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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
MERIDIAN BUSINESS PARK

THIS DECLARATION is made this 10 day of March,  
1989, by MERIDIAN BUSINESS PARK, Limited Partnership, hereinafter  
referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of that certain real prop-  
erty situated in the County of Douglas, State of Nevada, which is  
more particularly described as follows:

[Exhibit "A" attached hereto]

Declarant wishes to establish a general plan for the develop-  
ment, maintenance, and improvement of that certain real property,  
described above, as a business park. The park is to be designed  
for the mutual benefit of the owners, and to protect and enhance  
the present and future value of the above-described real property.

The Declarant wishes to establish protective provisions,  
covenants, and restrictions, and provide for liens and charges  
(collectively called "restrictions"), with respect to which all  
or any part of such property is to be improved, held, used, oc-  
cupied, leased, sold, or conveyed. It is intended that such  
restrictions run with the land and apply to and bind the respec-  
tive successors in interest.

All of such restrictions are imposed on each portion of the  
above-described property as a mutual, equitable servitude in favor  
of all other portions of such property.

NOW, THEREFORE, Declarant hereby declares as follows:

ARTICLE I

DEFINITIONS

1.1. "Association" shall mean and refer to the MERIDIAN  
BUSINESS PARK ASSOCIATION, INC., a Nevada non-profit corporation,  
its successors and assigns.

1.2. "Board and/or Board of Directors" shall mean the Board  
of Directors of the Association as established by its Articles of

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Incorporation.

1.3. "Common Area" shall mean all real property (including all improvements thereon), if any, owned by the Association for the common use and enjoyment of the owners. The Common Area, if any, to be owned by the Association shall be all Common Areas of MERIDIAN BUSINESS PARK. Such Common Area shall include streets and roads within the Properties, until the same may be accepted by the County of Douglas, as set forth on that certain map recorded with the Douglas County Recorder.

1.4. "Declarant" shall mean and refer to MERIDIAN BUSINESS PARK, Limited Partnership, its successors and assigns.

1.5. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, as the same may be amended and/or supplemented from time to time.

1.6. "First Mortgage" shall mean and refer to a mortgage or deed of trust secured by and encumbering any portion of the properties, which mortgage or deed of trust has priority as to all other mortgages or deeds of trust encumbering said portion and is held by a bank or savings and loan association or established mortgage company or entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property, or any insurance company or any federal or state agency. A "First Mortgage" is the holder of a First Mortgage.

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

1.8. "Parcel" shall mean and refer to any plot of land shown upon any recorded map of the properties, with the exception of the Common Area, if any.

1.9. "Properties" shall mean and refer to that certain real property located in the County of Douglas, State of Nevada, described on Exhibit "A", attached hereto.

ARTICLE II

RIGHTS IN COMMON AREA

2.1. Title to Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area, if any, to the Property Owners Association free and clear of all encumbrances and liens, except easements, covenants, conditions and reservations then of record, including those set forth in this Declaration. Said conveyance shall be made to the Association prior to the conveyance of the first Parcel in the Properties to an Owner.

2.2. Owners' Easements. Every Owner, and his customers, licensees, and invitees shall have a right of ingress and egress in and to the Common Area, if any, which shall be appurtenant to and passed with the title to every Parcel, subject to the following provisions:

(a) The right of the Association to dedicate or transfer all or substantially all of its assets, including all or any part of the Common Area, if any, to any public agency, authority, or utility as may be approved by the Owners. Notwithstanding any contrary provisions in the Articles of Incorporation or By-Laws of the Association, no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by Owners having a majority of the voting power of membership and thereafter recorded, subject, however, to the right of Douglas County to exercise its option to acquire streets and roads within the Properties.

(b) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area, if any, and in aid thereof and with the assent of Owners having a majority of the voting power of the membership, to hypothecate any and all real or personal property owned by the Association.

(c) So long as Declarant shall own any of the real property which is now or may hereafter be subject to this Declaration, Declarant shall have the following easements and rights:

(i) Easements over, through, in and to all of the Common Area, if any, for ingress, egress, and parking for itself, its agents, employees, and prospective purchasers of Parcels within the Properties, which rights

and easements shall be for the purpose of (a) construction of improvements in connection with the initial development of the project in accordance with the plans approved by the County of Douglas; and (b) activities in furtherance of Declarant's sales and promotional program with respect to the project and projects being developed by Declarant in locations within the State of Nevada.

(ii) The right to make modifications in materials, specifications, plans and designs in the Common Area, if any, without prior notice.

(d) The rights of the Declarant set forth in this Article shall remain in existence until seventy-five percent (75%) of parcels within the Properties are sold.

