

STONEGATE - PHASE I

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, hereinafter referred to as the "Declaration," is made this 2<sup>nd</sup> day of July, 1987, by Stonegate, a limited partnership, hereinafter referred to as "Declarant."

ARTICLE I: RECITALS

WHEREAS, Declarant is the owner of all that certain real property located in the County of Douglas, State of Nevada, as shown on the recorded plats of Stonegate #1, hereinafter referred to as the "property;" and

WHEREAS, said property is now subject to that Declaration of Covenants, Conditions and Restrictions of Mackland Subdivision recorded as Document #57485 in Book 681, Page 1739, Douglas County records, hereinafter known as and referred to as "Mackland Restrictions," and

WHEREAS, Declarant considers it desirable and appropriate to establish covenants, conditions and restrictions upon the property in addition to those now duly established in order to pursue a specific plan for the improvement of property which shall benefit the use, occupancy and enjoyment of same and to enhance and protect the value, desirability and attractiveness of the entire project;

NOW THEREFORE, Declarant hereby declares that all of the described property shall be held, sold, conveyed, encumbered, hypothecated, leased, rented, occupied, used, and improved; subject to all limitations, restrictions, covenants and conditions as set forth herein as well as all of the applicable terms of the Mackland Restrictions, hereby made a part. Both such restrictions shall run with and burden the property and be binding on all parties having or acquiring any right, title or interest in the property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof and are imposed upon the property and each and every interest therein, as a servitude in favor of each and every interest in the property as the dominate tenement or tenements.

ARTICLE II: DEFINITIONS

In addition to the definitions contained in the Mackland Restrictions, the following shall apply:

Section 1. "Association" shall mean and refer to Stonegate property Owners' Association, Inc., a non-profit Nevada corporation, the membership of which shall be all of the owners within the subject property.

Section 2. "The Design Review Committee" shall mean and refer to Design Review Committee, its successors and assigns, as established by the Article V of the Mackland Restrictions.

Section 3. "Common area" shall mean all real property and improvements thereon owned by the Association, including but not limited to the roads and open space areas intended for the common use and enjoyment of the owners and designated as

157645

BOOK 787 PAGE 504

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"common area" on the final subdivision map filed with the County Recorder of Douglas County, Nevada.

Section 4. Community Facilities. All facilities placed or erected on any community site or common area, and all facilities serving more than one structure site or one owner and including drives, walks, parking areas, pathways, sewers, electrical, water, gas, television and telephone services and fixtures, storage and equipment areas or enclosures, parks, open spaces, planted and landscaped areas, sprinkling systems and recreation areas to which all owners of a residence lot shall have access.

Section 5. "Member" shall mean and refer to the person or entity which holds a membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, including Declarant, of a fee simple title to any lot which is a part of the property, including Declarant and contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. Residence lot shall mean and refer to a lot shown on the map of the property, including the residential unit together with the private patio, yards, garages, other structures and improvements located on the same parcel.

Section 8. Unit Ownership. The entire interest by deed to an owner.

### ARTICLE III: INCORPORATION OF EXISTING RESTRICTIONS

Section 1. General. To the extent that all or any portion of the subject property shall heretofore have been made subject to any conditions or restrictions of use by a recorded instrument or instruments, the restrictions of use, the Association and each member shall abide by any such conditions or restrictions. Nothing herein contained is intended to abrogate any existing valid restrictions or covenants concerning the subject property.

### ARTICLE IV: PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a non-exclusive right to the use and enjoyment of the common area which shall be appurtenant to and shall pass with the title to every lot, subject to the following:

(a) The right of the Association to establish rules and regulations pertaining to the use of the common areas and to charge reasonable fees for the maintenance and use of any facility situated upon or any feature therein.

