

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
EL DORADO VILLAGE TOWNHOUSES

TABLE OF CONTENTS

	PAGE
ARTICLE I - PROPERTY DESCRIPTION	1
ARTICLE II - DEFINITIONS	1
ARTICLE III - INCORPORATION OF EXISTING RESTRICTIONS	3
ARTICLE IV - HOMEOWNERS ASSOCIATION	
A. The Organization	3
B. Membership	4
C. Voters	4
D. Voting Procedures	5
E. Meetings: Notice, Quorum and Location	5
F. Board of Directors	5
G. General Powers and Authority of the Association	5
H. Capital Improvements	8
I. Annual Operating Statement	8
J. Additional Insurance by Unit Owner	8
K. Power to Convey	8
L. Manager	8
M. Consolidations and Mergers	8
N. Encumbrancing of Property	9
O. Dedication	9
P. Project Rules	9
ARTICLE V - MAINTENANCE ASSESSMENTS	
A. Covenant for Maintenance Assessments	10
B. Monthly Assessments	10
C. Special Assessments	11
D. Reimbursement Assessment	11
E. Non-Waiver of Assessment	11
F. Enforcement	12
G. Power of Foreclosure and Sale	13
H. Status of Assessment Lien	13
I. Certificate of Discharge of Lien	13
J. Subordination of Lien to Encumbrance	14

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ARTICLE VI - PROPER USE OF PREMISES	14
ARTICLE VII - ALTERATIONS OR ADDITIONS	16
ARTICLE VIII - USE OF COMMON FACILITIES	16
ARTICLE IX - EASEMENTS	16
ARTICLE X - MECHANICS' LIENS	17
ARTICLE XI - PARTY WALLS	
A. Maintenance	17
B. Cost of Repair	17
C. Assessment for Repair	18
D. Easement	18
E. Foundations	18
ARTICLE XII -	
Destruction of Individual Units or Entire Project	18
Damage or Destruction of Project Common Area	19
ARTICLE XIII - WAIVER OF PARTITION	19
ARTICLE XIV - AMENDMENTS	20
ARTICLE XV - CONSTRUCTION OF PROVISIONS	20
ARTICLE XVI - BINDING EFFECT	20
ARTICLE XVII - SEVERABILITY OF PROVISIONS	20
ARTICLE XVIII - GENDER, NUMBER AND CAPTIONS	20
ARTICLE XIX - DURATION	21
ARTICLE XX - AFFECT ON OTHER DOCUMENTS	21

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
EL DORADO VILLAGE TOWNHOUSES

EL DORADO VILLAGE HOME OWNERS., being the owners of that certain real property subject to this Declaration, in accordance with the laws of the State of Nevada, DO HEREBY DECLARE, FIX AND ESTABLISH the covenants, conditions, restrictions, reservations, liens and charges upon and subject to which all of the property subject to this Declaration, and any or all parts or portions thereof, improvements thereon and/or interests therein, shall be held, used, occupied, leased, subleased or otherwise transferred, all of which are for the benefit of said property and each person having any interest therein as owner or lessee or sublessee; said covenants, conditions and restrictions shall be construed to run with the land and the same and each of them shall inure to and be binding upon each and every successive successor in interest of each such person, and the same and each of same is hereby imposed upon said property as a servitude in favor thereof and interest therein as the dominant tenement or tenements, to-wit:

ARTICLE I.

PROPERTY DESCRIPTION: The property subject to this Declaration, hereinbefore and hereinafter referred to as "subject property," is situated in the County of Douglas, State of Nevada, and is particularly described as that certain real property described upon the attached Exhibit "A", attached hereto and incorporated herein by reference.

ARTICLE II.

DEFINITIONS: Unless the context clearly indicates a different meaning therefor, the following words, phrases or terms as hereinafter used in this Declaration (regardless of the tense or person in which the same may be used) shall be deemed to mean and shall be redefined as hereinafter by this Article II set forth:

A. **Articles:** The term "Articles" shall mean the Articles of Incorporation of EL DORADO VILLAGE HOMEOWNER'S ASSOCIATION, which are or shall be filed in the office of the Secretary of State of the State of Nevada.

B. **Association:** The term "Association" shall mean and refer to the EL DORADO VILLAGE HOMEOWNER'S ASSOCIATION, its successor and assigns, incorporated as a non-profit corporation under the laws of the State of Nevada.

C. **Board:** The term "Board" shall mean the Board of Directors of the Association as provided in the Articles.

D. By-Laws: The term "By-Laws" shall mean the By-Laws of the Association which are or shall be adopted by the Board and any subsequent amendments thereto.

E. Community or Common Areas: The term "Community" or "Common Areas" shall mean all portions of the subject property designated as the common area on the final subdivision plot plan as filed with the County Recorder of Douglas County, State of Nevada, excluding residence sites.

F. Community Facilities: The term "Community Facilities" shall mean all facilities placed or erected by or on behalf of the Association on a community site, and all facilities serving more than one residence site or one owner and including drives, walks, parking areas, sewers, electrical, water, gas, television and telephone services and fixtures, storage and equipment areas or enclosures, parks, open spaces, planted and landscaped areas, sprinkling systems and recreation areas.