2.3. Delegation of Use. Any Owner may delegate his rights of ingress and egress in and to the Common Area, if any, to his tenants or contract purchasers who conduct business on his Parcel.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1. Membership. Every Owner of a Parcel which is subject to assessment shall be a Member of the Association. Except as to the Association incorporators, membership shall be appurtenant to and may not be separated from membership of any Parcel which is subject to assessment.

3.2. Voting Rights. The Association shall have two (2) classes of voting membership as follows:

(a) Class A Members shall be all Owners with the exception, initially, of Declarant and shall be entitled to one vote for each acre owned. In determining the number of votes an Owner is entitled to based upon the acreage in his Parcel, the size of such Parcel shall be rounded to the nearest acre; however, when the size of such parcel cannot be rounded to the nearest acre because of ownership of exactly one-half acre, the owner shall, nonetheless, be entitled to one vote for such one-half acre owned. When more than one person or entity holds an interest in any Parcel, all such persons or entities shall be members. The vote or votes for such Parcel shall be exercised as they, among themselves determine.

(b) The only Class B Member shall be Declarant, which shall be entitled to three (3) votes for each acre owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of the earliest of the following:

(i) When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership;

(ii) When the Declarant waives in writing its right to Class B Membership.

3.3. Quorum. Unless otherwise expressly provided, any action authorized hereunder may be taken at any meeting of such Members owning Parcels in the Properties, upon the affirmative vote of the Members having a majority of a Quorum of the voting power present at such meeting in person or by proxy. The Quorum for such meeting shall be fifty percent (50%) of each class of Members. If a Quorum is not present, another meeting may be called and held within thirty (30) days of the preceding meeting subject to the same matters requirements. A Quorum for such resumed meetings shall be deemed to exist with the presence in person or by proxy of twenty-five percent (25%) of the total voting power of the Association.

#### ARTICLE IV

##### COVENANT FOR MAINTENANCE ASSESSMENTS

4.1. Creation of Lien and Obligations for Assessments. Declarant, for each Parcel owned within the Properties, hereby covenants, and each Owner of a Parcel by acceptance of a deed therefor, whether or not it shall be so expressed in such deed therefor is deemed to covenant and agrees to pay to the Association (i) annual assessments or charges which shall include adequate reserve funds for the periodic maintenance, repair, and replacement of improvements located in the Common Area, if any, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Annual assessments shall be paid in quarterly installments, with each installment due on or before the first day of each quarter.

The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge upon the land and shall be a continuing lien upon the Parcel against which each such assessment is made.

Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person or entity who was the Owner of such Parcel at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such person's or entity's successor in title unless expressly assumed by such successor in title.

4.2. Purpose of Assessments. These assessments levied by the Association shall be used exclusively to promote the benefit and welfare of the Owners within the Properties, and such other matters, actions, and activities of the Board of Directors as may be either required or authorized by this Declaration or the Association's Articles of Incorporation or By-Laws.

4.3. Maximum Amount of Annual Assessment. Until January 1st of the year immediately following the year of conveyance of the first Parcel by Declarant to another owner, the maximum annual assessment shall be THIRTY THREE DOLLARS (\$33.00), per month.

(a) From and after January 1st of the year immediately following the year of conveyance of the first Parcel by Declarant to another Owner, the maximum annual assessment may be increased each year by not more than twenty percent (20%) without approval of the membership.

(b) From and after January 1st of the year immediately following the year of conveyance of the first Parcel by Declarant to another Owner, the maximum annual assessment may be increased above the twenty percent (20%) amount provided in subsection 4.3(a) above by the vote or written consent of fifty one percent (51%) of the voting power of the members who are voting in person or by proxy, at a meeting duly called for such purpose.

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

4.4. 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 a capital improvement upon the Common Area, if any, including fixtures and personal property related thereto;

provided, that any such assessment shall either be authorized by Article VIII or authorized by the vote or written consent of a majority of the voting power of the Members who are voting in person or by proxy at a meeting called for this purpose. Such assessment may also be levied for any improvement required by Douglas County, or other governmental authority, including, but not limited to, any asphalt overlay and traffic signal.

4.5. Notice. Any action authorized under Section 4.3 or 4.4 above shall be taken at a meeting called for that purpose.

4.6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Parcels and shall be collected on a quarterly basis, with quarterly installments due on or before the first day of each quarter.

4.7. Date of Commencement of Annual Assessments. The annual assessments for all Parcels shall commence on the first day of the month following the conveyance of a Parcel to an Owner, or on the first day of the month following the conveyance of the Common Area, if any, to the Association.