(b) The right of the Association to levy a fine in a reasonable amount or to suspend the voting rights and right of use of the common area by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

(c) 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. No such dedication or transfer shall be effective unless an instrument signed by two-

157645

BOOK 787 PAGE 505

thirds (2/3) of all members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use of Common Area. Any owner may delegate, in accordance with the By Laws, his right to enjoyment to the common area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Waiver of Partition or Subdivision. There shall be no judicial partition or subdivision of the common area or any one or more lots, nor shall Declarant or any person acquiring any interest in the property or any part thereof seek any judicial partition or subdivision thereof; provided, however, that if any lot shall be owned by two or more co-tenants as tenants in common or as joint tenants, nothing contained herein shall be deemed to prevent a judicial partition as between co-tenants so long as such judicial partition does not result in any physical partitioning.

Section 4. Severability. No owner shall in any way sever his lot from his interest or responsibility in the common area.

Section 5. Common Area. The common area so designated on the map of the property is to be used as open space and shall be maintained pursuant to the terms of the Declaration for the exclusive use and benefit of the residence lots and occupants thereof. Title to the designated common area shall be transferred to the Association upon the recordation of sale of the fifth residence lot: subject to all encumbrances then of record but not later than 1 June 1988.

#### ARTICLE V: USE AND BUILDING RESTRICTIONS

Section 1. Residence Use. Each lot shall be used as a single residence and for no other purpose.

Section 2. Commercial Use. No part of a lot or residence shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or any non-residential purpose.

Section 3. Signs See Article 4.6 Mackland Restrictions.

Section 4. Nuisance. See Article 4.7 Mackland Restrictions.

Section 5. No partitioning or Subdividing. No lot shall be subdivided, parceled or partitioned and no residence shall be erected on less than one lot. No deed, conveyance, transfer or agreement shall be executed or entered into by any owner which would effect or cause a separation into different ownerships, the surface and subsurface rights of any lots or residence or portion.

Section 6. Temporary Structures. See Article 4.9 Mackland Restrictions.

Section 7. Certificate of Occupancy. Upon commencement of construction of any residence or improvement of any lot within the property, all reasonable speed and diligence shall be employed to complete said construction and completion must be effected within twelve (12) months as evidenced by a Certificate of Occupancy issued by the duly authorized governmental authority.

Section 8. Wood Stoves. All wood burning stoves installed in any structure will be equipped with catalytic equipment to minimize air pollution and shall meet State of Oregon standards.

Section 9. Animals. No insects or animals of any kind shall be raised, bred, or kept in any residence lot except not more than two dogs, cats or other household pets, provided they are not kept, bred, or maintained for any commercial purposes, and subject to limitations as may be established by rules and regulations of the Association; provided that whenever pets are outside the owner's residence lot, they must be on a leader or otherwise under full control of a person. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal which constitutes, in the sole opinion of the Board, a nuisance to other owners. All animals must at all times be kept within an enclosed yard or on a leader being held by a person capable of controlling the animal. Any owner shall absolutely be liable to each and all remaining owners, their families, guests, tenants, and invitees for any unreasonable noise, trespass or damage to persons and/or property caused by any animal of an owner. Owner, members of his family, tenants or guests shall be absolutely responsible for cleaning up after such animals when in the common areas. (See also Article 4.5 of Mackland Restrictions.)

Section 10. Deleterious Use. No use of any residence lot or structure within the property shall annoy or adversely effect the use, value, occupation and enjoyment of any adjoining residence lot or the general area.

Section 11. Trailers, Boats, Vehicles. See Article 4.10 of Mackland Restrictions. No one shall park in common areas or in other common space not so specifically designated.

Section 12. Unsightly Items, Garbage Removal, Clotheslines. No refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, compost materials and similar matter shall be permitted on any residence lot or portion thereof. Each owner shall maintain his real property in a neat, orderly and well-groomed manner and shall subscribe to a regularly scheduled and established garbage collection service. All clotheslines, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any residence lot unless obscured from view from adjoining residences and streets by a structure approved by the Design Review Committee.

Section 13. Exterior Decor. No structure shall be painted or otherwise decorated in any color or in any manner which is not in keeping with the surroundings or is otherwise objectionable or detrimental to neighboring residences.

