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Mountain Shadows

C/O 6151 Fair Oaks Blvd. "A"

Carmichael, CA 95608

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**DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
OF MOUNTAIN SHADOWS**

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
RECITALS		1
ARTICLE I	DEFINITIONS	3
1.1	Architectural Control Committee	3
1.2	Architectural Control Guidelines	3
1.3	Articles	3
1.4	Assessments	3
1.5	Association	3
1.6	Board	3
1.7	Bylaws	3
1.8	Common Area	3
1.9	Declarant	3
1.10	Declaration	3
1.11	Developer	4
1.12	Dwelling	4
1.13	Improvement	4
1.14	Lot	4
1.15	Individual Charges	4
1.16	Map	4
1.17	Member	4
1.18	Mortgage	4
1.19	Owner	5
1.20	Project	5
1.21	Project Documents	5
1.22	Rules and Regulations	5
1.23	Structure	5
1.24	Subdivision Map	5
ARTICLE II	DESCRIPTION OF PROJECT; RIGHTS OF OWNERS, DECLARANT	6
2.1	Description of Project	6
	2.1.1 Project	6
	2.1.2 Lots	6
	2.1.3 Common Area	6
	2.1.4 Incidents of Lot Ownership, Inseparability	6

0539343

BK0402PG03400

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
	2.1.5 Owner's Obligation to Maintain Lot	7
	2.1.6 Encroachment Easements	8
	2.1.7 Delegation of use: Contract Purchasers Lessees, Tenants	9
	2.1.8 Responsibility for Common Area Damage	10
2.2	Rights of Declarant	10
	2.2.1 Reservation of Easements to Complete, Sell	10
2.3	Utilities	10
	2.3.1 Rights and Duties	10
	2.3.2 Easements for Utilities and Maintenance	11
ARTICLE III	USE RESTRICTIONS	12
3.1	Residential Use	12
3.2	Nuisances	12
3.3	Garages, Power Equipment, Car Maintenance	12
3.4	Parking Vehicle Restrictions	12
3.5	Signs	13
3.6	Animals	13
3.7	Garbage and Refuse Disposal	13
3.8	Right to Lease, Rent	14
3.9	Clothes Line	14
3.10	Window Covers	14
3.11	Improvements, Alterations and Repairs	14
3.12	Drainage	15
3.13	Declarant's Rights	15
3.14	Antenna	15
3.15	Fences	15
3.16	Compliance With Project Documents	15
3.17	No Warranty of Enforceability	16
ARTICLE IV	THE ASSOCIATION MEMBERSHIP AND VOTING	16
4.1	Association	16

0539343

BK0402PG03401

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
4.2	Management of Project	16
4.3	Membership	16
4.4	Transferred Membership	16
4.5	Voting	17
	4.5.1 Class A Membership	17
	4.5.2 Class B Membership	17
4.6	Voting Requirements	17
4.7	Record Date	17
4.8	Commencement of Voting Rights	18
4.9	Membership Meetings	18
4.10	Board of Directors	18
ARTICLE V	ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS	18
5.1	Generally	18
5.2	Enumerated Rights	18
	5.2.1 Delegation	18
	5.2.2 Enter Contracts	19
	5.2.3 Establish Rules	19
	5.2.4 Entry	19
5.3	Enumerated Duties	19
	5.3.1 Manage, Maintain Common Area	19
	5.3.2 Enforce Project Documents	20
	5.3.3 Levy and Collection of Assessments and Individual Charges	20
	5.3.4 Taxes and Assessments	20
	5.3.5 Legal and Accounting	20
	5.3.6 Insurance	20
	5.3.7 Preparation and Distribution of Financial Information	20
	5.3.8 Maintenance and Inspection of Books and Records	21
	5.3.9 Architectural Controls	21
	5.3.10 Liability of Board Members and Manager	21

0539343

BK0402PG03402

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
ARTICLE VI	ASSESSMENTS	22
6.1	Agreement To Pay Assessments and Individual Charges	22
6.2	Purpose of Assessments	22
6.3	Regular Assessments	22
6.4	Special Assessments	23
6.5	Individual Charges	23
6.6	Allocation of Regular and Special Assessments	24
6.7	Commencement of Assessments and Individual Charges	24
6.8	Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges	24
6.9	No Offsets	25
6.10	Enforcement of Lien	25
ARTICLE VII	ENFORCEMENT OF RESTRICTIONS	25
7.1	General	25
ARTICLE VIII	INSURANCE	26
8.1	Insurance	26
8.1.1	Liability Insurance	26
8.1.2	Casualty Insurance	27
8.1.3	Other Insurance	27
8.1.4	Office and Director Insurance	27
8.1.5	Waiver of Subrogation	28
ARTICLE IX	MORTGAGEE PROTECTIONS	28
9.1	Subrogation	28
9.2	Notice of Default	28
9.3	Conflicts	28
ARTICLE X	ARCHITECTURAL CONTROL	28
10.1	Approval of Alteration and Improvement	29

0539343

BK 0402 PG 03403

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
	10.1.1 General Limitations	28
	10.1.2 Exemption	29
10.2	Architectural Control Committee	29
	10.2.1 Number, Appointment, Terms	29
	10.2.2 Operation	29
	10.2.3 Duties, Guidelines, Standards	30
10.3	Committee Approval Process	31
	10.3.1 Approval Application	31
	10.3.2 Review and Approval	31
	10.3.3 Inspection, Non-Compliance	31
10.4	Estoppel Certificate	32
10.5	Liability	33
ARTICLE XI	GENERAL PROVISIONS	33
11.1	Notices	33
11.2	Notice of Transfer	34
11.3	Severability	34
11.4	Exhibits	34
11.5	Easements Reserved and Granted	34
11.6	Binding Effect	34
11.7	Violations and Nuisance	34
11.8	Violations of Law	35
11.9	Conflict of Project Documents	35
11.10	Termination of Declaration	35
ARTICLE XII	AMENDMENT	35
12.1	Amendment Prior to First Sale	35
5		
12.2	Amendment After the First Sale	35
	12.2.1 Two Class	35
	12.2.2 Single Class	36
	12.2.3 Specific Provisions	36
	12.2.4 Amendment Instrument	36

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**DECLARATIONS OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
OF MOUNTAIN SHADOWS**

RECITALS

This Declaration, made on the date hereinafter set forth by the BERLE AND CAROL CRISP FAMILY TRUST ("Declarant"), is made with reference to the following facts:

A. Declarant is the owner of a certain tract of real property located in Douglas County, Nevada and more particularly described in Exhibit "1", attached hereto and incorporated herein by this reference.

