

AMENDED DECLARATION OF RESTRICTIONS

OF

SIERRA RANCHOS ESTATES

This AMENDED DECLARATION, made on the date hereinafter set forth, by NILREMOT INC., hereinafter called "Declarants."

W I T N E S S E T H

WHEREAS, Declarants are the developers of that certain real property located in the County of Douglas, State of Nevada, commonly known as Sierra Ranchos Estates as described more particularly in the map thereof filed in the office of the County Recorder of Douglas County, State of Nevada, on the 23rd day of August, 1978, and

WHEREAS, on the 1st day of November, 1978, at the hour of 10:55 a.m., Declarants recorded with the office of the County Recorder of Douglas County, State of Nevada, as instrument No. 26915 in Book 1178 page 057 through and including page 063, a Declaration of Restrictions pertaining to the above-referenced property, and

WHEREAS, the Declarants at the date of the execution of this AMENDED DECLARATION own SEVENTY-FIVE (75%) percent of the lots embraced within the boundaries of Sierra Ranchos Estates, according to the map hereof filed in the office of the County Recorder of Douglas County, State of Nevada, on the 23rd day of August, 1978, and desires by this AMENDED DECLARATION to have it supercede the

original Declaration recorded November 1, 1978, at the book and pages indicated above.

WHEREAS, said Declarants as owners and developers of SIERRA RANCHO ESTATES, hereinbefore described, intend to sell and convey the remaining SEVENTY-FIVE (75%) percent of the lots presently owned by Declarants and before doing so, desire to impose upon said SEVENTY-FIVE (75%) percent of the lots owned by Declarants and the unowned TWENTY-FIVE (25%) percent of the previously sold lots situated in SIERRA RANCHOS ESTATES mutual and beneficial restrictions, covenants, equitable servitudes and charges under a general plan or scheme of improvement for the benefit of all of the lots therein, and the owners and future owners thereof.

NOW, THEREFORE, Declarant declares that all of the lots in SIERRA RANCHO ESTATES are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, and improved, subject to the provisions of this Declaration, all of which are declared and agreed to be in furtherance of a plan for the development, improvement and sale of said lots and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness thereof. The provisions of this Declaration are intended to create mutual equitable servitudes upon each of said lots in favor of each and all other lots; to create reciprocal rights between the respective owners of all such lots; to create a privity of contract and estate between the owners and/or grantees of such lots, their heirs, successors and assigns; and shall, as to the owner of each such lot, his heirs, successors or assigns, operate as covenants running with

the land for the benefit of each and all other such lots in SIERRA RANCHO ESTATES and their respective owners, present and future. These conditions, restrictions and covenants shall bind the Declarants, the owners, and/or grantees of Declarants or owners, and the heirs, executors, administrators, and all future assigns, of Declarants, owners or grantees for and during the period ending January 1, 2000, after which this Declaration shall automatically extend for successive periods of 10 years, provided, however, that such conditions, restrictions and covenants, or any of them may be changed, supplemented or abolished in any or all particulars by the recordation in the office of the County Recorder of Douglas County, Nevada, of a revocation of, amendments to, or supplemental declaration of restrictions duly executed and acknowledged by the owners of not less than SEVENTY-FIVE (75%) percent of the lots comprising and participating in these restrictions.

I

DEFINITIONS

The following terms as used in this Declaration are defined as follows:

- A. "Articles" means the Articles of Incorporation of the SIERRA RANCHO ESTATES HOMEOWNERS ASSOCIATION (SREHA).
- B. "Association" shall mean SIERRA RANCHO ESTATES HOMEOWNERS ASSOCIATION.
- C. "Board" means the Board of Directors of the Association.
- D. "By-Laws" means the By-Laws of the Association.
- E. "Committee" or "Architectural Committee" means the SIERRA RANCHO ESTATE HOMEOWNERS ASSOCIATION Architectural Committee.

F. "Common Area" means all of the real property designated as such in the map of SIERRA RANCHOS ESTATES as filed in the office of the County Recorder of Douglas County on the 23rd day of August, 1978.

G. "Declarants" means NILREMOT INC., its successors or assigns.

H. "Declaration" means this Amended Declaration of Restrictions and any supplements or amendments thereto.

I. "Development" means SIERRA RANCHO ESTATES and all real property situate therein.

J. "Improvements" means all buildings, outbuildings, streets, roads, driveways, parking areas, fences, bridle trails, retaining and other walls, landscaping, light standards, antenna and other structures of any type or kind.

K. "Lot" means and refers to any plot of land shown upon any recorded subdivision map of the development with the exception of common area.