G. Community Sites: The term "Community Sites" shall mean those portions of the subject property upon which community facilities have been or will be erected, and excluding residence sites.

H. Declaration: The term "Declaration" shall mean and refer to this document as the same may be amended, changed or modified from time to time.

I. Individual Residence or Unit: The term "Individual Residence" or "Unit" shall mean an individual single family residence as is defined and delineated on the project map filed in the office of the Douglas County Recorder's Office. Said dwelling shall include any and all patios, porches and decks being a part of the resident unit and being bounded on one or more sides by a party wall, and conveyed to an owner in fee together with an undivided interest in the whole of the common area.

J. Notice: The term "Notice" shall mean any notice, declaration, certification, approval, consent or authorization, and shall be effective as such only when in writing.

K. Owner: The term "Owner" refers to the holder or holders of record fee title to a unit in the project.

L. Party Wall: The term "Party Wall" shall mean a wall erected upon the boundary line of a residence site and being the wall separating two individual residences one from the other; or a wall erected upon the boundary lines of a residence site, being the end wall of a residence building.

M. Record, Etc.: The term "Record, Etc." shall mean to record, recorded, recording, or of record and shall mean that an instrument has been, is, or is to be duly acknowledged and filed for recording, and in applicable instances has been recorded, in a public record in the office of the County Recorder of Douglas County, Nevada.

N. Structure: The term "Structure" shall mean any and every improvement in, on, under or upon subject property or in the public parkways adjacent thereto.

O. Utility: The term "Utility" shall refer to electricity, gas, water, telephone, television, trash pickup and the like services whether or not provided or supplied by a public utility company.

ARTICLE III.

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

ARTICLE IV.

HOMEOWNERS ASSOCIATION:

A. The Organization:

(1) The Association is a non-profit membership corporation charged with the duties and empowered with the rights set forth herein and as set forth in the articles and By-Laws. Its affairs shall be governed by the Articles, the By-Laws and Rules of the Association.

(2) In the event that the Association as a corporate entity is dissolved, a non-profit, unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association hereunder. The affairs of such unincorporated Association shall be governed by the laws of the State of Nevada and, to the extent not inconsistent therewith, by the Articles and By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated Association.

B. **Membership:** Each owner of a Unit shall be a member of the Association, or, in the event of its dissolution, a member of the unincorporated association succeeding to the Association, provided that any person or entity who holds such ownership interest merely as security for the performance of an obligation shall not be a Member. Each Unit Owner shall be entitled to one (1) membership in the Association for each Unit owned. Association membership shall be appurtenant to and may not be separated from the ownership of any Unit. Upon termination of Unit Ownership, the membership in the Association shall also terminate. Ownership of a Unit shall be the sole qualification for membership in the Association. Except as otherwise provided herein the rights, duties, privileges and obligations of all Members of the Association, shall be as provided in these Restrictions, the Articles, By-Laws and rules of the Association. The membership of an Owner shall not be transferred, pledged or alienated in any way except upon transfer of title to the Owner's Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer is void.

C. **Voters:** All Unit Owners shall have one (1) vote for each unit. When more than one person owns a single condominium Unit, all Owners shall be Members of the Association. However, the vote for each Unit must be cast as a Unit. Said vote shall be cast by the designated "Voting Owner" for that Unit as hereinafter provided. Fractional votes shall not be allowed and in no event shall more than one vote be cast with respect to any one Unit. When more than one (1) person owns a single Condominium Unit, there shall be one "Voting Owner" for such Unit. The "Voting Owner" shall be designated by the record Owner or Owners of each Condominium Unit by written notice to the Board. Said designation shall be revocable at any time by actual notice to the Board given any of the Unit Owners of record or by the death of judicially declared incompetence of any record Unit Owner. The power herein conferred to designate a "Voting Owner" and to revoke said designation may be exercised by the Unit Owner's conservator or by the guardian of his estate or, in the case of a minor having no guardian, the parent or parents entitled to custody of said minor, or during the administration of his estate, the executor or administrator of a deceased record Unit Owner where the latter's interest in said property is subject to administration in his estate. Where no "Voting Owner" of a Condominium Unit has been designated or said designation has been revoked as provided, the vote for such Condominium Unit shall be exercised as the Unit Owners mutually agree. No vote shall be cast for any Condominium Unit where there is no designated "Voting Owner" and the Owners present and representing said Condominium Unit cannot unanimously agree to said vote or other action.

A Unit Owner who has sold his interest to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all the charges and assessments until fee title to the property sold is transferred.

D. Voting Procedures: Any vote may be cast by an Owner in person or by proxy. All proxies shall be in writing, dated, signed by the Owners and filed with the Board of Directors before the commencement of any meeting. No proxy shall extend beyond a period of eleven (11) months after the filing of such proxy with the Board. Every proxy shall automatically cease upon the sale of the Unit by the Owner. When voting for the election or removal of a director or directors, each Owner may cumulate his votes as provided by the By-Laws of the Association and the Laws of the State of Nevada.

E. Meetings, Notice, Quorum and Location: Written notice to the members of the Association shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At such meeting called, the presence of members or of proxies entitled to cast thirty-five percent (35%) of all voters in good standing shall constitute a quorum. If any meeting cannot be held because the required quorum is not present, Unit Owners present may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. The location of all such meeting shall be within the Project or as close thereto as is practicable and the written notice of such meeting shall state the location thereof, specifying the place, day and hour and, in the case of a special meeting, the nature of business to be undertaken.

