



**MONTEREY PENINSULA
WATER MANAGEMENT DISTRICT**

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SUPPLEMENT TO 3/21/05

MPWMD BOARD PACKET

Attached are copies of letters received between February 10 and March 8, 2005. These letters are also listed in the March 21, 2005 Board packet under item 18, Letters Received.

Author	Addressee	Date	Topic
Derinda Messenger	Kate McKenna	2/18/05	Tehama/Monterra Detachment from MPWMD
Eric L. Marsh	MPWMD Board	2/19/05	2/24/05 Appeal of Las Villas Nogales Home Owner's Association
Francis Duda	David Berger	2/22/05	Water Supply Project Alternatives
Michael W. Stamp	MPWMD Board	2/24/05	Application to Combine Cañada Woods and Monterra Ranch Water Distribution Systems

Anthony L. Lombardo
 Jeffery R. Gilles
 Derinda L. Messenger
 James W. Sullivan
 Jacqueline M. Zischke
 Steven D. Penrose
 E. Soren Diaz
 Sheri L. Damon
 Virginia A. Hines
 Patrick S.M. Casey
 Paul W. Manciel
 Anthony W.E. Cresap
 Bradley W. Sullivan
 Miriam Schokor



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File No. 00368.033

February 18, 2005

**Certified by the State Bar
 of California Board of Legal
 Specialization as a
 Specialist in Estate Planning,
 Trust and Probate Law*

VIA FACSIMILE

Ms. Kate McKenna
 Executive Director, LAFCO
 P.O. Box 1369
 Salinas, CA 93902-1369

Re: Tehama/Monterra Detachment from MPWMD

Dear Kate:

This letter serves to rescind the Cañada Woods Water Company application to withdraw from the boundaries of the Monterey Peninsula Water Management District.

Sincerely,

Lombardo & Gilles, PC

Derinda L. Messenger

DLM:ncs/js

cc: Mr. Alan Williams
 Mr. Michael Waxer
 Mr. David Berger, MPWMD

HAND
DELIVERED

LAS VILLAS NOGALES, HOME OWNER'S ASSOCIATION

ERIC L. MARSH, SECRETARY/TREASURER, 623 LIGHTHOUSE AVE. PACIFIC GROVE CA. 93950
PHONE: (831) 655-4708, FAX: (831) 658-0151, EricLMarsh@AOL.COM

RECEIVED

February 19th 2005

FEB 22 2005

MPWMD

To: Board of Trustees
Monterey Peninsula Water Management District

Re: Response to David C. Laredo's Memo dated January 28, 2005—Review of MPWMD Rule 25.5; Definition of "Site":

Dear Board Members,

This matter began with the simple purpose to investigate the possibility of our small Residential Real Estate Association, Las Villas Nogales Home Owner's Association (LVNHOA), consisting of six individual owners of four residential planned units, obtaining the necessary water use credits for the possible development of a vacant lot owned by the association.

During this investigation we discovered, which is confirmed by Mr. Laredo's memo, that this is possible through the District's Rule 25.5 which allows for the creation of Water Use Credits to be used in development of additional water uses on the Site through the abandoned capacity of saved water via permanent conservation measures.

This seemed great! It served our home owner's interest to turn an undeveloped grass lot into an asset through the generation of water use credits and would intern help in a small way to offset the affordable housing needs on the Peninsula, as well as meet MPWMD's purpose of conserving the water resources available while providing for needed development.

Then came the catch and reason for this appeal. In order to meet all these good purposes we had to meet the conditions contained in Rule 25.5 which we were notified by MPWMD's staff, Stephanie Pintar in a letter of determination dated August 17, 2004, we did not meet due to the parcels involved were not "... (2) under identical ownership,..." To this we responded by filing an appeal to the Board. We pointed out in our appeal, which Mr. Laredo has now correctly pointed out in his memo, that the definition under Rule 25.5 calls for "... (2) for which there is unity of ownership,..." verses identical ownership. So now we at least can all agree that the actual words in in Rule 25.5 call for a "Unity of Ownership" verses an "Identical Ownership".

In Mr. Earedo memo he further goes on to explores the definition of "Site" as it relates to Ordinance No. 60, and concludes there are extensive administrative records in the form of minutes and meetings, however the record does not shed additional light on the definition. He also says that

CVNAN
 CLEVELAND

neither the term "Unity" or "unity of ownership" are defined in the District Rules and there for must be construed from accepted principles of statutory construction. We can agree with this in principle, however, if we can not agree on the simple definition of the word "unity" how are we to agree on the interpretation of seven statues? I think we can all agree that we need to look "first to the words themselves for the answer."

Unity is a whole created from parts with no mention or requirement of the parts being identical—the emphasis is that the end result is uniform in character and devoid of diversity—not the parts! The parts come together to form a whole with a singular purpose or state—such as Homeowners combining with common ownership, goals and purposes to live together and form a community as we have done in Las Villas Nogales Planned Unit Development.

Mr. Laredo suggests that LVNHOA should not be considered a "Unity of Ownership" nor the individual owners be considered part of a collective group, in the aggregate, despite the fact we have supplied him with our *Declaration of Covenants, Conditions and Restrictions (CC&R's) For Las Villas Nogales, A Planned Unit Development* (See attached Exhibits #1-LVN), This is a legally binding and recorded instruments (February 11, 1976 Office of Recorder County of Monterey) which establishes us in the eyes of the law as one body. Please also note that in Article I item B it refers to "Owner shall mean and refer to the record owner...of a fee simple title to any Unit which is a part of the properties..." A "unit" in itself being an integral part of creating "unity" of ownership in this case of the whole being—Las Villas Nogales, A Planned Unit Development.

Las Villas Nogales, A Planned Unit Development was also legally created through a sub-division (See attached Exhibit #2-LVN) under the Sub-division Map Act, created with a "Parcel Map" dividing a portion of the Rancho Los Laureles, Monterey California, with County Recorder Certificate dated 4th day of February 1976. You'll notice the solid line which encloses Parcel 1, 2, 3, 4, and Common Area, which are now Assessor parcel numbers: 189-542-009, 010, 011, 012 and 013 for taxation purpose only, and creates the now referenced "Site" of Las Villas Nogales, A Planned Unit Development. Parcel B-3 shown on this map is now Assessor parcel number 189-542-003 which is contiguous with LVNHOA and is also owned by LVNHOA.

The applicant in this matter is LVNHOA, which is owned by the owners of it's four units, as evidenced by the attached C C & R's. Further, the owner of the vacant lot is also LVNHOA. This means that the lot is also owned by the same four owners who own their individual unit as well as an undivided 25% ownership in LVNHOA association. This also establishes a unity of ownership.

Further proof of LVNHOA unity of ownership is our Insurance Policy (See attached Exhibit 4-LVN) showing blanket coverage of Buildings (\$1,591,815) which covers all 4 homes in LVNHOA. Also please note that the LVNHOA is the sole beneficiary which requires a legal interest! If any or all of the homes were destroyed the insurance proceeds go directly to LVNHOA, not the individual owners. This further shows the unity of ownership which exists in the eyes of the law.

Regarding Mr. Laredo's statement, "While it is theoretically possible to construe and apply this term in the manner requested... such a construction would not appear consistent with the rules of statutory construction referenced above. Such an application would deviate from the usual, ordinary import of the language" and would appear to "ignore the nature and obvious purpose" of the Rule." This argument makes absolutely no sense. I have no idea which part of our request is inconsistent with the rules of statutory construction nor do I know what language he considers beyond the ordinary import of language. Unity? Or how our proposal ignores the nature and obvious purpose of the Rule? The "obvious purpose" of the Rule as written is to give property owners the ability to develop their property by utilizing water conservation in order to earn Water Use Credits.

Mr. Laredo then goes on to say in the same paragraph, "Further, such a construction would fail to "harmonize" the various parts of the District Rules & Regulations, and could lead to mischief or absurdity." Again I have no idea as what this references and if this could lead to mischief or absurdity then the Rule should be redrafted to reflect it's true and obvious purpose from Mr. Laredo's view point. LVNHOA is merely attempting to work within the rules established as written.

Regarding the statement, "If the Home Owner's Association land, together with property held in separate ownership by its individual members, satisfies the term "unity of ownership," a similar claim can be made by any two (or more) owners of residential property who jointly purchase an adjacent vacant parcel." This is clearly not true! They would not have the unity of ownership we achieve through owning individual units which comprise an established (29 years) Planned Unit Development.

In answer of Mr. Laredo's statement, "It appears such a construction would enable a massive loophole, allowing individuals and groups of non-related persons to work in concert to avoid the limitation in Rule 25.5 that provides, "Water Use Credits shall not be transferable to any other Site." "Under this interpretation, an entire block - or indeed a whole neighborhood - could properly join together for the sole purpose of purchasing and developing an adjacent vacant lot." This is ludicrous! The sky is not falling and it's hard for me to see the mischief or absurdity in a neighborhood banding together to do anything, much less making a positive change of creating needed housing by development through water conservation. God forbid such a thing should happen! I can only say God Bless the person who attempts it! I know how hard it is to get 6 people to agree.