L. "Map" means the maps of the development as they are from time to time recorded.

M. "Owner" means:

1. Any person or legal entity, including Declarant, who holds fee simple title to any lot within the development.

2. Any person or legal entity who has contracted to purchase fee title to a lot pursuant to a written agreement recorded in the Douglas County, Nevada, Recorder's Office in which case the seller under said agreement shall cease to be the owner which said agreement is in effect;

3. Owner does not include the Association.

The conditions, restrictions, and covenants herein contained shall bind and inure to the benefit of, and be enforceable by, Declarants, their heirs, executors and administrators and all future assigns, or by the owner or owners of any lot or lots defined herein. The Architectural Committee or any owner or owners of any of said lots may institute and prosecute any proceedings at law or in equity against any person, firm or corporation, violating or threatening to violate, any of the conditions, restrictions or covenants herein contained. Any such action may be maintained for the purpose of preventing a violation or to recover damages for a violation or for both such purposes. The failure of Declarants, their successors, or assigns, or of any owner of any of said lots to enforce any of the conditions, restrictions or covenants herein contained shall not be deemed a waiver of right to enforce them thereafter. Nothing herein shall be construed as preventing the application of any remedy given by law against a nuisance, public or private, the remedy of which shall be in addition to any other remedy or remedies now or hereafter provided by law.

## III

Any invalidation of a specific condition, restriction or covenant by the judgment or order of any court of competent jurisdiction shall not affect the validity of the remaining conditions, restrictions and covenants which shall continue and remain in full force and effect. Any condition, restriction or covenant as invalidated shall be deemed separable from the remaining conditions, restrictions and covenants herein set forth.

RESTRICTIONS, COVENANTS AND CONDITIONSA. LAND USE:

1. Parcels in this subdivision may be used for one single family residence, with attached garage, and for no other purpose. No commercial activity of any kind may be carried on, nor shall anything be done which can be or become an annoyance or a nuisance to the neighborhood.

2. No business or profession shall be carried on or conducted upon any portion of the said premises.

3. No temporary structure of any kind shall be created, constructed, permitted or maintained on any portion of said property prior to the commencement of the erection of a principal dwelling house thereon, and no guest house, garage, shed, tent, trailer, basement or other building shall be used for permanent or temporary residence purposes at any time.

4. No trailer, bus or recreational vehicle of any kind shall be permitted or maintained on any portion of said property unless said vehicles are provided with suitable enclosures so as to render them invisible from adjoining properties.

5. No dwelling having a ground floor area of less than 2,000 square feet, exclusive of porches, patios, terraces, and garages shall be erected or maintained. All structures erected shall be built in a good workmanlike manner and be maintained in good condition. No building shall be moved from any other location onto any lot.

6. In no event shall either the location of the building or its height affect adjoining properties so as to materially or unreasonably diminish or restrict their potential views. Two story homes will require special consideration by the Architectural Committee.

7. All structures must be built at the natural site level or grade, except where a necessary cut is required to establish a reasonably level building site. No fill shall be used in such case in excess of the amount of earth removed from the cut. No built up fill pads shall be used other than the above. A grade reference point shall be designated by the Architectural Committee and shall be the determining factor relative to roof elevations, etc.

8. When the construction of any structure is commenced upon any of said lots, the owner thereof shall prosecute, with all reasonable diligence, the completion thereof and shall complete the construction thereof within nine (9) months from the date of commencement.

9. No flat roofs will be allowed. All roofs must be of heavy fire resistant wooden shakes to meet the standards of the local Fire Department regulations. Exceptions will be considered by the Architectural Committee upon application.

10. No metal, composition or fabricated roofing or siding materials will be allowed. Special consideration will be given to acceptable natural materials so long as they are in good taste and in keeping with the natural environment of the area.

11. No guest house or separate living quarters not an integral part of the main living unit will be permitted.

12. No part or portion of any building of any kind shall be constructed or maintained upon any residence closer to the front or street than the setback as shown on the recorded map, 30 feet from any side line, or 75 feet from any rear line thereof, with the exception of Lots 5, 6, 7 and 15 of Phase II which shall be 100 feet from any rear line thereof.

13. Each owner of any portion of the tract hereinabove described shall be responsible for their own domestic water supply. Each individual well is to be wired separately from the house.

14. No lot shall be subdivided into smaller lots or parcels of land to obtain additional building sites.

15. No garbage, refuse or obnoxious or offensive material shall be permitted to accumulate on any of said lots, and the owner thereof shall cause all such material to be disposed of by and in accordance with accepted sanitary practice. All garbage or trash containers, oil tanks, and other such facilities must be underground or placed in walled in areas so that they shall not be visible from the adjoining properties or from the streets. It is incumbent upon all property owners to maintain their lots and yards in a neat, orderly, sightly and well groomed manner.

16. No noxious, offensive or disturbing activity of any kind shall be permitted on said property or any portion thereof or within any building.