F. Board of Directors: A board of three (3) directors shall be elected. Term of office shall be three years. The number of directors may be increased to more than (3) members by amendment of the By-Laws of the Association, provided that at no time shall the Board consist of less than three (3) members and shall always consist of an odd number of directors.

G. General Powers and Authority of the Association: The Association shall have all the powers set forth in the Articles, together with the general power to do any and all things that a corporation organized under the laws of the State of Nevada may lawfully do in operating for the benefit of its members; subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles; the By-Laws and this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and/or general welfare of the Owners and guests of the Owners. The Association may delegate any of its powers to such committee, officers and employees thereof as a majority of the Board may deem appropriate.

Without limiting the generality of the foregoing paragraph, the Association, for the benefit of all Unit Owners shall have the power, obligation and duty to enforce the provisions of this Declaration, and shall obtain and pay for out of the maintenance fund all of the following:

- (1) Water, sewage, garbage, electrical, gas, telephone and other necessary utility service for the Common Areas.
- (2) Gardening and landscaping services for the Common Areas.
- (3) Recreational facility maintenance and service charges.
- (4) Charges for maintaining, vacuuming and cleaning any portion of the Common Area.
- (5) A policy or policies of fire and casualty insurance, covering the entire condominium, with extended coverage endorsement, or a replacement cost basis in minimum amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy, but not less than eighty percent (80%) of the insurable value based upon replacement cost of the entire project, payable as provided hereinafter, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their mortgagees, as their respective interests may appear. Each policy shall provide that it shall not be canceled without at least ten (10 days) prior written notice to the Association and to each of the Unit Owners. The Board shall review the limits of such insurance for adequacy at least every three (3) years, and shall increase the same, if necessary, to provide such coverage and protection as is customarily carried by prudent property owners in the County in which the Project is situated.
- (6) A policy or policies of comprehensive public liability insurance insuring the Association, Board and the Owners against any liability to the public or to the Unit Owners incident to the ownership and/or use of the Project and to protect against any liability to the public or to any Unit Owner incident to the use of, or resulting from any accident or intentional act occurring in or about, any Unit and the Common areas. The minimum limits of such insurance shall be not less than ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) for any one person injured, THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) for any one accident, and FIFTY THOUSAND DOLLARS (\$50,000.00) for property damage. The Board shall review the limits and coverage of such insurance at least every three (3) years and shall increase the same, if necessary, to provide adequate coverage and protection to the Association, Board and Unit Owners. Said policy or policies shall provide cross liability endorsement wherein the rights of named insureds thereunder shall not be prejudiced as respects any action by one insured thereunder against another named insured.
- (7) Any insurance acquired by the Board shall be taken in the name of the Board, as trustee, for the use and benefit of the Board and all Unit Owners. The Board may acquire any other types of insurance or insurance in amounts in excess of the limits provided above if the Board shall determine the same to be necessary in its sole discretion to full protect the interests of the Unit Owners.

(8) Workmans Compensation Insurance to the extent necessary to comply with all applicable laws of the State of Nevada or the regulations of any governmental body or authority having jurisdiction over the Project.

(9) Legal, accounting and management services necessary or proper for the maintenance and operation of the Common Areas or the enforcement of this Declaration.

(10) If required in writing by a majority of the Unit Owners, a fidelity bond naming the Board and such other persons as the Owners may designate as principals, and the Unit Owners as obligees in an amount equal to at least one-half (1/2) the total sum collected through the maintenance funds during the preceding year.

(11) All taxes and assessments, if any, levied or assessed separately against the Common Areas and/or community facilities.

(12) Painting, maintenance and repair of the Common Area and community facilities.

(13) Any lien or encumbrance, including taxes, levied against any unit which, in the opinion of the Board, may constitute a lien against the Common Areas; PROVIDED; HOWEVER, the Board shall levy a special assessment against such Condominium for the amount thereof. Where one or more persons are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of said lien or liens shall be specifically assessed to said Owners.

(14) All exterior maintenance and repair including roofs and foundations of the residence buildings.

(15) Maintenance and repair to the interior of any residence building, if such maintenance or repair is necessary in the discretion of the Board, to protect the Common Areas or preserve the appearance and value of the Project, and the Owner or Owners of said Unit have failed or refuse to perform said maintenance or repair within a reasonable time after written notice of the necessity therefor delivered by the Board to said Unit Owner. The Board shall levy a special assessment against such unit for the cost of said maintenance or repair.

(16) Any other goods, materials, supplies, labor, services, painting, maintenance, repairs, structural alterations, insurance, taxes, or assessments which the Board is authorized to secure or pay for pursuant to the terms of this Declaration, or which is reasonably necessary in the discretion of the Board for the convenient operation of the Common Areas.

(17) All costs of enforcing the provisions of the Declaration, including attorneys' fees and court costs, provided that all costs incurred in the enforcement of the provisions of this Declaration against any Condominium Owner shall be assessed specially against such Condominium Unit.

