevent the conducting of work and which were not caused by or contributed to by SUBDIVIDER, shall constitute good cause for an extension of the time for completion. As a condition of such extension, the EHB may require SUBDIVIDER to furnish new security guaranteeing performance of this Agreement as extended in an increased amount as necessary to compensate for any increase in construction costs as determined by the EHB.
- d. **Erosion Control.** SUBDIVIDER will take all necessary actions during the course of construction to prevent erosion damage to adjacent properties during inclement weather. It is understood and agreed that in the event of failure on the part of SUBDIVIDER to prevent erosion, COUNTY may do the work on an emergency basis and back-charge the SUBDIVIDER for the actual expenses incurred, and, if necessary, after providing notice to SUBDIVIDER, proceed against the Faithful Performance Security to cover COUNTY'S expenses.

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- 2. **Underground Utilities.** The following new utilities provided for in this subdivision shall be placed underground: electric power lines and water lines.
 - 3. **Water Systems.** SUBDIVIDER shall pay for all maintenance and operation of the private water system from the time of installation until all of the following have occurred: (1) the Improvements have been accepted or approved by the Board of Supervisors and (2) Subdivider has executed and recorded in the official records of Monterey County the Declaration of Water Agreement attached as Exhibit B transferring responsibility for the maintenance and operation of the water system to the Association (as defined in the Declaration).

4. **Security.** SUBDIVIDER shall at all times guarantee SUBDIVIDER'S performance of this Agreement by furnishing to COUNTY good and sufficient security acceptable to the County and in conformity with the Subdivision Laws on forms approved by COUNTY and by maintaining said security for the purposes and in the amounts as follows:
- a. Performance Bond or security acceptable to County in the amount of 100% of the estimated cost of the Improvements to guarantee construction and installation of all the Improvements; and
 - b. Payment Bond or security acceptable to County in the amount of 50% of the estimated cost of the Improvements to secure payment to any contractor, subcontractor, persons renting equipment, or furnishing labor and materials for the Improvements required to be constructed or installed pursuant to this Agreement; and
 - c. Warranty Bond or security acceptable to County in the amount of 20% of the cost of the Improvements to guarantee or warranty the work done pursuant to this Agreement for a period of one (1) year following the completion and acceptance or approval thereof by COUNTY against any defective work or labor done or defective materials furnished. This Bond or Security shall be provided to COUNTY upon acceptance of dedicated subdivision improvements by COUNTY and will be based on actual construction costs; and
 - d. The securities required by this Agreement shall be kept on file with the Clerk to the Board of Supervisors. The amount of the security shall be as described herein above and in the recitals to this Agreement. All bonds shall be issued by a surety duly authorized to do business in the State of California. If any security is replaced by another approved security, the replacement shall be filed with the Clerk to the Board of Supervisors and, upon filing, shall be deemed to be part of and incorporated into this Agreement. Upon filing of a replacement security with the Clerk to the Board of Supervisors, the former security may be released. The COUNTY shall approve in advance of any such replacement of security and release of former security.
5. **Inspection.** SUBDIVIDER shall retain a qualified and independent consulting Civil Engineer(s) to inspect construction of the Improvements and to certify that the Improvements are constructed in conformance with the Improvement Plans and any

approved addenda thereto and applicable ordinances and regulations. An encroachment permit shall be required for work in the County right-of-way. SUBDIVIDER shall at all times maintain proper facilities and safe access for periodic inspection of the Improvements by COUNTY. Upon completion of the work, the SUBDIVIDER's Engineer shall file original sealed "as-built" plans with EHB and shall submit a sealed letter to EHB certifying that SUBDIVIDER's Engineer has inspected the Improvements throughout construction and that said Improvements are completed in conformance with the Improvement Plans and in accordance with this Agreement. Thereafter, the EHB shall file the notice of completion of the Improvements with the COUNTY Board of Supervisors. No Improvements shall be finally accepted or approved by COUNTY unless all aspects of the work have been inspected and certified as completed in accordance with the Improvement Plans and COUNTY standards. SUBDIVIDER shall bear all costs of plan check, inspection and certification.

6. **Release of Securities.** Subject to approval by the COUNTY Board of Supervisors the securities required by this Agreement shall be released as follows:

- a. Release of improvement securities shall be in conformance with the Subdivision Map Act and the Monterey County Code.
- b. COUNTY may retain from any security released an amount sufficient to cover costs and reasonable expenses and fees, including reasonable attorneys' fees incurred by COUNTY in successfully enforcing the obligation secured.

7. **Injury to Improvements, Public Property or Public Utilities Facilities.**

SUBDIVIDER shall replace or have replaced, or repair or have repaired, as the case may be, all Improvements, public utilities facilities and surveying or subdivision monuments which are destroyed or damaged as a result of any work under this Agreement. SUBDIVIDER shall bear the entire cost of replacement or repairs of any and all public or public utility property damaged or destroyed by reason of any work done under this Agreement, whether such property is owned by the United States or any agency thereof, or the State of California, or any agency or political subdivision thereof, or by COUNTY or any public or private utility corporation or by any combination of such owners. Any repair or replacement shall be to the satisfaction, and subject to the approval, of the EHB.

8. **Permits.** SUBDIVIDER shall, at SUBDIVIDER's expense, obtain all necessary permits and licenses for the construction and installation of the Improvements, give all necessary notices and pay all fees and taxes required by law.
9. **Default of SUBDIVIDER.**
 - a. Default of SUBDIVIDER shall include, but not be limited to, SUBDIVIDER's failure to timely commence or complete construction of the Improvements; SUBDIVIDER's failure to timely cure any defect in the Improvements; or SUBDIVIDER'S failure to perform any other obligation under this Agreement.
 - b. Default of SUBDIVIDER shall also include SUBDIVIDER's insolvency, appointment of a receiver, or the filing of any petition in bankruptcy, either voluntary or involuntary, which SUBDIVIDER fails to discharge within thirty (30) days; or the commencement of a foreclosure action against the SUBDIVISION or a portion thereof, or any conveyance in lieu or in avoidance of foreclosure. Notwithstanding the foregoing, the COUNTY may find SUBDIVIDER is not in default under this subsection if COUNTY finds that SUBDIVIDER, in the opinion of the DEH, continues to prosecute construction of the Improvements to completion and the securities provided pursuant to this Agreement remain in full force and effect.
 - c. COUNTY reserves to itself all remedies available to it at law or in equity for breach of SUBDIVIDER'S obligations under this Agreement. COUNTY shall have the right, subject to this section, to draw upon or utilize the appropriate security to mitigate COUNTY damages in event of default by SUBDIVIDER. The right of COUNTY to draw upon or utilize the security is additional to and not in lieu of any other remedy available to COUNTY. The sums provided by the improvement security may be used by COUNTY for the completion of the Improvements in accordance with the approved Improvement Plans.
 - d. In the event of SUBDIVIDER'S default under this Agreement, SUBDIVIDER authorizes COUNTY to perform such obligation twenty (20) days after mailing written notice of default to SUBDIVIDER and to SUBDIVIDER'S Surety, and SUBDIVIDER agrees to pay the entire cost of such performance by COUNTY.

- e. COUNTY may take over the work and prosecute the same to completion, by contract or by any other method COUNTY may deem advisable, for the account and at the expense of SUBDIVIDER, and SUBDIVIDER'S Surety shall be liable to COUNTY for any excess cost or damages occasioned COUNTY thereby; and, in such event, COUNTY, without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plant and other property belonging to SUBDIVIDER as may be on the site of the work and necessary for performance of the work.
- f. In the event that SUBDIVIDER fails to perform any obligation under this Agreement, SUBDIVIDER agrees to pay all costs and expenses incurred by COUNTY in securing performance of such obligations, including costs of suit and reasonable attorneys' fees.
- g. The failure of COUNTY to take an enforcement action with respect to a default, or to declare a breach, shall not be construed as a waiver of that default or breach or subsequent default or breach of SUBDIVIDER.
- h. SUBDIVIDER recognizes that by approval of the final map for SUBDIVISION, COUNTY has conferred substantial rights upon SUBDIVIDER, including the right to sell, lease, or finance lots within the SUBDIVISION, and has taken the final act necessary for SUBDIVIDER to subdivide the property within the SUBDIVISION. As a result, SUBDIVIDER recognizes that COUNTY will be damaged by SUBDIVIDER'S failure to perform its obligations under this Agreement, including, but not limited to, failure to complete construction of the Improvements by the time established in this Agreement. COUNTY shall be entitled to all remedies available to it pursuant to this Agreement and the Subdivision Laws in the event of a default by SUBDIVIDER.

10. **Warranty.** SUBDIVIDER shall guarantee and warranty the work done pursuant to this Agreement for a period of one (1) year following the completion of the work and Improvements and acceptance or approval thereof by the COUNTY Board of Supervisors' against any defective work or labor done or defective materials furnished. If within the warranty period any work or improvement or part of any work or improvement done, furnished, installed, constructed or caused to be done, furnished, installed or constructed by SUBDIVIDER fails to fulfill any of the requirements of this Agreement or conform to the Improvement Plans and

specifications referred to herein, SUBDIVIDER shall without delay and without any cost to COUNTY, repair or replace or reconstruct any defective or otherwise unsatisfactory part or parts of the work or structure. Should SUBDIVIDER fail to act promptly or in accordance with this requirement, SUBDIVIDER hereby authorizes COUNTY, at COUNTY's option, to perform the work twenty (20) days after mailing written notice of default to SUBDIVIDER and to SUBDIVIDER'S Surety, and SUBDIVIDER agrees to pay the cost of such work by COUNTY. Should COUNTY determine that an emergency requires repairs or replacements to be made before SUBDIVIDER can be notified, COUNTY may, in its sole discretion, make the necessary repairs or replacements to the Improvements or perform the necessary work, and SUBDIVIDER shall pay to COUNTY the cost of such emergency repairs, not to exceed the maximum amount of the warranty security under this Agreement.

11. **SUBDIVIDER Not Agent of County.** Neither SUBDIVIDER nor any of SUBDIVIDER'S agents or contractors are or shall be considered to be agents of COUNTY in connection with the performance of SUBDIVIDER'S obligations under this Agreement.
12. **Injury to Work.** SUBDIVIDER and or Subdividers successors or assigns shall be responsible for and bear the risk of loss to any of the Improvements constructed or installed. SUBDIVIDER will be responsible for the care, maintenance of, and any damage to such Improvements. COUNTY shall not, nor shall any officer or employee thereof, be liable or responsible for any accident, loss or damage, regardless of cause, happening or occurring to the work or Improvements specified in this Agreement prior to the completion and acceptance of the work or Improvements. All such risks shall be the responsibility of and are hereby assumed by SUBDIVIDER.
13. **Other Agreements.** Nothing contained in this Agreement shall preclude COUNTY from expending monies pursuant to agreements concurrently or previously executed between the parties, or from entering into agreements with other subdividers for the apportionment of costs of water and sewer mains, or other improvements, pursuant to the provisions of COUNTY ordinances providing therefore, nor shall anything in this Agreement commit COUNTY to any such apportionment.
14. **SUBDIVIDER'S Obligation to Comply with Good Construction Practices.** SUBDIVIDER shall take all reasonable actions consistent with prevailing safety standards and generally accepted good construction practices to protect the public.