17. No utility "night lights" shall be installed, other than decorative driveway lights not exceeding 6 feet in height.



18. Declarants reserve for the purpose of installing and maintaining public utility facilities, drainage facilities, and for such other purpose incident to the development of the subject property, certain easements, all of which are shown on the recorded maps of said property. Declarants also reserve the right to create easements and rights-of-way for public utility use, drainage purpose, television cables, or any one or more of the same across any lot, provided, however, that said easements and rights-of-way shall be located along one or more of the property lines and extending not more than 10 feet therefrom and the exercise of the rights thereunder do not interfere with any of the buildings or improvements located on the property.

19. No billboards or signs of any character shall be permitted on any lot except a sign not larger than 72 square inches, setting forth the name of the owner or occupant of a lot and with the exception of one only "For Rent" or "For Sale" sign not larger than 216 square inches. No signs of a commercial nature shall be erected at any time. All signs must be professionally or commercially lettered. The only exception thereto will be by the express written permission of the Architectural Committee.

20. There shall be no deed, conveyance, agreement or other document executed, the terms of which separate surface or subsurface rights into different ownerships.

21. No work or exploration for any minerals, or drilling for any minerals, or mining of any minerals or quarrying of any rock, minerals, soil or material of any nature shall be conducted on any lots nor shall any excavation of any nature be made upon said property or any portion thereof, except as may be incident

to the installation of utility services, drainage lines, excavations incident to the grading and preparation of building sites, and the construction of dwellings and appurtenant structures.

22. No animals, livestock, or poultry of any kind shall be raised, bred or kept except that dogs, cats or other household pets may be kept provided they are not kept, bred or maintained for any commercial purpose and provided they do not become a nuisance to other property owners. There shall be no more than two (2) dogs kept on any one property.

23. All brush or other combustible materials to a distance of 25 feet from the perimeter of the main building shall be cleared and the area suitably landscaped. Wherever possible, native ground cover shall be maintained, however if (and when) brush is removed appropriate replacement ground cover will be installed immediately.

**B. ARCHITECTURAL CONSIDERATIONS:**

In order to provide for the orderly development of said subdivision and to aid in establishing a unique and prestigious architectural format, there is hereby created an Architectural Committee comprised of William R. Tomerlin and Marsha L. Tomerlin and Steve McCaskill.

1. The Architectural Committee shall examine and approve or stipulate reasonable changes or alterations in plans for any structure, dwelling unit, outbuilding, pool, hedge, fence or wall to be constructed on any lot. Said changes or alterations in plans duly submitted to the committee shall be made only in the best and continuing interest of maintaining a superior tone and quality of architecture throughout the subdivision. In the event of resignation, incapacity, failure or death of any member or members of the Architectural Committee, the remaining member or

members shall fill any vacancy or vacancies. Further, the Architectural Committee shall have the power to establish its own internal rules and regulations and procedures details.

2. No dwelling unit, garage, fence, wall, retaining wall or any type of construction activity, including grading and/or removal of natural cover, shall be commenced or placed upon any lot until two complete sets of plans and specifications thereof, including front, side and rear elevations, along with floor plans for each floor and basement, exterior color scheme thereof and plot plan indicating and establishing the exact location of all structures, including landscape details, shall have first been submitted in writing, to the committee for approval, and said approval obtained in writing from the Architectural Committee. It is recommended that preliminary drawings be presented before final plans and specifications are completed. Said approval will be effected by the endorsement of the committee on both sets of plans, one set of which will be retained by the committee and one set returned to the lot owner.

3. If any redecorating or alterations of the exterior of any existing structure be proposed without remodeling or adding to or effecting structural changes in any existing structure, it shall be necessary only to file an exterior color scheme of such changes and to receive written approval of the committee prior to commencing said work. When exterior redecoration, alteration, additions or remodeling effect structural changes, the provisions of paragraph 2 must be met and the submission is subject to the provisions of paragraph 4.

4. Approval by the Committee of any given plan, plans, alterations or change may be withheld due to noncompliance with any of the specific requirements of this Declaration of Restrictions, or due to reasonable disapproval of the committee as to the location of the building site upon any lot; appearance, construction materials to be used therein or thereon, the lot grading plan, the harmony of a proposed structure with the surrounding area and homes, and the influence or effect any structure may have upon the view, outlook, or adjacent and/or neighboring homes. At no time shall the committee action on any matter submitted before it take more than 30 days from the date of such submission.

5. All front yard fences shall be rail wooden structures of either natural or stained wood not to exceed four (4) feet in height. Use of fences or walls to delineate property lines will be discouraged. All back yard fences shall not exceed six (6) feet in height.

6. No outdoor clothes lines will be permitted.

7. Containers for refuse, trash and garbage are to be fully enclosed so as to be not visible from any adjoining lot, residence, or front or side street, and must be enclosed and maintained and disposed of in accordance with accepted sanitary practice.

