

**OFFICIAL RECORD**

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COUNTY

Douglas County - NV  
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Page: 1 of 47 Fee: 60.00  
BK-0206 PG- 8833 RPTT: 0.00



**WHEN RECORDED, MAIL TO:**

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P.O. Box 281  
Reno, Nevada 89504-0281

**SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR MONTAÑA AT GENOA LAKES GOLF RESORT  
(fka CANYON CREEK MEADOWS)**

This Second Amendment to Declaration of Covenants, Conditions and Restrictions for Montaña at Genoa Lakes Golf Resort ("Amendment") is made this \_\_\_\_\_ day of January, 2006, by **GENOA DEVELOPER ASSOCIATES, LLC, a Nevada limited liability company** ("Declarant"), with reference to the following facts, and is as follows:

**RECITALS:**

A. Declarant is the present "Declarant" under that certain Declaration of Covenants, Conditions and Restrictions for Canyon Creek Meadows, recorded February 13, 2004, as Document No. 0604581, Official Records, Douglas County, Nevada (the "Original Declaration"), as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Canyon Creek Meadows recorded August 12, 2004, as Document No. 0621279, Official Records, Douglas County, Nevada (the "First Amendment"; and the Original Declaration as amended by the First Amendment, the "Declaration"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Declaration.

B. Declarant is the owner of all of the Initial Property, and the Association has yet to be formed and organized. Accordingly, Declarant is the proper party to cause this Amendment to be prepared, executed and recorded.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Name of Declaration. The name of the Declaration is hereby changed from "Declaration of Covenants, Conditions and Restrictions for Canyon Creek Meadows" to

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"Declaration of Covenants, Conditions and Restrictions for Montaña at Genoa Lakes Golf Resort."

2. Recital D. Recital D of the Declaration is hereby amended to read as follows:

D. The Property is a planned community under the Act (defined below) know as "Montaña at Genoa Lakes Golf Resort", and the maximum number of Lots (defined below) which may be created within the Property is three hundred seventeen (317).

3. Section 1.5. Section 1.5 of the Declaration is hereby amended to read as follows:

1.5. "Association" means Montaña Homeowners Association, a Nevada non-profit corporation formed or to be formed pursuant to Chapter 82 of NRS.

4. Section 1.10. Section 1.10 of the Declaration is hereby amended by inserting the phrase "private sewer easements, sewer laterals and related facilities," after the word "include" in the next to the last line of such Section.

5. Section 1.15. Section 1.15 of the Declaration is hereby amended to read as follows:

1.15 "Design Standards" shall mean the design standards set forth in this Declaration, the Montaña Design Guidelines and Regulations, Single-Family Homesites, dated May, 2005, and any and all additional building and landscaping design standards adopted by the Architectural Committee pursuant to the provisions of Section 8.1 hereof.

6. Section 1.26. Section 1.26 of the Declaration is hereby amended by adding the phrase "and any Successor Declarant(s)" after the word "Declarant" after the third line thereof.

7. Section 2.2. Use of Common Area. Section 2.2 of the Declaration is hereby amended by adding the following sentence thereto:

All areas designated as "open space" within the Common Elements have been stripped of development rights pursuant to applicable

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Douglas County Code provisions, and no development rights are associated therewith.

8. Section 2.6. A new Section 2.6, entitled HOA Maintenance Easements is hereby added to the Declaration as follows:

2.6 HOA Maintenance Easements. Various of the Lots within the Property are improved with storm water drainage improvements, and retaining features such as rockery walls over four feet (4') in height, which stormwater drainage improvements and retaining features in excess of four feet (4') will be constructed by Declarant (collectively, "Declarant Constructed Lot Improvements"). The Association shall be responsible for the routine and ordinary maintenance, repair and replacement of the Declarant Constructed Lot Improvements, and an easement is hereby reserved to Declarant and created in favor of the Association over, across, under and through each of the Lots within the Property upon which a Declarant Constructed Lot Improvement is located, to the extent reasonably necessary and convenient for Declarant and the Association to access the Declarant Constructed Lot Improvements in performance of such maintenance, repair and replacement of such Declarant Constructed Lot Improvements. To that end, the Declarant Constructed Lot Improvements shall be deemed Common Area for all purposes under this Declaration related to Common Area, except the terms and provisions of Sections 2.1 and 2.2 hereof shall not apply to such portion of the Common Area.

9. Section 2.7. A new Section 2.7 entitled Dedication of Recreation and Fitness Center is hereby added to the Declaration as follows:

2.7 Dedication of Recreation and Fitness Center. As part of the Common Area Improvements, Declarant will be constructing a recreation and fitness center (the "Recreation and Fitness Center"), which will be dedicated and conveyed to the Association in accordance with the applicable terms and provisions of this Declaration for the turnover of Common Area. At the time of such dedication and conveyance to the Association of the Recreation and Fitness Center, and in consideration of the

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construction of the Recreation and Fitness Center by Declarant, the Association shall be required to execute and deliver to Declarant its promissory note requiring payment to Declarant by the Association of all or part of the capital improvement costs of Declarant or others, plus interest, incurred in connection with the construction of the Recreation and Fitness Center. Such promissory note shall be secured by a first priority deed of trust encumbering the Common Area parcel upon which the Recreation and Fitness Center is situated. In addition, such dedication of the Recreation and Fitness Center shall be subject to certain use rights afforded to others including, without limitation, owners of lots within the nearby residential development known as "Canyon Creek Estates", owners of lots in neighboring developments, and owners within any portions of the Annexable Property which are not made a part of Montaña at Genoa Lakes Resort, upon such reasonable and equitable rules and fees for such usage as are determined and made effective by Declarant in its sole discretion.

10. Section 3.1. Single Family Residences. Section 3.1 of the Declaration is hereby amended by deleting the second sentence thereof in its entirety, and replacing it with the following:

No residence shall be constructed or maintained upon any Lot within the Initial Property which shall have a living area, exclusive of garage or permitted outbuildings, of less than two thousand five hundred (2,500) square feet for all single-family residences and of less than two thousand eight hundred (2,800) square feet for all multi-story residences; and each residence shall have an attached garage which can accommodate no less than two (2) nor more than three (3) automobiles; provided, however, that the Architectural Committee may allow garages which can accommodate greater than three (3) automobiles in the exercise of its discretion in accordance with the terms and provisions of this Declaration.

11. Section 3.6. Animals. Section 3.6 of the Declaration is hereby amended by adding thereto the following sentence:

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Notwithstanding any term or provision of this Section 3.6 to the contrary, all "animal keeping" uses on Lots of less than one (1) acre in size shall comply with, and be fully subject to, Douglas County Code Section 20.660.010(D) or any successor Code section thereto.

12. Section 3.15. Lighting. Section 3.15 of the Declaration is hereby amended by adding thereto the following sentence.

In addition to the foregoing, all exterior residential lighting shall be in conformance with Douglas County Code Section 20.690.030(M) or any successor Code section thereto.

13. Section 3.19. Fences. Section 3.19 of the Declaration is hereby amended by deleting the first sentence thereof, and replacing it with the following:

Fences are permitted on Lots only in such locations as allowed pursuant to the Design Standards and as approved in writing by the Architectural Committee, and shall be only of a height, design and configuration, and constructed of such materials, as specified in the Design Standards.

14. Section 3.34. Landscaping. Section 3.34 of the Declaration is hereby amended by deleting the first sentence thereof in its entirety, and replacing it with the following:

The front and rear yards of each Lot shall be landscaped fully no later than one hundred twenty (120) days following the later of the close of escrow to the initial owner of such Lot (excluding Declarant) and the issuance of a certificate of occupancy for the residence on such Lot.

Section 3.34 is further amended by adding the following new provision thereto:

Street frontage landscaping (between sidewalk and back of curb) is a requirement of Douglas County. Owners are responsible for maintaining the incorporated street frontage landscaping adjacent to their Lot, and will need to seek approval from Douglas County before making any changes to the incorporated street frontage landscaping.

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15. Section 3.37. Fire Protection. Section 3.37 of the Declaration is hereby amended by adding thereto the following provision:

In addition to the foregoing, each Owner shall establish and maintain on such Owner's Lot around the dwelling and buildings thereon, and along adjacent roadways and Lot boundaries, fire fuels management and the use of fire-retardant roof materials in connection with all roofed structures on such Lot, pursuant to and in keeping with the Sierra Forest Fire Protection District recommendations set forth in its letter dated October 20, 2000, with respect to the Property, a copy of which is on file and available in the Association's records. To the extent of any inconsistency among the terms, provisions, restrictions and requirements of this Section 3.37 and such letter, such letter shall control.

16. Section 3.44. Golf Course. Section 3.44 of the Declaration is hereby deleted and replaced, in its entirety, with the following:

3.44 Golf Course Disclosures and Regulations.

3.44.1 Golf Course. The Genoa Lakes Golf Resort ("Golf Course") and the improvements and facilities comprising the Golf Course (the "Golf Facilities") have been constructed on lands adjoining portions of the Property.

3.44.2 Ownership and Operation of Golf Facilities. A third party unaffiliated with Declarant is the sole owner of the Golf Course, and except for any right the owner of the Golf Course, at its sole election, may hereafter expressly grant in writing, Owners shall have no right, title or interest therein, except through membership or other offerings made directly by such Golf Course Owner. All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other person with regard to the continuing existence, ownership or operation of the Golf Course. The ownership and/or operation of the Golf Course may terminate or change at any time from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Golf

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Course by an independent entity or entities; (b) the creation or conversion of the ownership and/or operating structure of the Golf Course to an "equity" club or similar arrangement whereby the Golf Course or the right to operate the Golf Course is transferred to an entity which is owned or controlled by the Golf Course members; or (c) the transfer of ownership or control of the Golf Course to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association or any Owner shall be required to effectuate such termination, transfer or conversion.

3.44.3 No Right of Members to Use. Neither membership in the Association nor ownership or occupancy of a Lot shall confer any ownership interest in or private right to use the Golf Facilities. The owner of the Golf Course shall have the right, from time to time in its sole and absolute discretion and without notice, to establish, amend or waive the terms and conditions of use of the Golf Facilities, including, without limitation, public use, eligibility for and duration of use rights, categories of use, extent of use privileges, and number of users.

3.44.4 Reservation of Easements. Declarant hereby reserves for itself and for the benefit of any persons developing, managing or owning the Golf Course, the following:

(a) Easement for Golf Balls on Common Areas. Common Areas are hereby burdened with an easement permitting golf balls unintentionally to come upon the Common Areas and for golfers at reasonable times and in a reasonable manner to come upon the Common Areas to retrieve errant golf balls.