All of the property described above and all of the improvements thereon shall be referred to as the "Project".

B. The Declarant intends to preserve through the use of the terms of this Declaration the harmonious and appealing landscaping and improvement of the project. A Maintenance Association has been established. It is assumed that each purchaser of property in the Project will be motivated to preserve these qualities through community cooperation and by enforcing not only the letter but also the spirit of this Declaration. The Declaration is designed to complement local governmental regulations, and where conflicts occur, the more restrictive requirements shall prevail.

C. For the efficient management and the preservation of the value, desirability and attractiveness of the Project; maintaining and administering The Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessment and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project. Mountain Shadows Homeowners Association ("Association"), a nonprofit mutual

benefit corporation, has been incorporated under the laws of the State of Nevada for the purpose of exercising the powers and functions aforesaid.

D. Declarant has improved the Project by subdividing and constructing it into residential lots designed with dwellings ("Lots") and common areas with improvements ("Common Area").

E. Each Owner shall receive fee title to his Lot, a Membership in the Association, which shall hold title to the Common Area, a non-exclusive easement for use, enjoyment, ingress and egress over the Common Area, and for such other interests as are provided herein.

In addition, each owner shall receive an exclusive easement for ingress and egress over the driveway and walkway area abutting his lot, and an easement for maintenance and repair of the same, including the front yard area; and an exclusive easement for the use of the existing fenced yard area abutting said owner's lot and an easement for owner's maintenance and repair of said fenced area and fence surrounding the same.

F. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed.

NOW, THEREFORE, it is hereby declared that the Project shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Declaration as to division, easements, rights, assessments, liens, charges, covenants, servitude, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, its successors, and assigns, the Association, its Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all of the Project as a servitude in favor of each and every other Owner thereof as the dominant tenement.

ARTICLE I
DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

1.1 "Architectural Control Committee" or "Committee" shall mean the committee created pursuant to Article X.

1.2 "Architectural Control Guidelines" or "Guidelines" shall mean the written review standards promulgated by the Architectural Control Committee as provided in subarticle 10.2.3.

1.3 "Articles" shall mean the Articles of Incorporation of the Association as amended from time to time.

1.4 "Assessments" shall mean the regular and Special Assessments levied against each Lot and Owner by the Association as provided in Article VI.

1.5 "Association" shall mean the Mountain Shadows Homeowners Association, a Nevada nonprofit cooperative corporation, the Member of which shall be the Owners of Lots within the Project.

1.6 "Board" shall mean the Board of Directors of the Association.

1.7 "Bylaws" shall mean the Bylaws of the Association as amended from time to time.

1.8 "Common Area" shall mean such property so designated on the map and all improvements erected thereon, including but not limited to private roadways, front and back yard areas and open space areas generally. The common area shall not include any building footprint nor any improvement thereon. Title to the common area shall be held by the Association.

1.9 "Declarant" shall mean BERLE AND CAROL CRISP FAMILY TRUST or any successor-in-interest by merger or by express assignment of the rights of Declarant hereunder by an instrument executed by Declarant and (i) recorded in the Office of the Douglas County Recorder, and (ii) filed with the Secretary of the Association.

1.10 "Declaration" shall mean this instrument as amended from time to time.

1.11 "Developer" shall mean any person, other than Declarant, who owns five or more Lots in the Project for the purpose of selling or leasing them to members of the general public.

1.12 "Dwelling" shall mean a two family residential dwelling unit together with garages and/or other structures on the same Lot.

1.13 "Improvement" shall mean Structures, as defined herein, substantial plants such as trees, hedges, shrubs and bushes and major landscaping of every kind. "Improvement" shall also mean any excavation, fill, ditch, diversion dam, storm drain or other things or device which affects or alters the natural flow of surface or subsurface water from, upon, under or across any portion of the Project. "Improvement" shall also mean any utility line, conduit, pipe or other related facility or equipment.

1.14 "Lot" shall mean one of the building footprints in the Project as designated on a recorded Subdivision Map and each of which is improved with a dwelling structure.

1.15 "Individual Charges" shall mean those charges levied against an Owner (and his Lot) by the Association other than Assessments as provided in Article VI.

1.16 "Map" shall initially mean that Subdivision Map entitled "Mountain Shadows Apartments" filed in the Office of the Douglas County Recorder on February 5, 1992, in Book, 292 of Maps, Page 472, incorporated herein by this reference.

1.17 "Member" shall mean a person entitled to Membership in the Association as provided herein.

1.18 "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. An "Institutional" Mortgagee is a Mortgagee that is a bank or savings and loan association or Mortgage company or other 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" or "First Mortgagee" is on having priority as

to all other Mortgages or holders of Mortgages encumbering the same Lot or other portions of the Project. A "First Mortgagee" shall include any holder, insurer, or guarantor of a First Mortgage on a Lot or other portion of the Project.

1.19 "Owner" shall mean the person or entity holding a record fee simple ownership interest in a Lot, including Declarant, and contract sellers. "Owner" shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

1.20 "Project" shall initially mean the real property located in Douglas County, Nevada known as Mountain Shadows and more particularly described in Exhibit "1" attached hereto and incorporated herein by this reference. "Project" shall also include any property annexed pursuant to the annexation provisions of the Project Documents.

1.21 "Project Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations of the Association and Architectural Control Guidelines.

1.22 "Rules and Regulations" shall mean the rules and regulations promulgated by the Association to govern the possession, use and enjoyment of the Project as amended from time to time.