The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Association, through its Board, shall fix the amount of the annual assessment against each Parcel at least sixty (60) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto.

4.8. Subordination of Lien. The lien for assessments provided for herein shall be subordinate to the lien of any first mortgage upon any Parcel. Sale or transfer of any Parcel shall not affect said lien for assessments; provided, however, each first mortgagee who comes into possession of a Parcel by virtue of foreclosure or any purchaser at a foreclosure sale of a first mortgage, shall take the Parcel free of any claim for unpaid assessments and charges against the Parcel which accrue prior to the time the holder or purchaser acquires title to the Parcel. No transfer of the Parcel as a result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former First Mortgagee or another person or entity, from liability for any assessments thereafter becoming due or from the lien thereof.

4.9. Estoppel Certificate. The Association shall furnish or cause an appropriate officer to furnish, upon demand by any person or entity, a certificate signed by an officer of the

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Association, stating whether the assessments on a specified Parcel have been paid. A properly executed certificate of the Association as to the status of assessments on a Parcel is binding on the Association as of the date it is issued.

4.10. Personal Liability of Owners. No Owner may exempt himself from personal liability for assessments or any part thereof, levied by the Association, nor may he release his Parcel from the liens and charges thereof by waiver of the use and enjoyment of his Parcel.

4.11. Exempt Property. All properties dedicated to and accepted by a local public authority shall be exempt from the assessment created herein. However, no land or improvements devoted to business use within the Properties shall be exempt from said assessments.

4.12. Enforcement of Lien and Other Remedies Any assessment not paid within thirty (30) days after the due date shall bear interest from its original due date at the rate of twelve percent (12%) per annum. If an Owner does not pay in full, within thirty (30) days after the due date, any assessment or any installment thereof, or any interest accrued thereon, the Association may record, in the Office of the County Recorder of Douglas, Nevada, a Notice of Assessment describing the Parcel or Parcels owned by the defaulting Owner. Such Notice of Assessment shall state the amount of the assessment, interest, attorneys' fees and other costs of collection; the Owner's name and a description of the applicable Parcel or Parcels against which the assessment has been made and, shall be signed by an authorized representative of the Association. Upon payment or other satisfaction of the assessment, the Association shall cause to be recorded a further notice stating the satisfaction and the release of the lien. If, after recording the Notice of Assessment, the Owner fails to pay or otherwise satisfy the assessment, the Association may, at any time within two (2) years after such recordation, (which two-year period may be extended for an additional two (2) years if the Association records a written extension thereof within the original two-year period) enforce the lien by sale of the applicable Parcel or Parcels. In exercising its power of sale, the Association shall have such rights, shall comply with such requirements and conditions and shall follow such procedures as are set forth in Section 278A.150 and 278A.160 of Nevada Revised Statutes as they may, from time to time, be amended. Should said sections be eliminated or revoked by legislative or judicial action, then the Association shall have such rights, shall comply

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with such requirements and conditions and follow such procedures as may be established under the laws of the State of Nevada relative to the enforcement of such liens. In the absence of any such laws, said lien may be enforced by sale conducted in accordance with the laws of the State of Nevada for foreclosure of deeds of trust. The foregoing remedies shall be in addition to any other remedies provided by law or in equity for the enforcement of such obligations, including the institution of legal proceedings against the applicable Owner or Owners personally.

## ARTICLE V

### ARCHITECTURAL CONTROL

5.1. Restrictions. No building, fence, wall, or other structure or improvement and no planting of trees or shrubs shall be commenced, erected, placed, altered, or maintained on any Parcel by any Owner until the location and complete plans and specifications showing the nature, kind, shape, height and materials (including the color scheme) have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the Board or by an architectural committee appointed by the Board and composed of three (3) Members.

5.2. Approval. In the event the Board or its designated committee fails to approve or disapprove such location, plans, and specifications, or other requests within thirty (30) days after submission thereof to it, then such approval shall not be required so long as any structure or improvement so erected or altered conforms to all of the conditions and restrictions herein contained; provided that, grade level and drainage characteristics of a Parcel or any portion thereof shall not be altered without the prior written consent of the Board or its designated committee.

## ARTICLE VI

### OBLIGATION TO MAINTAIN

6.1. Owner's Obligation to Maintain. Each Owner of a Parcel shall be obligated to maintain, in good repair, all landscaping, underground irrigation systems, fences, walls, and

any and all other improvements located on said Owner's Parcel. In the event an Owner of any Parcel should fail to maintain said Parcel in a manner satisfactory to the Board, the Board, after approval by two-thirds (2/3) vote of the Directors, shall have the right, through its agents and employees, to enter on said Parcel and repair, maintain and restore the same. The cost of such maintenance shall be added to and become part of the assessment to which the Parcel is subject. In addition, Owner shall install and maintain landscaping as required by any applicable County Ordinance.