(b) Easement for Golf Balls on Lots. Every Lot is hereby burdened with an easement permitting golf balls unintentionally to come upon such property and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of a residence to retrieve errant golf balls; provided, however, if a residence is fenced

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or walled, the golfer shall seek the Owner's permission before entry. Each Owner shall be solely responsible to undertake necessary measures and Improvements to protect their Lot, residence, property, guests, family members, invitees and other persons and the property on such Owner's property from errant golf balls, which Improvements shall be subject to the approval of the Architectural Committee. All Owners, members and their family, guests, invitees, licensees and other persons in the Property hereby waive against Declarant, the Association, and the owner, developer, operator and manager of the Golf Course all claims and liability for damage to property or injury to persons arising from or caused by errant golf balls or the exercise of the easements contained in this Section 3.44.4.

3.44.5 Assumption of Risk and Indemnification.

Each Owner, by its purchase of a Lot in the Property, hereby expressly assumes the risk of noise, personal injury or property damage and all other losses, damages, costs and liabilities caused by the use, maintenance and operation of the Golf Course and Facilities, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset), (b) reduction in privacy caused by constant golf traffic on the Golf Facilities or the maintenance of the Golf Facilities, (c) design of the Golf Course, and (d) use of any easements specified in this Section 3.44.5. The Association and each Owner agrees to hold harmless and indemnify the Declarant and the owner, developer, manager and operator of the Golf Course and the Golf Facilities from any claim or action for any such risk.

Each Owner agrees that neither Declarant, the Association nor any of Declarant's affiliates or agents shall be liable to any Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage, arising from personal injury, destruction of property, trespass, loss of enjoyment or any other

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alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot to the Golf Course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any of Declarant's affiliates or agents or the Association.

By accepting the deed or other instrument of conveyance to a Lot, each Owner, for himself and his invitees, personal representatives, assigns and heirs (collectively, the "Owner's Related Parties") hereby (i) acknowledges the potential effect on his Lot of stray golf balls and other events inherent to the activities of a golf course "Golf Course Hazards", (ii) assumes the risk of any property damage, personal injury, creation or maintenance of a trespass or nuisance created by or arising in connection with the Golf Course Hazards (collectively, the "Assumed Risks"), and (iii) releases, waives, discharges, covenants not to sue, indemnifies and agrees to hold harmless Declarant, the Association, the Board, the other Members, the owners and lessees of the Golf Course, all Golf Course managers and operators, and each of their respective officers, directors, shareholders, affiliates, employees, agents, representatives, successors and assigns (collectively, the "Released Parties"), and each of them, from any and all liability to the Owner or Owner's Related Parties for any losses, costs (including, without limitation, attorneys' fees), claims, demands, suits, judgments or other obligations arising out of or connected with any of the Assumed Risks, whether caused by the negligence of the Released Parties or otherwise. Notwithstanding the foregoing, however, in no event shall this Section 3.44.5 relieve any golfer from any claims or liability for any Golf Course Hazard caused by such golfer.

**3.44.6 View Impairment, Changes.** Neither the Declarant nor the Association guarantees or represents that any view over or across the Golf Course from adjacent Lots will be preserved without impairment. No provision of this Declaration shall be deemed to create an obligation of the Association or the Declarant to relocate, prune, or thin trees or other landscaping. The owner of the Golf Course may, in its sole and absolute

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discretion, add trees and other landscaping to the Golf Course from time to time. In addition, the owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens from time to time. Any such additions or changes to the Golf Course or the Golf Facilities may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

3.44.7 Sale of Golf Balls Prohibited. The sale of golf balls by persons other than Declarant or its designees from any portion of the Property is strictly prohibited.

3.44.8 Water Courses. The Declarant or other developer, owner, operator or manager of the Golf Facilities shall have the sole and exclusive right to use, operate, manage and control all lakes, ponds, streams, ditches, wetlands and other water bodies and associated areas (collectively, "Water Courses") located on the Golf Course. Declarant hereby reserves for itself and for the benefit of any other Persons developing, managing, operating or owning the Golf Facilities, an easement on, under, over and across all water courses located in the Property that serve, support or constitute a part of the drainage and irrigation system serving the Golf Facilities for purposes of drainage and irrigation, including, without limitation, the storage, transportation and use of water, and the construction, maintenance, repair and replacement of facilities, equipment and Improvements related thereto. Declarant shall have the sole and exclusive right to use the water contained in or transported through and to determine the amount and level of water located or contained in all water courses located in the Property and the Golf Facilities. Neither the Association nor any Owner shall take any actions, including, without limitation, the construction of any Improvements or the alteration of any water courses, that could impair or interfere with the easements reserved in this Section 3.44 or the use, operation, management or control of any water course or drainage way.

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3.44.9 Grey Water Facilities, Odor Easement.

"Grey water" facilities may be constructed and used for irrigation and other purposes, including, without limitation, the irrigation of the Common Areas and Golf Facilities. Declarant hereby reserves an easement in, on and over the Property for odor emanating from the Property and the Golf Facilities, including, without limitation, the lakes, wetlands and "grey" water.

3.44.10 Mosquito and Insect Abatement Easement.

Declarant hereby reserves in favor of Declarant, the Association and their respective designees an easement in, on and over the Property for mosquito and insect abatement purposes, including, without limitation, access for purposes of surface and aerial spraying.

3.44.11 Authority to Maintain Property Adjacent to Golf Facilities. If an Owner fails to maintain any landscaping situated on such Owner's Lot and within thirty feet (30') of the Golf Course ("defaulting party"), the Golf Course owner shall have the right, but not the duty, to maintain the landscaping or to clear brush at the sole cost and expense of the defaulting party. If the Golf Course owner desires to perform any such maintenance authorized by the preceding sentence, the Golf Course owner shall first notify the defaulting party in writing and provide the defaulting party with at least thirty (30) days from the date of the notice to perform such maintenance. If the defaulting party fails to commence and complete such maintenance within such 30-day period, the Golf Course owner shall have the right, in the nature of an easement, to enter the Lot on which the maintenance is required (i.e., the 30 foot area adjacent to the Golf Course) during reasonable business hours and perform such maintenance. The defaulting party shall reimburse the Golf Course owner for the costs of performing any such maintenance within ten (10) days after receipt of a demand for reimbursement.

3.44.12 No Drainage on to Golf Course. No Owner may permit any irrigation water to over spray or drain from their Lot onto any portion of the Golf Course except through storm



drainage Improvements constructed by or as designed by Declarant. Neither the Association nor any Owner may permit any fertilizer, pesticides or other chemical substances to over spray, drain, flow or be disposed of in any manner upon the Golf Course.

3.44.13 Issues Resulting from Proximity to Golf Course. Each Owner who acquires a Lot that is near or adjacent to any portion of the Golf Course by acceptance of a deed to the Lot, acknowledges, accepts and assumes the risk of the special benefits and burdens associated with such facilities, including, without limitation, those matters more particularly described below. The Golf Course owner and each and every member, guest, golfer, employee or agent of the Golf Course, disclaims any liability for personal injury or property damage resulting in any way, all or in part, from any of the following items set forth in subparagraphs (a) through (c), inclusive, and each Owner accepts such disclaimer and agrees to release and waive any claims that the Owner, or any guest, invitee, employee or contractor of Owner, may have as a result of any such following items:

3.44.13.1 Errant Golf Balls. Owners of Lots, particularly Lots abutting the Golf Course, acknowledge the inherent risk of errant golf balls and assume and accept such risk, as to themselves, the members of their family, lessee, guests and invitees. Owners acknowledge and accept the risk that golfers may attempt to retrieve or play errant golf balls from any Lot, and each Owner agrees to release and waive any claims that the Owner or any person visiting or residing on the Owner's Lot may have as a result of such retrieval.

3.44.13.2 View Impairment/Privacy. Owners of Lots, including Owners of Lots abutting the Golf Course, have no guarantee that their view over and across the Golf Course will be forever preserved without impairment or that the view from the Golf Course will not be impaired. The Golf Course owner has no obligation to prune or not prune trees or other landscaping and the Golf



Course owner has reserved the right, at its sole and absolute discretion, to add, change or reconfigure the Golf Course, including any trees, landscapes, tees, bunkers, fairways and greens of the Golf Course, regardless of whether such changes diminish or obstruct the view from any Lot. In addition, Owners of Lots accept and assume the risk of noise and a reduction in privacy caused by vehicular traffic and exterior audio systems customarily associated with the operation and maintenance of golf and clubhouse facilities, including traffic and noise associated with golf tournaments.

3.44.13.3 Pesticides and Fertilizers.

Pesticides, fertilizers and other chemicals will be utilized in connection with the maintenance and operation of the Golf Course and the Owners acknowledge, accept the use and assume the risk of such pesticides, fertilizers and chemicals.

3.44.13.4 No Direct Access to Golf Course Property From Adjacent Lots. Notwithstanding the proximity of the Golf Course to any Lot, and notwithstanding that the Owner of any Lot may have a right to use the Golf Facilities, no Owner, resident or occupant of a Lot has a right of access to the Golf Course directly from their Lot without the prior written consent of the owner of the Golf Course.

3.44.13.5 Risk of Injury. Each Owner expressly assumes the above detriments and risks of owning property adjacent to the Golf Course and agrees that neither Declarant, the Golf Course owner or manager, the architect or designer of the Golf Course nor any of their successors or assigns shall be liable to the Owner or to anyone claiming any loss, damage or personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon or arising out of the proximity of the Owner's Lot to the Golf Course.

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17. Section 3.45. A new Section 3.45, entitled "On Lot Sewer Lines," is hereby added to the Declaration as follows:

3.45 On Lot Sewer Lines. Pursuant to Douglas County's approval conditions for the phase two of Montaña at Genoa Lakes Golf Resort, certain Lots are required to be improved with "sewer ejection pumps" and related sewer lateral line facilities from the sewer connection point at the residence to be constructed on the affected Lots to the stub out location provided by Declarant at a point on the back of the street frontage curb for such Lot (collectively, the "On Lot Sewer Line"). Each Owner shall be responsible for determining whether such Owner's Lot is subject to the On Lot Sewer Line requirement and, if so, installing and thereafter maintaining the On Lot Sewer Line for such Owner's Lot. Each On Lot Sewer Line shall be connected to the sewer lateral stub out for such Lot, and the sewer lateral line installed by Declarant from such connection point and lying within those areas of the applicable Map denoted as "Private Sewer Easements" shall be maintained, repaired and replaced, as necessary, by the Association. Neither the Association nor Declarant shall have any responsibility for, or liability in connection with, any On Lot Sewer Line.

