

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

FOR

SPRINGLANE (A P.U.D.)

THIS DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS, hereinafter referred to as the "Declaration," is made this 12th day of OCTOBER, 1987, by Springlane Associates, hereinafter referred to as "Declarant."

ARTICLE I -- RECITALS

WHEREAS, Declarant is the owner of all that certain property located in the County of Douglas, State of Nevada, as shown on the recorded plat of SPRINGLANE, A P.U.D., hereinafter referred to as the "property," and -----

WHEREAS, Declarant considers it desirable and appropriate to establish covenants, conditions and restrictions upon the property in order to pursue a specific program for the improvement thereof, 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 of the limitations, restrictions, covenants and conditions set forth herein. These 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 dominant tenement or tenements.

ARTICLE II -- DEFINITIONS

The following shall apply:

Section 1. "Association" shall mean and refer to Springlane 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 Committee" shall mean and refer to the Springlane Design Committee, its successors and assigns, as established herein.

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

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pathways, sewers, electrical, water, gas, television and telephone services and fixtures, storage and equipment areas or enclosures, 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 person or 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 numbered lot shown on the map of the property, including the residence structure together with private patios, yards, garages, and other structures and improvements located on the same parcel.

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

ARTICLE III -- PROPERTY RIGHTS

Section 1. "Owners' Easements of Enjoyment." Every owner shall have a right to the use and enjoyment of the common area which shall be appurtenant to and shall pass with the title to every residence 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-thirds (2/3) of all members agreeing to such dedication or transfer has been recorded.

(d) All of the rights of the Association as set forth in this document.

Section 2. Delegation of Use of Common Area. Any owner may delegate, in accordance with the By Laws, his right to enjoyment of 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,

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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 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, recreation and recreational vehicle storage 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 seventh residence lot subject to all encumbrances then of record, but not later than 1 January 1989.

ARTICLE IV -- USE & 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. No billboards or signs of any character shall be permitted on any lot except a sign not larger than seventy-two (72) square inches, setting forth the name of the owner or occupant of a lot and with the exception of one (1) only "For Rent" or "For Sale" sign not larger than two hundred sixteen (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 Committee.

Section 4. 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 such 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.

Section 5. At no time will the exterior of any houses, buildings, structures and fences be allowed to approach a state of esthetic deterioration such that they become a visual nuisance to the unit ownerships. Each owner

shall be responsible for the exterior maintenance of his unit except as otherwise specified herein.

Section 6. 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 7. No utility "night lights" shall be installed on any residence lot or in the common areas.

Section 8. Redecorating or alterations of the exterior of any existing structure which does not remodel, add to, or effect structural changes in such structure must be approved in writing by the Committee, but only as to color and texture.

Section 9. Redecorating or alterations of the exterior of any existing structure which does remodel, add to, or effect structural changes in such structure will be deemed the equivalent of new construction and will require the submission of complete plans and approval in writing by the Committee, prior to the commencement of such redecorating or alterations.

Section 10. 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 or similar matter shall be permitted on any residence lot or portion thereof. Each owner shall maintain his unit ownership in a neat, orderly and well groomed manner and shall subscribe to a regularly scheduled and established garbage collection service. Each lot shall promptly be cleaned of all waste, debris, used building materials, garbage and other waste materials at all times. All refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any residence lot unless obscured from view from adjoining residences, lots and streets by an appropriate means approved by the Committee.

Section 11. 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.

Section 12. Insurance. Nothing shall be done or kept in any residence lot or in the common area which will increase any applicable rate of insurance without the written consent of the Association. No owner shall permit anything to be done or kept in or on his residence lot or in the common area which will result in the cancellation of insurance on any residence lot or any part of the common area or which would be in violation of any law.

Section 13. Minimum Residence Floor Area. A residence shall not have less than one thousand, one hundred (1,100) square feet of enclosed living space floor area, exclusive of porches, patios, garage, basements or other accessory structures.

Section 14. Antennas. No structure shall be constructed or remodeled of a nature that will cause sunlight to be reflected nor be surfaced with paint or other means that will cause sunlight to be reflected.

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Section 15. Partitioning. 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 not less than six feet (6') in height and to a specific standard.

Section 16. Landscaping. 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 orderly manner, free from trash, weeds, insects or blight.

Section 17. No radio transmitting and receiving antennas for short wave or ham radio installations will be installed on any lot without the express written permission of the Board of Directors of the Association. Television antennas will be allowed but the height thereof must not exceed ten (10) feet above the highest point of the roof line.

Section 18. Garages, etc. All units will be equipped with automatic garage door openers; no one shall park in common driveway areas or in the common areas not so designated.

Section 19. Wood Stoves. All wood burning stoves installed in any structure will be equipped with catalytic equipment or will meet State of Oregon standards.

Section 20. Trailers, Boats, Vehicles. No one shall park in common areas or in other common areas not so specifically designated.

ARTICLE V -- 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 area.

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 and for the residence lots which are not separately charged to the owners.