1.23 "Structure" shall mean any tangible thing or device to be fixed permanently or temporarily to real property including but not limited to any Dwelling, as defined herein, or any building, garage, driveway, walkway, concrete pad, asphalt pad, porch, patio, shed, greenhouse, fence, wall, pole, sign or antennae.

1.24 "Subdivision Map" shall mean (a) any final map or parcel map within the meaning of the provisions of Nevada Revised Statutes, or (b) any final record of survey map within the meaning of the provisions of Nevada Revised Statutes, as such provisions may from time to time be amended.

ARTICLE II
DESCRIPTION OF PROJECT
RIGHTS OF OWNERS, DECLARANT

2.1 Description of Project

2.1.1 Project

The Project shall consist of all of the real property described In subarticle 1.21, and all of the improvements thereon.

2.1.2 Lots

The Project consists of 16 residential lots designated on the Map as Lots . Each lot has been improved with a dwelling structure. The Lots do not include the Common Area

2.1.3 Common Area

That portion of the project designated on the Maps as Common Area, and the improvements thereon is the Common Area including but not limited to private roadways, landscaped areas, open space areas generally, and is owned by the Association for the use and benefit of the members. The Common Area shall not include any building footprint nor any improvements thereon. The common Area shall be conveyed to the Association free and clean of money encumbrances prior to or upon the sale of the first lot in the project.

2.1.4 Incidents of Lot Ownership, Inseparability

Every Lot which is subject to assessment shall have Appurtenant to it the following interests:

- (i) a Membership in the Association; and
- (ii) the use and maintenance of exclusive easements

and fences shall be subject to and governed by the same use and maintenance requirements as set forth for lots in paragraph 2.1.5 and Article III hereof.

Exclusive easement shall include area within enclosed fenced area adjacent to the dwelling.

- (iii) a non-exclusive easement of use, enjoyment, ingress

and egress over the Common Area and the access easement subject to such restrictions and limitations as are contained in the Project Documents and subject to other reasonable regulation by the Association.

Such interest shall be appurtenant to and inseparable from ownership of the Lot. Any attempted sale, conveyance, hypothecation, encumbrance or other transfer of these interests without the Lot shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Lot shall automatically transfer these interests to the same extent.

2.1.5. Owner's Obligation to Maintain Lot

Each owner shall maintain, repair and replace his Lot, and all Improvements thereon, including the driveway and walkway areas over which each owner has an easement for ingress and egress, as well as the fenced area over which each lot owner has an exclusive use easement, and maintain the fence surrounding the same in a safe, sanitary and attractive condition, including side and rear yard areas enclosed by fence as an exclusive use area and each owner shall be solely responsible for all costs associated with such maintenance and repair. Such maintenance responsibility shall include but shall not be limited to exclusive use areas, fences, driveways, landscaping, sprinkler system and control of all weeds and other unsightly vegetation, rubbish, trash, garbage and landscaping visible from other portions of the Project.

In the event that an Owner fails to maintain his Lot as provided herein in a manner which the Board reasonably deems necessary to preserve the appearance and value of the Project, the Board may notify the Owner of the work required and demand that it be done within a reasonable and specified period. In the event that the Owner fails to carry out such maintenance and/or landscaping within said period, the Board shall, subject to any notice and hearing requirements set forth on the Project Documents have the right to enter upon the Lot to cause such work to be done and Individually Charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Board

shall have the right to immediately enter upon the Lot to abate the emergency and Individually Charge the cost thereof to such Owner.

If any improvements on a Lot and its exclusive use area are damaged or destroyed by fire or any other calamity, the insurance proceeds shall be paid to the Owner thereof or the mortgagees thereof, as their respective interests may appear, and such Owner or mortgagee shall use said proceeds to rebuild or repair the damage.

In the event said Owner does not commence such rebuilding or repair within ninety (90) days, the Association may bring suit for an injunction to compel the Owner to perform said rebuilding or repair.

This subarticle shall not be amended or repealed without the approval of at least seventy-five percent (75%) of the voting power of each class, while two (2) classes exist, or at least seventy-five percent (75%) of the total voting power of Members other than Declarant, when a single class exists.

2.1.6 Encroachment Easements

Each Owner is hereby declared to have an easement Appurtenant to his Lot, over all adjoining Lots and the Common Area for purpose of accommodating any encroachment due to engineering error, errors in original construction, settlement or shifting of a building, or any other cause. The Association is hereby declared to have an easement appurtenant to the Common Area over all adjoining Lots for the purpose of accommodation any Common Area encroachment due to engineering errors, errors in original construction, settlement, or shifting of a building or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area or by Common Area over Lots shall be

permitted and that there shall be valid easement for the maintenance of said encroachments so long as they shall exist.

2.1.7 Delegation of Use; Contract Purchasers, Lessees, Tenants

Any Owner may temporarily delegate his rights of use and Enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to the Project Documents. However, if an Owner of a lot has sold his Lot to a contract purchaser, leased or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Lot is occupied by such contract purchaser, lessee or tenant. Instead, the contract purchaser, Lessee or tenant, while occupying such Lot, shall be entitled to use and enjoy the Project and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of his occupancy. Such delegation does not, however, release the Owner from responsibility for obligations owed to the Association, including but not limited to the payment of all assessments and adherence to Association rules and regulations. During the period of time that an Owner's Lot is occupied by a contract purchaser such contract purchaser shall have the right to exercise such Owner's voting rights (as to such lot) in the Association and such Owner shall give to such contract purchaser, upon demand, such proxies as are necessary to exercise such Owner's voting rights in the Association. Each Owner shall notify the secretary of the Association of the names of any contract purchasers, lessees or tenant of such Owner's Lot. Each Owner, contract purchaser, lessee or tenant also shall notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, lessee or tenant has delegated any rights of use and enjoyment in the Project and relationship that each such person bears to the Owners, contract purchaser, lessee or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

2.1.8 Responsibility for Common Area Damage

The cost and expense of repair or replacement of any portion of the Common Area resulting from the willful or negligent act of an Owner, his contract purchasers, lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the responsibility of such Owner to the extent that it is not covered by insurance maintained by the Association. The Association shall cause such repairs and replacements to be made and the cost thereof shall be levied as an Individual Charge against such Owner.