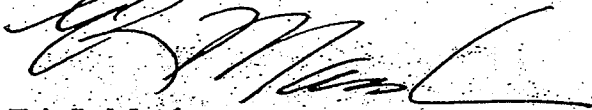
Regarding Mr. Laredo's statement, "Application of the term "site" in this manner would have a ripple effect beyond its use for Rule 25.5 credits, but this use of the term would also affect how the concept of "capacity" and "intensified water use" are used...." I have no concept of what he is talking about. Mr. Laredo gives no rational to support this irrational claim.

Mr. Laredo further states, "Such an interpretation would correspondingly affect District regulation and enforcement of water use, including water conservation and water rationing limits." I can only ask how? Why? And what affect will this have on District regulations and enforcement? If this is a potentially serious problem I can only suggest that you get busy and change the rules verses penalizing applicant here-to-for that attempts to work within them!

To answer Mr. Laredo's closing statement, the word "site" or "unity" are not the real issue here, "The words may be given the usual, ordinary import of the language". We all, by now, know the meaning of these words. The real issue and question here is what is the true (obvious) purpose of Rule 25.5? If not to allow legally unified owners the opportunity to exercise their property rights to develop their private property through water conservation, then what is it?

To close, I respectfully request that the Board find in favor of the Las Villas Nogales Home Owner's Association by virtue of conforming with the District's Rule 25.5 which allows for on-site water use credit together with any and all of the MPWMD's normal terms, conditions and agreements that might be applicable--to follow. (Please see Draft Findings of Approval attached Exhibit 10-LVN). I also want to sincerely thank all of the Board and Staff for their time, efforts and what I know will be a fair decision.

Sincerely,



Eric L. Marsh

Additional attachments requested by the Board at the December 13, 2004 appeal hearing are: LVNHOA Minutes together with authorization for Eric L. Marsh to act as Secretary/Treasurer from July 1, 2004 marked Exhibit 3-LVN; US Income Tax Return for Homeowners Association-2003' marked Exhibit 6-LVN; Glidehouse Floor Plans for possible development, marked Exhibit 11-LVN.

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05-10-451

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REEL 1035 PAGE 473

RECORDED AT REQUEST OF
Title Insurance and Trust Company

FEB 23 11 01 AM '05

RECEIVED

OFFICE OF RECORDER
COUNTY OF MONTEREY
SAN JUAN, CALIFORNIA
FEB 22 2005

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

FOR LAS VILLAS NOGALES, A PLANNED UNIT DEVELOPMENT

MPWMD
REEL 1035 PAGE 473

THIS DECLARATION is made on the date hereinafter set forth by ILBERT TUCKER, a married man, and MARGARET TUCKER, his wife, hereinafter referred to as "Declarant;"

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in the unincorporated area of Carmel Valley, County of Monterey, State of California, which is more particularly described as that property known as Parcel B, as shown on the "Record of Survey" filed September 18, 1964, in Book 7 of Surveys at page 38, Monterey County Records, as shown on the attached Parcel Map.

NOW, THEREFORE, Declarant hereby declares that all properties described above 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 parties having any right, title, or interest in the described properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

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ARTICLE I

DEFINITIONS

For the purposes of this Declaration, the terms used shall have the following meanings:

A. "Association" shall mean and refer to the Association of homeowners residing on the property, to its successors and assigns;

* B. "Owner" shall mean and refer to the record owner, whether one or more entities, of a fee simple title to any Unit which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation;

Exhibit 1

C. "Properties" shall mean and refer to that certain property hereinbefore described in Exhibit "A."

D. "Common Area" shall mean all real property owned in common by Members of the Association, as shown in Exhibit "A," for the common use and enjoyment of said Owners.

E. "Declarant" shall mean and refer to ILBERT TUCKER, a married man, and MARGARET TUCKER, his wife, their successors and assigns, if such successors and/or assigns should acquire more than one (1) undeveloped lot from Declarant for the purpose of development;

F. "Mortgage" shall mean a deed of trust as well as a mortgage;

G. "Mortgagee" shall mean a beneficiary under, or a holder of, a deed of trust as well as a mortgagee;

H. "Unit" shall mean the real property owned by the individual Owners, and not held by the Owners in common;

I. "Board" or "Board of Directors" shall mean the governing body of the Association, selected pursuant to the By-Laws.

ARTICLE II

PROPERTY RIGHTS

A. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to, and shall pass with, the title to every lot, subject to the following provisions:

(1) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility, for such purposes and subject to such conditions as may be agreed to by the members.

(2) The Owners of Unit D shall have the exclusive use of one (1) parking space in the Common Area, known as Parking Space #8, shown in Exhibit "A". The remaining spaces shall be available for the use of all Units.

B. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the

Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

RESTRICTIONS ON THE PROPERTY

A. No Owner shall occupy or use his Unit, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence.

B. There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior consent of the Board.

C. Nothing shall be done or kept in any Unit or in the Common Area which will increase the rate of insurance on the Common Area, without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Area which will result in the cancellation of insurance on any Unit or on any part of the Common Area, or which would be in violation of any law. No waste will be committed in the Common Area. No gasoline, kerosene, cleaning solvents or other flammable liquids shall be stored in the Common Area or in any Unit, provided, however, that reasonable amounts in metal containers may be stored in the storage spaces of each Unit.

D. No sign of any kind shall be displayed to the public view or from any Unit or the Common Area without the prior written consent of the Board, except a sign advertising the property for sale as provided in Section 712 of the California Civil Code.

E. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Unit or in the Common Area, except that dogs, cats, or other household pets may be kept in Units, subject to the rules and regulations adopted by the Board.

F. No noxious or offensive activity shall be carried out in any Unit or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the other Owners.

G. Nothing shall be altered or constructed in or re-

moved from the Common Area, except upon the written consent of the Board.

H. There shall be no violation of the rules for the use of the Common Area, adopted by the Board and furnished in writing to the Owners, and the Board is authorized to adopt such rules.

I. No Owner shall park any automobile or other motor vehicle in the Common Area except as provided in Article III hereinabove.

J. None of the rights and obligations of the Owners created herein, or by the deed creating the Units shall be altered in any way by encroachments due to settlement or shifting of structure[s] or any other cause. There shall be valid easements for the maintenance of such encroachments, so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful conduct of said Owner or Owners.

K. No boat or recreational vehicle or similar vehicle shall be parked on the property except inside a covered carport.

L. In the event an Owner fails to correct any restricted activity after notice from the Association and he has an opportunity to do so, the Association may apply to the court for injunctive relief. The prevailing side shall be entitled to attorneys' fees.

M. There shall be no remodeling or alteration of the exterior of any Unit without the approval of a majority of the Members of the Board.

ARTICLE IV

MAINTENANCE

A. Maintenance of Common Area. The Association shall provide maintenance as follows:

- (1) Maintenance of the water system to be utilized for the Common Area;
- (2) Maintenance of the underground utility lines

running to each Unit.

(3) Landscaping of the Common Area, to maintain the Common Area in a litter-free, weed-free condition, with all plant material to be maintained in a healthy, growing condition;

(4) Maintenance of the common septic sewage disposal system;

(5) Maintenance of all pavement not enclosed or covered, excluding gasoline damage to pavement in assigned parking spaces; and

(6) Maintenance of the tennis court.

The maintenance referred to herein shall be paid for out of the maintenance fund.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

A. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as provided herein and in By-Laws adopted by the Association. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property of the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title, unless expressly assumed by them.

B. Purpose of assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the properties, and for the improvement and the maintenance of the Common Area.

C. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$240.00 per Lot.

(1) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year, as provided by the By-Laws adopted by the Owner, not more than three per cent (3%) above the maximum assessment for the previous year without a vote of the membership.

(2) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above three per cent (3%) by the vote or written assent of a majority of the Owners.

(3) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

D. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of a majority of the Owners.

E. Notice and Quorum for Any Action Authorized Under Assessment Provisions. Any action authorized under the Assessment Provisions immediately stated above shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than thirty (30) nor more than sixty (60) days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than a majority of the members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

F. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots,

and may be collected on a monthly basis.

G. Date of Commencement of Annual Assessments. Due Dates: The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

H. Delinquency of Charges and Assessments. Thirty (30) days after any general or special charge and assessment shall be due and payable and unpaid or not otherwise satisfied, the same shall be and become delinquent, and shall so continue until the amount of said charge and assessment, together with all costs, penalties and interest as herein provided, have been fully paid or otherwise satisfied.

I. Notice of Delinquency. At any time after any general or special charge and assessment against any unit has become delinquent the Association may record a Notice of Delinquency as to such unit, which Notice shall state therein the amount of such delinquency, and the interest, costs (including attorneys' fees) and penalties which have accrued thereon, a description of the unit against which the same has been assessed, and the name of the record or reputed recordowner thereof, and such Notice shall be signed by an officer of the Association; provided that upon the payment of said charges and assessments, interest, penalties and costs in connection with such Notice that has been so recorded, or other satisfaction thereof, the Association shall record a further notice stating the satisfaction and the release of the lien thereof.