6.2. Restriction on Right of Entry. No entry into the interior of any building located on or within a Parcel, may be made without the consent of the Owner or occupant, and such entry shall be made only after not less than seventy-two (72) hours' notice has been given to the Owner and/or occupant, if possible, and any damage resulting therefrom shall be repaired and paid for by the Association.

6.3. Association's Obligation to Maintain. The Association will maintain all Common Area, if any, and all of the improvements of the Common Areas located within the Properties, or portions of these, and keep them in good condition, repair, clean, and free of rubbish, and other hazards to persons using such areas. It shall have the duty to select from time to time such person(s) or entity or entities to manage, operate and maintain the Common Areas. Such person(s) or entity or entities shall be professionals, trained in maintenance and operations for which the same have been selected. Such maintenance will include, without limitation:

(a) Removal of all papers, debris, filth, snow, and refuse from the Common Area, if any, as required.

(b) Maintenance within the Common Area, if any, of directional signs, markers, and lights in the Common Area, if any, as will be reasonably required and in accordance with the practices prevailing in the operation of business parks in Nevada.

(c) Repainting of striping, markers, directional signs, etc., as necessary to maintain in first-class condition.

(d) Performance of maintenance of landscaping necessary to keep in first-class condition and to provide the

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general effect contemplated by the improvements. For example, trees and shrubbery will be properly pruned or otherwise controlled to prevent any condition of overgrowth.

(e) Cleaning off signs of the Common Area, if any, and including relamping and repairs being made as required.

(f) Maintenance of all the Common Area, if any, free from any obstructions not required for their intended use. It is expressly understood and agreed, however, that in the event of special events or activities in the Common Area, if any, approved by two-thirds (2/3) vote of the Board of Directors, these provisions may be waived during the period of the special event or activity.

(g) Payment of all electrical, water, or other utility charges or fees for services furnished to the Common Area, if any.

(h) Contracting for maintenance of utility lines or a system which is to be used in whole or in part to provide service for Common Area, if any.

6.4. Landscape Reserve. Each Parcel Owner, upon conveyance to him of a Parcel in the Properties, shall reserve a thirty (30) foot strip of land, along the entire front portion of such Owner's Parcel abutting the street. Each Owner will retain title to said landscape reserve, and shall be responsible for payment of property taxes on the same. However, the Association shall install landscaping on said reserve, and shall maintain said reserve as if the same were Common Area. At least fifteen percent (15%) of the site area shall be landscaped, inclusive of the thirty (30) foot area along the street frontage. Landscaping shall include a variety of plant species and trees to provide a pleasing appearance. More intensive landscaping shall be required between the building line and street frontages. All landscaping shall be maintained by installation of a sprinkler or drip system with automatic timers.

## ARTICLE VII

### USE RESTRICTIONS

7.1. Construction Materials. The exterior walls of all buildings shall be of masonry construction, its equivalent or

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better. The use of materials shall be subject to the approval of the Board or its designated Architectural Committee. No building shall be constructed with a wooden frame, except in the case of roofing trusses. No heating, air conditioning, electrical, or other equipment shall be installed on the roof of any building or structure, or attached to exterior walls unless the same is screened, covered, and installed in a manner which shall have been previously approved by the Board or its designated Architectural Committee.

7.2. Storage Yards. Outdoor storage yards shall be screened from public view and shall be placed so as to conform with the building line restrictions. No storage shall be allowed between a frontage street and a building line.

7.3. Signs. There shall be no more than one free-standing sign on each Parcel. This sign shall be a "monument type" announcing the name and/or insignia thereon, not to exceed four (4) feet in height and twelve (12) feet in width. Said sign must be no closer than five (5) feet from any curb. Lighting for signs must be hidden from view, and exterior spotlighting shall be so installed as to eliminate any nuisance to adjoining residential districts or to traffic on the public highways; no unshaded light sources shall be permitted. Other signs on buildings or other portions of any Parcel must be approved in advance by the Board or its designated Architectural Committee. Sign size is governed by county ordinance allowing twenty (20) square feet/each one thousand (1,000) square feet of gross floor area.

7.4. Set Backs.

(a) No buildings shall be constructed on any Parcel nearer than eighty (80) feet to the center line of Meridian Way or Parkplace. In addition, no building shall be constructed on any Parcel nearer than one hundred (100) feet to the center line of Airport Road or Hayborne.