H. Capital Improvements: The Association may purchase or construct capital improvements in the Common Areas and assess the Owners for the costs thereof, provided that if the cost of such capital improvement, including furniture and fixtures, shall be in excess of One Thousand Dollars (\$1,000.00), the authorization for such purchase must be by the affirmative vote of at least two-thirds (2/3) of the membership voting in person or by proxy at a meeting duly called for this purpose.

I. Annual Operating Statement: The Board shall prepare an annual Operating Statement reflecting income and expenditures of the Board from the maintenance fund for the preceding calendar year and the allocation thereof to each Unit. A copy of such report shall be distributed to each Unit Owner within ninety (90) days after the end of each calendar year.

J. Additional Insurance by Unit Owners: No provision contained herein shall be construed to prevent any Unit Owner from obtaining such additional insurance coverage as such Owner may consider necessary or desirable to protect himself or his condominium Unit.

K. Power to Convey: The Association, as the agent of all Owners, shall have the right, power and authority on behalf of the Unit Owners to transfer and convey easements and licenses for use of the Project Common Area, upon the assent (by vote or written consent) of two-thirds (2/3) of the members.

L. Manager: The Association may delegate the daily management duties to a manager who is subject to the direction and control of the Board of Directors, or to a professional manager or management company, provided that any contract with such professional manager or management company, and the compensation to be paid, is approved by at least fifty-one percent (51%) of the members of the Association entitled to vote. The hiring of any such management firm shall not be for a term in excess of one (1) year.

M. Consolidations and Mergers: To the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes of this Association, provided that any such merger or consolidations shall have the assent of a majority of the voting power in person or by proxy at a meeting duly called for this purpose. Written notice of said meeting (which notice shall set forth the purpose of the meeting) shall be given to all members at least thirty (30) days in advance of the meeting.

N. Encumbrancing of Property: The Association, as the agent of all Owners, shall have the power to mortgage the Project Common Area for the purpose of making improvements thereon, provided that any such mortgage shall have the assent of two-thirds (2/3) of its membership at a meeting duly called for this purpose. Written notice of said meeting shall be given to all members at least thirty (30) days in advance of the meeting and said notice shall set forth the purpose of the meeting.

O. Dedication: The Association, as the agent of all Owners, shall have the power to dedicate any of the Project Common Area to an appropriate public authority for public use, provided that any such dedication shall have the assent of seventy-five percent (75%) the of membership.

P. Project Rules:

(1) The Board may, from time to time, propose such rules as it deems necessary for the management and control of the Project, which rules shall become effective and binding upon all Unit Owners after adoption by seventy-five percent (75%) of the membership at a meeting called for that purpose or by the written assent of the same number of Unit Owners appended to a copy of such proposed project rules. A copy of the Project Rules so adopted shall be furnished to each Unit Owner and each Unit Owner, his family, guests, employees, invitees, licensees, or tenants, shall comply with such rules. The Board may adopt Project Rules regarding the use of any patio, and Parking and Storage Area contained in the Common Areas, and subject to the prior grant of any exclusive easement for the use and occupancy thereof, may assign an exclusive right to use such Parking and Storage Areas to a specific Unit Owner.

(2) In the event of breach of any of such house rules by a Unit Owner, his family, guests, employees, invitees, licensees, or tenants, the Association for and on behalf of all other Unit Owners may enforce the obligation of each Owner to obey such Rules in any manner provided by law or in equity, including but not limited to appropriate legal action or suspension of the owner's right to use the Project Common Facilities or to vote at meetings of the Associations; PROVIDED, HOWEVER, such suspensions may not be for a period in excess of thirty (30) days (after notice and hearing as herein provided) for an infraction of such Rules. In addition to the other remedies herein set forth, the Board, by majority vote, may levy a fine against such owner in an amount not to exceed Fifty Dollars (\$50.00) for each such violation and the payment of such fine may be enforced in the same manner as set forth in Paragraph V.G. hereof. In the event legal action is instituted by the Manager pursuant to this paragraph, any judgment rendered in any such action shall include costs of collection, court costs and reasonable attorney's fees in such amounts as the court may adjudge against such Owner.

(3) No rules may be adopted which materially affect the rights, preferences or privileges of any Owner as established by this Declaration.

ARTICLE V.

MAINTENANCE ASSESSMENTS:

A. **Covenant for Maintenance Assessments:** Each purchaser of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the assessments levied pursuant to this Article and thereby vest in the Association the right, power and authority to bring all actions for the collection of such charges and for the enforcement of the lien created hereby. Each assessment levied by the Association under this Article shall constitute a separate assessment. Each assessment, together with interest thereon, costs of collection and reasonable attorneys' fees, shall be a charge on the individual Unit and shall be a continuing lien upon said Unit against which each such assessment is made. The Association, as the agent of all Owners, shall have a separate lien, and a separate lien with power of sale is hereby created upon such Unit against which an assessment is made to secure the payment of any assessments levied pursuant to this Article. Each such lien for any particular month's charge shall likewise secure interest thereon if the same is not paid when due, and costs of suit and reasonable attorney's fees to be fixed by the Court if action or suit is brought to collect such charge. The priority of all such liens shall be in inverse order so that upon the foreclosure of the lien for a particular month's charge, any foreclosure sale pursuant thereto will be made subject to all liens securing the respective monthly charges on such Unit for succeeding months. Each such assessment, together with such interest, attorney's fees and costs of collection shall also be a separate, distinct and personal obligation of the Owner of the Unit at the time when the assessment fell due and shall bind his heirs, devisees, personal representatives and assigns. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by such successor, but the lien for such delinquent assessment shall remain and if unpaid by such successive Owner, it may be foreclosed as herein provided. No such assumption of personal liability by a successor Owner shall relieve any Owner personally obligated hereby for delinquent assessment for such Owner's personal liability therefor. After a record Owner shall transfer or record title to his Unit, he shall not be liable for any charges thereafter assessed against such Unit. A contract Seller of any Unit shall continue to be liable for all such charges until a conveyance by him of the Unit subject to the assessment is recorded in the office of the County Recorder of Douglas County, State of Nevada.

