

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth
by P-K Construction Inc., hereinafter referred to as
COLT ASSOCIATES, PARTNERSHIP
"Declarant",

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in
Minden, County of Douglas, State of Nevada, which is more
particularly described as:

Units 1 thru 19, Block A. and open area as set forth on the map of COTTONWOOD
VILLAGE SUBDIVISION, filed in the office of the County Recorder of Douglas County,
State of Nevada on November 15, 1985, as Document No. 126806 of Official
Records

WHEREAS, Declarant desires and intends to establish a
common scheme and plan for the possession, use, enjoyment,
maintenance and improvement of the Property pursuant to the
Nevada Planned Unit Development Law;

WHEREAS, Declarant will form a nonprofit cooperative
corporation as and for a Homeowners Association to manage
certain aspects of the project, to maintain and administer the
common area, to govern and enforce the provisions of this
Declaration and to perform such other acts as shall generally
benefit the project as set forth herein;

NOW, THEREFORE, Declarant hereby declares that all of
the property described above shall be held, sold, encumbered,
used and conveyed subject to the following easements, rights,

restrictions, assessments, liens, covenants, servitudes and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property described and be equitable servitudes thereon and be binding on all parties having any right, title or interest in the described property or any part thereof, and their grantees, heirs, executors, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to the Homeowners Association and its successors and assigns. Each owner shall become a member of the Association contemporaneously with his acquisition of a unit.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners and as defined in NRS 278A.040. The Common Area shall not include the units which shall be owned in fee by each owner of land. The Common Area to be owned by the Association at the time of the conveyance of the first unit is described and shown on the final subdivision map of the Project, as recorded in the Recorder's Office of Douglas County, Nevada, on NOV 15th, 1985, at

DEC# 126806, PAGE# 139, BOOK# 1185

Section 3. "Declarant" shall mean and refer to P-K CONSTRUCTION, INC. and its successors and assigns if

such successors or assigns should acquire more than one undeveloped unit from the Declarant for the purpose of development.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any unit which is a part of the Project and as defined in NRS 278A.050, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Project" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. The Project is a Planned Unit Development as defined in NRS 278A. 065.

Section 6. "Unit" shall mean and refer to the land and residential dwellings and other improvements constructed thereon within the project which is owned in fee by each owner and is not Common Area owned by the Association. The units are described and shown on the final subdivision map of the project, as recorded in the Recorder's Office of Douglas County, Nevada, on NEV 15th, 1985, at Doc# 126800 page# 1398 book# ~~1185~~ 1185.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with

the title to every unit, subject to the following provisions:

(a) 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 agreeing to such dedication or transfer signed by 2/3 of each class of members has been recorded.

(b) the right of individual owners to the exclusive use of parking spaces and walkways as provided in this Article.

(c) the right of the Association to maintain, repair, remodel, replace or remove any improvement in or on any Common Area.

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

Section 3. Parking Rights. Ownership of each unit shall entitle the owner or owners thereof to the use of not more than two automobile parking spaces, which shall be as near and convenient to said unit as reasonably possible, together with the right of ingress and egress in and upon said parking area and the exclusive use of walkways connecting such spaces with the owner's unit. The Association shall permanently assign two vehicle parking spaces for each dwelling.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a unit which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any unit which is subject to assessment.

Section 2. Classes of Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners, with the exception of the Declarant, and shall be entitled to one vote for each unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The vote for such unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any unit.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) on December 31, 1989.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each unit owned within the Project, hereby covenants, and each owner of any unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees as incurred, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's 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, health, safety and welfare of the residents in the Project and for the improvement and maintenance of the Common Area, and of the units situated upon the Project as provided for herein. Such assessment may include a pro rata share of any utility or other common service obtained by or provided through the Association.

Section 3. Exterior Maintenance. In addition to maintenance upon and to the Common Area as necessary and appropriate, the Association shall specifically provide exterior maintenance upon each unit which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roof, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, garages, parking spaces and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair of a unit or the improvements thereon is caused through the wilful or negligent acts of the family, guests or invitees of the owner of the unit needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such unit is subject.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first unit to an Owner, the maximum annual assessment shall be THIRTY FIVE Dollars (\$ 35⁰⁰) per unit.

(a) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment may be increased each year not more than five per cent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the

maximum annual assessment may be increased above five per cent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

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

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon or within the Common Area, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 or 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty per cent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the

subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all units and may be collected on a monthly basis as determined by the Association.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all units on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified unit have been paid. A properly executed certificate of the Association as to the status of assessments on a unit is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: 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 ten per cent (10%) 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 of the Common Area or abandonment of his unit.

Section 10. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any unit shall not affect the assessment lien. However, the sale or transfer of any unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding

structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to

the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII

USE RESTRICTIONS

Section 1. Residential Use. No unit shall be occupied and used except for single family residential purposes by the Owners, their contract purchasers, lessees, tenants, or guests, and no trade or business shall be conducted thereon.

Section 2. Nuisances. No noxious, illegal, or

offensive activities shall be carried on on any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective unit, or which shall in any way increase the rate of insurance for the Project or for any other unit, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

Section 3. Signs. No sign of any kind shall be displayed to the public view from any portion of the Project without the approval of the Board except (i) one sign of customary and reasonable dimensions advertising a unit for sale, lease or rent displayed from a unit by an owner desiring to sell, lease or rent his unit, and (ii) such signs may be used by Declarant for the purpose of selling units.