18. Section 4.3.5. Transfer of Membership. Section 4.3.5 of the Declaration is hereby amended by deleting the last three (3) sentences of such Section, and replacing such sentences with the following:

Except for the initial transfers of Lots to third party buyers from the original developer of such Lots, whether such developer be Declarant or another merchant builder to whom Declarant has transferred Lots in bulk for development and sale by such merchant builder, the Association shall have the right to charge a transfer fee in connection with all transfers of Lots. Such transfer fee shall be in an amount equal to one-tenth of one percent (.1%) of the gross sales price for such Lot, based on the gross sales price for such resale as disclosed in the Declaration of Value filed with the Douglas County Recorder in connection with such sale, such transfer fee to

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be charged to the transferee by the Association. The Board may set different transfer fees of uniform application to all Lots. Those transfers exempted from transfer tax under Nevada Revised Statutes 375.090 shall also be exempt from all Association transfer fees; and bulk transfers of five (5) or more Lots at one time to a single entity shall also be exempt from all transfer fees. The imposition of such transfer fees is intended for the purpose of providing a continual source of capital to the Association for the purpose of enhancing the Association's financial capabilities in meeting its obligations in maintaining and improving Common Areas in a manner in keeping with the first-class nature of the Property over time.

19. Section 5.1.3(b). Suspension of Rights; Fines. Section 5.1.(3) of the Declaration is hereby amended by adding a new paragraph to the end of Section 5.1.3(b) as follows:

Notwithstanding the foregoing terms and provisions of this Section 5.1.3(b) to the contrary, the Association shall be entitled to benefit from and enforce such rights, be they lesser or greater than those expressly set forth in this Section 5.1.3(b), as are afforded from time to time by Nevada state law for the levy and enforcement of fines and such other enforcement remedies as are afforded for the enforcement of owners' obligations under and pursuant to this Declaration.

20. Section 8.2.5. Application for Approval of Plans and Specifications. Section 8.2.5 of the Declaration is hereby amended by adding the following sentence at the end of Section 8.2.5:

Without limiting the generality of the foregoing, in all instances the initial landscaping of each Lot, and any material modification of or deviation from such initial landscaping, shall be subject to the terms and provisions of this Article 8; and, furthermore, any change to any Improvement or landscaping adjacent to the Golf Course shall, likewise, be subject to the terms and provisions of this Article 8.

21. Section 11.10. Intended Third-Party Beneficiary. Section 11.10 of the Declaration is hereby amended to further designate Douglas County as an intended third-party

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beneficiary of the provisions of the Declaration as to the amendments to Sections 2.2, 3.6, 3.15 and 3.37 as set forth above in this Amendment.

22. Article XII. Community Disclosures. A new Article XII, entitled "Community Disclosures" is hereby added to the Declaration as follows:

ARTICLE XII  
COMMUNITY DISCLOSURES

Attached hereto as Schedule 12 are disclosures applicable to various matters affecting all or portions of the Community and for which Declarant and the Association deem it advisable to disclose to all Owners. The right is hereby reserved to Declarant and the Association to supplement and amend such disclosures, and add new disclosures to this Declaration of similar type and nature, without being deemed to have amended this Declaration thereby. Any such modified, supplemental or new disclosure shall be deemed effective upon the Association's or Declarant's recordation of a certificate of change to Schedule 12 in Official Records, Washoe County, Nevada, making reference to this Declaration and setting forth such modification, supplement or new disclosure.

23. Article XIII. Savings Clause. A new Article XIII, entitled "Savings Clause" is hereby added to the Declaration as follows:

ARTICLE XIII  
SAVINGS CLAUSE

To the extent of the non-allowable inconsistency between any term or provision of this Declaration and the requirements or prohibitions of applicable federal, state or local laws, ordinances, rules, regulations or directives ("Applicable Law") at any given time, the Applicable Law shall control over such inconsistent term or provision; and such term or provision, and this Declaration, shall be deemed amended automatically to the extent, but only to the extent, necessary to comply fully with such Applicable Law; and in each such instance the Board shall prepare, execute and

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record an actual amendment to this Declaration in a manner reasonably appropriate to reflect and evidence such amendment, notice of which shall be sent to all Owners within the time and in the manner required by the Act for amendments to declarations; provided, however, that the Board shall be responsible for the foregoing only upon being actually informed in writing of the subject inconsistency between this Declaration and Applicable Law.

24. Ratification. As hereby amended, the Declaration remains in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the day and year first above written.

DECLARANT:

**GENOA DEVELOPER ASSOCIATES, LLC,  
a Nevada limited liability company**

**By: MDG NV BUILDERS, LLC,  
a Nevada limited liability company,**

**Its: Manager**

**By: MONTAHENO INVESTMENT, LLC,  
a Nevada limited liability company**

**Its: Manager**

By:   
Chip L. Bowlby

Its: Manager

17.

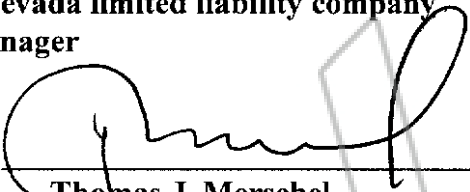
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By: **TOYON INVESTMENTS, LLC,**  
a Nevada limited liability company  
Its: **Manager**

By:   
**Thomas J. Merschel**  
Its: **Manager**

STATE OF NEVADA        )  
                                  )ss.  
COUNTY OF Washoe )

This instrument was acknowledged before me on 2/23, 2008<sup>6 TM</sup>, by CHIP L. BOWLBY, as Manager of MONTAHENO INVESTMENT, LLC, a Nevada limited liability company, as Manager of MDG NV BUILDERS, LLC, a Nevada limited liability company, as Manager of GENOA DEVELOPER ASSOCIATES, LLC, a Nevada limited liability company.

 **HEATHER MATHEUS**  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No: 92-2189-2 - Expires June 15, 2009

  
Notary Public  
My Commission Expires: 6/15/09

18.

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STATE OF NEVADA )  
 )ss.  
COUNTY OF Washoe )

This instrument was acknowledged before me on 2/23, 2008<sup>6 PM</sup>, by THOMAS J. MERSCHEL, as Manager of TOYON INVESTMENTS, LLC, a Nevada limited liability company, as Manager of MDG NV BUILDERS, LLC, a Nevada limited liability company, as Manager of GENOA DEVELOPER ASSOCIATES, LLC, a Nevada limited liability company.



Heather Matheus

Notary Public

My Commission Expires: 06/15/09

19.

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**SCHEDULE 12**

**GENERAL COMMUNITY DISCLOSURE  
FOR  
MONTAÑA AT GENOA LAKES GOLF RESORT**

**INTRODUCTION**

The following General Community Disclosure for Montaña at Genoa Lakes Golf Resort ("Community Disclosure") is intended to advise owners of Lots within Montaña at Genoa Lakes Golf Resort ("Community") of various conditions, aspects and attributes of owning and living in the Community, with the intent and expectation that all owners of property within the Community be aware of and understand such conditions, aspects and attributes prior to deciding to purchase a Lot in the Community. Many of the Community Disclosure provisions are typical of homeownership generally in Northern Nevada, and some are peculiar to the Community. Finally, there are various provisions in the Community Disclosure which are specific only to those Buyers who purchase Lots directly from Declarant; and such provisions (i) are not suggested to create, nor shall they be deemed to create, any contractual privity or direct or indirect obligation, responsibility or liability to any Buyer other than Buyers with whom Declarant has directly entered into a Purchase Agreement and (ii) such provisions, however, to the extent informational to any Buyer, are to be read and understood by all Buyers.

**1. DEFINITIONS.**

"Association" means the Montaña Homeowners Association.

"Buyer" means any purchaser of a Property.

"CC&Rs" means the Declaration of Covenants, Conditions, and Restrictions for Canyon Creek Meadows, recorded on February 13, 2004, as Document No. 0604581, Official Records, Douglas County, Nevada, together with all amendments and supplements thereto, including, without limitation, that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Canyon Creek Meadows, recorded on August 12, 2004, as Document No. 0621279, Official Records, Douglas County, Nevada, and the foregoing Second Amendment to Declaration of Covenants, Conditions and Restrictions for Montaña at Genoa Lakes Golf Resort (fka Canyon Creek Meadows).

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"Close of Escrow" means the final procedure in which documents are executed and recorded, and fee title to the Property is transferred to the Buyer as the new owner.

"Disclosure" means this Buyer Disclosure for the Subdivision.

"Escrow Agent" means an employee of the Escrow Company.

"Escrow Company" means the neutral third party who facilitates the sale and transfer of title. Often the escrow function is performed by the Title Company.

"Jurisdictional Agencies" means the numerous federal, state, and local governmental agencies that regulate land development and the building process. Examples are: the County, Contractor's License Board, Health Department, Environmental Protection Agency, Army Corps of Engineers, etc. For the purposes of this Disclosure, Jurisdictional Agencies also include public and private utilities.

"Limited Warranty" means the Limited Warranty as set forth in the 2-10 HBW Asset Protection Program Booklet, Workmanship, Systems, and Structural Limited Warranty Coverage.

"Lot" means generally any portion or parcel of real property. Usually refers to a portion of a subdivision.

"NRS" means the Nevada Revised Statutes.

"Preliminary Title Report" means the Preliminary Title Report provided by the Title Company and can be obtained from Escrow Agent. This is a report showing the condition of title before a sale indicating, among other things, easements and encumbrances on the property. The Preliminary Title Report is used by the parties to help determine what the condition of title will be at the Close of Escrow. The condition of title may change prior to completion of the transaction. After completion of the transaction, a Title Insurance Policy is issued.

"Property" means any Lot purchased by a Buyer.

"Purchase Agreement" means the Purchase and Sale Agreement and Escrow Instructions, together with all addenda and exhibits attached thereto, wherein Buyer makes an offer to purchase the Property, and upon acceptance and execution by Seller, constitutes the agreement by which Seller will sell and Buyer will purchase the Property.