B. **Monthly Assessments:**

(1) **Regular Assessments:** Within thirty (30) days prior to the beginning of each calendar year, the Association shall estimate the total charges to be paid out of the maintenance fund during such year (including a reasonable reserve for contingencies and replacement and less any expected surplus from the prior year). The Association shall allocate and equally assess said total charges to each Unit. The assessments shall be due and payable in monthly installments on the first day of each

month during the continuance of this Declaration, unless otherwise specified by written notice by the Board. Each such assessment shall, if not paid within thirty (30) days after its due date, thereafter bear interest at the rate of nine percent (9%) per annum until paid, but the Association may, in its discretion, waive any interest in any particular instance. If any suit or action is brought to collect any such assessment, then there shall be added to the amount thereof costs of suit and reasonable attorneys' fees to be fixed by the Court and the same shall be included in any judgment in any such suit or action.

(2) Additional Assessments: In the event the Board is required to make any expenditure, for the general maintenance or operations of the project, the necessity for which was not foreseen at the commencement of the calendar year, or if the Board's original estimate of the annual assessment is inadequate and there are not sufficient funds available in the maintenance fund, the Board may levy an additional assessment, which additional assessment shall be charged to Unit Owners in the same proportion as regular assessments, except as otherwise expressly provided herein.

C. Special Assessments: In addition to the regular assessments authorized by Subparagraph B hereof, the Association may levy on each Unit in any calendar year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described fixtures and personal property related thereto; provided that any such assessment shall have the assent of two-thirds (2/3) of the membership, voting in person or by proxy, at a meeting duly called for this purpose. Written notice of such meeting shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting. No such special assessment shall be levied prior to the commencement of the monthly assessments as provided herein.

D. Reimbursement Assessment: The Board shall levy a reimbursement assessment against any Owner whose failure to comply with these Restrictions or the Project Rules has necessitated an expenditure of monies by the Association from the maintenance fund in performing its functions under these Restrictions. Such assessments shall be for the purpose of reimbursing the Association, shall be limited to the amount so expended and shall be due and payable to the Association when levied.

E. Non-Waiver of Assessments: The omission by the Association, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligations to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of a Unit.

F. Enforcement: Each Owner of a Unit on becoming such Owner, is and shall be deemed to covenant and agree to pay to the Association each and every of the assessments provided for in this Declaration, and agreed to the enforcement of all such assessments, in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. Any assessment not paid when due shall be deemed to be delinquent. Any assessment not paid within thirty (30) days after the date on which it becomes due shall thereafter bear interest from the date of delinquency at the rate of nine percent (9%) per annum. Each of the Owners does hereby authorize, empower and appoint the Association acting through its Board, as trustees, to enforce the collection of any assessment levied pursuant to this Declaration. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law or in equity, or without any limitation of the foregoing, by either or both of the following procedures:

(1) **Enforcement by Suit:** By commencement and maintenance of a suit at law against any Owner or Owners personally obligated to pay assessment for such delinquent assessments as to which they are personally obligated, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon, costs of collection, Court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner. Suit to recover judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

(2) **Enforcement by Lien:** By foreclosure of the lien for any unpaid assessment as established in this Declaration. There is a present lien, with power of sale, on each Unit to secure payment to the Association of any and all assessments levied against such Unit pursuant to this Declaration, together with any interest thereon as herein provided, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. No action shall be brought to foreclose the lien securing an unpaid assessment until Notice of Lien signed by the Board (or by any Unit Owner if the Board fails or refuses to act) has been delivered to the Owner of the Unit subject to such assessment, and a copy of such notice recorded in the office of the Recorder of Douglas County, State of Nevada. Said notice shall state the amount of the assessment together with the interest, costs and reasonable attorneys' fees, a description of the Unit against which the same has been assessed and the name or names of the record Owner or Owners thereof. After the expiration of thirty (30) days from the date such notice of lien has been recorded an action may be brought to foreclose the lien by the Association, or by any Owner if the Association fails to act. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to

foreclose the lien created by the recordation of a Notice of Lien, whether judicially, by power of sale, or otherwise, until the expiration of ten (10) days after a copy of said Notice of Lien, showing the date of recordation thereof has been mailed to the Owner of the Unit which is described in such Notice, at the address of said Owner as shown on the Books of the Association.

Each Owner does hereby waive, to the extent of any liens created pursuant to the Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Nevada now in effect, or in effect from time to time hereafter.