J. Attachment of Lien. Immediately upon the recording of any Notice of Delinquency pursuant thereto, the amounts of the delinquency set forth therein and the interest, costs and penalties accrued and accruing thereon shall be and become a lien upon the unit or units described therein, which lien shall continue until the amount of such delinquency and the interest, costs and penalties accrued thereon has been fully paid or otherwise satisfied or the lien foreclosed as provided for herein.

K. Enforcement of Liens. Each lien established pursuant

to the provisions of this Declaration as hereinabove provided may be foreclosed as and in the same manner as is provided for the foreclosure of a mortgage upon real property by the laws of California at the date of the commencement of such foreclosure action. Such lien may, at the option of the Board, be enforced by sale by the Board acting on behalf of all of the owners (or the Board shall be permitted to appoint a duly authorized representative or trustee for such sale) after failure of the owner of the unit to discharge such delinquency and the interest, costs and penalties accrued thereon, such sale to be conducted in accordance with the provisions of Section 2924, 2924b and 2924c of the Civil Code of the State of California, or in such other manner permitted by law. In any action to foreclose any such lien or sell any unit or units pursuant to the power of sale herein given, the Association shall be entitled to such costs, including reasonable attorneys' fees, and such penalties for delinquent charges and assessments as shall have been established by the Board of the Association, or shall otherwise be allowable by law, or, if applicable, a court of competent jurisdiction.

L. Interest, Costs and Penalties. Interest shall accrue at the rate of ten (10%) percent per annum upon all unpaid charges or assessments from the time of delinquency. In any action to foreclose any such lien, the Association shall be entitled to costs, including reasonable attorneys' fees and such penalties for delinquent charges and assessments as shall be established by the Board of Association.

M. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI

PROCUREMENT OF INSURANCE

A. The Board of Directors, for the benefit of the individual Owner, shall procure:

(1) A policy or policies of fire insurance with extended coverage endorsement for the full insurable replacement value of the Units and Common Area, payable as provided in Article VIII herein, or such other fire and casualty insurance as the Board shall deter-

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mine gives substantially equal or greater protection to the Owners, and their mortgagees, as their respective interests may appear;

(2) A policy or policies insuring the Board and the Owners and/or Owners' Association against any liability to the public or to the Owners, their tenants and invitees, incident to the ownership and/or use of the project, and including the personal liability exposure of the Owners. Limits of liability under such insurance shall not be less than \$500,000.00 for any one (1) person injured, \$1,000,000.00 for any one accident, and \$50,000.00 for property damage. Such limits and coverage shall be reviewed at least annually by the Board, and increased at its discretion. Said policy or policies shall be issued on a comprehensive liability basis, and shall provide cross-liability endorsement where the rights of the named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

ARTICLE VII

DAMAGE AND DESTRUCTION

A. Application of Insurance Proceeds. If the project is damaged by fire or other casualty, and said damage is limited to a single Unit, all insurance proceeds shall be paid for the benefit of Owner or Owners, mortgagee or mortgagees of the Owner or Owners, as their respective interests may appear, and such Owner or Owners, mortgagee or mortgagees, shall use the same to rebuild or repair such Unit in accordance with the original plans and specifications thereof. If such damage extends to two or more Units:

(1) If the cost of rebuilding or repairing does not exceed the available insurance proceeds initially offered or paid by the insurer by five thousand and no/100 Dollars (\$5,000.00), such insurance proceeds shall be paid to the insurance trustee hereinafter designated. The board shall thereupon contract to repair or rebuild the damaged portions of all Units and the Common Area, in accordance with the original plans and specifications therefor, and the funds held in the insurance trust fund shall be used for this purpose. If the insurance proceeds are insufficient to pay all of

the costs of repairing or rebuilding, the Board shall levy a special assessment on all Owners in proportion to the interest of each Owner in the Common Area.

(2) If subparagraph (1) is inapplicable, then:

(a) All insurance proceeds shall be paid to _____, Insurance Trustee, or to such other trustee as may be designated by amendment hereof, to be held for the benefit of the Owners and their mortgagees as their respective interests may appear. The Board is authorized to enter on behalf of the Owners into such agreement, consistent with this Declaration, with such compensation as the Board may approve;

(b) The Board shall obtain firm bids (including the obligation to obtain a performance bond) from two or more responsible contractors to rebuild the project in accordance with its original plans and specifications, and shall, as soon as possible thereafter, call a special meeting of the voting Owners to consider such bids. If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain such bids, and call and conduct such meeting as herein provided (failure to call such meeting, or to repair such casualty damage, within twelve [12] months from the date such damage occurred shall be deemed for all purposes a decision not to rebuild said building). At such meeting, the Owners may by a majority vote elect to reject all of such bids and thus not to rebuild. Failure to reject all bids shall authorize the Board to accept the unrejected bid it considers most favorable;

(c) If a bid is to be accepted, the Board shall levy a special assessment, in proportion to the interest of each Owner in the Common Area, to make up any deficiency between the total insurance proceeds and the contract price for such repair or rebuilding, and such assessments and all insurance proceeds, whether or not subject to liens or mortgages, shall be paid to said insurance trustee to be used for such rebuilding. If any Owner shall fail to pay the special as-

assessment within thirty (30) days after the levy thereof, the Board shall make up the deficiency by payment from the maintenance fund. Upon payment, the Board shall let the contract to the successful bidder;

(d) Upon an election not to rebuild, the Board, as soon as reasonably possible and as agent for the Owners, shall sell the entire project, in its then condition, free from the effect of these Restrictions, which shall terminate upon such sale, on terms satisfactory to the Board. The net proceeds, and all funds held by said insurance trustee, shall thereupon be distributed to the Owners in proportion to the interest of each Owner in the Common Area, and to the mortgagees of the interest of the Owners, as their interests may appear;

(3) Within sixty (60) days after any such damage occurs, the Board, or if it does not, any Owner, the insurer, the insurance trustee, or any mortgagee of any Owner, shall record a sworn declaration stating that such damage has occurred, describing it, identifying the building suffering such damage, the name of any insurer against whom claim is made, and the name of any insurance trustee, reciting that the sworn declaration is recorded pursuant to this paragraph of these Restrictions, and that a copy of such sworn declaration has been served pursuant to the provisions of Article V hereof on the Owners;

(4) If the Owners decide not to rebuild, either by calling a meeting and rejecting all bids presented or by failing to call such a meeting and failing to repair such damage within twelve (12) months after the damage occurs, then the Owner, or the Board, or if they do not, any Owner or mortgagee of any Owner, shall record a sworn declaration setting forth such decision and reciting that under the provisions of these Restrictions the prohibition against judicial partition provided for in Paragraph 2 hereof has terminated and that judicial partition of the Project may be obtained pursuant to Section 752b (4) of the Code of Civil Procedure of the State of California. Upon final judgment of a court of competent jurisdiction

tion decreeing such partition, these Restrictions shall terminate.

The provisions of this Article cannot be amended without the consent in writing of the Owners of seventy-five per cent (75%) of the Common Area.

ARTICLE VIII

PARTY WALLS

A. General Rules of Law to Apply. Each wall which is built as part of the original construction of the homes upon properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article VIII the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

B. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners using the wall.

C. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who, by his negligent or willful act causes the party wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

D. Right of Contribution Runs With the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

E. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

F. For purposes of this Declaration, the term "party wall[s]" shall include fences.

ARTICLE IX

MORTGAGE PROTECTION

Notwithstanding all other provisions in this Decla-

ration, liens created hereunder upon any Unit shall be subject and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith and for value, provided, that after the foreclosure of any such mortgage there may be a lien created pursuant to Article V hereof on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an owner after the date of such foreclosure sale, which lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein. No amendment of this Article shall affect the rights of the holder of any such mortgage recorded prior to the recordation of such amendment who does not join in the execution thereof.

ARTICLE X

GENERAL PROVISIONS

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

B. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

C. Amendment. This Declaration may be amended by an instrument signed by the Owners of not less than a majority of the Units. Any amendment must be recorded.

ARTICLE XI

ENTRY FOR REPAIRS

The Board or its agents may enter into or upon any Unit when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible. Such entry

shall be made with as little inconvenience to the Owners as is practicable, and any damage caused thereby shall be repaired by the Board at the expense of the maintenance fund.

ARTICLE XII

Each Owner shall own a twenty-five per cent (25%) undivided interest as a tenant-in-common on the Common area herein.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have hereunto set their hands this 17th da of February, 1976.