15. **Vesting of Ownership.** Upon acceptance or approval of the work on behalf of COUNTY and recordation of the Notice of Completion, ownership of the Improvements constructed pursuant to this Agreement shall vest as shown on the Final Map and in accordance with the provisions set forth in the Conditions of Approval.
16. **Indemnity/Hold Harmless.**
- a. COUNTY or any officer, agent, or employee thereof shall not be liable for any injury to persons or property occasioned by reason of the acts or omissions of SUBDIVIDER, its agents or employees in the performance of this Agreement. SUBDIVIDER further agrees to protect, defend, indemnify, and hold harmless COUNTY, its officials, agents, and employees from any and all claims, demands, causes of action, liability or loss of any sort, including, but not limited to, attorney fees and litigation expenses, because of, or arising out of, acts or omissions of SUBDIVIDER, its agents or employees in the performance of this Agreement, including all claims, demands, causes of action, liability, or loss because of, or arising out of, in whole or in part, the design or construction of the Improvements. This indemnification and agreement to hold harmless shall extend to injuries to persons and damages or taking of property resulting from the design or construction of said SUBDIVISION, and the Improvements as provided herein.
 - b. Acceptance or approval by COUNTY of the Improvements shall not constitute an assumption by COUNTY of any responsibility for any damage or taking covered by this paragraph. COUNTY shall not be responsible for the design or construction of the SUBDIVISION or the Improvements pursuant to the approved Improvement Plans or map, regardless of COUNTY's approval of the plans or map, unless the particular improvement design was specifically required by COUNTY over written objection by SUBDIVIDER submitted to the EHB before approval of the particular improvement design, which objection indicated that the particular improvement design was dangerous or defective and suggested an alternative safe and feasible design. Except as may be provided above, COUNTY shall not be liable for approving, reviewing, checking, or correcting any plans or specifications or for approving, reviewing or inspecting any work or construction. Nothing

contained in this paragraph is intended to or shall be deemed to limit or waive any protections or immunities afforded by law to COUNTY, its officials, agents and employees, by virtue of COUNTY'S approval of the plan or design of the Improvements, including without limitation the protections and immunities afforded by Government Code Section 830.6. After acceptance or approval of the Improvements, SUBDIVIDER shall remain obligated to eliminate any defect in design or dangerous condition caused by the design or construction defect. It is the intent of this paragraph that SUBDIVIDER shall be responsible for all liability for design and construction of the Improvements installed or work done pursuant to this Agreement and that COUNTY shall not be liable for approving, reviewing, checking, or correcting any plans or specifications or for approving, reviewing or inspecting any work or construction. The improvement security shall not be required to cover the provisions of this paragraph.

17. **Insurance.** Without limiting SUBDIVIDER's duty to indemnify the COUNTY, SUBDIVIDER shall maintain in effect throughout this Agreement a policy or policies of insurance with the limits of liability specified herein. COUNTY does not and shall not waive any rights against SUBDIVIDER which it may have by reason of the aforesaid hold harmless agreement, because of the acceptance by COUNTY of any deposit with COUNTY by SUBDIVIDER or any of the insurance policies described in herein. The aforesaid hold harmless agreement by SUBDIVIDER shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid activities or operations referred to herein, regardless of whether or not COUNTY has prepared, supplied or approved plans and/or specifications for the subdivision, or regardless of whether or not such insurance policies have been determined to be applicable to any such damages or claims for damages. Further, SUBDIVIDER shall not commence work under this Agreement until SUBDIVIDER shall have obtained all insurance required herein. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier.
 - a. **Workers' Compensation Insurance.** SUBDIVIDER shall maintain, during the life of this Agreement, workers compensation insurance for all SUBDIVIDER's employees employed at the site of improvement in accordance with California Labor Code Section 3700 and with a

minimum of \$1,000,000 per occurrence for employer's liability. SUBDIVIDER shall require any contractor or subcontractor similarly to provide workers' compensation insurance for all contractors' and/or subcontractors' employees, unless such employees are covered by this protection afforded by SUBDIVIDER. In any case, if any class of employees engaged in work under this Agreement at the site of the project is not protected under any workers' compensation law, SUBDIVIDER shall provide insurance acceptable to County for the protection of employees not otherwise protected. SUBDIVIDER hereby indemnifies COUNTY for any damage resulting to it from failure of either SUBDIVIDER or any contractor or subcontractor to take out or maintain such insurance.

- b. Commercial General Liability Insurance. SUBDIVIDER shall take out and maintain during the life of this Agreement such commercial general liability insurance as shall protect the COUNTY, its officers, agents and employees, SUBDIVIDER and any contractor or subcontractor performing work covered by this Agreement from claims for damages for personal injury, including death, as well as from claims for property damage which may arise from SUBDIVIDER's or any contractor's or subcontractor's operations hereunder, whether such operations be by SUBDIVIDER or any contractor or subcontractor, or by anyone directly or indirectly employed by either SUBDIVIDER or any contractor or subcontractor performing work covered by this Agreement. The amount of such insurance shall be not less than \$1,000,000 each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for contractual liability, independent contractors, personal injury, broadform property damage, explosion, collapse and underground (XCU) products and completed operations.
- c. Business automobile liability insurance: SUBDIVIDER shall maintain during the life of this Agreement, business automobile liability insurance covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000 per occurrence combined single limit for Bodily Injury and Property Damage.

- d. Professional liability insurance: In connection with Section 16.B. above, which provides that SUBDIVIDER shall remain obligated to eliminate any defect in design or dangerous condition caused by the design or construction defect and that SUBDIVIDER shall be responsible for all liability for design and construction of the Improvements installed or work done pursuant to this Agreement, SUBDIVIDER shall require all design professionals providing services relative to the improvements required in this Agreement to maintain in effect throughout the term of this Agreement, professional liability insurance, as applicable, in the amount of not less than \$1,000,000 per claim and \$3,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the design professional shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three (3) years following the expiration or earlier termination of this Agreement.
- e. All insurance required by this Agreement shall be with a company acceptable to the County and authorized by law to transact insurance business in the State of California. The general liability insurance policies shall contain a standard form of endorsement, with coverage equal to that provided by ISO Form 20 10 (11-85 edition) insuring and naming the COUNTY OF MONTEREY, its officers, agents and employees as additional insureds and providing that such insurance is primary insurance to any insurance or self-insurance maintained by the COUNTY and that the insurance or self-insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the SUBDIVIDER's insurance. Prior to or concurrently with the execution of this Agreement, SUBDIVIDER shall furnish COUNTY with a certificate of insurance, showing that the SUBDIVIDER has in effect the insurance required by this Agreement and showing that each carrier is required to give COUNTY at least thirty (30) days written prior notice of any cancellation or reduction in coverage of any policy during the effective period of this Agreement. SUBDIVIDER shall file with the

COUNTY a new or amended certificate of insurance promptly after any change is made in any insurance policy, which would alter the information of the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause of this Agreement, which shall remain in full force and effect.

18. **Time of the Essence.** Time is of the essence of this Agreement.
19. **Time for Commencement of Work/Time Extensions.** SUBDIVIDER shall commence substantial construction of the Improvements required by this Agreement within one hundred eighty (180) days from the COUNTY'S approval of the final map.
20. **Notices.** All notices required or provided for under this Agreement shall be in writing and delivered in person or sent by mail, postage prepaid, and addressed as provided in this section. Notice shall be effective on the date it is delivered in person or, if mailed, on the date of deposit in the United States Mail. Notices shall be addressed as follows, unless a written change of address is filed with the COUNTY.

COUNTY: Director of Environmental Health Bureau
 County of Monterey
 Monterey County Health Department
 Environmental Health Bureau
 1270 Natividad Rd, RM B301
 Salinas CA 93906

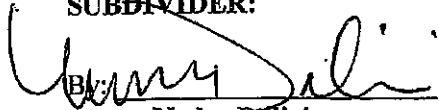
SUBDIVIDER: Saddle Road Group, LLC
 c/o Nader Daliri, Executive Manager
 12173 Saddle Road
 Carmel Valley, CA 93924

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21. **Binding on Successors and Assigns.** This Agreement shall be binding upon the successors and assigns of each of the parties. Sale of all or part of the lands of the underlying SUBDIVISION shall not serve to transfer the obligations of the SUBDIVIDER under this Agreement. All obligations under this Agreement attach to SUBDIVIDER until all obligations of SUBDIVIDER are fulfilled or transferred by substitution of replacement agreement and replacement securities acceptable to COUNTY.
 22. **Incorporation of Recitals.** The Recitals to this Agreement are hereby incorporated into the terms of this Agreement.

23. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter. All modifications, amendments, or waivers of the terms of this Agreement must be in writing and approved and executed by the appropriate representatives of the parties.
24. **Negotiated Document.** It is agreed and understood by the parties hereto, that this Agreement has been arrived at through negotiations and that neither party is deemed to be the party which prepared the Agreement within the meaning of Civil Code Section 1654.
25. **Effective Date.** This Agreement shall take effect upon the execution of this Agreement by all the parties.
26. **Recordation.** Upon execution of this Agreement, SUBDIVIDER shall cause recordation thereof with the County Recorder's Office.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

SUBDIVIDER:

By: 

Nader Daliri

Title: Executive Manager

Date: 03/24/2010

COUNTY OF MONTEREY

By: _____

Simon Salinas

Chair, Board of Supervisors

Date: _____

ATTEST:

**CLERK TO THE BOARD
COUNTY OF MONTEREY**

By: _____

Date: _____

APPROVED AS TO FORM:


Cynthia L. Hasson, Deputy County Counsel

Date: 4-29-10

(Proper Notarization of SUBDIVIDER'S signature is required and shall be attached)

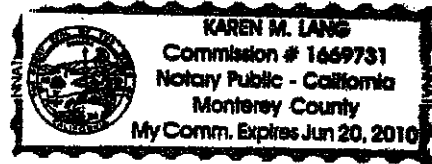
State of California)
County of MONTEREY) ss

On MARCH 24, 2010, before me, KAREN M. LANG,
Notary Public, personally appeared NADER DALIRI
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) (is) are
subscribed to the within instrument and acknowledged to me that (he) she/they executed the same
in (his) her/their authorized capacity (ies), and that by (his) her/their signature (s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Karen M. Lang (Seal)





Check one: Investment CD
 Promotional CD
 Bonding Purpose CD

BANKING CENTER Monterey
 CUSTOMER NAME Living Trust of Nader +
Hamedal Davini No. 81

FOR BONDING PURPOSES ONLY
 PLEDGED TO The County of Monterey for benefit
 of Saddle Road Group, LLC
 AUTHORIZED SIGNATURE Gene Davini

CD Receipt

DATE July 3 2008
 INTEREST RATE 4.21
 ANNUAL PERCENTAGE YIELD 4.30
 \$ AMOUNT \$120,374.37
 ACCOUNT TERM _____
 MATURITY DATE _____
 ACCOUNT # 00818-05130

The written information we give you (which includes the deposit agreement, fee schedule and deposit rates sheet) is part of your agreement with us and tells you the current terms of this account. This time deposit reinvests automatically for the same account term upon maturity or on the effective date of a deposit or withdrawal made during the grace period. (The grace period begins on the maturity date and is two business days for terms of 29 days or less; five calendar days for terms of 30 days through 89 days; seven calendar days for terms of 90 days or more.) We determine the interest rate for the reinvested deposit on the date your funds are reinvested. For information about early withdrawal penalties, please see the deposit agreement. For Promotional CDs, a limited number of withdrawals may be allowed without an early withdrawal penalty (see Deposit Rates sheet). A personal time deposit is not transferrable.