(b) Side/Rear: Minimum side and rear yards shall be twenty-five (25) feet and shall aggregate seventy-five (75) feet on each individually owned Parcel, provided, however, that where suitable the twenty-five (25) foot minimum may be waived by the Board or its designated Architectural Committee, however, it may not be less than twenty (20) feet per Douglas County Ordinance. In the event more than one Parcel is owned by one person or entity and in the improvement of the Parcel or tract a building shall be erected on more than one Parcel, then the side line restriction on the interior line or lines shall be waived. If part of a tract or Parcel is sold before

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any improvement is erected, then the line between the part sold and the part retained shall be the property line to which this set back restriction applies.

7.5. Building Height. No building shall exceed three (3) stories in height, and in no event shall any building exceed forty-five (45) feet in height.

7.6. Building-Site Ratio. The ratio of building coverage to the total site area will be subject to the approval of the Board or its designated Architectural Committee, but the ratio shall not exceed thirty-five (35)%.

7.7. Parking. Owners of Parcels shall not permit their licensees, employees, tenants, or invitees to park in Common Area, if any, or on public streets within the Properties. It will be the responsibility of the Owners, their successors, assigns, and other persons holding under them to provide adequate off-street parking for employees and visitors within their property lines. All parking areas shall be covered with a hard, dust free, paved surface.

7.8. Construction Period. If, after the expiration of two (2) years from the date of execution of a contract for the sale of any Parcel lying within the Properties, or after the expiration of two (2) years from the date of completion of utilities, whichever is later, any purchaser shall not have begun in good faith the construction of a permanent building on the acquired Parcel, the Declarant retains the option to rescind the contract, refund the purchase price, and enter into possession of the land. However, the Declarant, its successors or assigns, may extend in writing the time at which construction may begin. Once a purchaser has begun construction, said construction must be completed within one (1) year therefrom.

7.9. Excavation. No excavation shall be made except in connection with construction of an improvement, and upon completion thereof, exposed openings shall be filled, and disturbed ground shall be landscaped or paved.

7.10. Prohibited Uses. No Parcel shall be used for any purpose or business which is considered dangerous or unsafe, or which constitutes a nuisance, or is noxious or offensive by reason of emission of dust, odor, gas, smoke, fumes, or noise. In addition, the following uses are specifically prohibited:

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(a) Any residential use (except incidental to a permitted use), hotels, motels, mobile home parks, and recreational vehicle parks, or other similar uses;

(b) Retail shops, service shops, theaters and commercial recreational or non-industrial uses, or merchandising or merchandising services, except incidental to a permitted use;

(c) Churches, schools, and other similar public and semi-public uses;

(d) Outdoor manufacturing or fabrication where such is not approved by a two-thirds (2/3) vote of the Board of Directors;

(e) Manufacturing of any acid or acid by-products, chemical, including chlorine, corrosive products, explosives, by-products from fish, meat, or animals (including slaughter houses), fertilizer or glue, or similar products;

(f) Meat packing plants, commercial dog kennels, junk and/or wrecking yards, dumps, or refuse disposal yards;

(g) Extraction and/or processing of rock, sand, gravel, asphalt and like earth products, including top soil stripping, mining, and its related operations;

(h) Other uses which the Board may determine to be detrimental to the Properties.

7.11. Refuse Collection. All outdoor refuse areas must be visually screened from the public view; no refuse will be permitted between any street and building. All Owners shall subscribe to a garbage collection service for removal of trash, rubbish, and garbage from the Owners' Parcels on a weekly basis.

## ARTICLE VIII

### DESTRUCTION OF COMMON AREA IMPROVEMENTS

8.1. Destruction. In the event of total or partial destruction of improvements on the Common Area, if any, and if the available proceeds of insurance carried by the Association are sufficient to pay for not less than eighty-five (85%) of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt, unless, within ninety (90) days from the

date of such destruction, seventy-five percent (75%) of the votes of Members which are cast by Members present and entitled to vote in person or by proxy at a duly constituted meeting, are cast for the proposition that such reconstruction shall not take place. If reconstruction is to take place, the Board shall be required to execute and record, not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention to rebuild.

8.2. Insufficiency of Insurance Proceeds. If the proceeds of such insurance are less than eighty-five percent (85%) of the cost of reconstruction, such reconstruction may, nevertheless, take place if, within ninety (90) days from the date of destruction, the majority or more of the votes of Members which are cast by Members present and entitled to vote in person or by proxy at a duly constituted meeting, are cast for the proposition to rebuild. If the Members determine to rebuild pursuant to Section 8.1 or this Section, the cost of reconstruction over and above the insurance proceeds shall be assessed to the Owners as a special assessment as set forth above.