8. No burning, either in incinerators, or in open conditions will be permitted at any time.

9. All utility connections and service lines installed to each individual lot, dwelling unit or outbuilding will be installed underground, including electric service, water service,

gas service, community antenna cable and telephone cable, in accordance with accepted construction and utility standards.

10. All private driveway encroachments connecting with the public streets or roads shall be provided where necessary with culverts of a suitable size or other approved means of accommodating run-off and drainage as approved by the County Engineering and Street Departments.

11. Within one year of completion of the main dwelling unit, each lot or parcel shall be landscaped from the curb line and/or lakeside to the front building line in a manner suitable to the character and quality of the development and as set forth on the approved building plan, and all landscaping shall be maintained to harmonize with and sustain the attractiveness of the development. A minimum of seven trees of not less than twelve feet will be planted in this area as part of the overall landscape plan.

12. Nothing which constitutes a barrier to safe driving sight distances, particularly at street intersections may be erected or allowed to grow.

13. There shall be no ham radio or C.B. operations at any time.

14. All streets will be paved in accordance with the requirements of the Douglas County Board of Public Works and streets will be dedicated to and maintained by said County.

15. No firearms may be discharged in the area.

16. No gravel yards are allowed in lieu of grass.

17. All design and plans shall be prepared by a licensed, certified architect.

18. Not less than 20% of building exteriors shall be of masonry including fireplace, decorative planting areas, etc.

19. Every single family dwelling unit constructed within the subdivision shall have on the same lot covered automobile storage space for at least two but not more than four automobiles and not located within the stipulated front, rear or side yard setback areas of the principal structures.

20. All roofs shall be constructed of a fire retardant material only.

21. During the construction period, all lot owners are responsible for the supervision of their contractor and his crews so that a minimum of natural vegetation is disturbed.

C. COVENANT FOR MAINTENANCE ASSESSMENTS:

1. Creation of Lien - Personal Obligation of Assessments.

Declarants, for each lot owned by them on the property, hereby covenant and each owner of any building on the property, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) regular monthly assessments or charges; (2) special assessments; and (3) emergency assessments; such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular, special and emergency assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and a continuing lien upon the lot against which each

such assessment is made, which lien shall be created and enforced in accordance with the provisions of this Article. Each such assessment (and all other assessments levied in accordance with this Declaration) together with late charges, interest, costs, penalties, shall also be the joint and several personal obligations of each person who was an owner of such lot at the time the assessment fell due.

2. Basic Maximum Amount of Regular Monthly Assessment.

(a) Initial Regular Monthly Assessment. Each owner shall be obligated to pay to the Board an initial monthly maintenance charge in the sum of \$ \_\_\_\_\_ per month. As the Association's budget shall increase or decrease, as herein provided, such assessments shall be adjusted so that the owners of each lot pays an equal amount.

(b) Increase of Monthly Assessment by Board. The Board may not, without the vote or written assent of a majority of the voting power of the Association residing in members, other than Declarants, impose a regular annual assessment per unit which is more than 20% greater than the regular assessment for the immediately preceding fiscal year.

(c) Certificate of Payment. The Association shall, upon demand, furnish to any owner liable for assessments, a certificate in writing signed by a member of the Board, setting forth whether the assessments on a specified unit have been paid and the amount of delinquency, if any. A charge of \$10.00 per certificate may be made by the Board for issuance of said certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

3. Special Assessments for Emergency Needs. In case the regular monthly maintenance charge, described in paragraph B. 1. hereof, is insufficient for any reason, the Board shall have authority to levy a special assessment to make up the deficiency in the maintenance fund on the same basis as a regular assessment. However, on any proposed special assessment in any fiscal year, the Board may not, without the vote or written assent of a majority of the voting power residing in members, other than Declarants, levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceeds 5% of the budgeted gross expenses of the Association for that fiscal year. The provisions herein with respect to special assessments do not apply in the case where the special assessment against a member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and his building and/or lot into compliance with the provisions of this Declaration.

4. Payment of Assessment by Declarant. Upon the close of escrow of the first lot in the project, Declarant shall be obligated to pay the monthly maintenance charges and assessments hereinbefore provided, for each unsold lot.

5. Date of Commencement of Assessments - Due Dates. Regular assessments shall be paid by each owner in equal monthly installments in advance, on the first day of each month, beginning on the close of the sales escrow for each particular lot and prorated through escrow to the date of close of escrow for the month in which escrow closes. Special and emergency assessments shall



be paid within 30 days of receipt of a request to pay same.

Declarants shall pay assessments for all unsold lots commencing immediately following the date of recordation of a deed to the first purchaser of a lot.

6. Maintenance Fund. Assessment charges so collected shall be promptly deposited in a commercial bank account selected by the Board of Directors, which account shall be clearly designated in the name of the Association. The Board shall have exclusive control of said account and shall be responsible to the owners for maintenance of accurate records thereof at all times. No withdrawal shall be made from said account except to pay for the charges and expenses for the common benefit of all owners.