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"Sales Agent" means a Nevada licensed real estate sales agent retained by Seller to perform the various functions in the sales process. The Sales Agent is the primary contact with Buyer. The Sales Agent represents the Seller, but is not authorized to bind the Seller in any way.

"Sales Office" means the sale office of the Seller for the Subdivision located at: 2501 Jack's Valley Road, Genoa, Nevada 89411.

"Seller" means Genoa Developer Associates, LLC, a Nevada limited liability company.

"Subdivision" means Montaña at Genoa Lakes Golf Resort.

2. **ASSOCIATION.** The Property is within the jurisdiction and authority of the Association and, without limitation, at the Close of Escrow for the Property:

(a) Buyer automatically shall become a member of the Association and shall be governed immediately by the CC&Rs and by any rules and regulations adopted and promulgated by the Association pursuant thereto.

(b) Buyer shall be required to pay dues to the Association as set forth in the CC&Rs. The Association is empowered to levy assessments against all owners for the purpose of performing its duties. Such assessments and monthly dues shall constitute a lien against the Property until the assessments or monthly dues are paid in full.

(c) By virtue of membership in the Association as set forth in (a) above, all owners are subject to the authority of any architectural review or control committee or group established by the CC&Rs. Buyer understands and acknowledges that such committee or group is empowered, without limitation, to the prior review and approve all improvements constructed or placed on the Property; and in some instances construction or alteration of improvements may not be allowed at all.

3. **CC&Rs.** The Property is subject to the CC&Rs. The CC&Rs may, from time-to-time, be amended or modified. The CC&Rs are intended to protect the value, desirability and attractiveness of the Property and the surrounding Subdivision, and contain significant provisions which include, without limitation, provisions relating to assessments, easements, use restrictions, drainage, grading, the construction, alteration and maintenance of improvements and landscaping, architectural approvals, and annexation of additional property into the Subdivision.

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#### 4. SOILS, GRADING, LANDSCAPING, AND FENCING.

(a) **Soils and Geological Condition.** Soil and geologic conditions vary throughout the country and not all locations are ideal for building. We recommend that the Buyer examine and understand the soil and geologic conditions.

There are many types of soils that have different structural characteristics. Foundations and methods of construction are designed to accommodate soil conditions within each subdivision. These designs are based on recommendations from the soils engineers as contained in the soils report and are approved by the Jurisdictional Agencies. To that end, foundation types may vary from Lot to Lot. During grading operations, native soils and rocks are often relocated. Structurally better soils may be placed in the areas beneath houses and less desirable materials may be placed in the rear and front yard areas. Also, dirt and fill materials are often imported for use on a site. Certain types of soil pose hazards to structures. Examples are clays, which expand when wet; and/or soluble salts which may expand when wet or damage concrete. Many of the problems relate to excessive moisture. This is why it is important to maintain positive drainage of your Property and to keep water and excessive moisture away from house foundation and concrete flatwork. Even with such preventative measures, some discoloration and surface scarring of concrete may be experienced.

(b) **Grading/Drainage.** The purpose of Lot grading is to prepare the soil for construction of a structure, provide adequate drainage, and provide for slope stabilization. Lots will be graded substantially in accordance with the grading plan and revisions prepared by a licensed civil engineer and approved by the Jurisdictional Agencies. Grading will include creating the building pad area, and any swales, slopes, berms, or other features necessary to properly grade the Lot as described and shown on the plot and grading plan for this Subdivision. Buyer should be aware that slopes may be shortened or extended during final grading of the yards to achieve proper drainage. The plans and specification serve as a guide; however, land development and construction is an extremely complicated process involving a number of entities and subcontractors. As a result, it is difficult for plans to adequately detail everything that will be done. Because of this, changes are often made during the actual grading process.

For custom home Lots, Seller will be performing the initial grading and compaction of the building envelope on the Property. Thereafter, Buyer shall be responsible for all additional and final grading, which shall be in full compliance with the remaining terms and provisions of this paragraph, the Design Guidelines, the CC&Rs and applicable requirements of Jurisdictional Agencies. Seller will provide Buyer building pad certifications from the civil and geotechnical engineers of record for the Property, and a copy of the Subdivision geotechnical report. Buyer

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agrees to engage, and pay for, a geotechnical engineer to inspect the Property, prepare foundation recommendations, re-certify the Property if required, and to inspect the installation of the foundation. Foundation types will vary depending on the geotechnical characteristics of the Property. Buyer understands that they may be required to recompact the Property prior to construction of the home, which depends on environmental conditions (e.g. the amount of time since the building pad was constructed, severity of the winter, elevation of ground water, etc.). The elevation of the building pad is at the estimated elevation of "bottom of foundation footing". Buyer understands they will need to pay for soil to be imported and properly placed on the Property, in order to backfill the foundation and create drainage on the Property. The structural building pad on the Property does not encompass the entire area of the Property. Therefore, depending on the size and shape of the home, Buyer may need to pay a licensed contractor to increase the size of the building pad, under the direction of a geotechnical engineer. Buyer understands that they should solicit the recommendations of a geotechnical engineer for any hardscape features (e.g. patios, patio covers, retaining walls, pools, decks, etc.) installed outside of the building pad area.

Buyer is advised that grading during the construction stage is not the final grading. After completion of home construction, final grading is performed, and necessary corrections, additions, and revisions are made to satisfy drainage requirements.

Many Lots have slopes on them that run from front to back and side to side. The purpose of these slopes is to facilitate changes in the elevation between the Lots. Slopes may range from relatively flatter 5:1 slopes to steeper 2:1 slopes. Some, but not all, of the steeper slopes may be treated with some form of stabilization such as retaining walls, rock rip rap, or ground cover. It is the Buyer's responsibility to maintain the slopes in good condition, and Buyer should be careful not to disturb any slopes or remove any stabilization. For any slopes that were not stabilized by Seller, it is Buyer's responsibility to provide stabilization to prevent erosion which can occur over time.

In addition to the slopes, swales, and lot grading, sometimes drainage is accomplished with pipes, concrete swales, french drains, or other means of conveying water. Often the drainage on an individual Lot is part of a master drainage system for a subdivision. Any part of a master drainage system which occurs on a Lot is the responsibility of the home owner to maintain. If the drainage is altered on any Lot it can impact the drainage on surrounding properties. Therefore, Buyer is advised that he or she can be responsible and liable for damages to neighboring properties if he or she alters or fails to perpetuate the established drainage on his or her Property.

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Some Lots may have special yard drains or swales (rip rapped and not rip rapped) of subsurface french drains which carry water away from the house and out of the yard. Also, in some cases, measures have been taken to prevent migration of irrigation from nearby properties or to deal with high water tables. Caution should be exercised when digging or landscaping in the areas where drains or pipes are located. The Buyer should keep drains and swales free of silt or debris to insure that drainage is not blocked.

Even a Lot that appears flat has been graded to achieve drainage. Sometimes the slope is as little as 1/2%. Sometimes two Lots share a common drainage swale. Buyer must use extreme care in installing decks, patios, landscaping, and fencing in a manner which does not interfere with the free flowing pattern of the Property drainage.

The CC&Rs restrict or even prohibit a Buyer's right to alter the grading on his or her Property. In addition, there are certain Jurisdictional Agency requirements relating to pollutant discharges with which Lot owners must comply. At the time ownership transfers from Seller to Buyer, responsibility for compliance also transfers to Buyer.

Buyer is encouraged to ask any questions he or she may have. After Close of Escrow, Buyer is encouraged to seek competent professional assistance when making any change or improvement to his or her Property.

(c) **Drainage/Landscaping.** Landscaping improves the appearance of your neighborhood, helps maintain and enhance property values, and helps keep your neighbors happy. The CC&Rs allocate landscaping installation, maintenance and repair responsibilities among Lot owners and the Association; and each Lot owner is required to install landscaping and maintain same as provided in the applicable provisions of the CC&Rs.

When you set up your watering system, please be sure that you are watering only your grass and your plants; keep water away from the house. Water will discolor your siding or stucco, and may cause your paint to peel or fade; excessive water spray on the house may even penetrate the walls and cause serious damage. Also, take care to be sure that your yard drains properly and that water does not pond near your house. Care should be taken not to erode slopes by over watering.

Drainage from adjacent properties is not the responsibility of Seller. Seller has no control over a neighbor's irrigation practices. Should problems arise due to over watering, please contact your neighbor or the appropriate Jurisdictional Agency regulating over watering. The CC&Rs prohibit alterations that affect the drainage of each Lot.

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Soil types can vary widely. Types of soils encountered can include silts, clays, sands, gravels, diatomaceous earth, caliche, cemented soils and/or any combination of these. Some soils contain no rocks, and some soils have cobbles or boulders. Some soils have an abundance of nutrients, some very little, and some have elements which inhibit growth of certain plants. Buyer is urged to consult with a professional landscaper or soils consultant to determine if any soil treatments or amendments are necessary for specific types of landscaping that Buyer may wish to develop. The costs associated with landscaping and yard improvements can vary dramatically depending on soil conditions.

Water conservation is important. Buyer is encouraged to investigate various types of water efficient landscaping techniques such as mulching, drought resistant plants, hardscape, and alternative ground covers.

## 5. ENVIRONMENTAL DISCLOSURES.

(a) **Radon.** Radon is an important issue about which a Buyer needs to be aware. Radon is a naturally occurring, colorless, and odorless radioactive gas formed by the breakdown of uranium and radium deposits in the soil. Radon can escape from the soil and enter buildings. Preliminary studies by the United States Environmental Protection Agency suggest that prolonged exposure to radon may result in adverse health consequences.

The extent to which an area or a specific house may be exposed to radon depends upon a number of factors, including natural geologic conditions, climate, temperature, prior land use, groundwater, construction materials and techniques, ventilation and air conditioning systems, and homeowner maintenance. Because of the multitude of factors involved, it is difficult to predict whether a particular residence may be subject to high radon levels unless specific tests are conducted by experts in the area. The Seller neither has nor claims any expertise in radon, and it does not provide advice to homeowners about the acceptable levels or possible health hazards of radon.

The United States Environmental Protection Agency, as well as state and local regulatory authorities, are best equipped to render advice regarding the risks which may exist in a particular area, the risks associated with radon exposure, the methods available to detect and measure radon levels, and whether remedial measures may be available to detect and measure radon levels, and whether remedial measures may be advisable in particular circumstances to reduce the risk of radon exposure. The United States Environmental Protection Agency has published two guides

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which are available to interested persons: "A Citizen's Guide to Radon: What It Is and What To Do About It" and "Radon Reduction Methods: A Homeowner's Guide".