(a) The exterior woodwork of all houses, buildings and structures erected or constructed on any lot shall be painted with at least two (2) coats of paint, varnish or other stain or any approved coloration before occupancy. Each owner is responsible to maintain the exterior of his residence, and at no time will the exterior of any house, building or other structure be allowed to approach the state of esthetic deterioration such that it becomes a visual nuisance or objectionable to others in the neighborhood.

(b) Any proposed redecorating or alterations of the exterior of any residence or structure will be deemed the equivalent of new construction and must be

157645

BOOK 787 PAGE 507



submitted to the Design Review Committee for approval prior to the commencement of such redecorating or alteration.

Section 14. Utilities. See Section 4.12 of Mackland Restrictions.

Section 15. Minimum Residence Floor Area. A residence shall not have less than one thousand five hundred square feet of enclosed living space floor area, exclusive of porches, patios, garage, basements or other accessory structure.

Section 16. Antennas. See Section 4.11 of Mackland Restrictions.

Section 17. Landscaping. Each owner of a residence lot is fully responsible for the installation and maintenance of the private patios and yards within the residence lot exclusive of the actual building coverage. All such areas will be fenced with a solid wood fence as set forth in Appendix B. Each owner shall landscape the private open space areas of his residence lot within six months of occupancy and shall maintain such landscaping in a neat and orderly manner and free from trash, weeds, insects or blight.

Section 18. Fences, Barbecues, Garages, etc. See Articles 4.15, 4.16 and 4.17, respectively, of Mackland Restrictions. All units will be equipped with automatic garage door openers which shall be maintained in continuous operating order.

#### ARTICLE VI: ASSOCIATION

Section 1. Powers and Duties. The Association shall perform such and every duty required of it by this Declaration.

Section 2. Enforcement. The Association shall have the duty to enforce the provisions of this Declaration, including the duty to seek to enjoin any breach or threatened breach of any of the provisions hereof and to pay all costs of any such action or other enforcement procedure.

Section 3. Taxes. Except to the extent as separately assessed and charged to the unit ownerships, the Association shall have the authority and duty to pay all taxes and assessments levied against the common areas.

Section 4. Utilities. To the extent possible, all utilities, such as electricity, gas, water, telephone, television, trash pickup and like services, shall be separately metered and/or charged to the owners, but the Association shall have the authority and duty to pay for the utilities and utility services required for the common area.

Section 5. Contracts with Adjoining Associations or Land Owners. The Association shall have the authority and power to enter into contracts with owners of land adjoining or near the subject property and/or with the associations having powers with reference to said land similar to the powers held by this Association. Any contracts so entered into may provide, among other things, for the joint installation, maintenance and repair of facilities benefiting the subject property and other lands, for the joint retainer of use of maintenance, professional and management services, for the joint discharge of any of the duties of each party to such contract to the extent that the duties so defined shall not be inconsistent with the duties, powers and rights of the Association as herein defined. Without limiting the generality of the foregoing listed contractual purposes, the Association may also contact with

157645

BOOK 787 PAGE 508

other owners of lands or associations created by owners of lands toward the end that enforcement of liens established by Article VII hereof shall be exercised by such other owners or associations to the event that the Association shall default in its duties of enforcement as provided in this article. The right conferred upon the Association to contract with land owners of adjacent lands shall include the right to merge with and into such management bodies or associations.

Section 6. The Association shall have the authority and responsibility for the continuing maintenance and replacement of all elements as necessary of all the common areas, specifically including all paved areas constituting the private access means and the offstreet parking areas, as well as all designated open space landscaped areas. For these purposes the Association may contract with private parties and pay all charges in connection thereto.

Section 7. To provide, pay and be responsible for all sewer connection and service fees levied against the residence lots and other portions of real property which may be subject to these restrictions by the Minden-Gardnerville Sanitation District, to the end that the Minden-Gardnerville Sanitation District provides one statement to the Association covering service charges and fees for all residence lots within the project.