8.3. Rebuilding Procedures. If the Members determine to rebuild, the Board shall obtain bids from at least three (3) reputable Nevada-licensed contractors and shall award construction work to the lowest responsible bidder. The Board shall have authority to enter into a written contract with the contractor for such reconstruction, and the insurance proceeds held by the Board shall be disbursed to the contractor in accordance with the terms of the contract. It shall be the obligation of the Board to take all necessary steps to ensure commencement and completion of such reconstruction at the earliest possible time.

8.4. Vote Insufficient to Authorize Rebuilding. If the Members fail to authorize reconstruction pursuant to Section 8.1 or 8.2 above, any insurance proceeds available for reconstruction shall remain the property of the Association to be used or distributed by the Association in a manner in conformance with this Declaration.

## ARTICLE IX

### INSURANCE

9.1. Types. The Association shall obtain and continue in effect the following insurance:

A public liability and property damage insurance policy (with cross-liability endorsement if such endorsement is available at reasonable cost) insuring the Association, any maintenance and repair manager, Declarant and the Owners against liability incident to ownership or use of the Common Area, if any. The limits of such liability and property damage insurance shall not be less than One Million Dollars (\$1,000,000.00) single limit coverage, with an aggregate limit of Two Million Dollars (\$2,000,000.00), covering all claims for death, bodily injury and property damage arising out of a single occurrence. A casualty policy with extended coverage endorsement, including, if available at reasonable cost, vandalism and malicious mischief coverage, in an amount equal to one hundred percent (100%) of the full replacement value (replacement cost new, including debris removal and demolition) of the landscaping facilities and improvements in the Common Area, if any, shall be maintained by the Association and persons in the Common Area, if any, with permission of a Member.

As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims (including subrogation rights and claims) against the Association, the Board, any management agent retained by the Association, Declarant and agents and employees of each, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only. The Association may purchase such other insurance as the Board may deem necessary or advisable including, without limitation, workmen's compensation and officers' and directors' liability insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage.

9.2. Premiums and Proceeds. Insurance premiums for any insurance coverage obtained by the Association pursuant to Section 9.1 and such other insurance deemed necessary or advisable by the Board shall be a common expense to be included in the annual assessment levied by the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article VIII. The Board is hereby granted authority to negotiate loss settlements with appropriate insurance carriers. A majority of the Directors may sign loss claim forms and release forms in connection with the settlement of loss claims, and such signatures shall be binding upon the Association and the Members.



9.3. Fidelity Bond. The Association shall maintain a fidelity bond in an amount equal to the maximum funds that will be in the custody of the Association or its agent at any time while the bond is in force and must at least equal the sum of three (3) months' assessments on all Parcels plus the Association's reserve funds, which names the Association as obligee and insuree against loss by reason of the acts of members of the Board, officers and employees of the Association, any management agent and its employees, and anyone else who either handles or is responsible for funds held or administered by the Association, whether or not such persons are compensated for their services.

9.4. Payment of Premiums/Taxes by First Mortgagees. First Mortgagees may jointly or singly pay taxes or other charges which are in default and which may or have become a charge against the Common Area, if any, unless such taxes or charges are separately assessed against the Owners, in which case the rights of First Mortgagees shall be governed by the provisions of their First Mortgages.

First Mortgagees may jointly or singly pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a required policy for the Common Area, if any, and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

## ARTICLE X

### RIGHTS OF LENDERS

10.1. Written Notice. Upon written request to the Board, a First Mortgagee shall be entitled to written notice from the Board of any default in the performance of an individual Parcel mortgagor of any obligation under this Declaration, the Articles of Incorporation, or By-Laws ("management documents") which is not cured within thirty (30) days.

Further, upon written request to the Board from a First Mortgagee, the Board shall give such First Mortgagee notice of all meetings of the Association. While each such First Mortgagee shall have the right to be represented at such meetings, it shall have no voting rights unless it has succeeded to title to one or more of the Parcels. Further, upon written request, the Board shall deliver a copy of the Association's annual statement to the requesting First Mortgagee.

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10.2. Exemption from Right of First Refusal. Any right of first refusal contained in the management documents shall not (1) impair the rights of any First Mortgagee to foreclose or take title to a Parcel pursuant to the remedies provided in the mortgage, or (2) interfere with a subsequent sale or lease of a Parcel so acquired by the First Mortgagee.