Albert Tucker
ALBERT TUCKER

Margaret Tucker
MARGARET TUCKER

STATE OF CALIFORNIA

COUNTY OF Monterey

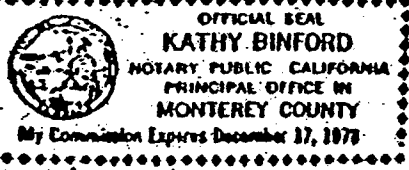
ON February 17, 1976
before me, the undersigned a Notary Public in and for said State, personally appeared
Albert Tucker, Margaret Tucker

known to me,
to be the persons whose names are subscribed to the within instrument,
and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

Kathy Binford
Notary Public in and for said State.

END OF DOCUMENT



LAS VILLAS NOGALES, HOME OWNER'S ASSOCIATION

ERIC L. MARSH
 SECRETARY/TREASURER
 623 LIGHTHOUSE AVENUE
 PACIFIC GROVE CA. 93950
 PHONE: (831) 655-4708
 FAX: (831) 658-0151
 Eric.Marsh@AOL.COM

July 1, 2004

Re: Minutes June 30th, 2004 Annual Meeting:

Meeting began at 7:00 pm at 137-1 CVR and all were either in attendance or arrived shortly there after.

Eric Marsh, Owner of unit 137-1 CVR.

David Wescott and Agneta Lenberg, Owners of unit 137-2 CVR.

Laura Zehm and Paula Black, Owners of unit 137-3 CVR.

Alfred Wardle, Owner of unit 137-4 CVR.

1. It was agreed that Eric Marsh would assume the position of Secretary/Treasurer and all the responsibilities included—Creating Annual Reports, Financial Statements and handling bills.

1-A. It was agreed that Alfie would investigate the septic and what we need to do to make it run well then add the right stuff. (No dead animals ;O) Then we would check it next March when we pump.

2. It was agreed that Insurance would be allocated by the square footage of the residential portions of the units only, not considering decks, carports or sheds. Those square footages are as follows:

Unit #1	1,450 Sq Ft.	
Unit #2	2,800 Sq Ft.	(David will verify exact amount)
Unit #3	1,600 Sq Ft.	
Unit #4	1,450 Sq Ft.	

3. New annual billings will be issued once we have David's square footage. Dues already paid by units #1 & 2 will be adjusted accordingly. Agneta also indicated that she would turn over the books and bank records once she had a chance to go through them on Saturday.

4. We agreed that Eric would investigate the cost for acquiring 2.2 million dollars overall fire insurance coverage and ask questions regarding "replacement value" as it relates to the cost to rebuild with redwood and the meaning of "Agreed upon Value" in the insurance declaration page, and the change in coverage for a tennis court with other uses such as skate boarding.

5. It was agreed that the Eric will check on the assessor parcel numbers, tax bill and whether or not property taxes are paid on the common area under one number or two.

(EXHIBIT #3-LVN)

6. It was also discussed that we should explore the possibility of either selling or improving the vacant parcel the HOA owns next to and partially under the tennis court. The Secretary will also calculate the water credits that might be available through conservation in the four current homes.

Current fixtures are:	Unit #1.	2 Low flow toilets, 2 Lavatory sinks, 2 Tubs w/Shower over, 1 Kitchen sink, 1 high flow Washing machine and dishwasher. No recirculating hot water.
	Unit #2	3 High flow toilets, 3 Lavatory sinks, 1 Tub w/Shower over and 2 Showers, 2 Kitchen sinks, 1 High flow dishwasher and washing machine. No recirculating hot water.
	Unit #3	2 Low flow toilets, 2 Lavatory sinks, 2 Tubs w/Shower over, 1 Kitchen sink, 1 high flow Washing machine and dishwasher. No recirculating hot water.
	Unit #4	2 Low flow toilets, 2 Lavatory sinks, 1 Tub w/2 Shower heads and 1 tub w/shower over, 1 Kitchen sink, 1 high flow Washing machine and dishwasher. No recirculating hot water.

7. It was agreed that Alfie would handle reducing the size of the circle in the middle of the drive and we would pay for the labor and materials out of the general fund.

8. It was also agreed that Eric would send a letter to the neighbor permitting them to mow and access the grass area between their property and the tennis court, but that permission may be revoked at any time in order to prevent the creation of a prescriptive easement on that property.

9. It was further discussed and agreed that David would have Jonathon keep the tennis court from looking messy by moving his skate boarding apparatus to the side of the tennis court when he's finished skating.

10. It was agreed that Eric would order two restrictive parking signs for the tennis court.

Meeting was adjourned about 9:30 pm.

Note: Annual Financial Statements will be forth coming once Agneta has a chance to make the transition to Eric and we can approve those by letter and arrange to meet again if necessary.

Please notify me regarding any errors or omissions in these minutes and unless I receive any notes and re-issue, we should assume these minutes correctly reflect our annual meeting.

PLEASE EMAIL ME YOUR EMAIL ADDRESS' to: erichmarsh@aol.com This might provide a quicker and more efficient way for us to communicate to everyone all at once. Also mention Las Villas Nogales HOA in the subject line of your mail so I don't delete it as junk mail. Thanks.

LAS VILLAS NOGALES, HOME OWNER'S ASSOCIATION

ERIC L. MARSH
SECRETARY/TREASURER
623 LIGHTHOUSE AVENUE
PACIFIC GROVE CA. 93950
PHONE: (831) 655-4708
FAX: (831) 658-0151
EricLMarsh@AOL.COM

July 5, 2004

To: First National Bank, Acc. No. 0000004-4003184;
Sequoia Insurance Company, No. BOP 100371-4;
Aon Risk Services, Inc. 20 E. Alisal St. #205 Salinas Ca. 93901;
Monterey County Tax Collector's office, AP No. 189-542-003 & 189-542-013;

Re: Change in Secretary/Treasurer for Las Villas Nogales Home Owner's Association from Agneta Lenberg to Eric Marsh;

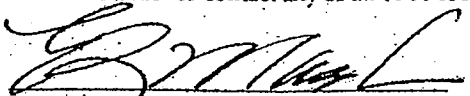
Please be advised that Eric Marsh has now replaced Agneta Lenberg as the Secretary/Treasurer for our homeowner's association as of July 1st 2004:

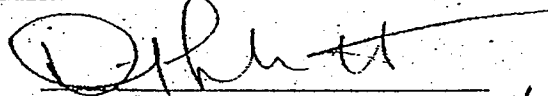
Please allow Eric Marsh to communicate and do all normal business with your organization regarding our association and in regards to the above accounts, insurance policies and tax parcels.

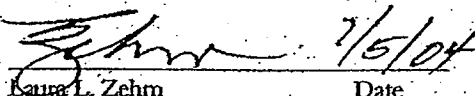
Please remove Agneta Lenberg's name as your contact person, mailing address and/or signer on or for all of the above policies and accounts.

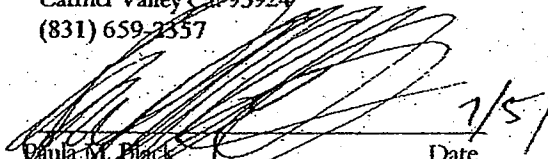
Further, please allow Eric Marsh to change over signature cards, mailing address and negotiate any terms and conditions associated with the above policies and accounts.

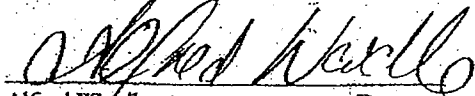
We the owners of Las Villas Nogales HOA, hereby acknowledge and approve the above as evidenced by our signatures below. Feel free to contact any or all of us for confirmation:

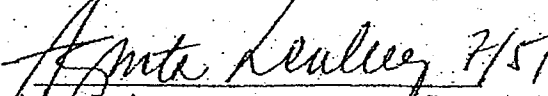

Eric L. Marsh, Secretary/Treasurer Date 7/5/04
137-1 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 655-4708


David Wescott, Date 7/5/04
137-2 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 659-2357


Kara L. Zehm Date 7/5/04
137-3 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 655-4708 659-0417


Paula M. Black Date 7/5/04
137-3 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 659-2357 659-0417


Alfred Waddle Date 7/5/04
137-4 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 238-2488


Agneta Lenberg Date 7/5/04
137-2 Carmel Valley Road
Carmel Valley Ca. 93924
(831) 521-4370

**PLEASE SIGN
AND RETURN**

AON

RECEIVED

FEB 22 2005

MPWMD

April 23, 2004

Las Villas Nogales Homeowners
137 E. Carmel Valley Road #2
Carmel Valley, CA 93924

RE: Commercial Package Policy

Enclosed please find the Commercial Package renewal policy issued with Sequoia Insurance Company effective May 18, 2004/05. Estimated annual premium is \$3,464.00 and you will be billed directly from Sequoia Insurance Company.

A brief summary of coverage is as follows:

Property

- ✓ Blanket Buildings - \$1,591,815
- Blanket Contents - \$10,000

Special Form - Replacement Cost - \$1,000 Deductible

Liability

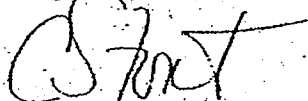
- \$1,000,000 Each Occurrence
- \$2,000,000 General Aggregate

Non Owned & Hired Automobile - Included in Occurrence Limit

Please review the policy carefully and should you have any questions, do not hesitate to call.