#### ARTICLE VII: MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. Every owner of a residence lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot. Engineers, attorneys, accountants and other experts rendering assistance to the Association may be members without owning a lot; however, such members will not be subject to assessment and shall have no voting rights.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

(a) 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 one residence lot.

(b) The Class B member shall be the Declarant, who shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and terminate when the total votes outstanding in the Class A membership shall exceed the votes outstanding in the Class B membership.

#### ARTICLE VIII: ASSESSMENTS

The following assessments shall apply to each owner interest except those residential lots still owned and unsold by Declarant, upon which a residence unit is not constructed.

Section 1. Creation of Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each owner of any residence lot by acceptance of a deed therefor, whether or not it shall be so

157645

BOOK 787 PAGE 509

expressed in such deed, is deemed to covenant and agrees to pay to the Association:

(a) Annual assessments and charges; and

(b) Special assessments for capital improvements, repairs and maintenance, such assessments to be established and collected as hereinafter provided. The annual and specific assessments together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable fees, shall also be the personal obligation of the person who was the owner of such property at 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.

Section 2. Purpose of Assessments. Any assessment levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the unit ownerships.

Section 3. Annual Assessments. After the conveyance by Declarant of the first lot to an owner and not less than 30 days prior to the beginning of each calendar year thereafter, the Association shall estimate the net cash requirements for the balance of the calendar year necessary for the Association to operate and maintain the drives and the common area (including maintaining reasonable reserves) and to perform all duties in accordance with this Declaration. Each lot shall be assessed for its pro rata share of the amount so estimated. Any lot not yet conveyed to an owner by Declarant shall be included in computing the pro rata share of each owner, with Declarant paying the amount of such assessment until it is conveyed to an owner. After the initial assessment, maximum annual assessments may be increased ten percent (10%) above the annual assessment for the previous year without a vote of the members of the Association. Any increase in excess of 10% shall require the favorable vote of two-thirds (2/3) or more of both classes of members. The Board of Directors of the Association may fix the annual assessment at an amount not in excess of the maximum.

Section 4. 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 capital improvements to the roads, or to the common area, including fixtures and property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class members at a meeting called for this purpose.

Section 5. Payment. The Association shall inform each owner in writing of all assessments against his unit ownership. The annual assessment shall be due and payable upon notice to the owner of the amount of the assessment. Special assessments shall be payable in full on the first day of the first month next following the date on which the owner is informed of such assessment, unless other provision is made therefor. Each assessment shall become delinquent ten (10) days after it is due. All such assessments shall be paid to the Association or to a commercial banking institution designated by the Association to handle the receipt and disbursement of all such funds pursuant to the direction of the Association. The Association, upon request and for a reasonable charge, shall furnish an owner a certificate executed by an officer

157645

BOOK 787 PAGE 510

setting forth the status of payment of all assessments against an owner. For purposes of this section, notice shall be deemed given if made in writing, addressed to the owner at the address of his lot, either personally delivered or mailed via First Class U.S. Mail with postage prepaid.

Section 6. Procedure for Assessment Requiring Vote of Members. Any assessment requiring the vote of the members of the Association shall be done at either the annual or special meeting of the members pursuant to the By Laws of the Association.

Section 7. Uniform Basis of Assessment. Both annual and special assessments must be fixed on a uniform basis for all owners pro rata for each lot owned.

Section 8. Effect of Nonpayment of Assessment; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his lot or the common area.