Section 4. Improvements and Structural Changes. No owner shall, at his own expense, or otherwise, make any alteration, addition or modification to the building in which his unit is located or to any part or portion of the Common Area, or to the exterior of his unit, without the prior written approval of the Board. With respect to the installation of awnings, sunshades and other minor installations to any individual unit, the prior written consent of the Board shall be exercised with a view toward promoting uniformity and thereby enhancing the attractiveness of the Project as a whole. No radio or television receiving or transmitting antennae or

external apparatus shall be installed on or upon any unit or in, on or upon any part of the Common Area, without prior written approval of the Board.

Section 5. Compliance with Project Documents. Each Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a unit or user of the Common Area shall comply with the provisions of the Project Documents, including this Declaration and any Association document, rules or regulations.

Section 6. No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a unit in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by acquiring the unit agrees to hold Declarant harmless therefrom.

Section 7. Rules and Regulations of the Association. The Association, by and through its Board, may make and enforce rules and regulations governing the use of the Common Area and the conduct and activities of the Owners thereon.

Section 8. Additional Restrictions in Use. Pursuant to the provisions of this Declaration and applicable law, if not otherwise restricted, a majority of the Owners may amend the

restrictions, and increase or decrease the burdens and benefits thereof.

ARTICLE VII

PROTECTION OF LENDERS

Section 1. Mortgages Permitted. Any Owner may encumber his unit with mortgages.

Section 2. Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first mortgage that encumbers any unit or other portion of the Project, made in good faith for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such first mortgage unless the first mortgagee expressly subordinates his interest, in writing, to such lien.

Section 3. Effect of Breach. No breach of any provisions of this Declaration shall invalidate the lien of any mortgage in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 4. Non-Curable Breach. No mortgagee who acquires title to a unit by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

Section 5. Notice of Default. A first mortgagee, upon

request, shall be entitled to written notification from the Association of any default in the performance by the affected unit Owner of any obligation under the Project Documents which is not cured within sixty (60) days.

Section 6. Working Capital Fund. If required by FHA, VA, FNMA or FHLMC as a condition of qualifying the Project for any mortgage purchase, guarantee, insurance or other related program, a working capital fund shall be established for the Project by the contribution to such fund, by the Owners and Declarant, of a sum equal to two monthly Regular Assessments for each unit owned.

Section 7. Compliance with FHA/VA, FHLMC and FNMA Requirements. Declarant intends that the Project shall comply with all of the requirements of the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"). All casualty and liability insurance covering any portion of the Project encumbered by a mortgage held by the FHLMC or FNMA or insured or guaranteed by FHA/VA shall therefore conform to the FHA/VA, FHLMC and FNMA requirements. Declarant and all Lot Owners also agree that in the event the Project or the Project Documents do not comply with the FHA/VA, FHLMC, or FNMA requirements, the Board and each Owner shall take any action or adopt any resolutions required by Declarant or any first mortgagee to conform such Project Documents, or the Project, to the FHA/VA, FHLMC, or FNMA requirements.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first five (5) year period by an instrument signed by not less than ninety per cent (90%) of the unit Owners, and thereafter by an instrument signed by not less than a majority fifty per cent (50%) of the unit Owners. Any amendment must be recorded.

Section 4. A. Annexation. Additional residential property and Common Area may be annexed to the Project with the consent of two-thirds (2/3) of each class of members.

B. Additional land within the area described in Deed Book N/A, Page N/A, of the land records of Douglas County, Nevada, may be annexed by the Declarant without the consent of members within five (5) years of the date of this instrument provided that the FHA and the VA do not object to such annexation.

Section 5. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 6. Hold Harmless Provision. The Association and any Owner of a unit shall hold harmless the owner of any irrigation ditch or easement traversing the Project from all claims, demands or causes of action for liability from accidents involving any Owner, guest, or invitee and such property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have executed this Declaration this 5 day of MAY, 1986.^{PRO}

By P-K CONSTRUCTION, Inc

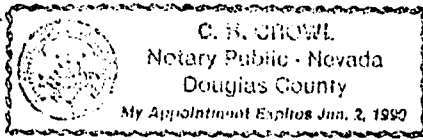
PETE M. BEEKRAF
By P. M. Beeke (President)

By COLT ASSOCIATES Bidging
Company General Mgr

Robert H Taylor - PROS.
ROBERT H. TAYLOR

STATE OF NEVADA)
)
COUNTY OF DOUGLAS)

SS.



On May 5, 198^{6 PMB}~~8~~, personally appeared before me, a notary public, ROSE M. BEEKOFF, who acknowledged that he personally executed the above instrument.

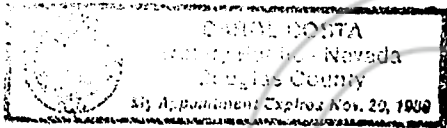
[Signature]
Notary Public

STATE OF NEVADA)
)
COUNTY OF DOUGLAS)

SS.

On Dec 30 1987, 198^{6 PMB}~~8~~, personally appeared before me, a notary public, Robert H Taylor, who acknowledged that he personally executed the above instrument.

[Signature]
Notary Public



STATE OF NEVADA)
)
COUNTY OF DOUGLAS)

SS.

On _____, 198^{6 PMB}~~8~~, personally appeared before me, a notary public, _____, who acknowledged that he personally executed the above instrument.

Notary Public

COPY

REQUESTED BY
FIRST NEVADA TITLE COMPANY
IN OFFICIAL RECORDS OF
COUNTY OF NEVADA

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SUZANNE BEAUDREAU
RECORDER

24th FILE DEPUTY

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