Thank you for your continued business.

Regards,



Cyndi Stout
Select Accounts

(EXHIBIT #4-LVN)

SEQUOIA INSURANCE COMPANY

Page 1
New Policy

COMMERCIAL LINES POLICY ORIGINAL

CMP117038-1
Decl. 001

Policy Period: Policy effective 05/18/2004 to 05/18/2005.
Dates begin at 12:01 A.M. at the insured's mailing address.

***** COMMON POLICY DECLARATIONS *****

INSURED

Agent

✓ Las Villas Nogales Homeowners
137 E. Carmel Valley Road #2
Carmel Valley, CA 93924

Aon Risk Services, Inc.
20 East Alisal Street, Suite #205
P.O. Box 2175
Salinas, CA 93901

Form of Business: Association

In return for the payment of the premium, and subject to all the terms of this policy, we agree to provide the insurance stated in this policy. This policy consists of the following coverage parts for which a premium charge is indicated. This premium may be subject to audit adjustment.

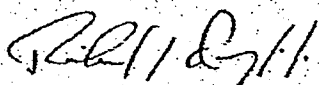
Commercial Property Coverage Part	3,169.00
Commercial General Liability Part	139.00
Commercial Crime Coverage Part	156.00
Commercial Inland Marine Coverage Part	NOT COVERED
Commercial Garage Coverage Part	NOT COVERED
Commercial Business Auto Coverage Part	NOT COVERED
Sub-total	3,464.00
CIGA Surcharge	0.00
Total	3,464.00

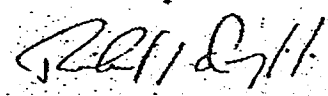
Countersigned: 
Authorized Representative

These declarations together with the common policy conditions, common policy forms, coverage part declarations, coverage part forms and endorsements, if any, issued to form a part thereof, complete the above numbered policy.

Renewal of: BOP1003718
Issue Date: 04/06/2004
Payment Plan: Direct Bill
50% Down + 50% In 5
Months

49130 Aon Risk Services, Inc.
20 East Alisal Street, Suite #205
P.O. Box 2175
Salinas, CA 93901
Phone #: 831/422-9831







MONTEREY COUNTY PROPERTY TAX BILL AND INFORMATION STATEMENT
 LOUIS G. SOLTON TREASURER - TAX COLLECTOR

RECEIVED
 FEB 22 2005 7:58:17AM

SECURED TAX ROLL FOR FISCAL YEAR BEGINNING JULY 1, 2004 AND ENDING JUNE 30, 2005
 P. O. BOX 891, SALINAS, CA 93902-0891 (831) 755-5057 SALINAS (831) 647-7857 MONTEREY (831) 385-8357
 Internet Home Page: www.co.monterey.ca.us/taxcollector/ E-Mail: taxcollector@co.monterey.ca.us

PROPERTY INFORMATION		IMPORTANT MESSAGE/D
ASMT NUMBER: 88-842-003-000	TAX RATE AREA: 060-012	Original bill date 09/18/2004 2004-2005
FEE NUMBER: 88-842-003-000	ACRES:	
LOCATION:		
ASSESSED OWNER: LAS VILLAS NOGALES HOMEOWNERS ASSOCIATION		
939249652373		
LAS VILLAS NOGALES HOMEOWNERS ASSOCIATION %ERIC L MARSH-SECRETARY/TREASURER 623 LIGHTHOUSE AVE (REAR) PACIFIC GROVE CA 93950		

COUNTY VALUES, EXEMPTIONS AND TAXES

PHONE #S	VALUE DESCRIPTION	ASSESSED VALUES	X	TAX RATE /100	=	COUNTY TAXES
VALUATIONS (831) 755-8035	LAND	31,233				
TAX RATES (831) 755-5046						
EXEMPTIONS (831) 755-5035						
PAYMENTS (831) 755-8057						
PERS PROP (831) 755-5035						
ADDR CHGS (831) 755-5035						
GENERAL INQ (831) 755-5057						

NET TAXABLE VALUE 31,233 1.000000 312.32

VOTER APPROVED TAXES, TAXING AGENCY DIRECT CHARGES AND SPECIAL ASSESSMENTS

PHONE #S	CODE	DESCRIPTION	ASSESSED VALUES	X	TAX RATE /100	=	AGENCY TAXES
(831) 824-1546	10900	Carmel Unified Series 2000 & 2002	31,233		.012630		3.94
(831) 846-4000	12100	Monterey Pen Coll Ser A	31,233		.020620		6.44
PHONE #S	CODE	DESCRIPTION	DIR CHRG	PHONE #S	CODE	DESCRIPTION	DIR CHRG
(831) 624-5907	82001	Carmel Valley Fire Dis	37.50	(831) 659-2156	84050	CarmelValleyRec&Park	6.00
				(831) 755-5013	93500	CSA74 EMSAmbCourt	6.00

TOTAL AGENCY TAXES AND DIRECT CHARGES 59.88

1ST INSTALLMENT \$186.10 DELINQUENT AFTER 12/10/2004	2ND INSTALLMENT \$186.10 DELINQUENT AFTER 04/11/2005	TOTAL TAXES \$372.20
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(EXHIBIT 5-LVN)

RECEIVED

Form 1120-H

U.S. Income Tax Return for Homeowners Associations

FEB 22 2005

OMB No. 1545-0127

2003

Department of the Treasury Internal Revenue Service

For calendar year 2003 or tax year beginning January 1, 2003, and ending December 31, 2003

Name: LAS VILLAS NOGALES HOMEOWNERS ASSOCIATION
Employer identification number (see page 4): 77-0429935
Date association formed: 02/23/76

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

Table with 2 columns: Description (A-E) and Amount. A: Check type of homeowners association. B: Total exempt function income: 6,145.00. C: Total expenditures made for purposes described in 90% expenditure test: 4,893.00. D: Association's total expenditures for the tax year: 5,718.00. E: Tax-exempt interest received or accrued during the tax year.

Gross Income (excluding exempt function income)

Table with 2 columns: Description (1-8) and Amount. 1: Dividends. 2: Taxable interest. 3: Gross rents. 4: Gross royalties. 5: Capital gain net income. 6: Net gain or (loss) from Form 4797. 7: Other income. 8: Gross income (excluding exempt function income).

Deductions (directly connected to the production of gross income, excluding exempt function income)

Table with 2 columns: Description (9-18) and Amount. 9: Salaries and wages. 10: Repairs and maintenance. 11: Rents. 12: Taxes and licenses. 13: Interest: 825.00. 14: Depreciation. 15: Other deductions. 16: Total deductions: 825.00. 17: Taxable income before specific deduction of \$100: 0.00. 18: Specific deduction of \$100: \$100.00.

Tax and Payments

Table with 2 columns: Description (19-26) and Amount. 19: Taxable income: 0.00. 20: Enter 30% of line 19: 0.00. 21: Tax credits. 22: Total tax. 23: Payments (a-g). 23g: Tax due: 0.00. 24: Overpayment. 25: Enter amount of line 25 you want credited to 2004 estimated tax. 26: Refunded.

Sign Here: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Preparer's signature: Donna R. Mendenhall, CPA, Date: 12/9/2004, Title: CPA, Preparer's SSN or PTIN: P00093229, EIN: 77-0236471, Phone no.: (831) 659-3144.

YEAR:

California Exempt Organization Annual Information Return

FORM

199

For calendar or fiscal year beginning month Jan day 1 year 2003, and ending month Dec day 31 year 2003

California corporation number 9504251 Federal employer identification number 77-0429935

Corporation/Organization name LAS VILLAS NOGALES HOMEOWNERS ASSOCIATION

Address C/O 623 LIGHTHOUSE AVE. City PACIFIC GROVE CA State 93950

A. Final return? Yes. Check applicable box. No
 Dissolved Withdrawn Merged/Reorganized (attach explanation)
 If a box is checked, enter date: _____

B. Check forms filed this year: State: 109 100 100S 100W
 Federal: 990 990EZ 990T 990PF 1041 1120H 1120
 If organization is exempt under R&TC Section 23701d and is a school, public charity, religious organization, or is controlled by a religious operation, check box. See General Instruction F. No filing fee is required.

D. Is this a group filing? See General Instruction N Yes No

E. Accounting method used Cash

F. Type of organization: Exempt under Section 23701 (insert letter) IRC Section 4947(a)(1) trust

Part I Complete Part I unless not required to file this form. See General Instructions B and C.