(b) **Power Lines And Electric Magnetic Fields.** Electric and Magnetic Fields ("EMF") are invisible lines of force that surround anything carrying electricity. These fields are part of our every day lives and are present in such things as appliances, computers, home wiring, and power lines. There have been scientific studies done on the effects of EMF, and many of these have been inconclusive or inconsistent. Some studies have reported an association between EMF and certain types of cancer for persons living or working near high current lines and related electrical facilities. Other scientific studies have reported no such relationship.

Exposure to EMF for most people comes from appliances and household or workplace wiring. Electrical transmission and distribution lines and substations can add to exposure for those who live or work close to them. The strength of a field depends on the voltage level and the amount of current flow. The amount of current flowing through a power line varies as the demand for electric power changes. The strength of a magnetic field falls off sharply as you move away from its source, whether it is an electrical appliance or a power line.

Not only is there concern among experts as to whether health risks are associated with EMF exposure, but also there may be consequences resulting from perceptions relating to EMF exposure. Some people have claimed or experienced emotional distress resulting from fears relating to EMF exposure. Others have worried about or experienced diminution of property values relating to EMF exposure, or the possibility of what may be discovered from further research on the subject. It is possible that future scientific research may lead to new conclusions on health risks associated with EMF, which could adversely affect people's lifestyle choices and property values.

In selecting and purchasing a home, Buyer should be aware of the location and capacity of nearby underground and overhead power lines, transformers, and other related electrical facilities. Buyer should also be aware of the electrical service, wiring, and application locations within the house itself. Buyer should make decisions relating to the purchase of a home on the basis of Buyer's research on the subject of EMF, Buyer's own assessment of risk, and Buyer's lifestyle choices. Seller makes no representations or warranties, express or implied, related to EMF.

Seller has no obligation to provide insurance, indemnity or other protection to owners in the Subdivision, and residents or their guests from damage or injury associated with the power lines or EMF. Furthermore, no representations or warranties of any kind have been or are being

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made in this regard. Buyer hereby expressly assumes the risk of damage or injury from living in proximity to the power lines or from EMF. Buyer hereby represents that Buyer is not relying on any statements or representations made by any Sales Agent or other representatives of Seller with respect to such risk.

Buyer agrees to indemnify and hold harmless Seller, and its affiliated entities, members, officers, directors, employees, contractors and agents or any of them, from any liability for disease, pollution, injury, damage, costs or expenses incurred or suffered by Buyer, Buyer's family, guests, real or personal property and pets from the power lines or EMF.

Since the information provided here is only accurate as of the date this document was prepared, Buyer should make inquiries as to the current status of research on EMF.

Below are some of the many sources of information on this subject.

Physical Sciences Library  
University of Nevada  
Chemistry Building, Room 316  
Reno, NV 89507  
(775) 784-6716

Environmental Protection Agency  
4220 S. Maryland Parkway  
Building C, Room 526  
Las Vegas, NV 89119  
(702) 798-2476

Carnegie Mellon University  
Department of Engineering  
and Public Policy  
Pittsburgh, PA 15213  
(412) 268-2670

Electric Power Research Institute  
P.O. Box 10412  
Palo Alto, CA 94303  
(510) 934-4212

Sierra Pacific Power Co.  
Environmental Affairs  
P.O. Box 10100  
Reno, NV 89520  
(775) 689-4754

State of Nevada  
Environmental Protection  
333 W. Nye Lane, Room 138  
Carson City, NV 89710  
(775) 687-4670

(c) **Salt and Chemical Damage.** Some chemicals may damage a house or concrete. For example, the use of salt is very damaging to concrete. As a result of use of salt or deicers roads, curbs, gutter, driveway approaches, garage floors, sidewalks, and driveways of a home may erode at a faster rate than normal. If your vehicle travels on roads where salt or deicers have been used, it may collect on your tires as well as the underside of your vehicle. If it is allowed to

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remain and melt on your driveway or other concrete areas, you may experience some degree of erosion of concrete surfaces. This type of concrete deterioration is beyond the control of Seller and Seller will not be responsible for any repair or replacement to concrete by salt or chemical erosion.

Another example is problems caused by using harsh or abrasive chemical cleaners inside the house. Such cleaners can damage finishes on vinyl, fiberglass, paint, plumbing fixtures, countertops, and other surfaces. Buyer is cautioned to read manufacturer's instructions and exercise care in the use of any chemical, salt or deicers.

(d) **Hazardous Materials.** Except as disclosed in any environmental report delivered by Seller to Buyer prior to the date of Buyer's receipt of this Disclosure, to the best of Seller's knowledge, Property is not in violation of any federal, state, local or administrative agency ordinance, law, rule, regulation, order or requirement relating to environmental conditions or Hazardous Material ("Environmental Laws"), and, except as disclosed in any environmental report delivered by Seller to Buyer prior to the date of Buyer's receipt of this Disclosure, neither Seller nor, to the best of Seller's knowledge, any third party has installed, used or removed any storage tank on, from or in connection with the property, except in full compliance with all Environmental Laws, and, to the best of Seller's knowledge, there are no storage tanks or wells (whether existing or abandoned) located on, under or about the property. For the purposes hereof, "Hazardous Material" shall mean any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or "toxic" under any federal, state, local or administrative agency ordinance or law, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. and the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., or any regulation, order, rule or requirement adopted thereunder, as well as any formaldehyde, urea, polychlorinated biphenyls, petroleum, petroleum product or by-product, crude oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel or mixture thereof, radon, and asbestos.

(e) **Other Possible Environmental Hazards.** Some natural and manmade products which are commonly used in the construction of a house, including but not limited to asbestos, fiberglass, gypsum, stucco, and plaster contain materials or substances that, if disturbed, cut, crushed or otherwise released as a dust, may become an irritant to the lungs or to the skin. Recent studies pertaining to some of these materials, such as fiberglass, for example, indicate some concern among experts as to whether a health risk exists if there is long-term exposure to these particles in the event that they become airborne by being disturbed. You may wish to inquire further of your local public health department or the state agencies that conduct or monitor this type of research.

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(f) **General.** Seller makes no warranties, express or implied, about the existing or future environmental conditions in or on the Property, including possible present or future pollution of the air, water, or soil from any sources, such as underground migration or seepage (including radon gas or electric and magnetic fields). Seller expressly disclaims any liability for any type of damages--whether direct, indirect, or consequential--which the Property, the home, or its inhabitants may suffer because of any existing or future environmental conditions.

6. **ZONING.** Prior to completing the purchase Buyer should be aware of surrounding land uses. To assist Buyer to evaluate surrounding vacant or developed land, Seller has made available maps and documents which indicate how surrounding properties have been or are proposed to be developed. These documents are based on information from public agencies and are accurate only as of the date they are published. Land uses are always subject to change and zoning classifications do not necessarily indicate how land will be developed. In some instances the zoning classifications are only temporary and can change significantly over time.

Seller makes no representation that development will take place as shown and assumes no responsibility for errors or omissions in these maps or documents. These are provided only to let Buyer know what the current planning may be.

For any further zoning information, Buyer should feel free to call the planning staffs at the Jurisdictional Agencies.

Some existing surrounding uses may pose potential nuisances, hazards or risks. For example, some roads have heavy traffic, some land uses have unpleasant odors, some manufacturing facilities use hazardous or explosive materials, and some neighborhoods are noisier than others. It is recommended that Buyer acquaint himself or herself with the area and satisfy himself or herself as to the suitability of the neighborhood before completing the purchase. It is recommended that Buyer inspect the neighborhood at different hours of the day and different days of the week, and that inquiries be made of any questionable facilities or uses.

No statement by Seller or its Sales Agent(s) as to a present or intended use of this property shall affect Seller's right to make changes in the future. Further, the Buyer understands that Seller makes no representations as to how this property or nearby property not owned by the Seller will be used or developed.

It is important for Buyer to be aware that there is no assurance that any public facility not in existence will ever be built. Parks and schools are under the control of governmental agencies

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that have the power to change their plans, including selling or exchanging sites. Seller does not have the power to fix sites for public facilities such as parks or schools located outside the subdivision or to stop sites from being moved from one location to another.

7. **TAXES.**

(a) **General.** Property tax information and current information about any special assessment district or similar benefit assessment district affecting Buyer's Property can be obtained from the Assessor's office and the Preliminary Title Report. Seller strongly advises each prospective buyer to review the Preliminary Title Report and to contact the county tax assessor in order to identify the various taxes and assessments which will be (or are planned to be) imposed upon the property.

(b) **Supplemental Tax Bill.** There is a possibility that a supplemental tax billing may be issued after the Close of Escrow. This billing would place real property improvements whose existence is ascertained after the assessment date in the current assessment year on the unsecured tax rolls. In other words, a tax bill may be issued for the value of construction work performed after the end of the normal assessment period.

In the event that such a bill is due and payable at the Close of Escrow, the Escrow Company shall prorate as is normal at closing. If a supplemental tax bill is not issued until after Close of Escrow, no proration shall be made and payment of the entire bill shall be the sole responsibility of the Buyer. The Escrow Company and Seller will not be held responsible for the proration or payment of said bill after the Close of Escrow.

8. **TENTATIVE COMPLETION DATE.** The Sales Agent has advised you of tentative completion dates for improvements in the Subdivision and improvements on your Property. These dates are Seller's best estimate as to when such improvements will be completed. We regret that we can offer you only an estimate instead of a promise or guarantee, but due to the nature of the construction business, this is the best we can do. The construction of Subdivision and Property improvements involves the coordinated effort of many subcontractors and suppliers, and hundreds of workmen. If all would go well, it would be easy to predict completion dates. However, this is not typical in the construction industry. Sometimes, workmen do not show up as scheduled, materials are not delivered on time, subcontractors run into problems, the weather is inclement, there are labor disputes, public utilities are slow in the installation of facilities, governmental agencies cause delays, theft or vandalism occurs, or just plain mistakes are made. Any of these things can cause delays and upset the construction schedule. This is what makes prediction of completion dates so difficult.

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We hope this explains why the completion dates are tentative, and why Seller will assume no liability or responsibility with regard to completion dates.