2.2 Rights of Declarant

2.2.1 Reservation of Easements to Sell

Declarant hereby reserves in itself and its successors and Assigns the following easements over the Project to the extent reasonably necessary to sell, lease, rent or otherwise dispose of the Lots:

(i) easements for ingress and egress, for doing all acts reasonably necessary to complete or repair the Project, or to discharge any other duty of Declarant under the Project Documents or sales contracts or otherwise imposed by law.

(ii) easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Lots.

These easements shall exist until the earlier of (i) the date on which the last Lot is sold by Declarant or (ii) three (3) years from the recordation of the first sale of the Project.

Declarant covenants to use the above easements in a manner that will reasonably minimize any adverse impact upon the possession, use and enjoyment of the Project by the Owners.

2.3 Utilities

2.3.1 Rights and Duties

Owner of each Lot served by sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections with the Project shall be entitled to the non-exclusive use and enjoyment of such portions of said connections as a service to Owner's Lot. Every Owner shall pay all utility

charges which are separately metered or billed to his Lot, including water and electricity for landscaping. Every Owner shall maintain all utility installations located in or upon his Lot except for those installations maintained by the Association or utility companies, public or private. Utility companies shall have the right, at reasonable times after reasonable notice to enter upon the Lots, Common Area, or other portion of the Project to discharge any duty to maintain Project utilities.

Sanitary sewer, water, electric, gas, television receiving, telephone lines, landscape sprinkler clocks & valves, water lines or other utility connections, are located within the Project, the Owner of a Lot serviced by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefore, to at reasonable times after reasonable notice enter upon lots, Common Area or other portions of the Project or to have its agents or the utility companies enter upon the Lots, Common Area, or other portions of the Project to maintain said connections as and when necessary.

In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then the matter shall be submitted to the Board for arbitration.

2.3.2 Easements for Utilities and Maintenance

Easements over and under the Project for the installation, Repair, and maintenance of sanitary sewer, water, electric, gas, landscape sprinkler clocks & valves, water lines and telephone lines, cable or master television antenna lines, and drainage facilities, as shown on the Map of the Project, or as may be hereafter required to serve the Project, are hereby reserved for Declarant and the Association, together with the right to grant and transfer the same.

ARTICLE III
USE RESTRICTIONS

In addition to all of the covenants contained herein, and such further restrictions as may be imposed on portions of the Project, the use of the Project and each Lot therein is subject to the following:

3.1 **Residential Use**

No Lot shall be occupied and used except for two family residential Purposes by the Owners, their contract purchasers, lessees, tenants, or guests, and no trade or business shall be conducted thereon.

3.2 **Nuisances**

No noxious, illegal, or offensive activities shall be carried on any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Lot, or which shall in any way increase the rate of insurance for the Project or for any other Lot, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

3.3 **Garages, Power Equipment, Car Maintenance**

The principal use of garages shall be for the parking of cars; no Garage shall be converted to living quarters without the consent of the Board and any appropriate governmental agent. Garages shall be used in such a manner so as to accommodate the parking of at least the number of cars for which the garage was designed.

No power equipment, work shops, or car maintenance of any nature, other than emergency minor repair, shall be permitted on the Project without the consent of the Board. In deciding whether to grant approval, the board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

3.4 **Parking Vehicle Restrictions**

Unless otherwise permitted by the Board, no motor vehicles shall

be parked or left on any portion of the Project other than within a Lot's driveway or garage. Guest Area parking is for guests only and is not to be used by Owners and tenants of the Project. No parking is permitted on Alicia Circle at anytime.

No truck larger than three/quarter (3/4) ton, nor trailer, nor motor home, nor mobile home, nor recreational vehicle, nor boat, nor unmounted camper shell, nor un-operable or unlicensed vehicle, nor vehicles designate and operated as off the road equipment for racing, dragging and other sporting events, shall be permitted on the Project for longer than twenty-four hours without the consent of the Board unless enclosed in garage.

The Board may authorize the towing of any vehicle parked in violation of these provisions at the expense of the Owner.

3.5 Signs

No sign of any kind shall be displayed to the public view from any portion of the Project without the approval of the Board except (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease or rent displayed from a Lot, and (ii) such signs may be used by Declarant for the purpose of selling Lots as permitted by subarticle 2.2.1. Any sign visible from a public street shall be in conformance with all County of Douglas sign ordinances.

3.6 Animals

No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Project except that dogs, cats or other household pets may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board. All dogs, cats, etc. shall be kept on a leash when on any portion of the Project except within its Owner's fenced yard. The Board may establish further rules regarding the keeping of and cleaning up after animals; including a system of fines.

3.7 Garbage and Refuse Disposal

All rubbish, trash, garbage and other waste shall be regularly

removed from the Project by Owners/resident or a garbage removal service, at each Owner's/tenant or lessee's cost, and shall not be allowed to accumulate thereon. Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view of other Lots, streets and the Common Area, except for the schedule day for trash pick-up

3.8 Right to Lease, Rent

Nothing in this Declaration shall prevent an Owner from leasing or renting his Lot. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement. In addition, no Lot may be leased or rented for a period of less than thirty (30) days.

3.9 Clothes Lines

No exterior clothes lines shall be erected or maintained nor shall there be any outside laundering or drying of clothes unless in Owner's/residents exclusive use fenced area.

3.10 Window Covers

No window coverings other than curtains and drapes, shutters, or blinds of a neutral or unobtrusive color may be installed without the consent of the Board. No window shall be covered with aluminum foil or similar material without the consent of the Board.

3.11 Improvements, Alterations and Repairs

No improvement, repair, excavation, landscaping, additional fencing or other work which in any way alters the exterior appearance of any Lot, or the landscape design thereof, from its improved state existing on the date such Lot was first conveyed by Declarant to an Owner shall be made or done without the prior approval of the Architectural Committee given pursuant to the terms of Article X hereof, except as specifically authorized herein.