NOT NEGOTIABLE

Bank of America, N.A. • Member FDIC

Receipt Paper

03-16-2576B 08-2006

Bank of America.



Bank of America
Salinas Main
CA2-110-01-01
405 Main Street
Salinas, CA 93901

Tel 831.755.3008
Fax 831.755.3033

02/18/2010

To County of Monterey:

In order for Bank of America to release the funds that are in a Certificate of Deposit account at Bank of America for the benefit of Saddle Road Group, LLC we need to have the original receipt signed by you, the county, and a letter authorizing the release of funds. If the original receipt is not available please complete the attached Indemnification Agreement and Surety Bond document which also must be notarized. If you have any additional questions please feel free to call me, Susie Lombardi at 831-755-3008.

Sincerely,

A large, fluid handwritten signature in black ink, appearing to read 'Susie Lombardi', written over the word 'Sincerely'.

Susie Lombardi
Banking Center Manager



Account Name and Address
 Saddle Road Group LLC
 Pledged to County of Monterey
 4452 Ocean Heights Ct
 Seaside, CA 93955

Account Number
 0102228467

Account Type
 Business Money Market
Number of Signatures Required
 1

Business Physical Address
 12173 Saddle Rd
 Carmel Valley CA 93924

Account Owners/Authorized Signers

Name Bjorn H Olsson		Physical Address 26045 Ned Ln		Relationship Signer	
Title		Carmel Valley CA 93924-9209			
TIN	DOB 04/23/1950	Employer US AIR WAYS		Job Title	Pilot
ID Type Driver's License	ID No	Employer Address			
Location CA	Exp. Dte. 04/23/2010	Home Ph 1	831-659-6772	Home Ph 2	Cell 000-000-0000
Secondary ID Type	Secondary ID No	Work Ph 1	831-375-6969	Work Ph 2	
CC Type Issued Exp	Chex Actions COMPLETE	Home E-mail		Work E-mail	

Name Dale R Leclerc		Physical Address 4452 Ocean Heights Ct		Relationship Signer	
Title		Seaside CA 93955			
TIN	DOB 06/30/1935	Employer SELF		Job Title	real estate
ID Type Driver's License	ID No	Employer Address			
Location CA	Exp. Dte. 06/30/2010	Home Ph 1	831-375-6969	Home Ph 2	Cell 000-000-0000
Secondary ID Type	Secondary ID No	Work Ph 1	831-375-6969	Work Ph 2	
CC Type Issued Exp	Chex Actions COMPLETE	Home E-mail		Work E-mail	

Each person authorized to sign on this account, jointly and severally, agree to be bound by the Bank's Account Agreement and Disclosure Statement terms as amended time to time including any other accounts with the same ownership and signature requirements and acknowledge receipt of a copy. Any one of the owners of this account may establish additional accounts with the same ownership and signature requirements.

[Signature] Bjorn H Olsson *[Signature]* Dale R Leclerc
 Signature Name/Title Signature Name/Title

Taxpayer Certification

Under penalties of perjury, I certify:
 My correct taxpayer identification number is: 020612772
 For tax reporting purposes in the name of: Saddle Road Group LLC

- I am NOT subject to backup withholding because a) I am exempt from backup withholding or b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends or c) the IRS has notified me that I am no longer subject to backup withholding. I am a US Person (including a US resident alien).
 - I am subject to backup withholding. I am a US Person (including a US resident alien).
 - I am not a US citizen or resident.
- X *[Signature]*

Ownership	Business Pledge	[Barcode]	
Interest Distribution		[Barcode]	

Opened By	Date Opened	Opening Deposit	Approved By	Date Superseded	Approved By	Date Closed
Arroyo, Angelica Monterey Office	July 3, 2008	\$48076.00				





July 3, 2008

Monterey County Board of Supervisors
Monterey County Court House
Salinas, CA 93902

Chair Armenta and Members of the Board:

First National Bank of Central California (the "Bank") has been requested to provide a Certificate of Deposit pledged to the County of Monterey for the benefit of Saddle Road Group, LLC ("Customer") in connection with the minor subdivision, located at 12173 Saddle Road, in Monterey County, California (APN # 416-122-020-000), for which the County approved a Parcel Map on June 12, 2008 (PLN #050469).

In consideration of the approval of recordation by the County of Monterey ("County") of the final Parcel Map:

- a. The Bank shall pledge to the County of Monterey a Certificate of Deposit in the amount of \$48,076 to secure faithful performance in the completion of water system improvements for the Subdivision as further described in that certain Agreement Regarding Subdivision Water System Improvements.
- b. Withdrawals from the Certificate of Deposit for such purpose will be made only upon receipt of a written request from the Customer accompanied by a written authorization from the County of Monterey or its agents.
- c. If, before termination of Bank's obligation, hereunder, Monterey County Board of Supervisors (the "Agent"), delivers its certification to the Bank that the Customer has defaulted in its obligation to complete and/or pay for the improvements, the Bank shall immediately make available to the Agent to complete and pay for the improvements, the pledged funds, less the portion thereof previously disbursed to the Customer pursuant to paragraph (a) above.

First National Bank of Central California provides the enclosed copy of the Certificate of Deposit which represents security for completion of the Improvements.

BANK:

Carol Brunsell

CUSTOMER:

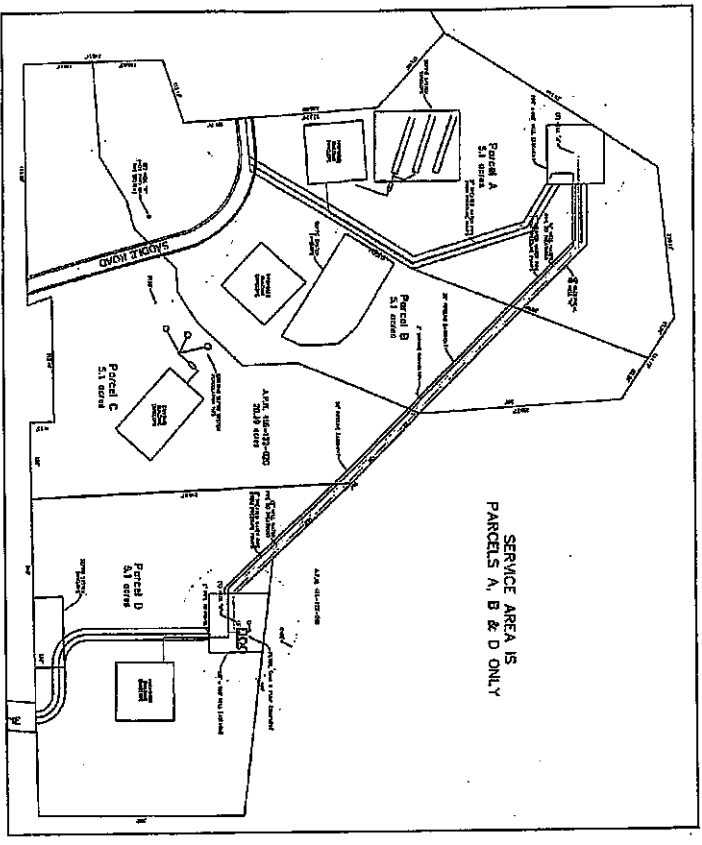
Paul DeClere
Janet DeClere

COUNTY OF MONTEREY:

SADDLE ROAD GROUP, LLC
 MONTEREY COUNTY, CALIFORNIA

POTABLE WATER SYSTEM
 DRAWINGS FOR CONSTRUCTION OF

FEBRUARY 2010



SERVICE AREA 15
 PARCELS A, B & D ONLY

SPECIFICATIONS

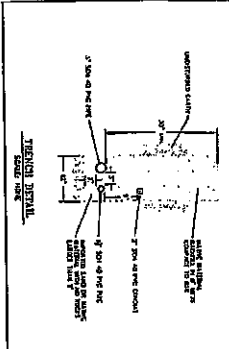
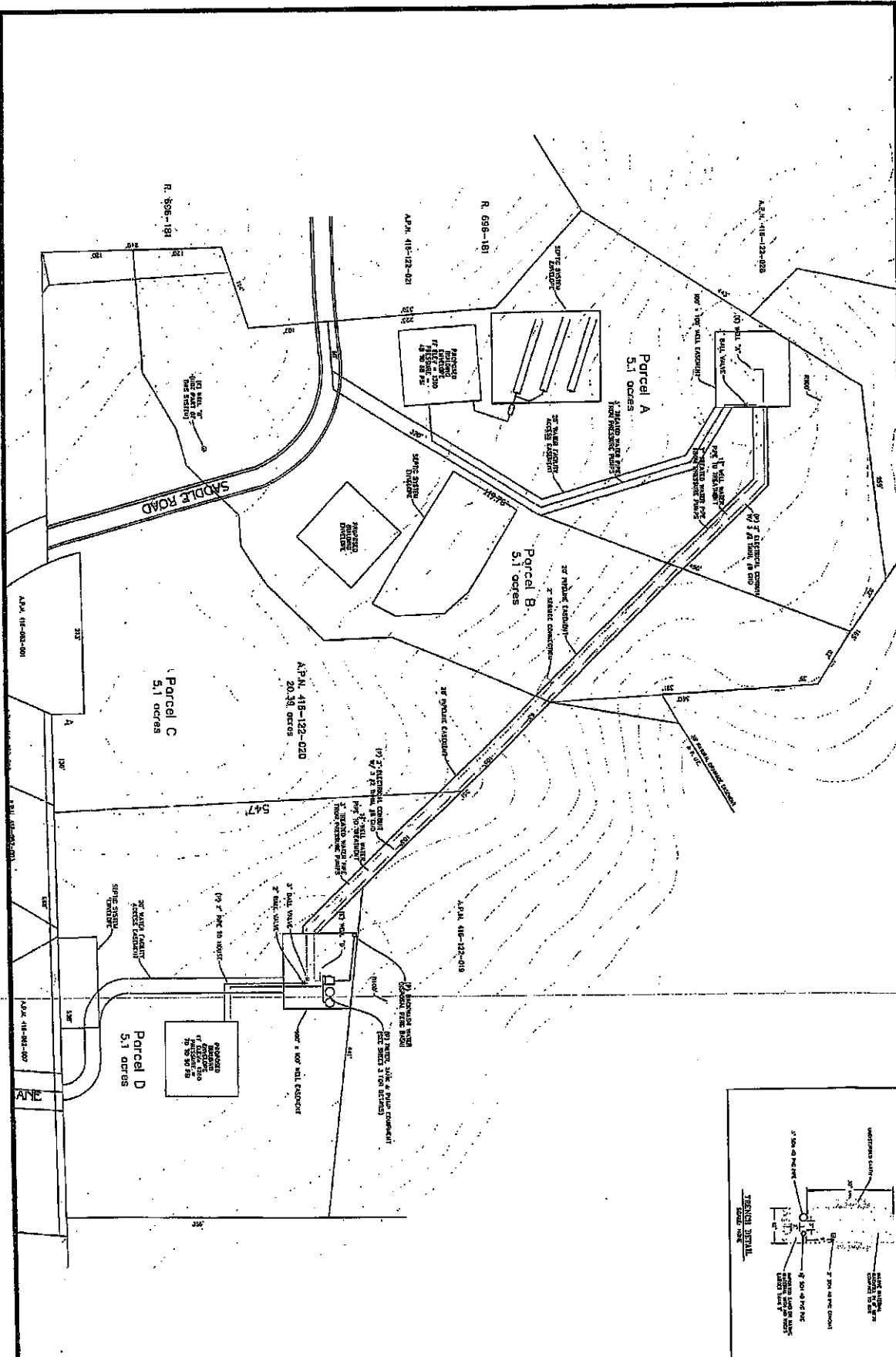
1. All piping and other appurtenances shall be installed in accordance with the specifications for the project. The piping shall be installed in accordance with the specifications for the project. The piping shall be installed in accordance with the specifications for the project. The piping shall be installed in accordance with the specifications for the project.
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Approved for Construction:
 Utility County Public Work Dept.
 By: _____
 Saddle Road Per Inspection
 By: _____

SHEET INDEX

SHEET NO.	DESCRIPTION
1	TITLE SHEET
2	GENERAL NOTES
3	PIPING PLAN
4	DETAILS ELECTRICAL

TITLE SHEET		<p>PREPARED BY: C. W. WOOD OR THE DESIGNER OF</p> <p>UTILITY SERVICES 613 A. OREGON AVENUE SAND CITY, CA 95576</p> <p>TEL: (531) 352-4188 FAX: (531) 352-5172</p>																	
<p>PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>REV.</th> <th>DATE</th> <th>REVISIONS</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p style="font-size: small; margin-top: 5px;"> DATE: 2-16-2010 SCALE: As Noted DESIGNED: C. Woodard DRAWN: C. Woodard CHECKED: </p>		REV.	DATE	REVISIONS														
REV.	DATE	REVISIONS																	
<p>SHEET 1 OF 4 SHEETS</p>																			



SITE PIPING PLAN

PROJECT: Saddle Road Water System
 OWNER: Saddle Road Group, LLC
 LOCATION: Saddle Road, Monterey County, CA

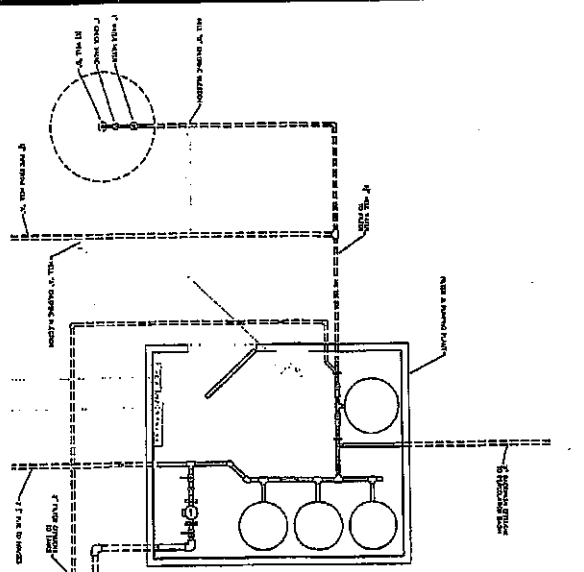
NO.	DATE	REVISIONS

JOB NO: 15-010
 DATE: 3-16-2010
 SCALE: 1" = 60'
 DESIGNED: K. WATSON
 DRAWN: G. WATSON
 CHECKED:

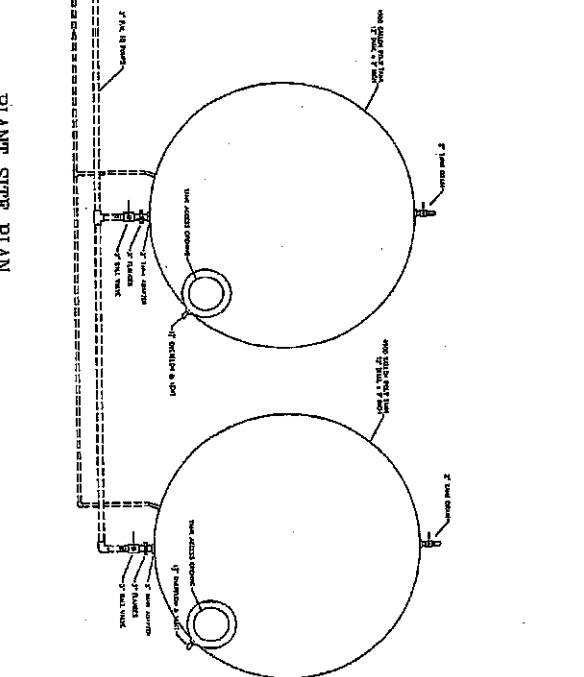


UTILITY SERVICES
 633 N. ORTIZ AVENUE
 SAN JOSE, CA 95128
 TEL: (408) 252-2400
 FAX: (408) 252-2400

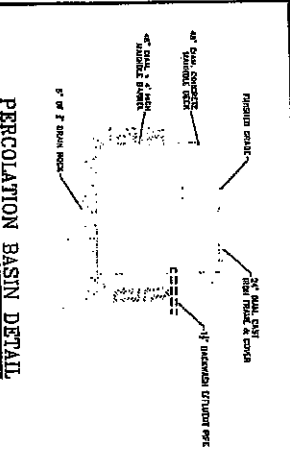
SHEET 2
 OF 4 SHEETS



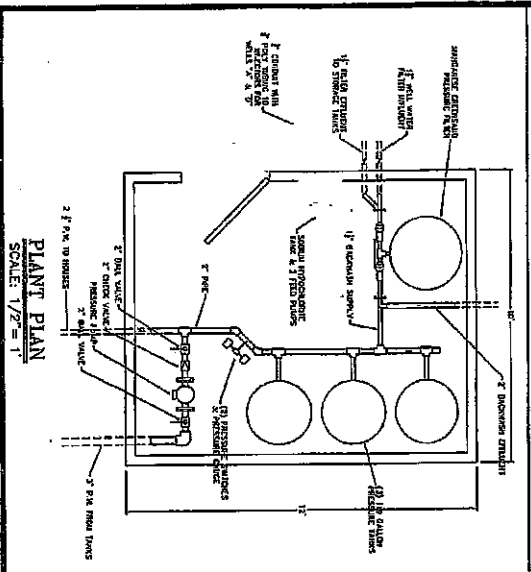
PLANT SITE PLAN
SCALE: 3/8" = 1'



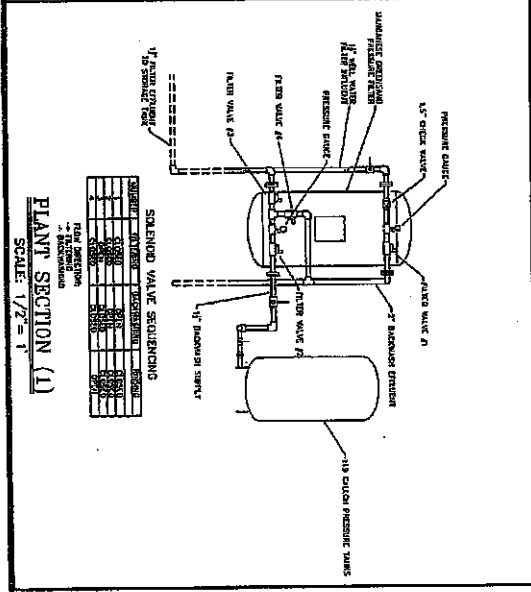
WELLHEAD DETAIL
SCALE: NONE



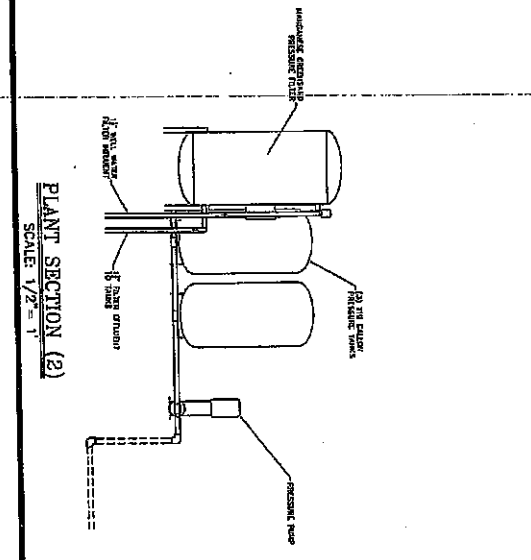
PERCOLATION BASIN DETAIL
SCALE: 1/2" = 1'



PLANT PLAN
SCALE: 1/2" = 1'

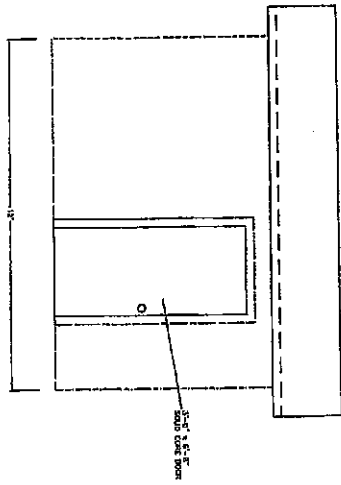


PLANT SECTION (1)
SCALE: 1/2" = 1'