9. **PROPERTY INFORMATION AND DISCLOSURES.**

(a) **Easements.** Easements and other burdens and restrictions related to the Subdivision are shown on the official plat, and/or separate easement documents, and the Preliminary Title Report for the Subdivision, and can be obtained from the Escrow Agent after escrow is opened. In addition, the CC&Rs reserve and grant various easements in favor of Seller, the Association and Lot owners, which easements have varying affects on Lots; and Buyer should become familiar with those easements which affect his/her Lot pursuant to the CC&Rs and the above-mentioned materials. There are many types of easements. Easements are sometimes structured to be "reciprocal". This means that the Buyer would be granting an easement to his or her neighbors and his or her neighbors would be granting the Buyer the same easement; this technique is used sometimes for utilities, fences, lot encroachments, maintenance of drainage system, and other common use features.

In addition to utility easements disclosed above, other numerous easements exist in the Subdivision, including access, signage, fencing and drainage, easements. Specific easements for each Lot are shown on the final map for each Lot in the Subdivision, which can be inspected at the Seller's Sales Office.

(b) **Public Utility Easements.** In addition to pre-existing easements, at the time the plat creating the Subdivision is recorded, other easements are granted for such public utility uses as water, sewer, gas, electric, and cable television. These allow utility companies a path through which to carry their services and the right to maintain these services. Often easements are granted for possible future utility company needs.

The easement documents themselves, and often state law, regulate or prohibit interference with easements. Many easements prohibit the placement of any buildings, structures, fences, trees, shrubs, or other improvements or landscaping which would interfere with the easement uses or access. If you have any questions regarding specific easements, call the entity to whom the easement has been granted.

Also, a public utility and drainage easement has been granted within each Lot for the exclusive purpose of installing and maintaining utility services and drainage facilities to that Lot at locations designated on the Map.

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In addition, major utility services may exist or be planned in areas surrounding this development. For information on these, please contact the Jurisdictional Agency or the specific utility company.

(c) **Utility Systems.** Seller will install systems to the Lots such as gas, sewer, cable TV, water, electric, and telephone. These utilities are installed according to the rules, plans, locations and capacities developed by each utility company. Buyer may contact each utility company as necessary to ask questions about service to the Property.

Occasionally with cable TV and telephone, service is not available immediately upon move-in. Service is beyond the control of Seller. Buyer must make arrangements directly with the appropriate utility company to provide service. These arrangements should be made well in advance of the move-in date to minimize the possibility of delay.

Buyers often ask where above ground and below ground utility structures will be located such as street lights, transformers, vaults, etc. Please see the Utility Plan, available in the Sales Office, which highlights the estimated location of larger utility structures.

(d) **Mail Delivery.** Home and/or cluster box mail delivery service is not currently available in the Genoa area, pursuant to the United States Postal Service ("USPS"). A free post office box is available to all residents of Montaña, as well as all other areas of Genoa, at the United States Post Office facility located at 2244 Foothill Road, Genoa, Nevada 89411. You may contact the Postmaster at Genoa to establish a post office box by visiting the post office or by calling (775) 782-0552.

Home and/or cluster box mail delivery may become available for the entire community of Genoa at a future date, once certain USPS guidelines are met. According to USPS guidelines, the establishment of delivery will require a petition signed by all residents wanting delivery service. Once formally petitioned, the request will be evaluated by the USPS distribution network office with supervision over the transportation of all mail in the area involved. Cluster boxes may be placed between the sidewalk and back of curb. Please direct all inquires to a USPS representative for further information.

(e) **Construction Nuisances and Hazards.** One of the pleasures of buying a home site for a new home is that much of what is around you is also new. However, this newness is often the result of ongoing construction activities which can be a nuisance and pose hazards. Some of the problems associated with construction activities are traffic from construction

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vehicles, nails, construction materials stored in the streets, noise, early morning and evening activity, dust, dirt, and debris. You should purchase the Property with full knowledge that you will have to tolerate the problems associated with construction activity.

Dust will be a problem near a construction site; however, Seller will try to minimize the amount of dust leaving its construction sites. It is difficult to control dust resulting from high winds, especially after working hours. Homeowners can help reduce potential dust problems by not walking, motoring, bike riding, or otherwise using undeveloped land. Often there is a fine crust of delicate plant material over undeveloped land which helps prevent dust from blowing. When this crust is broken it makes dust difficult to control.

Buyer is cautioned that children should be closely supervised and should not play in or near construction sites. Construction sites are dangerous places. Parents are responsible for the proper supervision of their children, as well as any damage caused by their children.

(f) **Damage to Public Improvements.** After the Close of Escrow on your Property, you are responsible for any damage you or your contractors cause to the street improvements including curb, gutter, sidewalk, paving, and utilities. A Buyer may be held responsible for damage caused by him/her or his/her agents. For example, if your contractor, moving van or landscape contractor damages the sidewalk, you will be responsible.

(g) **Security, Entry Monuments and/or Special Landscaping.** Seller may choose, at its discretion, to install some type of access gate, entry monument and/or special landscaping to protect and enhance the entrance of the Subdivision. Seller does not represent or guarantee that entry monuments and/or special landscaping will remain or be maintained beyond Seller's involvement. They are installed for sales and marketing purposes only.

These improvements may be temporary and may: (1) eventually be totally removed; (2) be turned over permanently to the homeowner of the Lot on which the improvements are located; or (3) ownership and responsibility for these areas may be turned over to the Association if Common Area. At such time, and at its sole discretion, the Seller will have no further responsibility.

Seller will not provide any security or guard service for the Subdivision in any regard.

(h) **Privacy.** Buyer is advised that his or her privacy may be affected by what is constructed on neighboring property. Structures may be located or have windows or decks in areas that may impact privacy, and plotting may change over time. No representation is given

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that two-story homes will not be adjacent to the Property. Seller reserves the right to allow construction of any home on any Lot without regard to its impact on privacy of nearby Lots.

(i) **Views, Scenes, and Sources of Natural Light.** Neither Seller nor Sales Agent make any representations or warranty, express or implied, concerning the presence or absence of views or scenes from any portion of the Property. Buyer should be aware that any views, scenes or sources of natural light existing at Close of Escrow may be impaired, restricted or otherwise interfered with by future development or construction on remaining land within the subdivision as well as other land outside the project boundaries, planting or growth of landscaping, or otherwise. Seller does not represent, warrant, or guarantee the existence or maintenance of views, scenes or sources of natural light.

(j) **Wind.** Very high winds can occur in the Douglas County, including in the Subdivision. Prior to construction by Buyer, if any, allowed by the Architectural Committee formed under the CC&Rs, Buyer is encouraged to review his/her building plans to insure adequate engineering design for high winds. The minimum building standards of the Jurisdictional Agencies may not be sufficient.

(k) **Future Roads And Freeways. Expansion Of Existing Roads And Freeways.** Seller makes no representation or warranty regarding the likelihood that existing roads and freeways will remain the only points of access to the Subdivision, nor does Seller make any representation or warranty regarding the likelihood for expansion of existing roads or freeways or new construction of same or the impact, positive or negative, that any such roads or freeways might have on the Property or the Subdivision.

(l) **Golf Course.** The Property may be located adjacent to or near the Genoa Lakes Golf Resort, which is a public golf course. Ownership of a Lot adjoining a golf course has special considerations and risks attached to it. You, your family, guests, pets, house, yard, furniture, vehicles, equipment, facilities and other property may be damaged by golf balls which are hit into your Property or into another portion of the Subdivision that you use. Golf balls can cause serious physical injury or death as well as broken glass and other house or property damage. Golfers may trespass on your property to retrieve their golf balls. Water used to irrigate the golf course may spray over on your Property, particularly when the wind blows. Golf course maintenance and operating equipment (such as irrigation systems, compressors, blowers, mulchers, tractors, mowers, utility vehicles and pumps) may be noisy and may be operated at all times of the day and night. Light from nighttime clubhouse activities or maintenance operations may be offensive to nearby residents. There may be odors caused by irrigation and fertilizer on the turf of the golf course. You may be disturbed or suffer a loss of privacy because of golf cart

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traffic and golfers. Tournaments held on the golf course are likely to increase the noise and traffic and result in further loss of privacy. Pesticides and chemicals may be applied to the golf course throughout the year and reclaimed water, treated waste water or other sources of non-potable water may be used for irrigation of the golf course. Access directly from any Lot in Subdivision to the golf course is prohibited, including walking, hiking or jogging. Views of the golf course may be obscured in the future by growth and planting of trees and foliage, and changes in the location or configuration of holes and other features may impair views or advantages to proximity of the golf course.

Neither Seller, nor any golf course owner or operator has any obligation whatsoever to provide insurance, indemnity or other protection to Subdivision owners and residents or their guests and pets from any such light, noise, damage or injury. Furthermore, no representations or warranties of any kind have been or are being made with respect to the continued existence, use, physical condition, operation or regulation of a golf course property. Buyer hereby expressly assumes the risk of damage from golf balls and other golf course activities, including activities detrimental to the use and enjoyment of the Property. Buyer hereby represents that Buyer is not relying on any statements or representations made by any Sales Agent or other representatives of Seller or any homebuilder with respect to such risk. Buyer has been advised to consult with Buyer's own insurance agent with regard to obtaining insurance against such risks.

Buyer agrees to hold harmless Seller, and its affiliated entities, officers, directors, members, employees, representatives, contractors, subcontractors, and agents or any of them, from all liability for any injury, damage, costs or expenses caused by any activity on or in connection with any golf course causing injury or damage to Buyer and Buyer's family, guests, real or personal property, and pets and Buyer hereby expressly assumes all risk with respect to the foregoing.

(m) **Soils Report.** In connection with the construction of the residence which you will be purchasing, Seller has caused to be performed one or more soils reports, indicating the types and characteristics of the soils upon which your residence is to be constructed. The soils report(s) for the Property is/are as follows:

1. Geotechnical Investigation, Canyon Creek Meadows, Douglas County, Nevada, dated August 2003, prepared by Black Eagle Consulting, Inc. - Geotechnical & Construction Services;

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2. Geological and Geotechnical Investigation, Canyon Creek Meadows, Douglas County, Nevada, SFB Project No. 108-20, prepared by Stevens, Ferrone & Bailey Engineering Company, Inc.

The soils report is available for your review at the Sales Office. In addition, Seller will deliver to you at no cost a copy of each soils report for the Property, provided Seller receives written request for such copies not later than Seller's close of business on the fifth (5<sup>th</sup>) day after the date Seller executes and accepts the Purchase Agreement. Buyer has twenty days (20) days from receipt of the soils report to rescind the Purchase Agreement based upon information set forth in the soils report. This right to rescind the Purchase Agreement for a period of twenty (20) days after receipt of the soils report may be waived in a written document signed by Buyer. Buyer hereby waives the foregoing right to rescind the Purchase Agreement and this Disclosure, signed below by Buyer, constitutes Buyer's written waiver.