G. Power of Foreclosure and Sale: Each of the individual Unit Owners does hereby grant and appoint the Association as trustee to enforce any lien created pursuant to this Declaration and to foreclose such lien by private power of sale as provided in the Nevada Revised Statutes, as such Statutes may be revised, amended or altered from time to time, or by judicial foreclosure and does further grant the Association, as such Trustee, the power and authority to sell the Unit of any such defaulting Unit Owner, to satisfy said lien, for lawful money of the United States to the highest bidder.

The lien provided for herein shall be in favor of the Association and shall be for the benefit of all Unit Owners and shall secure payment of all sums set forth in the Notice of Lien together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said Notice of Lien. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Unit. Each Owner, by becoming an Owner of a Unit, hereby expressly waives any objection to the enforcement and foreclosure of the lien created by this Declaration in this manner and also hereby expressly waives the defense of the Statute of Limitations applicable to the bringing of any suit or action thereon.

H. Status of Assessment Lien: Upon request by any Unit Owner, the Association will furnish, for the benefit of any prospective purchaser or present or prospective encumbrancer of such Unit, a statement showing all amounts then due which are secured by such lien. A reasonable fee, not to exceed Twenty-Five (\$25.00) Dollars may be charged for the preparation of such statement.

I. Certificate of Discharge of Lien: Upon payment of the delinquent assessment or the satisfaction thereof, the Association shall cause to be recorded in the same manner as the notice of assessment a further certificate stating the satisfaction and release of the lien thereof. A failure to record said certificate of discharge without good cause within thirty (30) days after written demand by the owner of the affected Unit shall entitle him to recover a penalty of THREE HUNDRED DOLLARS (\$300.00) from the Association plus his actual damages.

J. Subordination of Lien to Encumbrance: The lien for assessments created by this Declaration shall be subject and subordinate to and shall not affect the rights of the holder of any recorded mortgage or deed of trust upon such Unit made in good faith and for value. In the event any lien imposed under the provisions hereof is destroyed by reason of the foreclosure of any mortgage or deed of trust on the Unit subject to such lien, there shall be a lien on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, charged to such Unit after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided herein.

For purposes of this Paragraph, a mortgage or deed of trust may be given in good faith and for value even though the mortgage or the beneficiary of such mortgage or deed of trust has constructive or actual knowledge of the provisions of this Declaration.

ARTICLE VI

PROPER USE OF PREMISES:

A. Each Unit shall be used as for residential purposes and for no other purpose. The Owner may lease or rent said Unit subject to the following: No owner may lease less than the entire unit, any lease agreement shall be required to provide that the term of the lease shall be subject in all respects to the provisions of the declaration and the bylaws and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing. All owners shall provide the Association with copies of leases as further compliance to this declaration. Other than the foregoing, there is no restriction on the right of any owner to lease his townhouse. The Owner of any Unit may allow other individuals to share said Unit as a residence in such a number not to exceed two individuals for each bedroom in said Unit.

B. There shall be no use or occupancy of any parking area or of other Common Areas, except by the Owners of a Unit, their guests or tenants. No person, agent, employee, guest or tenant of a Unit Owner shall park in any parking space except such parking area, the exclusive use of which has been reserved to such Unit Owner or may otherwise be specified and assigned to such Owner by the Board. There shall be no obstruction of any part of the Common Areas. Nothing shall be stored, (storage area) without the prior consent of the Board. No storage closet, locker or facility of any kind shall be built, placed or kept in any Parking Area without the prior approval of the Board.

C. Nothing shall be done or kept in the Common Areas which will increase the rate of insurance on the Common Areas without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his unit or the Common Areas which will result in the cancellation of insurance on any Unit or any part of the Common Areas or which would be in violation of any governmental statute, ordinance, rules or regulations. No waste shall be committed in the Common Areas.

D. No Unit Owner may permit or suffer anything to be done or kept upon the premises or in or about his Unit which will obstruct or interfere with the rights of other Unit Owners or annoy other Unit Owners by unreasonable noise, smell or otherwise, or which will be noxious or offensive to other Unit Owners. Each Unit Owner shall comply with all of the requirements of all governmental authorities, federal, state and local, and all laws, ordinances, rules and regulations applicable to his Unit.

E. No Unit Owner shall cause or permit any objects or articles of any kind, except for outdoor patio or lounge furniture and barbeque equipment, to be placed on or hung on the patio or patios of any Unit without obtaining the prior consent of the Board.

F. Each Unit Owner shall keep the interior of any Patio and Parking area to which he has been granted an exclusive right of use clean and free of debris.

G. No sign of any kind shall be displayed to the public view on or from any Unit or the Common Areas; provided, however, (1) that upon receiving the prior consent of the Association one sign of not more than five (5) square feet may be placed at a central location previously designated by the Association advertising a Unit for sale or rent; and (2) the Association may maintain and display one or more signs identifying the project as the Board may deem appropriate. Any such signs shall be attractive and compatible. Association may maintain such signs on the Project as may be required by legal proceedings.

H. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas except that a reasonable number of dogs, cats or other household pets may be kept provided they are not kept, bred or maintained for any commercial purposes; and provided further that the Board may be rules adopted pursuant to the provisions herein may limit or restrict the keeping of any such household pets.