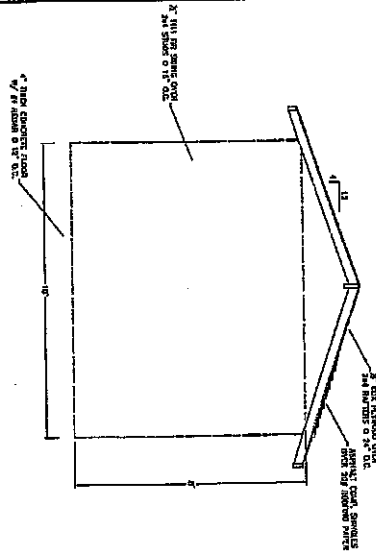


PLANT SECTION (2)
SCALE: 1/2" = 1'

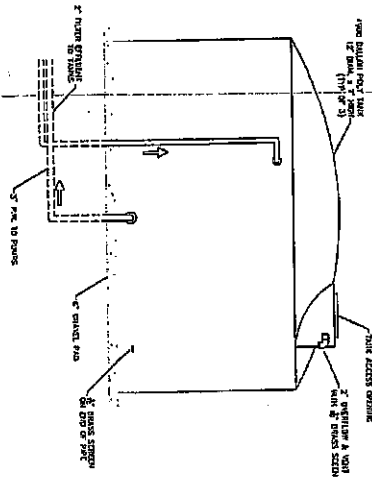
SHEET 3 OF 4 SHEETS	PLANT MECHANICAL PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA	BY: _____ DATE: _____	REVISIONS: _____	JOB NO: _____ DATE: 2-16-2010	PREPARED BY: [Signature] CHECKED BY: [Signature]	UTILITY SERVICES 813 A. ORTIZ AVENUE SADDLE CREEK, CA 95066 TEL: (415) 382-0488 FAX: (415) 382-0472
		SCALE: AS SHOWN PROJECT: SADDLE ROAD DRAWN: C. WILSON CHECKED: C. WILSON				



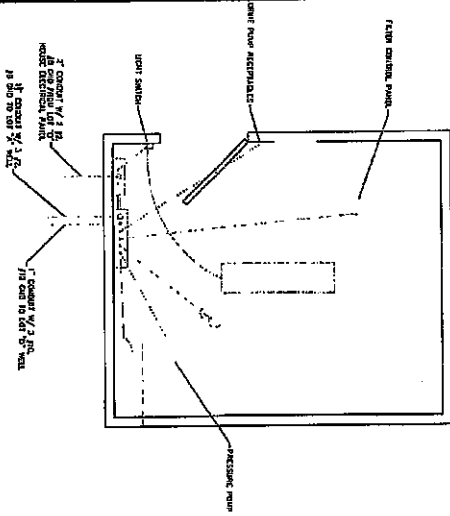
SHED EAST ELEVATION
SCALE: 1/2" = 1'



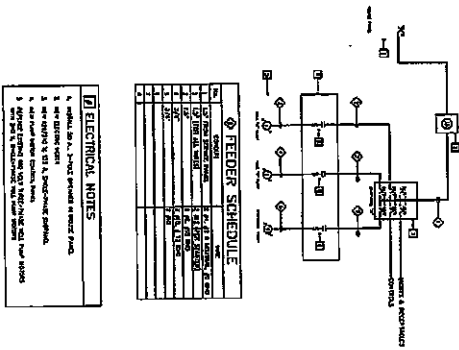
SHED NORTH ELEVATION
SCALE: 1/2" = 1'



TANK DETAILS
SCALE: 1/2" = 1'



ELECTRICAL CONDUITS
SCALE: 1/2" = 1'

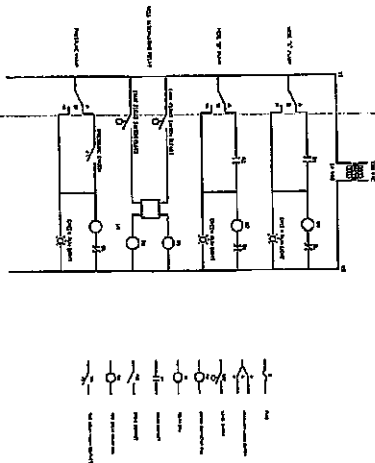


SINGLE LINE DIAGRAM
SCALE: NONE

FEEDER SCHEDULE

No.	TYPE	SIZE	LENGTH	TERMINALS	NOTES
1	1" CONDUIT	1/2"	100'	10	TO SHED EAST
2	1" CONDUIT	1/2"	100'	10	TO SHED NORTH
3	1" CONDUIT	1/2"	100'	10	TO TANK
4	1" CONDUIT	1/2"	100'	10	TO SHED WEST
5	1" CONDUIT	1/2"	100'	10	TO SHED SOUTH

- ELECTRICAL NOTES**
1. ALL ELECTRICAL WORK SHALL BE IN ACCORDANCE WITH THE NATIONAL ELECTRICAL CODE (NEC) AND ALL LOCAL ORDINANCES.
 2. ALL ELECTRICAL WORK SHALL BE PERFORMED BY A LICENSED ELECTRICIAN.
 3. ALL ELECTRICAL WORK SHALL BE SUBJECT TO INSPECTION AND APPROVAL BY THE LOCAL AUTHORITY.
 4. ALL ELECTRICAL WORK SHALL BE SUBJECT TO THE APPROVAL OF THE PROJECT ENGINEER.
 5. ALL ELECTRICAL WORK SHALL BE SUBJECT TO THE APPROVAL OF THE PROJECT ARCHITECT.



CONTROL DIAGRAM
SCALE: NONE

DETAILS & ELECTRICAL

SHEET 4
OF 4 SHEETS

PROJECT: Saddle Road Water System
OWNER: Saddle Road Group, LLC
LOCATION: Saddle Road, Monterey County, CA

BY	DATE	REVISIONS

JOB NO. 2010-01
DATE: 7-18-2010
SCALE: As Noted
DESIGNED: G. Wickard
DRAWN: G. Wickard
CHECKED: G. Wickard



UTILITY SERVICES

615 A. ORTEGA AVENUE
SAND CITY, CA 95558
TEL: (831) 325-0488
FAX: (831) 325-0112

Recording Requested By and
When Recorded Mail To:

Saddle Road Group, LLC
C/O Nader Daliri, Executive Manager
12173 Saddle Rd
Carmel Valley, CA 93924

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DECLARATION OF WATER AGREEMENT

This Declaration of Water Agreement ("Agreement") is made as of January ____, 2010 by Saddle Road Group, LLC, a California Limited Liability Company ("Declarant") with respect to the following facts and circumstances:

RECITALS

- A. Declarant is the owner of that certain real property commonly referred to as 12173 Saddle Road, Monterey County, California (the "Property"), which Property is more particularly described in **Exhibit "A"**, attached hereto and incorporated herein by this reference.
- B. Declarant applied for, and received approval of a permit to allow a subdivision of the Property into four (4) individual residential parcels which are referred to as Parcel A, Parcel B, Parcel C, and Parcel D (individually, a "Parcel", and collectively, the "Parcels").
- C. In connection with receiving approval of the subdivision, Declarant developed three (3) water wells. One of the wells is located on Parcel A, another is located on Parcel D, and the third is located on Parcel B. Currently, the water well on Parcel B does not function. Parcel C has a service connection from Cal-Am.
- D. In connection with the subdivision, Declarant has granted certain access and utility easements necessary to accommodate the construction and operation of a water system to supply domestic water from the wells on Parcel A and Parcel D to future residential development on Parcel A, Parcel B, and Parcel D.
- E. Declarant desires to form, and does hereby form, an unincorporated association between the owners of Parcel A, Parcel B and Parcel D (the "Association") to provide domestic water supply to Parcel A, Parcel B, and Parcel D. The water system to provide the domestic water supply (the "Water System") consists of the two (2) water wells on Parcel A and Parcel D, pipelines, valves, tanks, utility and access easements, and associated facilities and appurtenances (collectively, the "Infrastructure") which are generally located as illustrated on **Exhibit "B"**, attached hereto and incorporated herein. The Infrastructure does not include the

water well on Parcel B. All of the Infrastructure shall be owned, operated, and maintained by the Association as set forth herein. The owner of Parcel C is not member of the Association. However, Parcel A, Parcel B, and Parcel D are benefitted by a water, utility, and access easement over a portion of Parcel C to accommodate the ownership and operation of the Water System by Parcels A, B and D.

- F. It is Declarant's intention to impose upon Parcel A, Parcel B, and Parcel D^{wel} mutually beneficial covenants and restrictions under a general plan of improvement for the benefit of those Parcels and the owners thereof.
- G. Declarant hereby declares that all of Parcel A, Parcel B, and Parcel D shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding upon all persons having any right, title or interest in that property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.^{wel}

NOW THEREFORE, Declarant hereby declares that the following are covenants that run with the land and shall bind, benefit, and burden each of Parcel A, Parcel B and Parcel D (subject to the option of Parcel B to withdraw from the Association in the future as provided below).

1. The above recitals are incorporated herein as if fully set forth in this paragraph one.
2. The Declarant hereby conveys the Infrastructure to the Association. The Association is empowered to do any and all things that an unincorporated non-profit association may lawfully do in operating for the benefit of its members and without profit and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the association or for the peace, health, comfort, safety, and/or general welfare of the owners of Parcel A, Parcel B and Parcel D.
3. The service area of the Association is limited to Parcel A, Parcel B, and Parcel D. The Association and is authorized to, and does hereby, issue one membership to the owner(s) of each of Parcel A, Parcel B, and Parcel D. Each membership shall be owned by the record owner of the Parcel to which said membership is appurtenant. If a Parcel is owned of record by two (2) or more owners, the membership shall be owned jointly by all such owners of record. Each membership shall have one vote in all matters relating to the affairs and operation of the Association. In case of joint ownership of the membership, the joint owners shall designate in writing to the Association one of their number to exercise the vote and in the absence of such written designation, no vote may be cast for that membership. Each membership entitles the Parcel owned by a member to one service connection from the Association to serve that member's

Parcel. Additional property may be annexed into the Association service area upon unanimous approval of the Association's members. Additional memberships and service connections may also be approved unanimously by the members of the Association. Any costs associated with annexation of additional property to the Association's service area or to obtain of additional connections shall be borne by the person requesting such annexation or additional connection(s).