3.12 Drainage

There shall be no interference with the established drainage pattern over any part of the Project unless adequate provision is made for property drainage and is approved by the Architectural Control Committee. For purposes hereof "established drainage" is defined as the drainage which exists at the time the overall grading of the real property within the Project is completed or the drainage which is shown on any Plan approved by the Architectural Control Committee.

3.13 Declarant's Rights

Declarant need not seek or obtain Architectural Control Committee approval or any other approval in connection with any improvement constructed or placed by Declarant on any Property within the Project leased or owned in whole or in part by Declarant. So long as Declarant owns (Leasehold or fee) any portion of the Project, Declarant and its agents and invitees shall have the right to make reasonable use of any and all of the Common Areas within the Project for ingress, egress, development and construction purposes.

3.14 Antennae

No antennae or satellite dish, larger than 24" in diameter, for transmission or reception of television signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors, whether attached to a building or structure or otherwise, except for such as are approved by the Architectural Committee. Such Architectural Committee approval of the location shall be required for all television antennae installations.

3.15 Fences

No fences, hedges, or walls shall be erected moved or maintained on any Lot other than as are initially installed by Declarant, unless first approved by the Architectural Committee.

3.16 Compliance With Project Documents

Each Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a Lot or user of the Common Area shall comply with the provisions of the Project Documents.

3.17 No Warranty of Enforceability

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article III or unenforceable representation as to the present or future validity or enforceability of any such restrictive covenant, any Owner acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot agrees to hold Declarant harmless therefrom.

ARTICLE IV

THE ASSOCIATION MEMBERSHIP AND VOTING

4.1 Association

Mountain Shadows Homeowners Association, a Nevada nonprofit cooperative corporation, shall be the Association.

4.2 Management of Project

The management of the Project shall be vested in the Association in accordance with the Project Documents and all applicable laws, regulations and ordinances of any governmental or quasi governmental body or agency having jurisdiction over the Project.

4.3 Membership

Each Owner and co-owner shall be a Member of the Association, subject to the Project Documents and shall remain a Member thereof until such time as his ownership ceases for any reason at which time his Membership in the Association shall automatically cease.

4.4 Transferred Membership

Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner/s. Any attempt to make a prohibited transfer is void. Any transfer of title to a Lot or interest in it shall operate automatically to transfer the appurtenant Membership rights in the Association to the new Owner.

4.5 Voting

The Association shall have two (2) classes of voting Membership established according to the following provisions:

4.5.1 Class A Membership

Class A Members shall be all Owners, except Declarant and shall be entitled to one vote for each Lot owned. When more than one person or entity owns a Lot, all such persons and entities shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

4.5.2 Class B Membership

The Class B Members shall be Declarant who shall be entitled to three votes for each Lot owned. Said Class B Membership shall be automatically converted to Class A Memberships and said Class B Membership shall forever cease to exist on the occurrence of whichever of the following is first in time:

- (A) when the total votes held by the Class A Members equal the total votes held by the Class B Members, or
- (B) the second anniversary of the first sale of a Lot of the Project.

4.6 Voting Requirements

Any action by the Association which must have the approval of the Membership before being undertaken shall require the vote or written assent of the Members. Except as otherwise provided in the Project Documents, a majority of the voting power of each class of the Members who are present at a properly noticed meeting at which a quorum is present, shall be required.

4.7 Record Date

The Association shall fix, in advance, a date as a record date for the determination of the Members entitled to notice of and to vote at any meeting of the Association and entitled to cast written ballots. The record date shall be no less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

4.8 Commencement of Voting Rights

Voting rights attributable to any Lot shall not vest until Assessments have been levied against that Lot.

4.9 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

4.10 Board of Directors

The affairs of the Association shall be managed by the Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws.

ARTICLE V

ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

5.1 Generally

The Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article V or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Association shall have all the powers and rights of a nonprofit cooperative corporation under the laws of the State of Nevada.

The Association shall act through its Board of Directors and the Board shall have the power, right and duty to act for the Association except that actions which require the approval of the Members of the Association shall first receive such approval.

5.2 Enumerated Rights

In addition to those Association rights which are provided elsewhere in the Project Documents the Association shall have the following rights.

5.2.1 Delegation

To elect, employ, appoint, to assign and to delegate the

rights and duties of the Association to officers, employees, agents and independent contractors.

5.2.2 Enter Contracts

To enter contracts with third parties to furnish goods or services to the Project subject to the terms and conditions set forth in the Project Documents.

5.2.3 Establish Rules

To adopt reasonable rules not inconsistent with this Declaration, the Articles, and the Bylaws relating to the use of the Common Area and all facilities thereon, and the conduct of Owners and their contract purchasers, lessees, tenants and guests with respect to the Project and other Owners. A copy of the Rules shall be mailed or otherwise delivered to each Owner and Owner's occupants and a copy shall be posted in a conspicuous place within the Common Area.

5.2.4 Entry

To enter upon any portion of the Project, including any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Association of its duties under this Declaration. In the event of an emergency such right of entry upon any Lot shall be immediate.

5.3 Enumerated Duties

In addition to those Association duties which are imposed elsewhere in the Project Documents and those which are necessary or appropriate to the operation of the Association, the Association shall have the following duties:

5.3.1 Manage, Maintain Common Area

Except as otherwise set forth herein, the Association shall have the duty to own, manage, operate, improve, maintain, repair and replace the Common Area and all its facilities, improvements, and landscaping including the private street and other improvements located on the Common Area, and any other property acquired by or subject to the control of the Association, including

personal property, in a safe, sanitary and attractive condition. Owner's exclusive use areas including enclosed fence area and fencing shall be maintained by owner.

Douglas County is hereby designated as third-party beneficiaries of this Declaration with the right to require and enforce hereunder reasonable maintenance of the Common Areas and improvements thereon, private roads and landscaping.

5.3.2 Enforce Project Documents

To enforce the provisions of the Project Documents by appropriate means as provided at Article VII.

5.3.3 Levy and Collection of Assessments and Individual Charges

To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles VI and VII.

5.3.4 Taxes and Assessments

To prepare and file annual tax returns with the Federal government and the State of Nevada and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

5.3.5 Legal and Accounting

To obtain and pay the cost of legal and accounting services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents.