I. Nothing shall be done in any Unit or in, on or to the Common Areas which will impair the structural integrity of any building in the project or which would structurally alter any such building except as is otherwise provided herein. No development shall be made of the air space above any Unit or the Common Areas, without the approval of the Association. Radio or television aerials may not be erected by the Owner or Owners of any Unit without the prior written consent of the Association.

J. Nothing shall be altered or constructed in or removed from the Common Areas, except upon the written consent of the Board.

K. No motor vehicles of any kind or nature, including but not limited to, automobiles, snowmobiles, motorcycles, motorbikes or other such vehicles shall be placed or operated on or across any portion of the project not expressly designated for vehicular traffic.

ARTICLE VII

ALTERATIONS OR ADDITIONS: A proposal for any structural alteration or addition to the community facilities or the Common Areas may be made at any regular or special meeting of the Association, provided that said proposal shall be accepted only upon the affirmative vote of at least sixty percent (60%) of the members. Unless otherwise agreed at the meeting of such members approving said proposal, the cost of the alterations or addition so approved shall be paid from the maintenance fund and the Association shall levy a special assessment to cover said cost.

ARTICLE VIII

USE OF COMMON FACILITIES: The Owners of the individual Units and their tenants and guests may enjoy in common with all the other Unit Owners of the subject property, use of all facilities in the Common Area so long as they abide by the terms of this Declaration of Covenants, Conditions and Restrictions and any rules and regulations which may be adopted by the Board, subject however, to the grant of the exclusive easements to individual Unit Owners of the Parking areas contained within the Common Areas.

ARTICLE IX

EASEMENTS: There are hereby specifically reserved for the benefit of the Unit Owners, in common and for each Owner severally, as their respective interests shall obtain, the easements, reciprocal negative easements, secondary easements, and rights of way as particularly identified in this Article.

A. There is reserved for the benefit of each Unit as dominant tenant, an easement for utility services over, under and through the subject property, Common Areas, and each other residence site, jointly as the servient tenement.

B. There is reserved for the benefit of each Unit, as dominant tenement, an easement for encroachment, occupancy and use of such portion of the subject property and each other Unit and the Common Areas, jointly as the servient tenement, as shall be encroached upon, used and occupied by the Owner of the dominant tenement as a result of any construction errors, movement or subsidence of any residence building or structure of any portion thereof or any other cause. The easement of encroachment here reserved shall continue notwithstanding that the encroachment may be cured by repair and restoration of the structure.

C. The Association and each Unit Owner have an easement appurtenant to the Common Areas and all other units through each Unit for the maintenance and repair of the Common Areas.

D. Each Unit Owner has a non-exclusive easement ingress and egress through, over and across the Common Areas.

E. Each Unit Owner shall have, and such exclusive easement is hereby granted, an exclusive easement for the use, possession and enjoyment of the Parking Area designated as belonging to each Unit, subject, however, to the easements stated in this Article and to the right of the Association to enter upon aid demised Area for the purpose of maintaining and repairing the same pursuant to this Declaration.

ARTICLE X.

MECHANICS' LIENS: In case there shall be filed a notice of Mechanics' Lien against the Project for or purporting to be for, labor or material alleged to have been furnished or delivered at the Project or any Unit for the Unit Owner, the Unit Owner shall forthwith cause such lien to be discharged by payment bonding or otherwise. If the Unit Owner shall fail to cause such lien to be discharged by payment, bonding or otherwise within five (5) days from the date of the notice from the Board, then the Board may cause such lien to be discharged by payment, bond or otherwise without investigation as to the validity thereof or any offsets or defenses thereto and shall have the right to collect from said Unit Owners all amounts paid, together with the interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith including reasonable attorneys' fees.

ARTICLE XI.

PARTY WALLS:

A. **Maintenance:** A party wall is erected for the benefit of the owner of the residence sites on either side of the center line of such wall, and each such owner shall maintain that portion of such party wall or party walls within the boundaries of his residence site at all times in good order and repair, and no party wall, its footings or any portion thereof, shall be removed, damaged, injured, or destroyed, nor shall the same be altered, added to, enlarged or extended except only for the purpose of maintaining or repairing the same, unless upon the prior consent of the Association. In the event of the failure of any owner or owners properly to maintain a party wall, the Association may and shall maintain the party wall and perform all works or restoration and repair as may be necessary in its sole discretion.

B. **Cost of Repair:** The cost of repair or re-erection of a party wall shall be borne by the owners of the residence sites on either side thereof proportionately, based upon the extent and nature of such repair or re-erection, and in the event of a dispute between the responsible parties as to the apportionment of such costs, the Association shall fix and apportion them to and between the responsible parties and the determination of the association shall be conclusive and binding.

C. **Assessment for Repair:** In the event that any responsible party should fail to pay for such repair or re-erection of his proportionate share thereof as provided above (whether such repair or re-erection was done or caused to be done by the responsible party or parties or by the Association), the residence site of the responsible party or parties shall be subject to and the Association shall fix and establish a special charge and assessment for the payment of such costs as provided hereinabove.

D. **Easement:** In the event that there shall be located within any party wall pipes, vents, outlets or other structures serving more than one residence site, the owner of each residence site so served shall have and enjoy a perpetual easement to the maintenance and use of any such pipe, vent, outlet or other structure.