#### 10. CONSTRUCTION DISCLOSURE.

(a) **Post-Tensioned Foundation.** Homes built on Lots 38 through 44 have been built on a post-tensioned foundation system that has been designed by a licensed structural engineer. The system is comprised of a concrete slab (i.e. the floor of your home) with cables that are tensioned after the concrete has cured. **DO NOT DRILL OR CUT INTO THE FOUNDATION OR ANY EXTERIOR PATIOS OR SLABS THAT ARE CONNECTED TO THE FOUNDATION, OR OTHERWISE CHANGE OR MODIFY THE FOUNDATION OR THE LOADS ON THE FOUNDATION, WITHOUT THE APPROVAL OF A KNOWLEDGEABLE LICENSED ENGINEER, AND THE JURISDICTIONAL AGENCIES.**

(b) **Frost Protection and Drainage System.** A frost protection and drainage system may have been installed around the perimeter of your home. The system may include buried high density foam panels, flashing, sealants, filter fabric, drain rock and perforated pipe. The system may be approximately 18 to 24 inches wide, and may be installed immediately adjacent to the foundation. The system may be located at a depth of approximately 2 to 18 inches below finish grade. Do not dig or install plants in this area. Do not disturb or modify the frost protection and drainage system without the approval of a knowledgeable licensed engineer, and the Jurisdictional Agencies.

(c) **Exterior Maintenance and Acrylic Stucco Finish Coat.** The Buyer acknowledges that they have reviewed the Maintenance Manual that is included with the Homeowner's Manual. The Genoa/Minden area is subject to relatively harsh weather, therefore,

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it is critical that the homeowner inspect the exterior stucco and wood trim, and areas around exterior doors and windows, at least annually, and seal cracks or voids with high quality caulk and paint.

The exterior stucco finish on your home is an acrylic polymer product. The product provides a breathable exterior system for the home. Generally, this exterior system should not be painted. If you desire to paint the home, we understand that acrylic type paint must be used. We highly recommend that you consult a knowledgeable licensed stucco contractor, and the manufacturer of acrylic finish systems, before paint is applied to the exterior of your home.

The undersigned Buyer agrees to indemnify and hold harmless Seller and their affiliated companies, officers, directors, employees and agents or any of them, from any liability for all injury, damage, costs or expenses caused by any activity related to non-compliance with the provisions of this Section 10.

#### 11. **RESIDENCE DISCLOSURES.**

(a) **Color Selections.** Some materials such as carpet, linoleum, and tile, for example, are manufactured in "batches", and slight variations occur from batch to batch. The same is true in brick, roofing materials, paints, stains and any other materials which are manufactured to a color or other standard. Seller cannot and does not warrant that colors, patterns, and textures will precisely match the samples from which you make your selections. If a given color or option is unavailable, then you may select another color or item within three (3) days after Seller provides you written or verbal notice that the color or item is not available. If you fail to make such selections within the specified time, Seller may make the selections on your behalf and you will be obligated to accept such selections.

(b) **Concrete Slabs, Footings And Stem Walls.** Footings and foundation walls are structurally engineered to the site. Foundations are concrete reinforced with steel; even so, cracks will appear in them. These cracks may be caused by unequal stress and strain, by expansion and contraction within the concrete, or by a variety of other factors. These walls are exposed to a wide range of temperature differentials. The bottoms of the concrete stem walls keep a nearly constant temperature on the outside of the wall while the inside temperature varies. The exposed upper portions of the walls are subject to varying temperatures throughout the year. This will result in cracking. These cracks won't be detrimental to the structural integrity of the home. Seller is not responsible for and the warranty does not extend to the non-structural cracking of the concrete slab or any non-structural cracking of any stucco or any cracking of the

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tile and tile grout that may be installed over the concrete floor due to settling, expansion or contraction.

(c) **[Reserved.]**

(d) **Decorative Electric Appliance.** Fireplaces are sealed electrical appliances. No wood or other material may be used in a fireplace. Further, it is advised that although the fireplaces are for decorative purposes, there may be elevated temperatures around the vent or front area. Caution and supervision should be exercised when operating.

(e) **Drywall And Paint.** Some settling is normal during the first few months of occupancy due to temperature variations from heating and cooling. Any cracks which are evident at the time of the Homeowner Orientation will be repaired. Cracks which appear thereafter will be repaired on a one time only basis, and only prior to the expiration of one year from the closing date.

(f) **Flooring.**

CARPETING: Flooring materials are warranted separately by the manufacturer. Stains, frayed edges, loose spots or gaps discovered at the walk-through will be remedied. Some seamlines may be visible; however, these usually disappear with a few weeks of occupancy through normal use and vacuuming when the seam tape has had a chance to merge with the padding.

CERAMIC TILE: Variations in surface, thickness and shape of individual tiles are normal and contribute to the attractiveness of the floor. Any extreme variances or imperfections are inspected on an individual basis. Grouting will crack, especially at baseboards and thresholds; however, it is the homeowner's responsibility to fill these areas with caulking or grout.

VINYL: Slight seam visibility and minor imperfections are common and do not constitute a reason for replacement.

(g) **Garage Door Openers.** Seller discloses that the standard garage door opener that Buyer receives will not operate during a power outage.

(h) **[Reserved.]**

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(i) **Insect Abatement And Pest Control.** Various governmental agencies may operate insect abatement programs in the area of the Subdivision. Such abatement programs include, without limitation, aerial spraying to control insects. For further information, Buyer should contact the appropriate governmental agencies. It is the responsibility of Buyer to conduct periodic pest control for insects, rodents and birds.

(j) **Model Homes.** Seller will be utilizing model units within the Subdivision which will encourage prospective buyers to visit the Subdivision and may result in increased traffic in and around the Property. The model units may have exterior lights on during all evening hours for security purposes. In addition, Seller may place signs and flags in various locations in the subdivision in accordance with applicable sign regulations and codes of the Jurisdictional Agencies.

(k) **Mold.** This disclosure serves to inform Buyer that various fungal contaminants, commonly known as mold, are present in Nevada, including, without limitation, Stachybotrys chartarum.

Mold occurs naturally in the environment and is necessary for the natural decomposition of plant and other organic material. It spreads by means of microscopic spores borne on the wind, and is found everywhere life can be supported. Residential home construction is not, and cannot be, designed to exclude mold spores. If the growing conditions are right, mold can grow in your home. Mold may be present on the lumber used to construct your residence and this naturally occurring form of mold is not unusual.

All mold is not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. The most common effects are allergic reactions, including skin irritation, watery eyes, runny nose, coughing, sneezing, congestion, sore throat and headache. Individuals with suppressed immune systems may risk infections. However, experts disagree about the level of mold exposure that may cause health problems, and about the exact nature and extent of the health problems that may be caused by mold. The Center for Disease Control states that a causal link between the presence of toxic mold and serious health conditions has not been proven.

Whether or not you as a homeowner experience mold growth depends largely on how you manage and maintain your home. As explained in the Limited Warranty, provided by separate instrument, we will repair or replace defects in our construction (defects defined as a failure to comply with the Construction Quality Standards set forth in the Limited Warranty) for the periods set forth in the Limited Warranty. We, the builder, will not be responsible for any

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damages caused by mold, or by some other agent, that may be associated with defects in our construction, to include but not be limited to, property damage, personal injury, loss of income, emotional distress, death, loss of use, loss of value, and adverse health effects or any other effects. **All express or implied warranties that might cover mold or mold related defects, including any implied warranty of workmanlike construction, any implied warranty of quality or habitability under NRS 116.4114 or otherwise, or any implied warranty of fitness for a particular use, are hereby waived and disclaimed. This waiver and disclaimer is part of the basis of the bargain for the home sale transaction between the parties. Should any term or provision of this paragraph be ruled invalid or unenforceable by a court of competent jurisdiction, the remainder of this paragraph shall nonetheless stand in full force and effect.**

Buyer hereby fully and forever releases and discharges Seller, its contractors, consultants, employees, and agents as to any and all claims and warranties, implied or express, of any kind or nature whatsoever, whether known or unknown, which Buyer may have now or in the future, arising out of or in any way connected with the mold on the lumber used for the framing and its effects including, without limitation, damage to property or persons caused by mold or other agents.

(l) **Stucco, Framing and Woods.** The home Buyer is purchasing is wood frame and stucco. Because of the normal drying process and expansion and contraction, cracks will form in the stucco. Also, the wood frame and other woods used in the home will all vary in colors, tones, grains and textures. They will not only vary from the model home and samples, but also from production home to production home and within the same home, especially in kitchen cabinets and bath vanities. Although the wood is of the same species, each piece of wood may come from a different growth source, of a different age, size, weathering, etc., which will cause different colors, tones, grains and textures, and all lacquers and wood tend to yellow over time, especially when exposed to direct sunlight. Seller, therefore, cannot and does not warrant that colors, tones, grains and textures will precisely match. Additionally, white washed stain may reflect certain imperfections in the wood grain.

(m) **Sound and Odor.** Seller will comply with any sound transmission requirements and will take steps to minimize odors such as smoke from adjoining buildings. It is, however, still possible that some sound transmission may occur and that odors may penetrate.

(n) **Stairway.** Buyer is aware that stairway configurations, if any, may vary from those shown in the model homes. Sales Agent has represented, and Buyer understands, which configuration will apply to the Property.

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(o) **Temperature Variations.** The heating and air conditioning systems have been carefully calibrated, however, should you experience temperature variations in any area, these can be easily stabilized by increasing or reducing the air flow at each register. Caution should be exercised in minimizing extreme temperature changes as this can adversely affect cabinets, wood floors and drywall. Seller recommends setting the thermostat no higher than 85° during the summer and no lower than 65° in the winter.

(p) **Texture.** Size and pattern variations are normal characteristics of spray applied and knockdown texture

(q) **Walls.** Walls will step up and down depending on the changing grades throughout the Subdivision.

(r) **Windows.** Buyer will be inspecting all windows during the walk through. Scratches visible at a distance of ten feet (10') in any direction are to be noted on the walk through for correction. Direct lighting will expose imperfections in any type of glass. Should there be questionable concerns regarding the inspection and direct lighting is considered a contributing factor, an appointment will be scheduled to view the windows when indirect lighting conditions are prevalent.