Receipts and Revenues <small>(Attach check or money order here.)</small>	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1		
	2	Gross dues and assessments from members and affiliates	2	6,145	00
	3	Gross contributions, gifts, grants, and similar amounts received. See instructions	3		
	4	Total gross receipts for filing requirement test. Add line 1 through line 3 This line must be completed. If the result is less than \$25,000, see General Instruction C	4	6,145	00
	5	Cost of goods sold	5		
	6	Cost or other basis, and sales expenses of assets sold	6		
	7	Total costs. Add line 5 and line 6	7		
	8	Total gross income. Subtract line 7 from line 4	8	6,145	00
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	5,718	00
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	427	00
Filing Fee	11	Filing fee \$10 or \$25. See General Instruction F	11	25	
	12	Penalty for failure to file on time. See General Instruction L	12		
	13	Use tax. See instructions	13		
	14	Balance due. Add line 11, line 12, and line 13	14	25	00

15. If exempt under R&TC Section 23701d, has the organization during the year: (1) participated in any political campaign or (2) attempted to influence legislation or any ballot measure, or (3) made an election under R&TC Section 23704.5 (relating to lobbying by public charities)? If "Yes," complete and attach form FTB 3509, Political or Legislative Activities by Section 23701d Organizations Yes No
16. Did the organization have any changes in its activities, governing instrument, articles of incorporation, or bylaws that have not been reported to the Franchise Tax Board? If "Yes," complete an explanation and attach copies of revised documents Yes No
17. Is the organization exempt under R&TC Section 23701g? Yes No
 If "Yes," enter amount of gross receipts from nonmember sources \$ _____
18. Did the organization file Form 100, Form 100S, 100W, or Form 109 to report taxable income? Yes No
 If "Yes," enter amount of total income reported \$ _____

19. The financial records are in care of Eric Marsh Daytime telephone (831) 655-4708
 located at 623 Lighthouse Ave. Pacific Grove, CA 93950

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

COPY

Signature of officer _____ Date _____ Title _____ Daytime telephone (831) 655-4708

Paid Preparer's Use Only

Paid Preparer's Signature Donna R. Mendenhall, CPA Date 12/9/04 Check if self-employed Paid preparer's SSN or PTIN P00093229

Firm's name (or yours, if self-employed) and address Donna R. Mendenhall, CPA FEIN 77-0236471
PO Box 807 Daytime telephone (831) 659-3144
Carmel Valley, CA 93924

**Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts—
complete Part II or furnish substitute information. See Specific Line Instructions.**

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	1		
	2	Interest	2		
	3	Dividends	3		
	4	Gross rents	4		
	5	Gross royalties	5		
	6	Gross amount received from sale of assets	6		
	7	Other income. Attach schedule	7		
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	8		
Expenses and Disbursements	9	Contributions, gifts, grants, and similar amounts paid. Attach schedule	9		
	10	Disbursements to or for members	10		
	11	Compensation of officers, directors, and trustees. Attach schedule	11	4,893	00
	12	Other salaries and wages	12		
	13	Interest	13		
	14	Taxes	14		
	15	Rents	15	825	00
	16	Depreciation and depletion	16		
	17	Other. Attach schedule	17		
	18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	5,718	00

Schedule L Balance Sheets Beginning of taxable year End of taxable year

	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2 Net accounts receivable				
3 Net notes receivable. Attach schedule				
4 Inventories				
5 Federal and state government obligations				
6 Investments in other bonds. Attach schedule				
7 Investments in stock. Attach schedule				
8 Mortgage loans (number of loans _____)				
9 Other investments. Attach schedule				
10 a Depreciable assets				
b Less accumulated depreciation				
11 Land				
12 Other assets. Attach schedule				
13 Total assets				
Liabilities and net worth				
14 Accounts payable				
15 Contributions, gifts, or grants payable				
16 Bonds and notes payable. Attach schedule				
17 Mortgages payable				
18 Other liabilities. Attach schedule				
19 Capital stock or principle fund				
20 Paid-in or capital surplus. Attach reconciliation				
21 Retained earnings or income fund				
22 Total liabilities and net worth				

Schedule M-1 Reconciliation of income per books with income per return

Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000

1 Net income per books		7 Income recorded on books this year not included in this return. Attach schedule	
2 Federal income tax		8 Deductions in this return not charged against book income this year. Attach schedule	
3 Excess of capital losses over capital gains		9 Total. Add line 7 and line 8	
4 Income not recorded on books this year. Attach schedule		10 Net income per return. Subtract line 9 from line 6	
5 Expenses recorded on books this year not deducted in this return. Attach schedule			
6 Total. Add line 1 through line 5			

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EXHIBIT 10-LVN

DRAFT

MPWMD

FINDINGS OF APPROVAL

CONSIDER APPEAL BY LAS VILLAS NOGALES HOME OWNER'S ASSOCIATION
OF APPLICANT'S REQUEST FOR WATER USE CREDITS ON ADJACENT PROPERTY.

February 24, 2005

It is hereby found and determined as follows:

1. FINDINGS: Las Villas Nogales Home Owner's Association (LVNHOA) is appealing a staff determination that Water Use Credits originating from Parcels 9, 10, 11, 12, and 13 (APN's 189-542-009, 010, 011, 012, 013) are available for use on Parcel 3 (APN 189-542-003).

EVIDENCE: Application for Appeal attached as Exhibit 10-A in the December 13, 2004 Board Packet.

2. FINDING: A Water Use Credit allows reuse of water savings on the same site.

EVIDENCE: District Rule 25.5 (Exhibit 10-C) in the December 13, 2004 Board Packet.

3. FINDING: The Board made the determination that Water Use Credits from Parcels 9, 10, 11, 12 and 13 can be used on Parcel 3 based on the District's definition of the term Site (Exhibit 10-B) in the December 13, 2004 Board Packet.

EVIDENCE: District Rule 11 which states:

SITE - shall mean any unit of land which qualifies as a parcel or lot under the Subdivision Map Act, and shall include all units of land: (1) which are contiguous to any other parcel (or are separated only by a road or easement), and (2) for which there is unity of ownership, and (3) which have an identical present use. The term "Site" shall be given the same meaning as the term "Parcel".

4. FINDING: There is a legal unity of ownership among the six parcels, in that Las Villas Nogales a Planned Unit Development, was established through a legal Declaration of Covenants, Conditions and Restrictions; and, a legal subdivision under the Subdivision Map Act, which includes the five parcels 9, 10, 11, 12, and 13; and, also Parcel 3, which is also

owned in common by LVNHOA, and is contiguous to the original five parcels.

EVIDENCE: A copy of the original Parcel Map dividing a portion of the Rancho Laureles, Monterey Ca. recorded February 4th 1976 with the Office of the County Recorder's for Monterey in VOL. 9 PAR. MAPS PG. 181 (Exhibit #2-LVN).

EVIDENCE: Declaration of Covenants, Conditions and Restrictions For Las Villas Nogales, A Planned Unit Development, recorded in the Offices of Recorder County of Monterey, California Feb. 23, 1976. (Exhibit #1-LVN).

5. FINDING: The public hearing on this appeal was opened and closed at the December 13, 2004 Board Meeting.

EVIDENCE: Minutes of the December 13, 2004 Board meeting available at the District office.

6. FINDING: This item was continued to allow the applicant to submit copies of its Covenants, Conditions and Restrictions (CC&R's) at the Board's request.

EVIDENCE: Minutes and proceedings of the December 13, 2004 Board meeting.

7. FINDING: The applicant does meet the letter, purpose and intent of District's Rule 25.5 to provide water use credit for new development through the permanent abandonment of some or all of the existing water use on this site. Finalization of all the customary forms and agreements associated with implementation and verifications are to follow.

37
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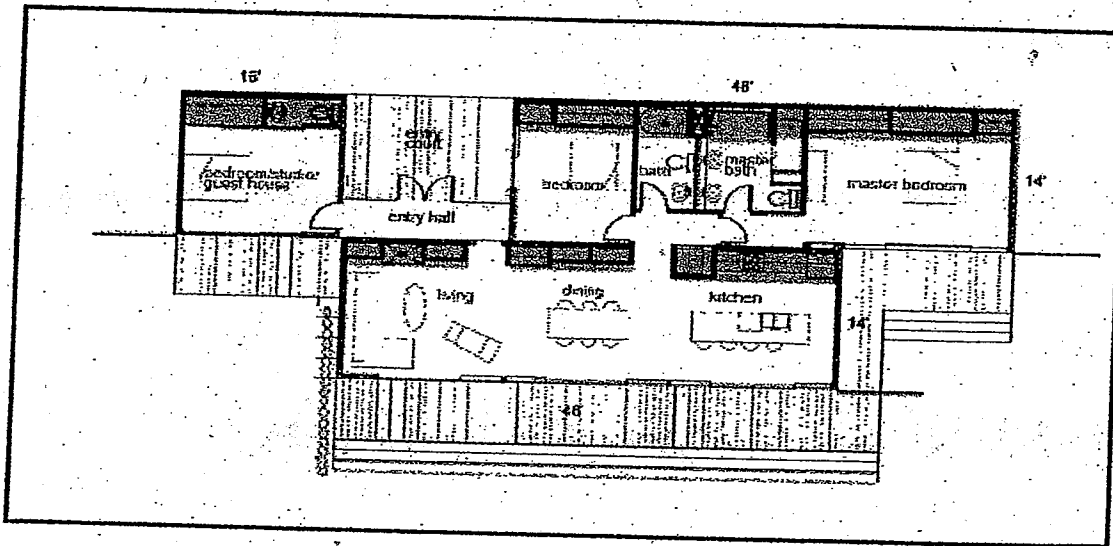
FEB 22 2005

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Other Glidehouse Floor Plans

In addition to the five standard Glidehouse™ modular home floor plans, Michelle Kaufmann Designs has developed several other floor plans. These Glidehouses can be built with little additional product cost. We can also combine elements of these floor plans with the Standard floor plans. Finally, Michelle Kaufmann Designs can create any custom floor plan for you.