Section 5. The Association shall provide, pay and be responsible for all connection and service fees levied against all properties subject to the restrictions of the Minden-Gardnerville Sanitation District and the Gardnerville Town Water Company to the end that the Minden-Gardnerville Sanitation District and the Gardnerville Town Water Company each provides one statement to the Association covering their respective service charges and fees

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for all residence lots within the project. The Association shall charge and collect said service fees from the individual residence unit owner and pass them through to the appropriate serving entity.

Section 6. Improvements. The Association shall have the authority and power to construct, improve, repair and reconstruct any and all improvements on or over or under the common area not inconsistent with this Declaration and appropriate for the use and benefit of the members.

Section 7. 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 (Spring Lane) and the aprons leading to garages as well as all designated open space landscaped areas and the recreation vehicle storage area. For these purposes the Association may contract with private parties and pay all charges in connection thereto.

Section 8. The Association may have the authority and responsibility for the maintenance and repair of all residence unit walls which are also common property lines. Only to this end may the Association enter adjoining private properties. If exercised, the Association may back charge the owner of the residence unit affected for such maintenance and/or repair.

ARTICLE VI -- MEMBERSHIP & 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 the ownership of any lot.

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

Class A: Class A Members shall be all owners with the exception of the Declarant who 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, however 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.

Class 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 or on 1 January 1989, whichever occurs first.

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

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(a) Annual assessments and charges, etc., 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 interests, 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. The assessments levied by the Association shall be used exclusively to promote the recreation, attractiveness, health, safety and general welfare of all residents in the properties, and for the ownership, improvement and maintenance of the common area.

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 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 common area, including facilities and property related thereto, provided that any such assessment shall have the assent to 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

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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 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 Agreement. 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 (12) percent 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 VIII -- 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.

ARTICLE IX -- DESIGN COMMITTEE

Section 1. No dwelling unit, garage, structure or any type of construction activity, including grading and/or removal of natural cover, shall be commenced on any lot until two complete sets of plans and specifications thereof including front, side and rear elevations, along with floor plans for each floor, exterior color schemes thereof, and plot plan shown as 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 by the written endorsement of the Committee on both sets of plans; one set of which shall be retained by the Committee and one set returned to the owner. A filing fee in the amount of 1/10th of 1% of estimated construction value shall accompany each submittal. Approval by the Committee of any plan or specification shall not cause the Association or its members to be liable to any person in any way.

Section 2. The Committee shall examine and approve or stipulate reasonable changes or alterations in plans for any structure, outbuilding, 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.

Section 3. In the event the Committee fails to approve or disapprove the design and location within thirty (30) days after said plans and specifications have been submitted to it, further approval will not be required.

Section 4. The Committee shall consist of three members appointed by the Board of Directors of the Association to overlapping three year terms. Two of the members thereof must be owners within the project. In the event of resignation, incapacity, failure or death of any member or members of the Committee, the remaining member or members shall fill any vacancy or vacancies. The Committee shall have the power to establish its own internal rules and regulations and procedural details.

ARTICLE X -- 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

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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, egress and support 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 XI -- 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 abstracter 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.

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 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

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owners of any of said lots defined herein. The Committee or any owner or owners of any of said lots may institute and prosecute any proceeding 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, covenants or restrictions herein contained shall not be deemed a waiver of rights 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 thereafter provided by law.

Section 5. 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 6. Covenants to Run With the Land; Term. These covenants, conditions and restrictions 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 1 January, 2000, after which time said covenants, 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 7. 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 or interpretation or construction.

Section 8. 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 9. Personal Covenant. To the extent the acceptance of a conveyance of a residence unit creates a personal covenant between the owner of such residence and the Declarant, the Association or other owners, such personal covenant 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 10. Nonliability of Officials. To the fullest extent permitted by law, neither the Declarant nor the Association or the Committee shall be liable to any owner for any damage, loss or prejudice suffered or claimed on account of any owner for 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,

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the Association or the Committee reasonably believed to be the scope of its duties.

Section 11. Leases. Any agreement for the leasing or rental of a residence unit (hereafter 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 12. 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 13. Severability. 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.

Section 14. Amendments. The provisions of this Declaration may be amended by an instrument in writing subject to acknowledgment by not less than seventy-five (75) percent of the owners of each residence lot, which amendment shall be effective upon recordation in the office of the Recorder of Douglas County, Nevada.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

Declarant Raymond M. Smith
SPRINGLAW ASSOCIATES.
RAYMOND M. SMITH

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STATE OF NEVADA,

County of ... Douglas.....

} ss.

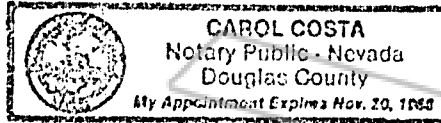
On October 13, 1987..... personally appeared before me,

DATE

a Notary Public (or judge or other officer, as the case may be),

..... Raymond M. Smith.....

who acknowledged that he executed the above instrument.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official stamp at my office in the County of ... Douglas..... the day and year in this certificate first above written.

Carol Costa

Signature of Notary

(ACKNOWLEDGMENT GENERAL)

COOPER

REQUESTED BY
FIRST NEVADA TITLE COMPANY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'87 OCT 14 P4:05

SUZANNE BEAUDREAU
RECORDER

PAID *JU* DEPUTY

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