7. Effect of Non-Payment of Assessments - Lien Rights - Remedies of the Association. Every owner, including Declarants, shall be deemed to covenant and agree to pay the assessments provided for in this Declaration, and further, agree to the enforcement of such assessments in the manner provided for in this Declaration.

(a) Delinquency. The assessment charge which each owner is obligated to pay, shall be a debt of each owner at the time each monthly installment becomes due. In the event of default by any owner in the payment of any such installment, such amounts as may be in default, together with interest thereon at the rate of twelve (12%) percent per annum, and all costs which may be incurred by the Board in the collection of such charges, including reasonable attorney fees, shall be and become a lien upon the lot and building of the defaulting owner upon the recording in the office of the County Recorder of a Notice of Assessment.

(b) Notice of Creation of Assessment Lien. The

Notice of Assessment shall not be filed of record unless and until the Board or a person designated by it shall have delivered to said defaulting owner, not less than fifteen (15) days prior to the recordation of such Notice of Assessment, a written Notice of Default and a demand upon the defaulting owner to cure same within said fifteen (15) day period and shall expire and be null and void, unless within thirty (30) days after recordation of said Notice of Assessment, the Board records a Notice of Default, as hereinabove provided.

(c) Foreclosure Sale. Not less than ten (10) days nor more than thirty (30) days from the filing of said Notice of default, the Board shall begin proceedings to cause the property of said defaulting owner to be sold in the same manner as a sale as provided in the applicable laws governing power of sale foreclosures or through judicial foreclosure.

(d) Enforcement of Lien by Suit. If any action is filed by the Board to enforce the provisions of this Article, any judgment rendered against the defaulting owner shall include all costs and expenses and reasonable attorney fees, necessarily incurred in prosecuting such action.

8. Homestead Waiver. Each owner does hereby waive to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any installment of maintenance charges becomes delinquent or any lien is imposed, pursuant to the terms hereof.

9. Curing of Default. Upon the timely payment or other satisfaction of all delinquent assessments set forth in the Notice of Assessment filed and recorded in accordance with this Article, and all other assessments which have become due and payable with respect to the lot as to which such Notice of Assessment was filed and recorded, following the date of such recordation, together with all costs (including reasonable attorney fees) and all late charges and interest which have accrued thereon, the Board shall file and record a satisfaction and release of the lien created by the Notice of Assessment. A fee of \$10.00 covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction of the lien created by the Notice of Assessment, shall be executed by any Director of the Association or by any authorized representative of the Board. For the purposes of this paragraph, the term, "costs," shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorney fees.

10. Priority of Assessment Lien - Subordination of Lien.

Any lien created or claimed under the provisions of this Declaration, is expressly made subject and subordinate to the rights of the beneficiary of any first deed of trust upon the entire project or upon any lot therein, made in good faith and for value and no such lien shall, in any way, defeat, invalidate or impair the obligation or the priority of such first deed of trust unless

the beneficiary thereof shall expressly subordinate his interest, in writing, to such lien.

11. Rights of Board - Waiver of Owners. Each owner hereby vests in and delegates to the Board or its duly authorized representatives, the right and power to bring all actions at law or lien foreclosures, whether judicially or by power of sale, or otherwise against any owner(s) for the collection of delinquent assessments in accordance herewith and hereby expressly waives any objection to the enforcement in accordance with this Declaration, of the obligation to pay assessments as set forth herein.

12. Purposes of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members thereof, their guests and invitees, and in particular, shall be used for the purpose of improving, protecting, operating and maintaining the Project, improvements, landscaping and structures located thereon and providing for the performance of the Board of each and every of the powers and duties of the Board.

D. GENERAL PROVISIONS:

1. Continuing Liability for Assessments. No owner may exempt himself from liability for his specified contribution to the maintenance fund, by abandonment of his property.

2. Liberal Interpretation of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the project for the mutual benefit of all owners.

3. Severability of Provisions. The provisions herein shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any of the provisions hereof, shall not affect the validity of the remaining provisions.

4. Cumulative Remedies. Each and all legal or equitable remedies provided for herein, shall be deemed to be cumulative, whether so expressly provided for or not.

5. Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assignees of the owners.

6. Waiver or Breach of Declaration. No waiver or any breach of any of the covenants or conditions of this Declaration shall constitute a waiver of any succeeding or preceding breach of the same, or any other covenant or condition contained herein.

7. Delivery of Notices and Documents. Any written notice, or other document as required by this Declaration, may be delivered personally or by mail. If by mail, such notice unless expressly provided for herein to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received 48 hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

(a) If to an owner, other than Declarants, to the address of any unit in the project owned by him in whole or in part, or to the address last furnished by such owner to the Board for the purpose of giving notice and delivering documents. Each

owner, other than Declarants, shall file in writing with the Board promptly upon becoming an owner, his address for the purpose of giving notice and delivering documents and shall promptly notify the Board in writing of any subsequent change of address.