5.3.6 Insurance

To obtain and pay the cost of any liability insurance for the Project as provided in subarticle 8.1.

5.3.7 Preparation and Distribution of Financial Information

To annually prepare budgets and financial statements, on

(A) A pro-forma operating statement (budget) for each fiscal year shall be prepared before the beginning of the fiscal year;

(B) An annual report consisting of a balance sheet, an operating (income) statement and a statement of changes in financial position for said fiscal year shall be prepared after the close of the fiscal year.

5.3.8 Maintenance and Inspection of Books and Records

To cause to be kept adequate and correct books of account, a register of Members, minutes of Member and Board meetings a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when requested in writing by fifty percent (50%) of the voting power of Members other than Declarant.

The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of the Board, and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representatives, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the Principal office of the Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules.

5.3.9 Architectural Controls

To maintain architectural control over the Project and appoint Architectural Control Committees in connection therewith, pursuant to Article X.

5.3.10 Liability of Board Members and Manager

Neither Members of the Association Board, nor the Members of the Architectural Committee shall be personally liable to any Owner, or any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, the Association Board, the Architectural Committee, or any other representatives or employees of the Association, provided that the person sought to be held responsible has, upon the basis of such information as may be possessed by him, acted in good faith.

ARTICLE VI
ASSESSMENTS

6.1 **Agreement to Pay Assessments and Individual Charges**

Declarant for each Lot owned by them, hereby covenant and agree, and each Owner, by acceptance of a deed to a Lot, is deemed to covenant and agree for each Lot owned, to pay to the Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Declaration and in the other Project Documents.

6.2 **Purpose of Assessments**

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Association as set forth in the Project Documents.

6.3 **Regular Assessments**

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating during the fiscal year and to accumulate reserves to pay extraordinary costs anticipated in future years. Not less than ninety (90) days before the beginning of each fiscal year, the Board shall prepare, and distribute to each Owner, a proposed pro forma operating statement or budget for the forthcoming fiscal year. Any Owner or Mortgagee may make written comments to the Board with respect to said pro forma operating statement. The pro forma operating statement shall be prepared consistently with the prior fiscal year's operating statement and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the Common Area improvements or Association personal property likely to need maintenance, repair or replacement in the future.

Not more than ninety (90) days nor less than sixty (60) days before

the beginning of each fiscal year, the Board shall meet for the purpose of establishing the regular assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed pro forma operating statement or budget, and written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not establish a Regular Assessment for any fiscal year which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year without the approval of a majority of the voting power of the Association residing in Members other than Declarant. Not less than sixty (60) days before the beginning of each fiscal year the Board shall distribute to each Owner a final copy of the pro forma operating statement or budget for the forthcoming fiscal year which provides written notice of each Owner's assessment. Regular Assessments shall be payable in annual installments due on the first day of the Association fiscal year, unless the Board adopts some other basis for collection. If Assessment not paid when due a 10% late charge will be assessed to Lot Owner.

6.4 Special Assessments

If the Board determines that the estimated total amount of refunds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvement on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may levy, in its discretion, pro rate such Special Assessment over the remaining months of the fiscal year and the Assessments shall be due on the first day of the month following notice of their levy.

6.5 Individual Charges

Individual Charges may be levied against an Owner (i) as a

monetary penalty imposed by the Association as a disciplinary measure for the failure of the Owner to comply with the Project Documents, or (ii) as a means of reimbursing the Association for costs incurred by the Association for repair of damage to Common Areas and facilities for which the Owner was responsible, or to otherwise bring the Owner and his Lot into compliance with the Project Documents. Individual Charges against an Owner shall not be enforceable through the lien provisions of the Project Documents. Notwithstanding the foregoing, charges imposed against a Lot and its Owner consisting of reasonable late payment penalties and/or charges to reimburse the Association for loss of interest, and/or for costs reasonably incurred (including attorney's fees) in the efforts to collect delinquent Assessments shall be fully enforceable through the lien provisions of the Project Documents.

6.6 Allocation of Regular and Special Assessments

Regular and Special Assessments shall be levied against each Lot (and its Owner) equally based on a fraction the numerator of which is One (1) and the denominator of which is the total number of Lots in the Project.

6.7 Commencement of Assessments and Individual Charges

Assessments and Individual Charges shall commence as to all Lots in the Project on the close of escrow for the first sale of a Lot in the Project or Phase thereof. Thereafter, Regular Assessments shall commence on the first day of the first month of the fiscal year.

6.8 Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges

Any Assessment not paid within thirty (30) days after the due date, together with late charges, interest (at the rate of ten percent (10%) per annum), costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Delinquent Assessment.

All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorney's fees incurred in collecting delinquent Assessments and Individual Charges, shall be the personal obligation

of the Owner of such Lot at the time when the Assessments of Individual Charges fell due. If more than one person or entity was the Owner of a Lot at the time the Assessments or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charges shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.

6.9 No Offsets

All Assessments and Individual Charges shall be payable in the amount specified by the levy and no offsets against such amounts shall be permitted for any reason, including without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Declaration.

6.10 Enforcement of Lien

The lien provided for herein may be enforced by the sale of property which is subject to the Assessment by the Association, or officers or attorneys, in accordance with the provisions of Covenants 6,7 and 8 of NRS 107.030, and NRS 101.080 and 107.090 applicable to the exercise of powers of sale in deeds of trust, or in any other manner allowed by law.

ARTICLE VII

ENFORCEMENT OF RESTRICTIONS

7.1 General

The Association or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce independently of the Association any Assessment, Individual Charge, or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take

possession of the Lot in the manner provided by law. In the event the Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner shall bear interest at ten percent (10%) per annum from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing immediately after repayment is demanded. All enforcement powers of the Association shall be cumulative. Failure by the Association or any Owner, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE VIII
INSURANCE

8.1 Insurance

In addition to other insurance required to be maintained by the Project Documents, the Association shall maintain in effect at all times the following insurance:

8.1.1. Liability Insurance

The Association shall obtain and maintain comprehensive public liability insurance insuring the Association, the Board, the Declarant, Owners, occupants of Lots, their respective family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership, use or maintenance of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against any liability customarily covered with respect to projects similar in construction, location and use.