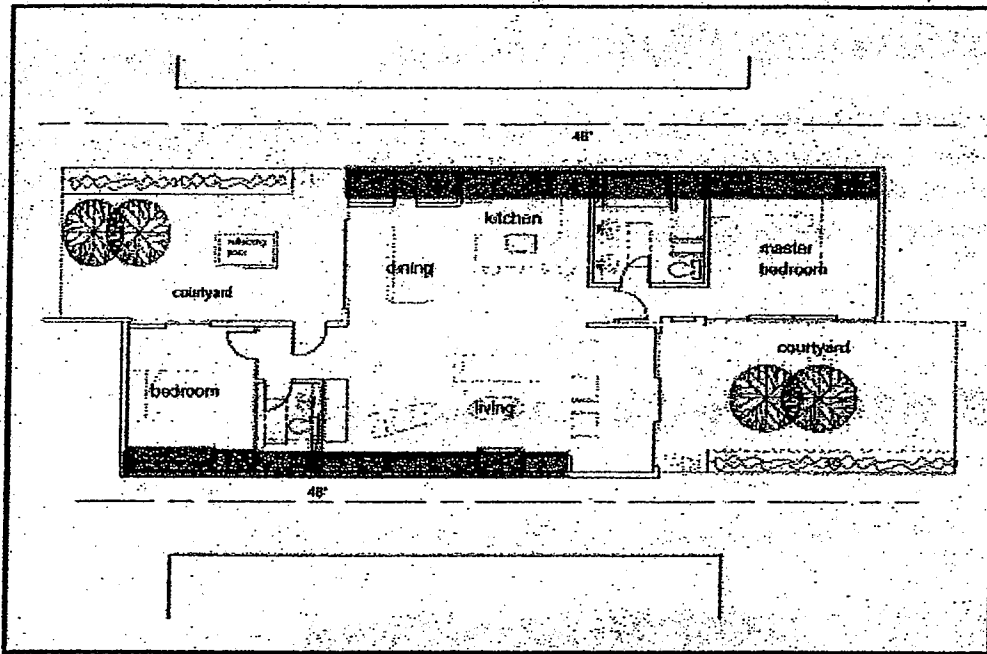
3-Bedroom with Views (Attached)



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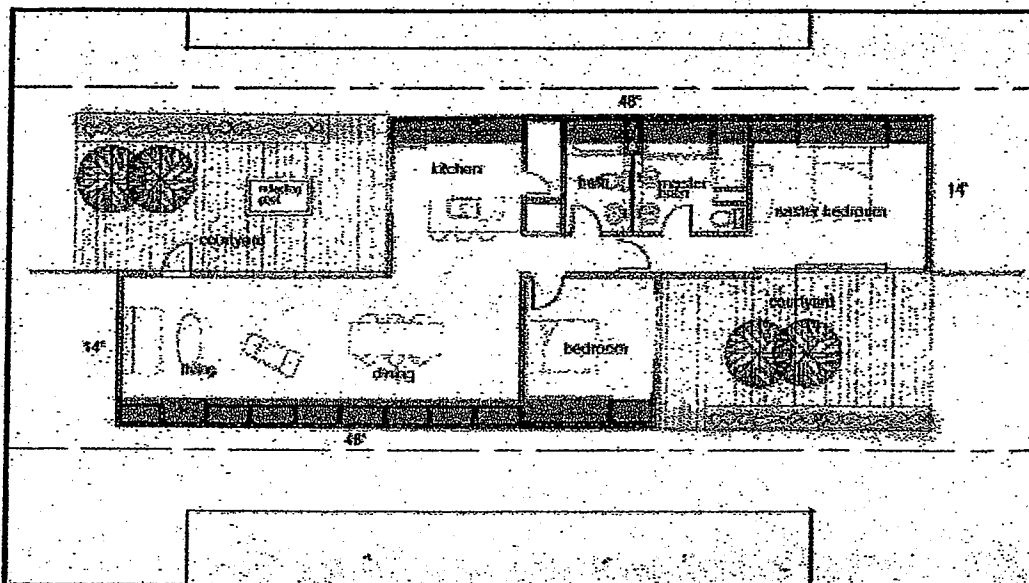
2-Bedroom with Views (Courtyard)

POSSIBLE STRUCTURES:
(EXHIBIT II-LVN.)



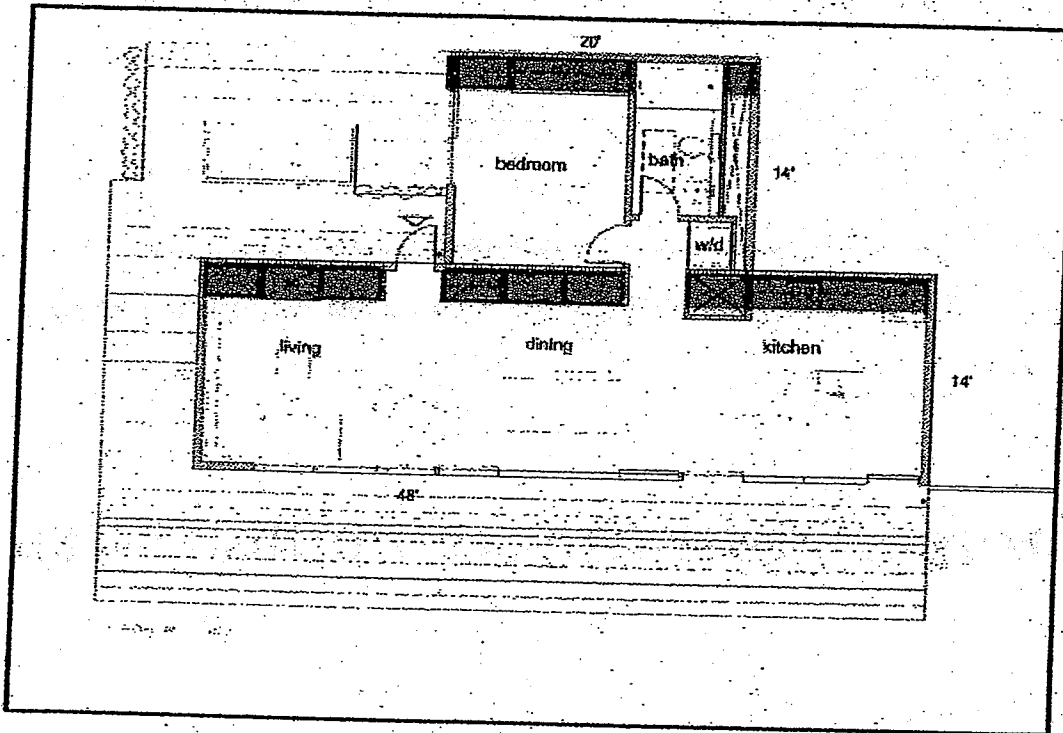
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2-Bedroom with Neighbors (L-Shape)



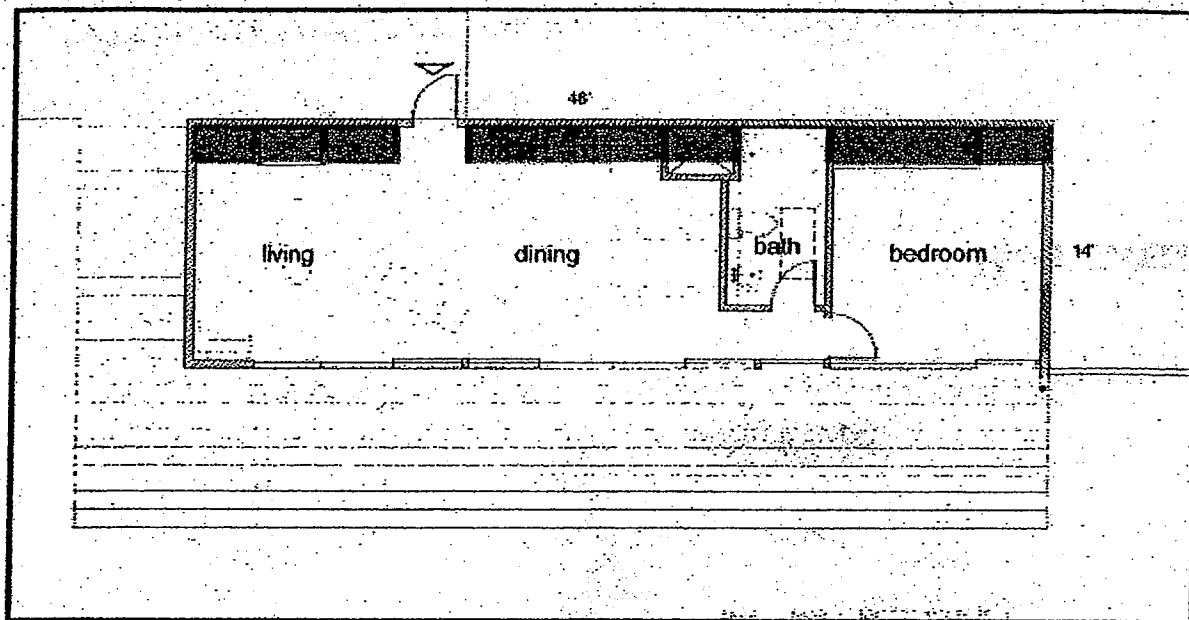
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1-Bedroom