E. **Foundations:** Should the foundation or footings, supporting any party wall be damaged or destroyed, the repair and restoration thereof shall be the exclusive responsibility of the Association as more fully provided hereinafter.

ARTICLE XII

DESTRUCTION OF INDIVIDUAL UNITS OR ENTIRE PROJECT:

In the event any of the buildings are damaged by fire or other casualty which is insured against and said damage is limited to a single Unit, the insurance proceeds shall be paid to the Owner or Owners of such Unit, or the mortgagees thereof as their respective interests appear, and such other Owners or mortgagee shall use the same to rebuild or repair such unit. In the event such proceeds are insufficient to complete such work, the Unit Owner shall pay and advance such additional sums that may be necessary to complete such rebuilding and repair. In the event of any damage to any building or the property from any cause and which damage extends to two (2) or more Units then and in that event the proceeds shall be paid to the Association with an affirmative duty on the part of the Association to rebuild or repair the damage to which said insurance proceeds relate.

The Association and the Owners shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association as required in this Article remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of a general reserve fund for repair and replacement of subject property.

A. If the insurance proceeds are insufficient to repair or replace any loss or damage for the repair which the Association is bound to make hereunder, the Association shall levy a special assessment against the Units so damaged to cover the deficiency.

B. If there is a destruction of three-fourths (3/4) or more of the project, said destruction shall be deemed substantial total destruction. In the event of total destruction or of substantial total destruction, or destruction affect all of the individual residences, it shall be the duty of the Association to obtain bids for reconstruction and to proceed with reconstruction unless there shall be a decision by at least seventy-five percent (76%) of the voting Owners of the Unit not to rebuild, in which event, the Association, as agent for all owners coupled with its own interest, shall be granted the power to sell the entire property in its then present condition. The proceeds of sale, together with any available insurance proceed, shall then be distributed to the Owners and their mortgagees as their interest may then appear of record.

DAMAGE OR DESTRUCTION OF PROJECT COMMON AREA:

In the event of damage to or destruction of the Project Common Area or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of said damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the cost of repair or replacement of the property so damaged or destroyed, the Association shall levy a special assessment to cover the said costs against all Units in the project in the manner set forth hereinabove.

If any damage or destruction to the Project Common Area is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished in the manner approved by a vote of seventy-five percent (75%) of membership of the Association. The Association shall levy a special assessment against all Units to cover the cost of said repairs in the manner provided hereinabove.

ARTICLE XIII.

WAIVER OF PARTITION:

Each owner, and the successors of each owner, whether by deed, gift, devise or operation of law, do by their respective acceptance of the covenants herein contained, for their own benefit and for the benefit of other owners and for the benefit of other residence units, specifically waive and abandon all rights, interest and causes of action for a judicial partition of the tenancy in common of subject property and do further promise and covenant that no action for a judicial partition of the common tenancy interest of the subject property shall be instituted, prosecuted or reduced to judgment earlier than the limitation contained in this Article. The waiver and abandonment here covenanted shall be operative and in force during the term of these covenants.

ARTICLE XIV.

AMENDMENTS:

The provisions hereof may be amended by an instrument in writing signed and acknowledged by the record owners of Units representing at least seventy-five percent (75%) of the membership of the Association, which amendment shall be effective upon recordation in the Office of the Recorder of the County in which the Project is located. However, no such amendment shall affect the rights of the holder of any deed of

ARTICLE XV.

CONSTRUCTION OF PROVISIONS:

The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan for the development and operation of a condominium development pursuant to the laws of the State of Nevada. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provisions or any other provision hereof.

ARTICLE XVI.

BINDING EFFECT:

This Declaration shall be for the benefit of and be binding upon all Unit Owners, their respective heirs, legatees, devisees, executors, administrators, guardians, conservators, successors, purchasers, lessees, encumbrancers, donees, grantees, mortgagees, lienors and assigns.

ARTICLE XVII.

SEVERABILITY OF PROVISIONS:

The provisions hereof shall be deemed independent and severable, and the invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

ARTICLE XVIII.

GENDER, NUMBER AND CAPTIONS:

As used herein, the singular shall include the plural and the masculine shall include the feminine. The titles and captions of each paragraph hereof are not a part hereof and shall not affect the construction or interpretation of any part hereof.

ARTICLE XIX.

DURATION:

These covenants, restrictions, reservations and conditions shall remain in full force and effect for the period of fifty (50) years from the date thereof.

ARTICLE XX.

AFFECT ON OTHER DOCUMENTS

This revision supersedes the Declaration of Covenants, Conditions and Restrictions executed December 5, 1973 and any amendments thereto.

IN WITNESS WHEREOF, the undersigned have caused this revised Declaration to be executed this 18 day of August 1999.

By: Cynthia A. Hume
President Cynthia Hume

I HEREBY CERTIFY AND DECLARE, UNDER PENALTY OF PERJURY, THAT THE FOREGOING REVISION HAS BEEN APPROVED BY THE REQUIRED NUMBER OF MEMBERS AT A MEETING HELD 31ST DAY OF JULY, 1999

By: Cynthia A. Hume
President Cynthia Hume

REQUESTED BY
Patricia Thompson
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

1999 SEP -9 PM 1: 31

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