10.3. Subordination of Assessment Lien. Each First Mortgagee which comes into possession of a Parcel by virtue of foreclosure of its First Mortgage, or any purchaser at a foreclosure sale of a First Mortgage, shall take the Parcel free of any claim for unpaid assessments and charges against the Parcel which accrue prior to the time such party acquires title. The assessment liens provided for in the management documents shall be subordinate to the lien of any First Mortgage now or hereafter placed on a Parcel subject to assessment; provided that such subordination shall apply only to assessments which become due prior to a sale or transfer of the Parcel pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve the Parcel from liability for any assessments thereafter becoming due or from the lien of any subsequent assessments.

10.4. No Priority. No provision in the management documents shall give an Owner or other party priority over any rights of a First Mortgagee of his Parcel in contravention of its First Mortgage relative to a distribution of insurance proceeds or a condemnation award for loss to or taking of a Parcel and/or the Common Area, if any.

10.5. Examination of Books and Records. First Mortgagees shall have the right, at all reasonable times, to examine the books and records of the Association.

10.6. No Obligation to Cure Breach. Any First Mortgagee which acquires title to any Parcel pursuant to the remedies provided in its First Mortgage or through foreclosure thereof, shall not be obligated to cure any breach of this Declaration which is non-curable or not practical or feasible to cure.

10.7. No Breach of Declaration. Neither the breach of any of the provisions contained in this Declaration nor the enforcement of any lien created hereby shall affect, impair, defeat or render invalid the lien of any First Mortgage made in good faith and for value.

10.8. Prior Approval by First Mortgagees. Except as otherwise provided by statute in the case of condemnation or substantial loss to the individual Parcel and/or the Common Area, if

any, of the project, unless at least fifty-one percent (51%) of First Mortgagees which have given written notice to the Board of their desire to vote on the following issues (based on the one vote per acre formula, described above, for each Parcel on which such First Mortgagee has a lien) have given their written approval, the Association shall not:

(a) Terminate professional management and assume self-management of the project;

(b) Change the method of determining the obligations, assessments or other charges which are levied against the Parcels or Owners;

(c) Except as otherwise permitted herein, by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area, if any;

(d) By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof;

(e) Except as provided herein, use hazard insurance proceeds for losses in any Common Area property, if any, for other than the repair, replacement or reconstruction thereof;

(f) Fail to maintain fire and extended coverage insurance on insurable Common Area property, if any, on a current replacement cost basis in an amount equal to one hundred percent (100%) of the insurable value;

(g) Make any material amendment to the management documents. The term "material amendment" as used herein shall mean amendments to provisions governing: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair or replacement of the Common Area, if any; (iv) insurance or fidelity bonds; (v) rights to use the Common Area, if any; (vi) responsibility for maintenance and repair within the Properties; (vii) annexation or withdrawal of property to or from the Properties; (viii) boundaries of any Parcels; (ix) interests in the Common Area, if any; (x) convertibility of Parcels into Common Areas or Common Areas into Parcels; (xi) leasing of Parcels; (xii) any provision which is for the express benefit of First Mortgagees. An amendment of the

management documents shall not be considered "material" if it is for the purpose of correcting technical errors or for clarification only.

A First Mortgagee which is sent a written request by the Board to approve an amendment or other action set forth above, on which it has a right to vote pursuant to this Section, which does not deliver or mail the Association a negative response within thirty (30) days shall be deemed to have approved the amendment or action.

10.9. Conflicts. If there are any conflicts between any provisions of this Article and any other provisions of this Declaration or the Articles of Incorporation, or the By-Laws, the provisions of this Article shall control.

## ARTICLE XI

### ENFORCEMENT RIGHTS

11.1. Enforcement of Management Documents. The Association or any Owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration, the Articles, or By-Laws. Failure by the Association or any Owner to enforce any restrictions, covenants, or conditions in the Declaration, Articles, or By-Laws, shall in no event be deemed a waiver of the right to do so thereafter.

The Association or any Owner shall be entitled to enjoin any violation or threatened violation of the provisions of the management documents and shall be entitled to prosecute any other legal or equitable action that may be necessary to protect the development. If any legal or equitable action is initiated for the protection of the development against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs of the action for expenses incurred.