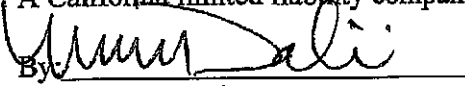
4. Management of the Association shall initially be carried out by the owner of Parcel A. The management term shall commence upon recordation of this Declaration and end on December 31 of the calendar year following the recordation of this Declaration. Thereafter, the obligation to manage the Association shall rotate among the members in such order as the members may reasonably determine such that the members share equally the benefit and burden of managing the Association. The term for management by each member shall be one calendar year.
5. The Association is obligated to maintain, operate, and repair the Water System for the benefit of the Parcels served by the Association.
6. The Association shall prepare an annual budget for the Association which includes sufficient funds to operate, maintain, replace, and conduct testing in accordance with all local, state, and federal rules and regulations. Each year, the manager of the Water System during that year shall prepare a budget for the following calendar year. The Association shall open a bank account into which all monthly assessments and other income to the Association will be deposited and from which all expenses of the Association shall be paid.
7. The Association shall assess each of Parcel A, Parcel B, and Parcel D on a monthly basis. The assessment must include (1) the cost of ordinary day-to-day maintenance, operation, and repairs to the Water System ("Operating Expenses") and (2) the amortized cost of replacing each of the Association components of the Infrastructure ("Reserves") to fund replacement at the end of each component's anticipated life expectancy. The initial budget of the Association shall be developed by a qualified engineer and such budget must be sufficient detail to accurately estimate the operating costs and sufficient Reserves. The Association shall prepare and mail a monthly invoice to each of the members allocating the estimated costs of operating the Association to each of the members. The members shall each pay the monthly assessment invoiced to them within fifteen (15) days of the date of the invoice. Initially, the costs of operating the Association shall be allocated equally to each of the members. However, upon the unanimous agreement of the members, the Association may modify the monthly assessment based on the amount of water used by each Parcel or some other equitable method. The Association may levy in any year one or more special assessments for that year only for the purpose of defraying in whole or in part any deficiency between the expenses and income of the Association from the

8. If any of the Parcel owners fail to pay the assessments for a period of more than thirty (30) days, such member may be declared delinquent and the Association may seek any legal remedy available to collect payment, including denying a member's right to receive water from any membership appurtenant to that member's Parcel (which occurs by recording this Declaration as covenants running with the land), selling or transferring a member's membership separating the membership from the land, with the purchaser acquiring the right to receive the water allotted to such membership, or proceeding with a court action against a member for the delinquent assessments. Prior to the exercise of any such remedy, the Association must provide written notice to the owner of the delinquent account which notifies such owner that the delinquency must be cured by payment in full within fifteen (15) days from the mailing of the notice. All notices must be sent by commercial overnight courier for next day or second day delivery.
9. If in the future, the water well on Parcel B is repaired and the well on Parcel B produces a sufficient quantity of potable water to service residential development on Parcel B independent of the Association, then the owner of Parcel B may, in such owner's sole discretion, withdraw from the Association and surrender the membership of that owner in the Association by executing a Notice of Withdrawal and recording the Notice of Withdrawal in the Official Records of Monterey County, whereupon the Owner of Parcel B shall cease as a member of the Association, shall not thereafter be entitled to a service connection from the Association to serve Parcel B, and shall not be obligated to pay any fees or assessments of the Association that become due and payable following the effective date of the withdrawal. From and after any such withdrawal, the estimated costs of operating the Association shall be allocated solely among the remaining members of the Association.
10. Any owner of a Parcel and the Association shall be entitled to enforce all conditions, covenants and restrictions, contained in this Declaration in the manner provided by law for enforcing equitable servitudes, and all conditions, covenants and reservations contained herein shall be construed as equitable servitudes against Parcel A, Parcel B, and Parcel D. The Association, each present owner and each successor hereafter of any part or portion of the Property shall be subject to all of the restrictions, conditions, covenants, reservations, assessments, liens and charges with the jurisdiction, rights and powers of the Association provided for in this Declaration.
11. This Declaration may be amended by recordation of a written document which is approved by the vote or written consent of members representing two-thirds (66.6%) of the voting power of the Association.

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

IN WITNESS WHEREOF, the undersigned, being the duly elected Executive Manager of the Declarant, has signed this Declaration as of the date set forth above.

SADDLE ROAD GROUP, LLC,
A California limited liability company

By 
Nader Dalirj, Executive Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Monterey }

On February 19, 2010 before me, Kevin Joseph Beckman - Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Nader Daliri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Declaration of Water Agreement

Document Date: 2/19/10 Number of Pages: 5

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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



Signer Is Representing: _____

Signer's Name: _____

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



Signer Is Representing: _____

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

Exhibit B

Page 7 of 14 Pages

Exhibit "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF MONTEREY, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Certain real property situate in Section 9, Township 16 South, Range 2 East, Mount Diablo Base and Meridian in County of Monterey, State of California, particularly described as follows:

Beginning at the point of intersection of the South boundary of that certain 1200.020 acre parcel with the Northeastern line of Saddle Road, as said boundary and parcel are described in Deed from Utah Construction and Mining Company to Hidden Hills Land Company, dated December 20, 1966 and recorded January 25, 1967 in Reel 491, at Page 279, Official Records of Monterey County, California, also said line and road are shown on that certain Map entitled, "Tract No. 554, Hidden Hills No. 3", filed for record August 17, 1967 in Volume 9 of Cities and Towns, at Page 31, Records of Monterey County, California; thence, from said point of beginning, along said boundary,

- (1) S. 89° 18' 17" W., 412.25 feet to the Southeast corner of a parcel of land described in a Deed from A.A. Maida to Jairo Mejia and Geraldine R. Mejia recorded December 7, 1979 in Reel 1377 Page 80, Official Records of Monterey County, thence along the East line of said parcel,
- (2) N. 00° 45' 10" W., 238.41 feet; thence
- (3) N. 73° 00' 00" 113.97 feet; thence
- (4) N. 2° 37' 08" W., 330 feet; thence
- (5) N. 45° 00' 00" W., 174.94 feet to the Eastern line of Parcel II as shown in Volume 9 of Parcel Maps, Page 30, thence following said line of Parcel II,
- (6) N. 33° 55' 00" E., 443.07 feet; thence
- (7) N. 85° 36' 45" E., 259.13 feet to a point on the Southwestern line of Parcel D, as shown in Volume 10 of Surveys, Page 88; thence following the Southwestern line of Parcel D,
- (8) S. 54° 41' 26" E., 164.77 feet thence following the Southwestern line of said Parcel D,
- (9) S. 1° 23' 00" E., 359.84 feet; thence
- (10) S. 41° 59' 25" E., 351.40 feet; thence
- (11) S. 81° 34' 05" E., 440.63 feet to the Southeast corner of Parcel D, this is also a point on the Western line of Los Laureles Grade Road, thence leaving the line of Parcel D and following the Western line of Los Laureles Grade Road,
- (12) S. 2° 07' 30" W., 355 feet to a point on the North line of Lot 5, Block 1, as shown on Map entitled, Tract No. 554 Hidden Hills No. 3 filed for record August 17, 1967 in Volume 9 of Cities and Towns, at Page 31, Records of Monterey County, also being a point on the South section line of Section 9 T. 16 R. 2 E., M. D. B. & M.; thence following said South section line,
- (13) S. 89° 18' 17" W., 670.23 feet to the Northwest corner of Lot II in aforementioned Tract 554; thence
- (14) N. 0° 41' 43" W., 41.85 feet; thence

Exhibit B

Exhibit "A" (continued)

(15) S. $88^{\circ} 58' 15''$ W., 214.60 feet to a point on the Northeastern line of Saddle Road; thence following said Northeast line of Saddle Road,

(16) S. $15^{\circ} 46' 51''$ E., 8.29 feet; thence

(17) Southeasterly 35.67 feet along the arc of a non-tangent curve to the left (center bears N. $74^{\circ} 24' 48''$ E., 270.00 feet distant), through a central angle of $6^{\circ} 05' 13''$ to the point of beginning and being a portion of said 1200.020 acre parcel.

APN: 416-122-020

Exhibit B

Page 9 of 14 Pages

EXHIBIT "B"

SITE PLAN REFLECTING WATER SYSTEM AND INFRASTRUCTURE

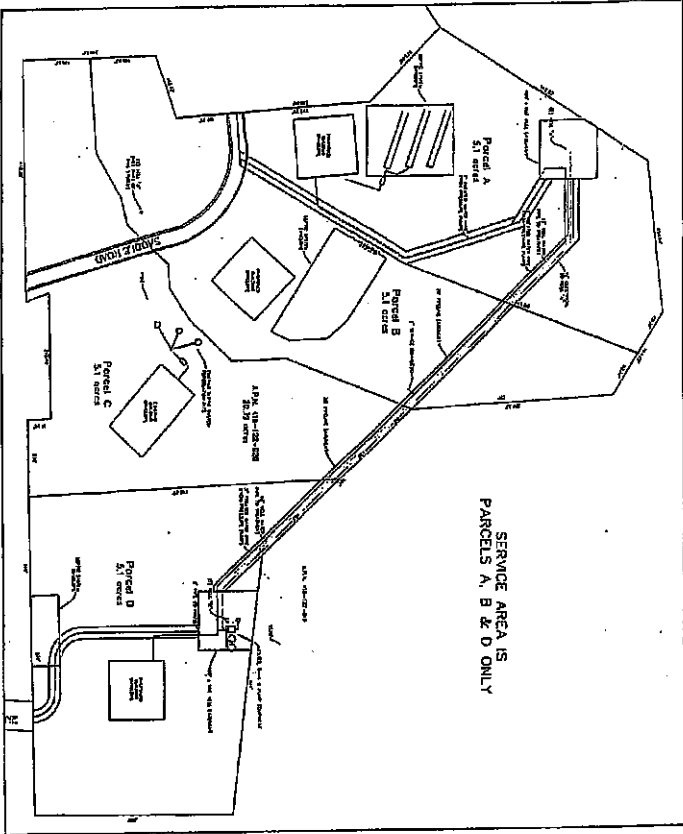
SADDLE ROAD GROUP, LLC

MONTEREY COUNTY, CALIFORNIA

DRAWINGS FOR CONSTRUCTION OF

POTABLE WATER SYSTEM

FEBRUARY 2010



NOTICE TO CONTRACTORS

1. This including typical of Parcel A and B. The water line Parcel A and B will be used to supply the proposed water service. The water line Parcel A and B will be used to supply the proposed water service. The water line Parcel A and B will be used to supply the proposed water service. The water line Parcel A and B will be used to supply the proposed water service.
2. A separate water service line shall be provided for Parcel C. The water line Parcel C will be used to supply the proposed water service. The water line Parcel C will be used to supply the proposed water service. The water line Parcel C will be used to supply the proposed water service.
3. A separate water service line shall be provided for Parcel D. The water line Parcel D will be used to supply the proposed water service. The water line Parcel D will be used to supply the proposed water service. The water line Parcel D will be used to supply the proposed water service.
4. The water service line shall be provided for Parcel E. The water line Parcel E will be used to supply the proposed water service. The water line Parcel E will be used to supply the proposed water service. The water line Parcel E will be used to supply the proposed water service.
5. The pressure main shall be installed in a trench. The trench shall be installed in a trench. The trench shall be installed in a trench. The trench shall be installed in a trench.
6. The water service line shall be installed in a trench. The water service line shall be installed in a trench. The water service line shall be installed in a trench. The water service line shall be installed in a trench.
7. All water service lines shall be installed in a trench. All water service lines shall be installed in a trench. All water service lines shall be installed in a trench. All water service lines shall be installed in a trench.
8. The water service line shall be installed in a trench. The water service line shall be installed in a trench. The water service line shall be installed in a trench. The water service line shall be installed in a trench.