#### ARTICLE IX: LIENS

Section 1. General. The amount of any assessment, plus any other charges thereon, such as interest, costs and penalties, as may be provided for in this Declaration, shall be and become a lien upon the unit ownership assessed when the Association causes to be recorded with the County Recorder of Douglas County, a notice of assessment, which shall state the amount of such assessment and such other charges as may be authorized by this Declaration, a description of the unit ownership against which same have been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

Such lien shall be prior to all other liens recorded subsequent to the recordation of said notice of assessment, except that such liens shall be subordinate to any valid bona fide first mortgage or first trust deed which has been or may hereafter be given in good faith and for value on any unit ownership covered by this Declaration. Unless sooner satisfied and released or the enforcement thereof initiated as hereafter provided, said lien shall expire and be of no further force or effect one (1) year from the date of recordation of said notice of assessment; provided, however, that said one year period may be extended by the Association for not to exceed one additional year by recording a written extension thereof. Such lien may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the owner to pay such an assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of law applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association shall have the power to bid in the unit ownership at foreclosure sale and to hold, lease, mortgage and convey the same.

157645

BOOK 787 PAGE 511



## ARTICLE XI: DESIGN REVIEW COMMITTEE

Section 1. Architectural Control. The Design Review Committee as established by Article V of the Mackland Restrictions shall be charged with enforcement of this Declaration relating to architectural concerns.

## ARTICLE XI: EASEMENTS

Section 1. There is reserved for the benefit of each residence lot an easement of maintenance and use to which the entire project shall be subject for any and all encroachments resulting from roof overhang and any other causes attributable to the design and construction of improvements on each residence lot and any and all encroachments resulting from construction errors, lateral shifting or settlement or any other cause and any and all encroachments resulting from construction of sewer, water and electrical lines and other utilities. These shall be valid easements so long as they shall exist and the rights and obligations of owners shall not be altered in any way by said encroachment; provided that in no event shall a valid easement for encroachment be created in favor of an owner if such encroachment occurred due to the willful misconduct of such owner. In the event a structure or any residence lot is partially or totally destroyed and then repaired or rebuilt, each owner agrees that minor encroachments over adjoining lots and/or the common areas shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 2. Ingress, Egress and Support. An easement for ingress and egress through the common area is appurtenant to each residence lot and the common areas are subject to such blanket easements.

Section 3. Rights of Association. There is reserved to the Association an easement, to which the entire project shall be subject, of entry and of access for the performance generally of its rights and duties as provided in this Declaration. Entry into the residence of any owner pursuant to this right shall be restricted to reasonable times and must be preceded by a notice to the occupant, unless entry is required due to an emergency situation.

## ARTICLE XII: MISCELLANEOUS

Section 1. Acceptance of Provisions by Grantees. The Association and each Grantee hereafter of any part or portion of or interest in the project, and any purchaser under any grant or contract of sale, or any lessee under any lease covering any part or portion of or interest in the project, accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers of the Association and Declarant provided for in this Declaration.

Section 2. Conclusiveness of Records. A certificate of the Secretary of the Association, or in his absence, of any two members of the Association, shall be conclusive proof of all matters contained in the certificate when the certificate shall relate to acts or non-acts of the Association, its Board of Directors, or any committee or agent of the Association, and when the certificate shall be prepared for or delivered to any title insurer or land abstractor for use in a search in preparing an abstract or in insuring title in any unit ownership or other interest therein, or lien thereupon. For the same purposes a certificate of any officer of Declarant shall be conclusive proof of its contents.

157645  
BOOK 787 PAGE 512

Section 3. Interpretation of Restrictions. In interpreting and applying the provisions of this Declaration, they shall be held to be minimum requirements adopted for the promotion of the health, safety, comfort, convenience and general welfare of the owners and occupants of the property affected by this Declaration. It is not the intent of this Declarant to interfere with any provisions of any law or ordinance or any rules, regulations or permits previously adopted or issued or which may be adopted or issued pursuant to law relating to the use of building or premises; nor is it the intent of this Declaration to interfere with or abrogate or annul easements, covenants or other agreements between parties; provided, however, that where this Declaration imposes a greater restriction upon the use or occupancy of any residence lot, or upon the construction of buildings or structures, or in connection with any other matters that are imposed or required by such provisions of law or ordinance or by such rules, regulations or permits, or such easements, covenants and agreements, then in that case the provisions of this Declaration shall control.

Section 4. Enforcement. See Article 7.2 in Mackland Restrictions.