11.2. Limitation on Association Enforcement Rights. Notwithstanding the foregoing enforcement rights, the Association is not empowered to cause a forfeiture or abridgement of an Owner's right to the full use of his individually owned Parcel because of the failure by the Owner to comply with the provisions of this Declaration, the By-Laws, Articles, or duly enacted Association rules and regulations for the operation and use of the Common

Area, if any, and facilities, except by judgment of a court or a decision arising out of arbitration, or because of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association. Except as provided above, a monetary penalty imposed by the Association as a disciplinary measure for failure of an Owner to comply with the provisions of the management documents or duly enacted Association rules and regulations for the operation and use of the Common Area, if any, and facilities, or as means of reimbursing the Association for costs incurred in the repair of damage to the Common Area, if any, and facilities for which Owner was allegedly responsible, or in bringing the Owner and his Parcel into compliance with the management documents cannot be characterized or treated as an assessment enforceable by a sale of the Parcel in accordance with the provisions of Nevada law governing powers of sale. However, the immediately preceding prohibition does not apply to charges imposed against the Owner consisting of interest and/or reasonable rate payment penalties for delinquent assessments and/or charges to reimburse the Association for costs reasonably incurred (including attorney's fees) in its efforts to collect delinquent assessments.

## ARTICLE XII

### GENERAL PROVISIONS

12.1. Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or in equity by judgment or court order, the remaining provisions hereof shall be and remain in full force and effect.

12.2. Extension of Declaration. The covenants, conditions and restrictions set forth in this Declaration shall run with the land for a term of twenty (20) years from the date this Declaration is recorded in the Douglas Recorder's Office, after which date, the same shall be automatically extended for successive periods of twenty (20) years, unless, Owners representing fifty-one percent (51%) of the voting power of the Association shall determine otherwise.

12.3. Mutuality. Each and all of the covenants, restrictions, conditions, and provisions in this Declaration (whether affirmative or negative in nature) are made for the direct and mutual benefit of each Parcel of land in the Properties; will create mutual equitable servitudes upon each Parcel of land in

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the Properties in favor of every other Parcel; will constitute covenants running with the land; will bind every person having any fee, leasehold, or other interest in any portion of the Properties at any time or from time to time to the extent that such portion is affected or bound by the covenant, restriction, condition, or provision in question, or that the covenant, restriction, condition, or provision is to be performed on such portion; and will inure to the benefit of the Owners and their successors and assigns as to their Parcels of land in the Properties.

12.3. Subsequent Conveyances. In each instance in which an Owner conveys all or a portion of his interest to all or any portion of the Properties to a grantee or leasee, the grantor in such instance will require the prospective grantee or leasee to agree not to use, occupy, or allow any leasee of such to use or occupy the premises in any manner which would constitute a violation or breach of any of the affirmative or negative covenants in this Declaration and require the grantee or leasee to assume and agree to perform each and all of the obligations of the conveying Owner under this Declaration with respect to the portion of the Properties conveyed to such grantee or leasee, in each case by a written instrument executed, acknowledged, and recorded in the office of the recorder of Douglas County, notice of each such conveyance and agreement to be presented to the Board of Directors by the conveying Owner involved within ten (10) days after its making, which notice is to be accompanied by a copy of the conveyance and agreement.

12.4. Not a Public Dedication. Nothing in this Declaration will be deemed to be a gift or dedication of any portion of the Properties to the general public, or for the general public, or for any public purpose whatsoever, it being the intention of the Declarant that this agreement will be strictly limited to and for the purposes expressed here.

### ARTICLE XIII

#### AMENDMENT

13.1. Amendment During First Twenty (20) Years. This Declaration may be amended during the first twenty (20) years following the recording hereof upon the approval and consent of Members holding not less than two-thirds (2/3) of the voting power of the Association. Amendments of a material nature must

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also be approved by certain First Mortgagees as set forth above.

13.2. Amendment Subsequent to the First Twenty (20) Years. Subsequent to the expiration of the first twenty (20) years following the recording of this Declaration, this Declaration may be amended upon the approval and consent of Members holding not less than seventy-five percent (75%) of the voting power of the Association. Amendments of a material nature must also be approved by certain First Mortgagees as provided above.

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

MERIDIAN BUSINESS PARK, Limited Partnership

By: NILREMOT, INC., a Nevada corporation,  
General Partner of MERIDIAN BUSINESS  
PARK, Limited Partnership

By: William R Tomerlin  
Its: President William R Tomerlin

STATE OF NEVADA )  
DOUGLAS : ss  
)

On this 10 day of MARCH, 1989, before me, the undersigned Notary Public in and for said County and State, personally appeared WILLIAM R. TOMERLIN known to me to be the President and Secretary of the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; and that the corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

Sandy Storke  
NOTARY PUBLIC



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COPY

REQUESTED BY  
Bill Tomerlin  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

'89 MAR 10 P2:26

SUZANNE BEAUPREAU **197987**  
RECORDER SOUK **389** PAGE **1477**

28 PAUL ep DEPUTY

SEARCHED  
SERIALIZED