(b) If to Declarants, whether in their capacity as an owner, or in any other capacity: \_\_\_\_\_

(c) Prior to the organizational meeting, notices to the Board shall be addressed to the address set forth in (b) above. Thereafter, notices to the Board shall be addressed to an address to be posted by the Board at all times in a conspicuous place. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each owner, within a reasonable time after the Board has received actual notice of such owner's purchase of a lot.

8. Notification of Sale of Lot. Concurrently with the consummation of the sale of any lot under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferee shall notify the Board, in writing, of such sale. Such notification shall be set forth: (1) the name of the transferee and his transferor; (2) the street address or number of the lot purchased by the transferee; (3) the transferee's mailing address; and (4) the date of the sale. Prior to receipt of such notification, any and all communications required or permitted to be given by Declarants, the Board or any agent or representative thereof, shall be deemed to be duly made and given to the transferee, if duly and timely made and given to said transferee's transferor.

9. Joint and Several Liability. In the case of joint ownership of a lot, the liability of each of the owners thereof in connection with the liabilities and obligations of owners, set forth in or imposed by this Declaration, shall be joint and several.

10. Subordination of Assessment Lien to Mortgages. Any holder of a first mortgage or any third party purchaser who comes into possession of a lot pursuant to the remedies provided in the mortgage or foreclosure of the mortgage (or by deed in lieu of foreclosure), shall take the property free of any claim for unpaid assessments or charges against the mortgaged lot, which accrued prior to the time such holder comes into possession of the lot. The lien assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed on the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property by foreclosure or deed in lieu. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment. The Board by resolution, may extend the rights set forth herein to mortgagees not described herein.

11. Power of Association. In addition to the duties of the Association as specified in Paragraph C herein or elsewhere, and the powers of the Association stated elsewhere in this Declaration, its By-Laws or Articles of Incorporation, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purposes of this Declaration, including but not limited to,

obtaining of appropriate insurance and bonds, and adoption of additional bylaws and rules and regulations governing the Association and members. In the event of conflict between this Declaration and any such additional bylaws or rules and regulations, the provisions of this Declaration shall prevail.

12. Right of Entry. Violation of any of the provisions, conditions, restrictions, covenants, reservations or easements contained herein, shall give to Declarants, their successors, or the Association, the right to enter upon the property upon or as to which such violation exists and to abate and remove, at the expense of the owner thereof, any erection, thing or condition that may be or exists thereon contrary to the intent of the provisions hereof. Said entry shall be made only after three (3) days notice to said owner and with as little inconvenience to the owner as possible, and any damage caused thereby shall be repaired by the Association. Declarants or their successors shall not thereby be deemed guilty of any manner of trespass by such entry, abatement or removal.

13. Right of Lien Holder. A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained, shall not affect or impair the lien or charge of any bona fide first mortgage or first deed of trust made in good faith and for value on any lots; provided, however, that the subsequent owner of the lot shall be found by the provisions whether such owner's title was acquired by foreclosure or trustee's sale or otherwise.

14. Enforcement. In the event of a breach of any of the provisions hereby established, which is continued for thirty



(30) days, the Board may enforce any and all of the terms and conditions of this Declaration. It is hereby declared that damages at law for such breach are inadequate. The restrictions provided for herein shall be enforceable equitable servitudes and shall inure to and bind all owners of the lots.

E. ARTICLES OF INCORPORATION:

As filed May 16, 1980, with the office of the Nevada Secretary of State, Instrument No. 2784-80:

ARTICLES OF INCORPORATION  
OF  
SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we the undersigned persons of the age of eighteen (18) years or more, at least the majority of whom are residents of the State of Nevada and citizens of the United States, do hereby associate ourselves together for the purpose of forming a nonprofit corporation under the statutes of the State of Nevada.

ARTICLE I: NAME

The name of the corporation shall be SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION.

ARTICLE II: PRINCIPAL OFFICE

The post office address of the corporation's principal office is 303 East Proctor Street, Carson City, Nevada, 89701.

ARTICLE III: DURATION

The period of the duration of this corporation is fifty (50) years from the date of incorporation.