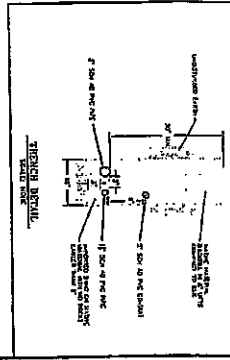
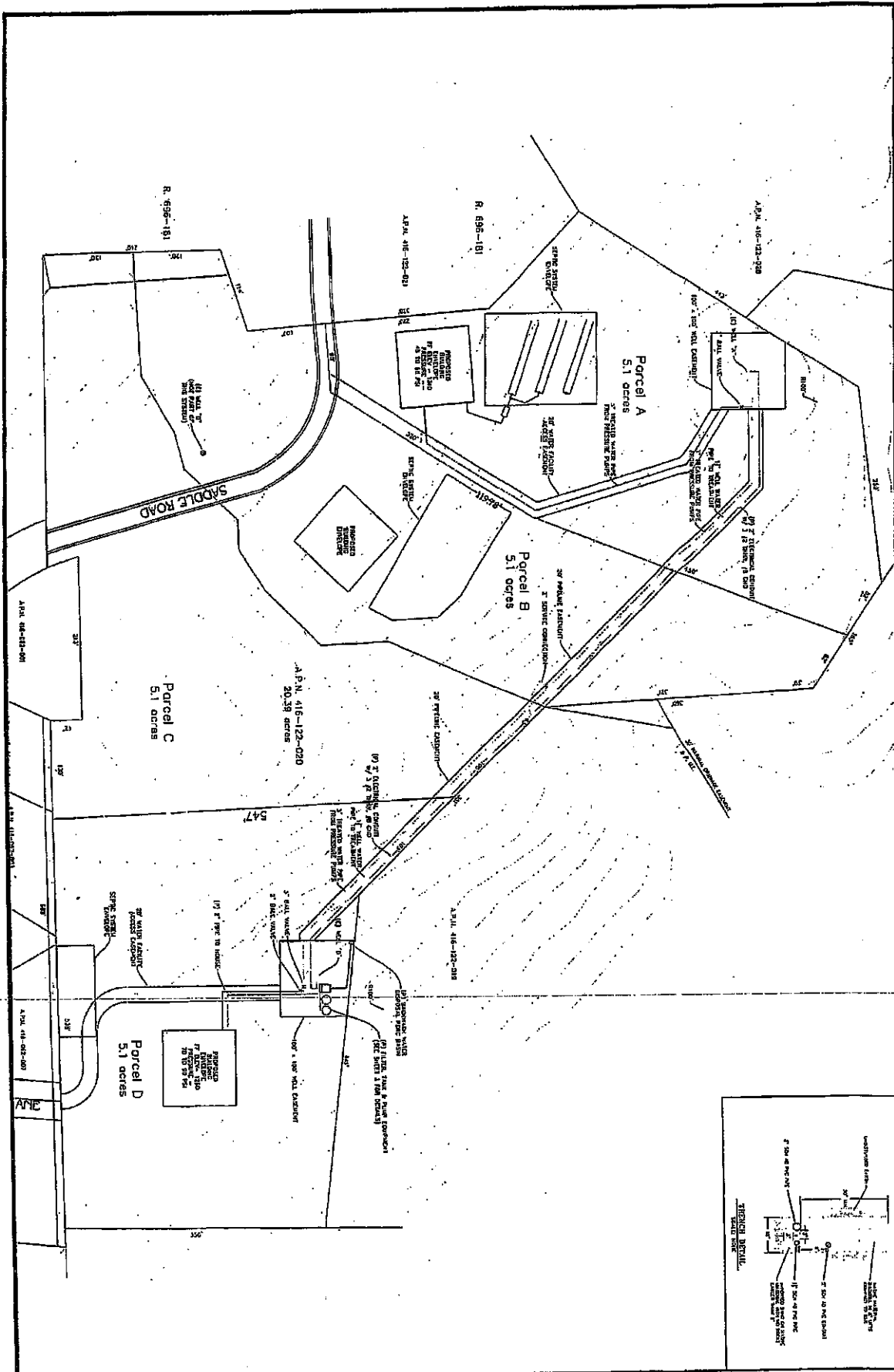
Approved for Construction

 Utility Services

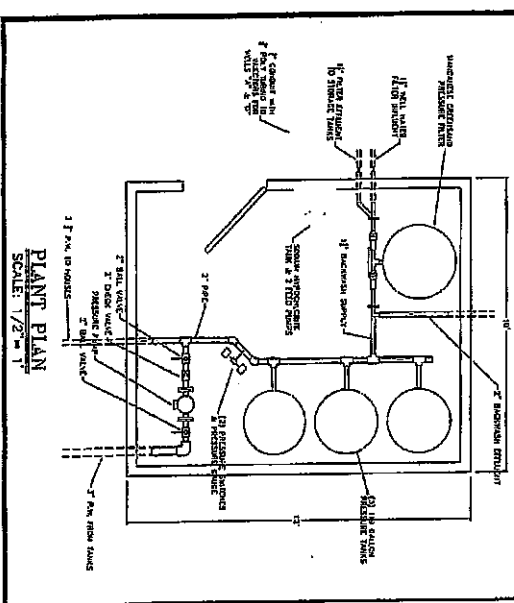
SHEET INDEX

1	TITLE SHEET & SIGNATURE PLAN
2	PLANTING PLAN
3	REVISIONS & ELECTRICAL

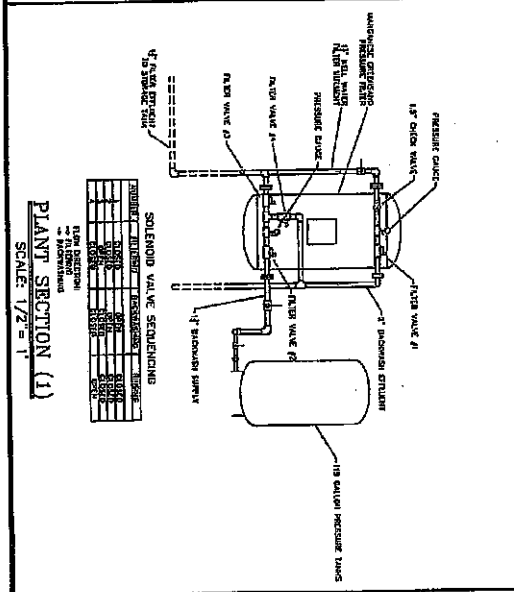
<p>TITLE SHEET</p> <p>PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA</p>	<table border="1"> <tr> <th>BY</th> <th>DATE</th> <th>REVISIONS</th> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>	BY	DATE	REVISIONS							<table border="1"> <tr> <td>DESIGNER:</td> <td>2-18-2010</td> </tr> <tr> <td>DRAWN:</td> <td>ASR</td> </tr> <tr> <td>CHECKED:</td> <td>ASR</td> </tr> <tr> <td>DATE:</td> <td>2-18-2010</td> </tr> </table>	DESIGNER:	2-18-2010	DRAWN:	ASR	CHECKED:	ASR	DATE:	2-18-2010	<p>UTILITY SERVICES</p> <p>715 S. ORANGE AVENUE SAN JOSE, CA 95128</p> <p>TEL: (408) 292-0169 FAX: (408) 292-0172</p>
BY	DATE	REVISIONS																		
DESIGNER:	2-18-2010																			
DRAWN:	ASR																			
CHECKED:	ASR																			
DATE:	2-18-2010																			



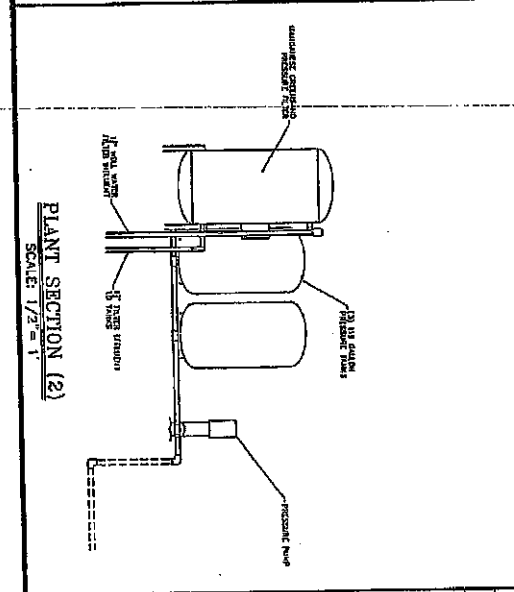
SHEET 2 OF 4 SHEETS	SITE PIPING PLAN		JOB NO. DATE: 7-15-2010 SCALE: 1" = 50' DESIGNED BY: [Redacted] CHECKED BY: [Redacted]	PREPARED BY: [Redacted] DATE: [Redacted]	 UTILITY SERVICES 813 J. ORTEGA AVENUE SAN JOSE, CA 95128 TEL: (415) 943-9400 FAX: (415) 943-9472
	PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA	DATE: [Redacted] REVISIONS: [Redacted]			