8.1.2 Casualty Insurance

The Association also may obtain and maintain at its option a policy of casualty insurance for the full replacement value (without deduction for depreciation) for all of the improvements and personal property within the Common Area. Such insurance shall include coverage against any risk customarily covered with respect to projects similar in construction, location and use. The form, content, term of the policy, its endorsements and the issuing company must meet the standards of and be satisfactory to all First Mortgagees. The policy shall name as insured the Association for the benefit of the Owners and Declarant, as long as Declarant is the Owner of any Lot.

8.1.3 Other Insurance

The Board shall use only insured contractors and their employees for the Association work. The Board may purchase and maintain fidelity coverage against dishonest acts on the part of Directors, Officers, managers, trustees, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association obligee, and shall be written in an amount equal to one hundred ten percent (110%) of the estimated annual operating expenses of the Association, including reserves. In connection with such fidelity coverage, an appropriate endorsement to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The Board may also purchase and maintain insurance on personal property owned by the Association, and any other insurance that it deems necessary, that is required by any First Mortgage or is customarily obtained for projects similar in construction, location and use.

8.1.4 Officer and Director Insurance

The Association may purchase and maintain insurance on behalf of any Director, Officer or member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not

the Association would have the power to indemnify the agent against such liability under applicable law.

8.1.5 Waiver of Subrogation

All property and liability insurance carried by the Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, Directors, Officers, Committee members, Declarant, Owners, their family, guests, agents and employees.

ARTICLE IX
MORTGAGEE PROTECTIONS

9.1 Subrogation

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

9.2 Notice of Default

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

9.3 Conflicts

In the event of a conflict between any of the provisions of this Article IX and any other provisions of this Declaration, the provisions of this Article IX shall control.

ARTICLE X
ARCHITECTURAL CONTROL

10.1 Approval of Alteration and Improvements

10.1.1 General Limitation

Subject to the exceptions described at Subarticle 10.1.2, no

Improvement including fences and gates may be constructed, moved, painted, altered or changed on any portion of the Project without the prior written approval of the Architectural Control Committee ("Committee").

10.1.2 Exemption

Notwithstanding Subarticle 10.1.1, no Committee approval shall be required for (i) initial Improvements constructed by, at the direction of, or with the approval of Declarant; (ii) normal maintenance of exempt or previously approved Improvements; (iii) rebuilding an exempt or previously approved Improvement; (iv) changes to the interior of an exempt or previously approved Structure; (v) work reasonably required to be performed in an emergency for the purpose of protecting any person or property from damage.

10.2 Architectural Control Committee

10.2.1 Number, Appointment, Terms

The Committee shall be composed of three (3) members. Declarant shall appoint all of the initial members. Declarant reserves the right to appoint all members of the Committee until ninety percent (90%) of all Lots in the project have been sold, or until the tenth (10th) anniversary of the original recordation of the map of the Project, whichever first occurs. Thereafter, the Board shall have the right to appoint all members of the Committee.

Members appointed to the Committee by the Board shall be from the Membership of the Association. Members appointed to the Committee by Declarant need not be members of the Association.

10.2.2 Operation

The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The requirements for valid Committee meetings and action shall be the same as that which is required for valid Board meetings and action as provided in the Bylaws. The Committee shall keep and maintain a record of all action from time to time taken by the Committee at meetings or otherwise, and shall maintain files of all documents submitted to it, along with records of its activities. Unless authorized by the Association, the members of the Committee shall not receive any compensation for services

rendered. All members shall be entitled to reimbursement by the Association for reasonable expenses incurred by them in connection with the performance of their duties.

10.2.3 Duties, Guidelines, Standards

The Committee may adopt Architectural Control Guidelines and shall perform other duties imposed upon it by the Project Documents or delegated to it by the Board.

The address of the Committee shall be designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where current copies of any Guidelines shall be kept.

The following minimum standards shall apply to any Improvements constructed on the Project:

- (a) No more than a two family Dwelling shall be constructed on any Lot.
- (b) All Improvements shall be constructed in compliance with the applicable zoning laws, building codes, subdivision restrictions, and all other laws, ordinances and regulations applicable to Project Improvements.

In reviewing proposed Improvements for approval, the Committee shall consider at least the following:

- (a) Does the proposed Improvement conform to the purposes and provisions of the Project Documents?
- (b) Is the proposed Improvement of a quality of workmanship and materials comparable to other improvements that are proposed or existing on the Project?
- (c) Is the proposed Improvement of a design and character which is harmonious with proposed or existing Improvements and with the natural topography in the immediate vicinity?

10.3 Committee Approval Process

10.3.1 Approval Application

Any Owner proposing to construct, paint, alter or change any Improvement on the Project which requires the prior approval of the Committee shall apply to the Committee in writing for approval of the work to be performed and a proposed time schedule for performing the work. The Committee may charge an Owner a reasonable fee for application review.

The submittal of plans and specifications for the work are required by the Committee. Such plans and specifications may include, but are not limited to, showing the nature, kind, shape, color, size, materials and location of the proposed work, or the size, species and location of any plants, trees, shrubs and other proposed landscaping.

10.3.2 Review and Approval

Upon receipt of all documents reasonably required by the Committee to consider the application, the Committee shall determine whether the proposed work is in compliance with the provisions and purposes of the Project Documents and all Guidelines of the Committee in effect at the time the documents are submitted. In the event the Committee fails to approve an application, it shall notify the applicant in writing of the specific matters to which it objects. In the event the Committee fails to notify the applicant within forty-five (45) days after receipt of all documents reasonably required to consider an application or a correction or resubmittal thereof of the action taken by the Committee, the application shall be deemed approved. One set of plans as finally approved shall be retained by the Committee as a permanent record.

10.3.3 Inspection, Non-Compliance

The Committee, or any authorized representative, shall have the right at any reasonable time, after reasonable notice, to enter upon any portion of the Project for the purpose of determining whether or not any work is being performed, or was performed, in compliance with the Project Document.