ARTICLE IV: PURPOSES AND POWERS OF THE ASSOCIATION

This corporation does not contemplate pecuniary gain or profit

to the members thereof and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence lots and parcels within that certain real property in the County of Douglas, State of Nevada, consisting of twenty-eight (28) lots more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, and to promote the health, safety and welfare of the residents within the above-described property, and any additions thereto as may hereafter be brought within the jurisdiction of this association, and for this purpose to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the association as set forth in that certain declaration of covenants, conditions, and restrictions, hereinafter called "the declaration," applicable to the property and recorded in the office of the County Recorder of Douglas County, Nevada, and as the same may be amended from time to time as therein provided; said declaration being incorporated herein as if set forth at length;

(b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the declaration, to pay all expenses incident to the conduct of the business of the association, including all licenses, taxes or governmental charges levied or imposed against the property of the association;

(c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real

or personal property in connection with the affairs of the association;

(d) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of the voting interest;

(e) Have and to exercise any and all powers, rights and privileges which a corporation organized under the non-profit corporation law of the State of Nevada (NRS 81.010 et seq.) by law may now or hereafter have or exercise.

ARTICLE V: MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot or parcel which is subject by covenants of records to assessment by the association, including contract sellers, shall be a member of the association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, ownership of any lots which is subject to assessment by the association.

ARTICLE VI: VOTING RIGHTS

The association shall have two (2) classes of voting membership, Class A and Class B. Class A members shall be all owners with the exception of the declarants (as defined in the declaration) and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in a lot,

all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot. Class B members shall be declarants and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to A membership on the happening of the following:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

ARTICLE VII: NON-STOCK CORPORATION

The corporation shall be non-stock and no dividends or pecuniary profits shall be declared or paid to the members thereof.

ARTICLE VIII: BOARD OF DIRECTORS

The affairs of this association shall be managed by a Board of three (3) directors, who must be members of the association. The number of directors may be changed by amendment of the By-Laws of the association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

	<u>Name</u>	<u>Address</u>
1.	William Tomerlin	P.O. Box 1048, Gardnerville, NV 89410
2.	Marsha Tomerlin	P.O. Box 1048, Gardnerville, NV 89410
3.	Steve McCaskill	P.O. Box 308, Gardnerville, NV 89410

ARTICLE IX: AMENDMENTS

Amendment of these Articles and/or By-Laws shall require the assent of two-thirds (2/3) of the voting interest.

This corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the laws of the State of Nevada, and all rights conferred upon the officers and directors herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the original incorporators for the purpose of forming a non-profit corporation to do business both within and without the State of Nevada, and in pursuance of the non-profit corporation law of the State of Nevada (NRS 81.010 et seq.) and as subsequently amended, do make and file this certificate hereby declaring and certifying that the facts hereinabove stated are true, and accordingly have hereunto affixed our signatures this 4th day of April, 1980.

/s/ William Tomerlin  
/s/ Marsha L. Tomerlin  
/s/ Steve McCaskill

F. BY-LAWS:

As adopted April 4, 1980:

BY-LAWS  
OF  
SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION

ARTICLE I: NAME AND LOCATION

The name of the corporation is SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 303 East Proctor Street, Carson City, Nevada, but meetings of members and directors may be held at such places within the State of Nevada, County of Douglas, as may be designated by the Board of Directors.

## ARTICLE II: DEFINITIONS

Section 1. "Association" shall mean and refer to the SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Property" shall mean and refer to that certain real property described as Phase 1 in the Declaration of Covenants, Conditions and Restrictions, recorded in the Douglas County Recorder's Office in Book 178, Page 1639, Document No. 17095, on the 27th day of January, 1978, and such additions thereto as may hereafter be brought within the jurisdiction of the Association; and that certain real property described as Phase 2 in the Declaration of Covenants, Conditions and Restrictions, recorded in the Douglas County Recorder's Office in Book 278, Page 301, Document No. 17407, on the 6th day of February, 1978, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot or parcel which is part of the property including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the property.

Section 5. "Parcel" shall mean and refer to any plot of land designated as such in the Declaration of Covenants, Conditions and Restrictions, recorded in the Douglas County Recorder's Office as Book 057, Page 1178, Document No. 26915, on the 1st day of November, 1978.

Section 6. "Declarants" shall mean and refer to WILLIAM R. TOMERLIN, individually, and WILLIAM R. TOMERLIN as Trustee of the WILLIAM TOMERLIN TRUST, and NILREMOT, a Nevada corporation, and the successors and assigns of same if such successors or assigns shall acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the property recorded in the office of the Douglas County Recorder, State of Nevada.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III: MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a lot or parcel which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and shall not be separate from ownership of any lot or parcel which is subject to assessments.

Section 2. The Association shall have two (2) classes of voting membership, Class A and Class B. Class A members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot. Class B member(s) shall be the Declarants and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A

membership on the happening of the following events:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

ARTICLE IV: MEETING OF MEMBERS

Section 1. Annual Meetings. The first meeting of the members shall be held on March 31, 1980. Thereafter, annual meetings of the Association shall be held on the last day of March of each succeeding year at the hour of 2:00 o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Meetings shall be held at the legal office of the corporation or such other reasonable location in the Project as the Board may specify in writing.

Section 2. Special Meetings. Special meetings of the members may be called at any time by a vote of the Board of Directors, or upon written request of the members who are entitled to vote, fifty-one percent (51%) of all of the voting interest.