Tinting or foil lining of dual pane windows should only be done through a licensed company which guarantees against cracking. Heat build up on dual pane windows may cause the window to crack or damage the window seal, which would allow moisture and fogging to occur between the panes. Tinting or foil lining of windows will void the manufacturer's warranty.


Window frames with tracks have weep holes at the base to allow water to drain and not collect. It is imperative these exit points are checked by Buyer and remain unobstructed at all times. Debris, solar screen additions and any other objects that can slow or stop the draining of water will damage the building and personal property.

Seller also recommends that you need to have shower and tub walls annually inspected by a qualified consultant, and that routine maintenance be performed in accordance with the inspection recommendations.

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**12. STORMWATER GENERAL PERMIT DISCLOSURE; WETLANDS DRAINAGE.**

(a) **SWPPP.** The construction of the home you are purchasing is subject to the State of Nevada Division of Environmental Protection (NDEP) Stormwater General Permit. This means that any construction performed on your property by you, or any contractor, supplier or laborer, must be compliant with any applicable Stormwater General Permit and any related Stormwater Pollution Prevention plan (SWPPP). If applicable, a copy of the SWPPP will be available for your review in Seller's construction office.

Generally, the SWPPP requires that you:

(i) Install protective measures (e.g., wattles, silt fence, jute netting, etc.) to ensure that erosion, sediment, litter, construction debris, construction chemicals, and pollutants are retained on your property, and do not enter the storm drainage systems (e.g. gutters, ditches, swales, storm pipes, drains, catch basins, etc.).

(ii) Immediately, clean-up any erosion, sediment, litter, construction debris, construction chemicals, or pollutants that migrate from your property.

(iii) Do not place construction materials (particularly dirt and landscape materials) in the streets.

(iv) Ensure that vehicles do not track sediment into the streets.

The State of Nevada may require you to pay substantial financial penalties for non-compliance with the Stormwater General Permit.

(b) **Wetlands Drainage.** In addition to compliance with SWPPP, Buyer shall at all times refrain from, and take all appropriate measures to restrain, any drainage from the Property into or onto any wetland or stream area within the Subdivision unless allowed, if at all, by Jurisdictional Agencies, and then only in full compliance with all applicable laws, ordinances, rules, regulations, requirements and conditions of the applicable Jurisdictional Agencies.

Buyer agrees to indemnify and hold harmless Seller and its affiliated companies, officers, director, employees and agents or any of them, from any liability for all injury, damage, costs or expenses caused by any activity related to non-compliance with the Stormwater General Permit or SWPPP.

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**13. WATER SERVICE.** For some time, the Property may have domestic water service provided to it by Seller or an affiliate of Seller ("Water Company") and Buyer shall agree to and receive domestic water service to the Property from Water Company in accordance with its applicable rates, terms and conditions for such water service. It is anticipated that water service for the Subdivision will be taken over and provided by Douglas County at some time, and Buyer, likewise, shall accept and comply with the rates, terms and conditions for delivery of domestic water service to the Property by Douglas County.

**14. SCHOOLS.** There will be no schools within the Subdivision. The Douglas County School District ("School District") operates nearby schools in the Gardnerville/Minden area. The School District solely controls the timing of any new public school construction, and whether new schools are built. Similarly, the School District solely controls attendance zoning for all schools. Seller makes no representation, warranty or guarantee the children living in Montana will be allowed to attend any particular school.

**15. WILDLIFE.** The Subdivision is in a rural setting and is near substantial Bureau of Land Management and U.S. Forest Service acreage and other open space. The presence of coyotes, snakes, rabbits, owls, deer, bears, mountain lions, rodents and other wildlife should be anticipated. Buyer should take precautions to protect themselves and their pets against natural predators. In addition, various retaining and rockery walls will be constructed and maintained within the Subdivision, and may become inhabited or frequented by animals such as rodents and reptiles, which can pose a risk of bodily injury or disease. Buyer accepts such risks, and agrees to be responsible for taking such measures as are reasonably prudent and lawful to control the presence of such animals within Buyer's Property and to guard against such risks.

**16. AGRICULTURAL USES.** The Subdivision is located in a rural setting and in an area which historically has been utilized predominantly for agricultural uses, many of which continue around and adjacent to the Subdivision. Buyer acknowledges and accepts that such agricultural uses can, and likely will, produce and emit odors, sounds, dust and the like which may impact Buyer's use, possession and enjoyment of the Property.

The following provision of the Douglas County Consolidated Development Code is incorporated by reference:

*Section 20.01.100 (Right to farm): Douglas County has declared it a policy to protect and encourage agricultural operations. If your property is located near an agricultural operation, you may at some time be subject to inconvenience or discomfort arising from*

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*agricultural operations. If conducted in a manner consistent with proper and accepted standards, these inconveniences and discomforts do not constitute a nuisance for purposes of the Douglas County Code.*

**17. DESIGN GUIDELINES.** Seller will be constructing the residence on the Property in compliance with, among other things, the Montaña Design Guidelines and Regulations for Single-Family Homesites, dated May 2005, as adopted by the Architectural Review Committee established in accordance with the CC&Rs (as amended from time to time, the "Design Guidelines"). Any and all construction of Improvements (as defined in the Design Guidelines) will require compliance with the Design Guidelines. Copies of the Design Guidelines are available from the Association.

**18. OPEN RANGE AND WILDLIFE DISCLOSURE.**

**"Open Range" Defined:** "Open Range" means all unenclosed land outside cities and towns upon which cattle, sheep, or other domestic animals by custom, license, lease or permit are grazed or permitted to roam.

**"Wildlife" Defined:** "Wildlife" means, without limitation, mountain lions, coyotes, deer, elk, and other nondomestic animals. The Subdivision abuts public lands upon which Wildlife roam freely.

**"Fence" Defined:** "Fence" means fence with not less than 4 horizontal barriers consisting of wires, boards, poles, or other fence material commonly used in the neighborhood with posts set not more than twenty feet (20') apart. The lower barrier must be not more than twelve inches (12") from the ground and space between any two (2) barriers not more than twelve inches (12") and height of top barrier must be at least forty-eight inches (48") above ground. Every post must be so set as to withstand a horizontal strain of two hundred fifty pounds (250 lbs.) at a point four feet (4') from the ground and each barrier must be capable of withstanding a horizontal strain of two hundred fifty pounds (250 lbs.) at any point midway between the posts. Any Fence to be constructed must first be approved by the Architectural Review Committee and in accordance with the Design Guidelines.

**Disclosure:** The Subdivision, possibly the Property in particular, may be adjacent to Open Range on which livestock are permitted to graze or roam. Unless you construct a Fence that will prevent both domestic animals and Wildlife from entering your Property, should such animals enter your Property, you will not be entitled to collect damages because the livestock

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and/or Wildlife entered your Property. Regardless of whether you construct a Fence, it is unlawful to kill, maim or injure livestock and/or Wildlife that have entered your Property.

**19. OTHER CONDITIONS.** There are many conditions and aspects affecting the use of the Property, and the above disclosures are an effort to discuss some of the important aspects, but they are not meant to represent all factors. There may be other matters affecting the purchase and use of the Property, which are of interest to Buyer or which arise later, and Seller will endeavor to respond to those inquiries in a diligent manner.

This Disclosure is deemed a part of the Purchase Agreement. The Purchase Agreement, the CC&Rs and this Disclosure may deal with the same subject matter; however, none of them shall limit the other's treatment of such subject matter, and all provisions shall be given effect to the greatest possible extent.

Buyer is hereby expressly informed, and Buyer hereby expressly acknowledges, that the failure of Buyer to deliver written notice to Seller of Buyer's disapproval of any matter disclosed in, or agreement required as part of, this Disclosure on or before 5:00 p.m. Pacific Time on the fifth (5th) day from and after the date of Seller's acceptance of the offer set forth in the Purchase Agreement shall be deemed conclusively to evidence that Buyer (i) has read and understands the contents of this Disclosure and its relevance to Buyer's purchase of the Property and (ii) Buyer approves this Disclosure. In the event Buyer delivers timely notice of its disapproval of this Disclosure, such notice shall (a) state specifically what the basis of such objection is, and why it is material to Buyer's purchase of the Property, and (b) whether or not as a result of such objection Buyer elects to terminate the Purchase Agreement. Provided Buyer timely delivers Buyer's Disapproval Notice, such Notice complies with (a) immediately above, and Buyer elects by such Notice to terminate the Purchase Agreement, then the Purchase Agreement shall terminate, and neither party shall have any further obligation to the other hereunder.

**20. COMMERCIAL USE OF NEIGHBORING PROPERTY.** Approximately forty-five (45) acres of land adjoining the Genoa Lakes Golf Resort golf course is zoned for tourist commercial use. The future uses of this property may include any uses allowed under the tourist commercial zoning classification. The current development plan of the owner of this land includes retail shops, timeshare and/or fractional ownership units and sales office, a health club and spa, and recreational facilities such as swimming pools and tennis courts.

**21. HIGH WATER TABLE DISCLOSURE.** Areas within the Subdivision may be subject to a relatively high water table. The depth to water is subject to environmental conditions (e.g. time of the year, severity of the winter season, adjacent land uses, etc.). Accordingly,

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homeowners may encounter ground water during the installation of foundations, pools, spas, landscaping, etc., which could require dewatering before the construction of these improvements.

**22. ROCKERY WALL DISCLOSURE.** There are rockery retaining walls located within the Subdivision. Most of the retaining walls will be maintained by the Association. This means that the Association and their consultants and contractors have the right to enter on to your Property to inspect, maintain and repair the walls. Small garden rockery walls, that are located in the rear of certain Lots, shall be maintained by the homeowner.

Rockery retaining walls are structural elements, and must not be altered in any way without the express approval of a licensed structural engineer and Douglas County.

Also, Buyer is advised that rockery walls provide a favorable habitat for wild rodents such as ground squirrels, chipmunks, rabbits, etc. that can acquire plague thru the bite of an infected flea. The rock surface provides an urban interface with these wild rodents. The risk of disease to humans and domestic animals, especially cats, can be at danger; and for this reason, the public should not handle any wild rodents.

**23. WEAPON DISCHARGE DISCLOSURE.** Buyer is hereby advised and acknowledges that weapons may be legally discharged within the surrounding areas and community (but not within the Montaña community). The discharge of weapons could result in significant noise that may be heard by the Montaña residents.

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