If at any time the Committee determines that work is not being performed, or was not performed in compliance with the Project

Documents of any Guidelines, whether based on a failure to apply for or obtain approval, a failure to comply with approval, a failure to timely commence or complete approved work or otherwise, the Committee shall notify the Owner in writing of such non-compliance specifying the particulars of non-compliance, and demanding that the Owner remedy such non-compliance within a reasonable and specified period.

In the event that the offending Owner fails to remedy such non-compliance within the specified period, the Committee shall notify the Board in writing of such failure. The Board shall have the right to remedy the non-compliance in any appropriate manner permitted by the Project Documents or otherwise permitted by law, or in equity, including, but not limited to, removing the non-complying Improvement, completing the non-complying Improvement, or recording a notice of non-compliance or non-completion on the property, as appropriate. The Owner shall have the obligation to reimburse the Association for any costs incurred enforcing these provisions and if the Association is not reimbursed upon demand, the Board shall have the right to Individually Charge the cost thereof to such Owner.

10.4 Estoppel Certificate

Within thirty (30) days after written demand is delivered therefor to the Committee by any Owner or Mortgagee, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Committee shall execute and deliver in recordable form, if requested, an estoppel certificate executed by any three (3) of its members, certifying with respect to any Lot of said Owner or Mortgagee, that as of the date thereof either (a) all improvements made and other work done upon or within said Lot comply with the Project Documents, or (b) such improvements or work do not so comply, in which event the certificate shall also identify the non-complying improvements or work and set forth with particularity the basis of such non-compliance. Such statement shall be binding upon the Association and Committee in favor of any person who may rely thereon in good faith.

10.5 Liability

Neither the Declarant, the Committee, the Board nor any member thereof shall be liable to the Association or to any Owner or to any third party for any damages, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any property within the Project, or (d) the execution and filing of an estoppel certificate pursuant to Subarticle 10.6, or the execution and filing of a notice on non-compliance or non-completion pursuant to Subarticle 10.3.3, whether or not the facts therein are correct if the Declarant, the Board, the Committee or such member has acted in good faith on the basis of such information as may be possessed by him. Specifically, but not by way of limitation, it is understood that plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Committee, the members thereof, the Association, the Members the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

ARTICLE XI

GENERAL PROVISIONS

11.1 Notices

Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or 48 hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the Owner's lot. Notices to the Association shall be addressed to the address designated by the Association by written notice to all owners.

11.2 Notice of Transfer

No later than five (5) days after the sale or transfer of any Lot under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Association in writing of such sale or transfer. Such notice shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferer; and (iii) the date of sale. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferer as an Owner may be recognized by the Association, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferer.

11.3 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

11.4 Exhibits

All exhibits referred to are incorporated herein by such reference.

11.5 Easements Reserved and Granted

Any easements referred to in this Declaration shall be deemed reserved or granted as applicable, or both reserved and granted, by reference to this Declaration in a deed to any Lot.

11.6 Binding Effect

This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

11.7 Violations and Nuisance

Every act or omission whereby a covenant, condition or restriction of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or an Owner or Owners.

11.8 Violation of Law

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any of the project is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures herein set forth.

11.9 Conflict of Project Documents

If there is any conflict among or between the Project Documents, priority shall be given to Project Documents in the following order: Articles, Bylaws, Declaration of CC&R's easements, Rules and Regulations of the Association and any Architectural Control Guidelines.

11.10 Termination of Declaration

This Declaration shall run with the land, and shall continue in full force and effect for a period of twenty-five (25) years from the date on which this Declaration is executed. After that time, this Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners of not less than three-fourths (3/4) of the Lots in the Project, and recorded in the office of the Douglas County Recorder within one (1) year prior to the end of said 25-year period or any succeeding 10-year period.

ARTICLE XII
AMENDMENT

12.1 Amendment Prior to First Sale

Until sale of the first lot, Declarant shall have the right to amend this Declaration at will, subject only to any requirements of the Nevada Revised Statutes.

12.2 Amendment After the First Sale

After the first sale of a Lot, this Declaration shall be amended as follows:

12.2.1 Two Class

So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of the voting power of each class.

12.2.2 Single Class

After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the total voting power of the Association, including a majority of the voting power of Members other than Declarant.

12.2.3 Specific Provisions

The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

12.2.4 Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Board has executed, acknowledged and recorded in the office of the Douglas County Recorder an instrument expressing the amendment and certifying that the required approvals were received.

The undersigned, being the Declarant herein, has executed this Declaration on APRIL 11th, 2002.

DECLARANT:

BERLE AND CAROL CRISP
FAMILY TRUST, Dated 2/21/89

BY:

Berle G Crisp, Trustee

Berle G Crisp, Trustee

BY:

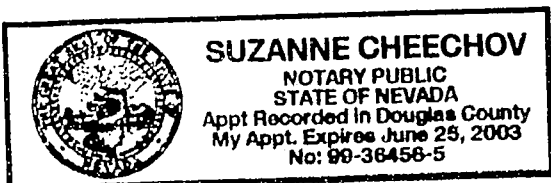
Carol Crisp, Trustee

Carol Crisp, Trustee

STATE OF NEVADA
COUNTY OF DOUGLAS

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON APRIL 11, 2002
BY BERLE G. CRISP AND CAROL CRISP

Suzanne Cheechov
NOTARY PUBLIC



0539343

EXHIBIT "A"

LOTS 1 THROUGH LOT 10 IN BLOCK A, AND LOTS 1 THROUGH
LOT 6 IN BLOCK B, AND ALL THE COMMON AREAS, AS SHOWN ON THE
FINAL MAP OF MOUNTAIN SHADOWS APARTMENTS, RECORDED FEBRUARY
5, 1992, IN BOOK 292, PAGE 472, AS DOCUMENT NO. 270423
OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA.

COPY

REQUESTED BY
Stewart Title of Douglas County

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 APR 12 AM 10:32

LINDA SLATER
RECORDER

\$55⁰⁰ PAID *KJ* DEPUTY

0539343

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