Section 3. Notice of Meetings. At least five (5) days' written notice specifying the time and place, when and where the annual meeting shall be convened shall be mailed in a United States Post Office, addressed to each of the members of record at the time of issuing the notice at his or her or its address last known as the same appears on the books of the Association.

Nevertheless a failure to give such notice or any irregularity in such notice shall not affect the validity of annual meetings or any proceedings had at such meetings, and in such event, these



By-Laws shall be, and shall be deemed to be, sufficient notice of such meetings without requirements of further notice.

Section 4. Quorum. The presence at any meeting of the members entitled to vote, or of proxies entitled to vote, fifty-five percent (55%) of the votes of the membership in person or by proxy shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or Parcel.

#### ARTICLE V: BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, each of whom must be a member of the Association in order to hold office.

Section 2. Term of Office. At the first regular annual meeting the members shall elect five directors each for a term of one (1) year. At the expiration of the term of years for which each respective director has been elected, his or her successor shall be elected to serve for the same term of years.

(a) Initial Board of Directors. The initial Board of Directors of the Association shall consist of three (3) directors and shall be elected by the Declarant upon the incorporation of the Association. Each director shall hold office until the following year at which time the new Board of Directors shall be elected pursuant to the terms as set forth herein.

Section 3. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 4. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same affect as though taken at a meeting of the directors.

#### ARTICLE VI: MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually as hereinabove set forth unless changed or amended by a resolution of the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII: POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration.

(b) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(c) Employ a manager, an independent contractor or other employee as they deem necessary, and to prescribe their duties.

(d) Appoint three (3) persons to serve on the Design Review Committee pursuant to Article IV of the Declaration of Covenants, Conditions and Restrictions recorded by the Declarant in the office of the Douglas County Recorder at Book 1178, Page 057 through and including 063, Document No. 26915, on November 1, 1978.

(e) Levy operation assessments and special assessments in accordance with the Declaration of Covenants, Conditions and Restrictions.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept, a complete record of all its acts and corporate affairs, and to present a statement thereof to the members at the annual meeting of the members or at any special

meeting when such statement is requested in writing by 51% of the members who are entitled to vote.

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration to:

1. Fix the amount of the annual assessment against each lot.
2. Send written notice of each assessment to every owner.
3. Foreclose the lien against any property for which assessments are not paid after due date, to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certified letter setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of said certified letters. If a certified letter states that an assessment has been paid, such certification shall be conclusive evidence of such payment.

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.

#### ARTICLE VIII: OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Vice President, Secretary and Treasurer, and such officers as the Board may, from time to time, by resolution create. All officers shall be members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors and at each annual meeting of the members thereafter.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments in furtherance of the powers of the office of President.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) Secretary. The Secretary or other person designated by the Board, shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Section 9. Liability of Directors and Officers. The corporation shall indemnify and hold harmless each person who shall serve at any time hereafter as a director or officer of the corporation from and against any and all claims and liabilities to which such person shall become subject by reason of his or her having heretofore or hereafter been a director or officer of the corporation, or by reason of any action alleged to have been heretofore or hereafter taken or omitted by him or her as such director or officer, and shall reimburse each such person for all legal and other expenses reasonably incurred by him or her in connection with any such claim or liability; provided, however, that no such person shall be reimbursed for, any expense incurred in connection with any claim or liability arising out of his or her own willful misconduct, fraud or dishonesty.

ARTICLE IX: COMMITTEES

The Association shall appoint an Architectural Review Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X: BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI: ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association, annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, cost and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his or her Lot or Parcel.

ARTICLE XII: CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION.

ARTICLE XIII: CERTIFICATES OF MEMBERSHIP

The Board of Directors shall provide for the issuance of certificates evidencing membership in the corporation, which certificate to be in such form to be determined by the Board. Such certificate shall be signed by the President or Vice President and by the Secretary or Assistant Secretary and shall be sealed with the seal of the corporation. All certificates evidencing membership of any class shall be consecutively numbered.



The name and address of each member and the date of issuance of the certificate shall be entered on the records of the corporation. If any certificate is lost, mutilated or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board of Directors may determine.

ARTICLE XIV: AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of the majority of a quorum of members holding voting rights present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV: TRANSFER OF MEMBERSHIP

Upon the sale of any Unit, the membership of the selling owner shall terminate and the certificate, if any, issued to such member shall be canceled. The new purchasing owner shall receive a newly issued certificate if the Association has elected to issue certificates evidencing membership in the Association as provided in Section 1 above.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of SIERRA RANCHOS ESTATES HOMEOWNERS ASSOCIATION, a Nevada corporation, and

That the foregoing By-Laws constitute the original By-Laws of said corporation, as duly adopted at the meeting of the Board