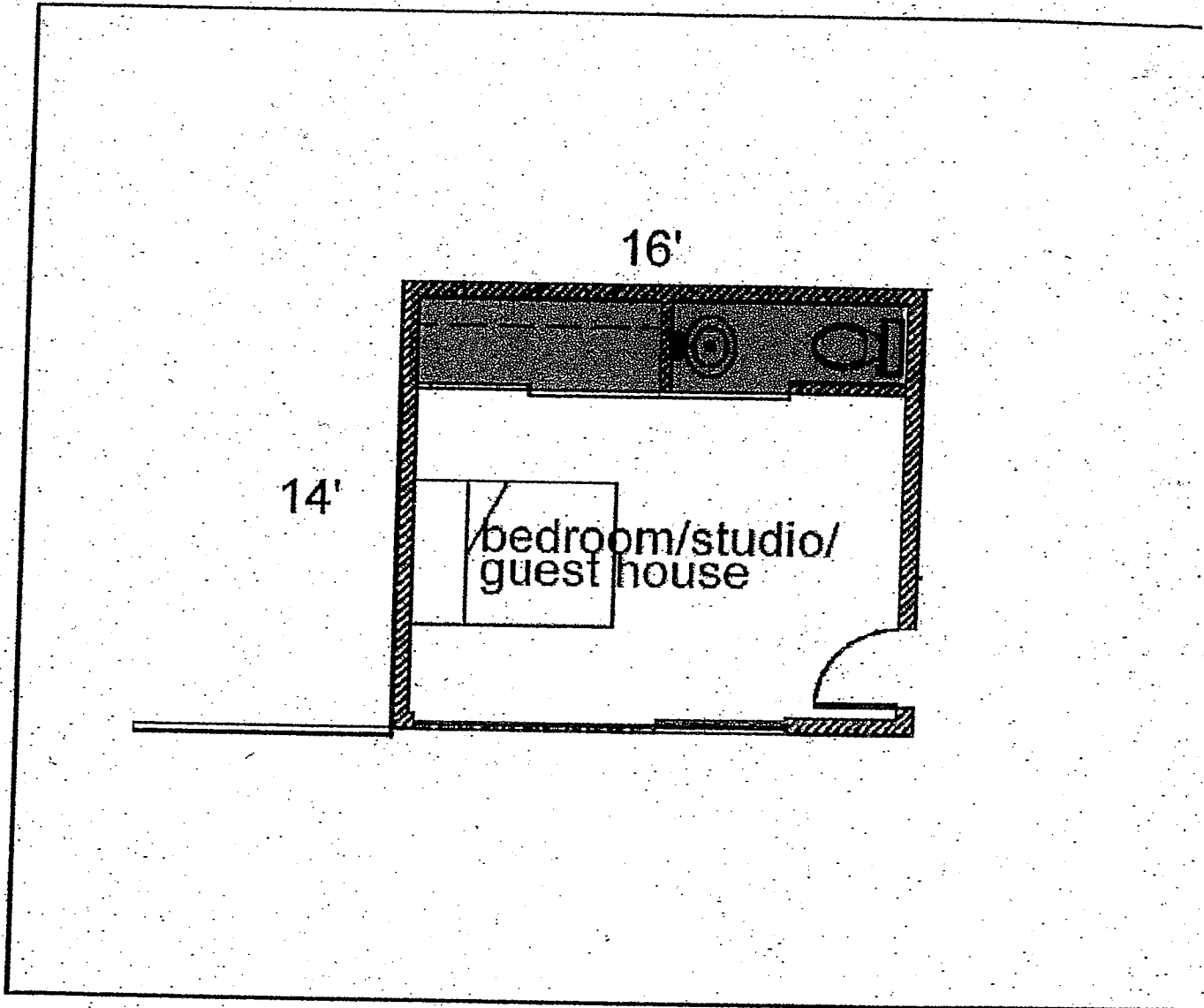
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1-Bedroom Cottage



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Extra Bedroom/Guest House/Studio/Office



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fraduda@hotmail.com

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FEB 22 2005

MPWMD

Mr. David Berger
cc:Mr. Louis Calcagno
Cc: Mr. Dave Potter
Cc: Mr. Curtis Weeks
Monterey Co.

Dear Mr. Berger,

I don't know why I give a return address because you have never acknowledged my letters in the past. I am writing to you about water.

When I see the thousands of acre feet of fresh water flowing unobstructed to the ocean down the Carmel River. I think that you and Mr. Weeks are insane; or that you have some how sold out to the corporate construction interests and the energy suppliers. Desalination can be a good solution for Saudi Arabia where energy is abundant and no other source of water is available. But for us who pay excessively high prices for energy (sometimes because no body is paying sufficient attention to the purchasing contracts that are entered into) desalination is a costly and ever more costly proposal that should be left for the "last ditch".

Somebody at the State level is complaining about taking too much water out of the Carmel River; who ever that is can be dissuaded. Rules can be changed in the face of commonsense and community need. You probably don't need any kind of approval to repair the Carmel River dam. My proposal is to build a new dam a short distance in front of the present dam and then to use conveyer belts to lift all the silt from the present reservoir and dump it between the old and new dam. No trucking needed! And once again the reservoir will hold a respectable supply of water. And plans need to be put in to place to dredge out the new silt every 2 years.

And to keep the entire Carmel river basin recharged; a number of rubber dams should be erected so that 5 feet of water could be maintained along the length of the river far longer into the dry season than is presently possible. Those rubber dams would be lowered in the rainy season each year to naturally wash out the collected silt & raised to capture the water that would provide recreational and aquifer advantages to the whole community.

Such thinking takes a wonderful resource {water} and preserves it for the common good. Where as another ugly plant that consumes large amounts of expensive energy necessitating higher price water and a "cash cow" serves the moneyed interests.

Now where do you stand? With the common good or with the "moneyed interests"?

Sincerely

Francis Duda



LAW OFFICES OF
MICHAEL W. STAMP

479 Pacific Street, Suite 1
Monterey, California 93940

Telephone
(831) 373-1214

Facsimile
(831) 373-0242

February 24, 2005

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FEB 24 2005

MPWMD

Via Facsimile
Board of Directors
Monterey Peninsula Water Management District
P.O. Box 85
Monterey, CA 93942

Re: APPLICATION TO COMBINE CAÑADA WOODS AND MONTERRA RANCH
WATER DISTRIBUTION SYSTEMS (Tehama/Monterra) -- CEQA compliance

Dear Members of the Board of Directors:

My client The Open Monterey Project strongly objects to the approval of Item 13 on your agenda for tonight's meeting.

The staff report claims that CEQA compliance has been achieved through EIRs certified by Monterey County in the 1980s and 1990s, with the latest in 1996. However, the merging of the Canada Woods water system and Monterra Ranch water system -- in their current configuration, demand, and supply -- was not evaluated in those EIRs. Accordingly, you cannot rely on those prior EIRs. The application is clearly a project, and must have separate and independent environmental evaluation under CEQA, including the proper evaluation of the cumulative impacts and precedent-setting nature of the merger.

There are serious questions as to the source of water supply for each system, whether water is being exported from the Carmel River aquifer, and the fact that system pipes were not inspected (by the Water District or by the County) while they were being put in. Additionally, it appears that the systems' water actual demand to date is far higher than projected and inconsistent with the projects' total number of connections and water demand. The average consumption of occupied units is significantly higher than estimated in earlier documents. Please make sure that you have all approved as-built plans, water calculations, water demand figures, and related data before you take any action.

We ask that you have all this information and consider this project under CEQA before you take any action on this item. We further ask that the District require detailed reporting of all aspects of the proposed combined system, to ensure accountability. Please keep us advised as to any action taken by you on this application. Thank you.

Very truly yours,

Michael W. Stamp