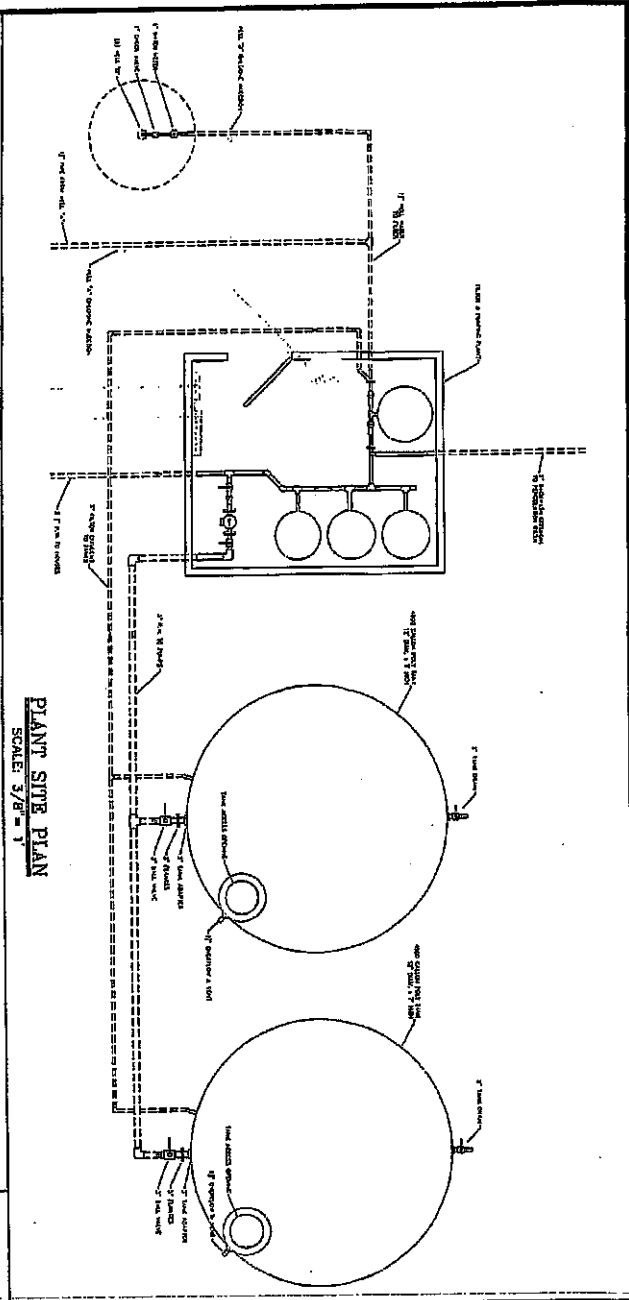
PLANT PLAN
SCALE: 1/2" = 1'



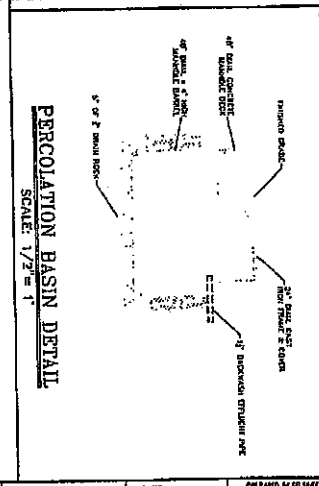
PLANT SECTION (1)
SCALE: 1/2" = 1'



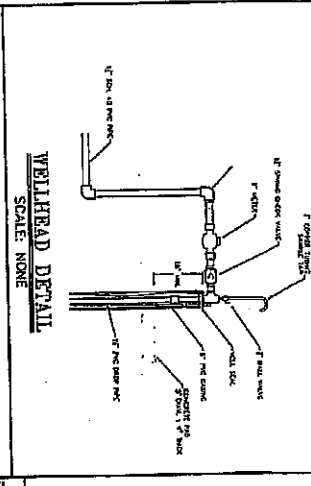
PLANT SECTION (2)
SCALE: 1/2" = 1'



PLANT SIDE PLAN
SCALE: 3/8" = 1'



PERCOLATION BASIN DETAIL
SCALE: 1/2" = 1'



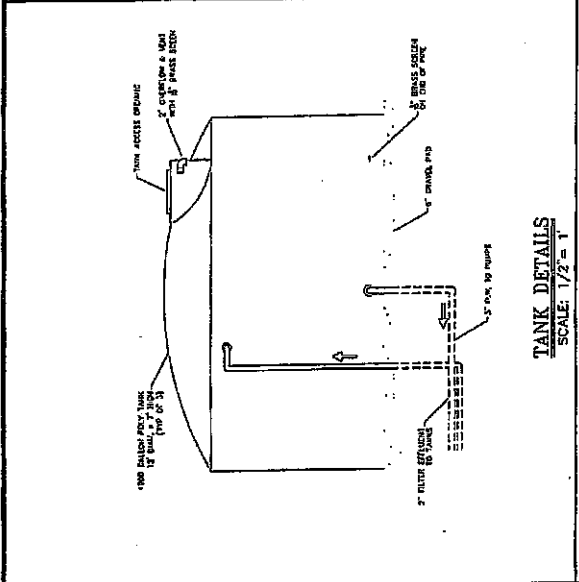
WELLHEAD DETAIL
SCALE: NONE

PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA	BY	DATE	REVISIONS	REV	DATE
SHEET 3 OF 4 SHEETS	PLANT MECHANICAL		REV		DATE
PROJECT: Saddle Road Water System OWNER: Saddle Road Group, LLC LOCATION: Saddle Road, Monterey County, CA			SCALE: As Noted		DATE: 7-18-2010
			DRAWN: G. Woodard		
			CHECKED: G. Woodard		

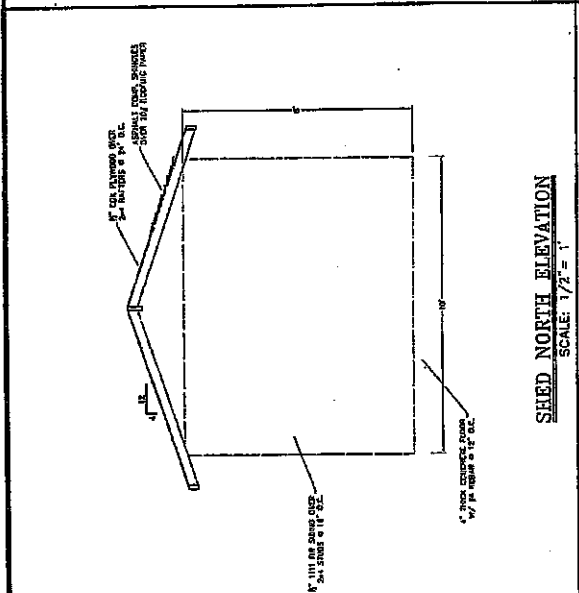
UTILITY SERVICES

112 A, OFFICE AVENUE
SALTO CITY, CA 95066

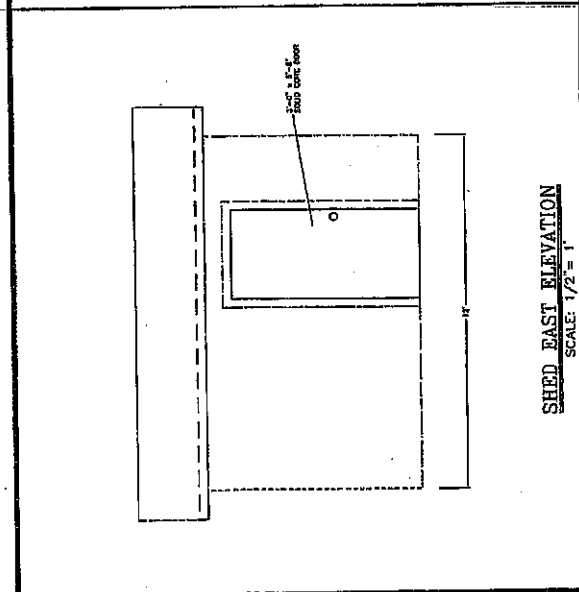
TEL: (831) 292-0182
FAX: (831) 292-0172



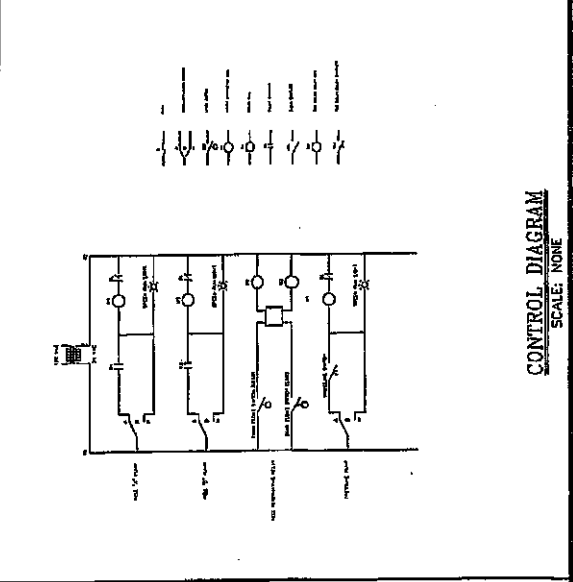
TANK DETAILS
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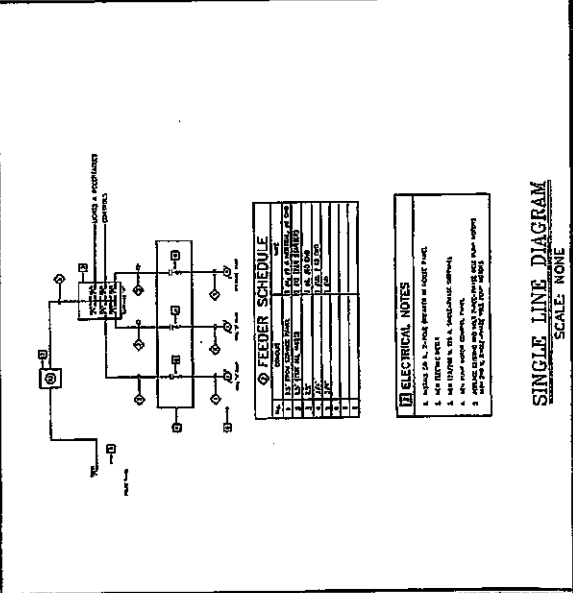
SHED NORTH ELEVATION
 SCALE: 1/2" = 1'



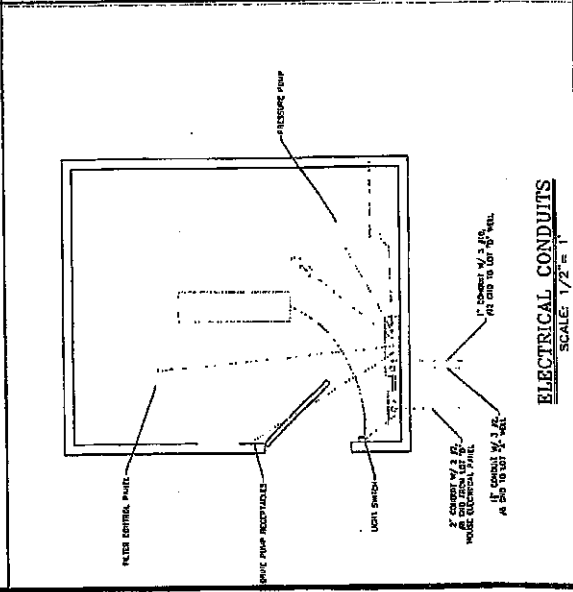
SHED EAST ELEVATION
 SCALE: 1/2" = 1'



CONTROL DIAGRAM
 SCALE: NONE



SINGLE LINE DIAGRAM
 SCALE: NONE



ELECTRICAL CONDUITS
 SCALE: 1/2" = 1'