Section 5. No Waiver. See Article 7.2 (e) in Mackland Restrictions.

Section 6. Cumulative Remedies. All rights, options and remedies of Declarant, the Association or the owners under this Declaration are cumulative, and not one of them shall be exclusive of any other, and Declarant, the Association and the owners shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law.

Section 7. Severability. See Article 7.3 (b) of Mackland Restrictions.

Section 8. Covenants to Run With the Land; Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the property and shall inure to the benefit of and be enforceable by any owner, their respective legal representatives, heirs, successors and assigns, until January 1, 2000, after which time said covenants and conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then owners has been recorded at least one (1) year prior to the end of any such period, agreeing to change said covenants, conditions and restrictions in whole or in part.

Section 9. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a plan for the development of a residential community or tract. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 10. Effect of Declaration. This Declaration is made for the purposes set forth in the recitals to this Declaration and Declarant makes no warranties or representation, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 11. Personal Covenant. To the extent the acceptance of a conveyance of a residence creates a personal covenant between the owner of such residence and the Declarant, the Association or other owners, such personal covenant

157645

BOOK 787 PAGE 513

shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an owner.

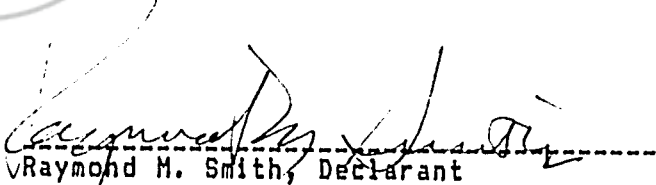
Section 12. Nonliability of Officials. To the fullest extent permitted by law, neither the Declarant nor the Association or the Design Review Committee shall be liable to any owner for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which the Declarant, the Association, or the Design Review Committee reasonably believed to be the scope of its duties.

Section 13. Leases. Any agreement for the leasing or rental of a residence unit (hereinafter in this section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration. Said lease shall further provide that any failure by the lessee thereunder to comply with the terms of this Declaration shall be default under the lease. All leases shall be in writing. Any owner who shall lease his residence shall be responsible for assuring compliance by such owner's lessee with this Declaration; provided, however, the obligation of the foregoing sentence shall not apply to Declarant in the event Declarant leases a residence for a term of twenty (20) years or more and such lease, or memorandum thereof, is recorded. No residence shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days.

Section 14. Construction by Declarant. Nothing in this Declaration shall limit the right of Declarant to construct such additional improvements as Declarant deems advisable prior to completion of improvements upon and sale of the entire development.

This Declaration shall not limit the right of Declarant at any time prior to acquisition by title by a purchaser from Declarant to establish on the property additional licenses, reservations and rights of way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the development, by an express assignment incorporated in a recorded deed of lease, as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the owner's right to use and enjoy the property. In this process, Declarant shall not be subject to the provisions of Design Review or the article concerning use restrictions.

Section 15. Amendments. See Article 7.1 of Mackland Restrictions.

  
Raymond M. Smith, Declarant

157645

BOOK 787 PAGE 514

STATE OF NEVADA  
COUNTY OF DOUGLAS

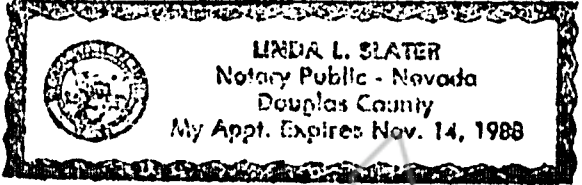
On this 2nd day of July 1987, before me, Linda L. Slater,  
the undersigned Notary Public, personally appeared \_\_\_\_\_  
Raymond M. Smith

Personally known to me

Proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is subscribed to the within instrument, and acknowledged  
that he executed it.

WITNESS my hand and Official seal.

Linda L. Slater  
Notary Public



COPY

REQUESTED BY  
Raymond Smith  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

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SUZANNE DEAUDEAU  
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