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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
WALLPORT INDUSTRIAL PARK

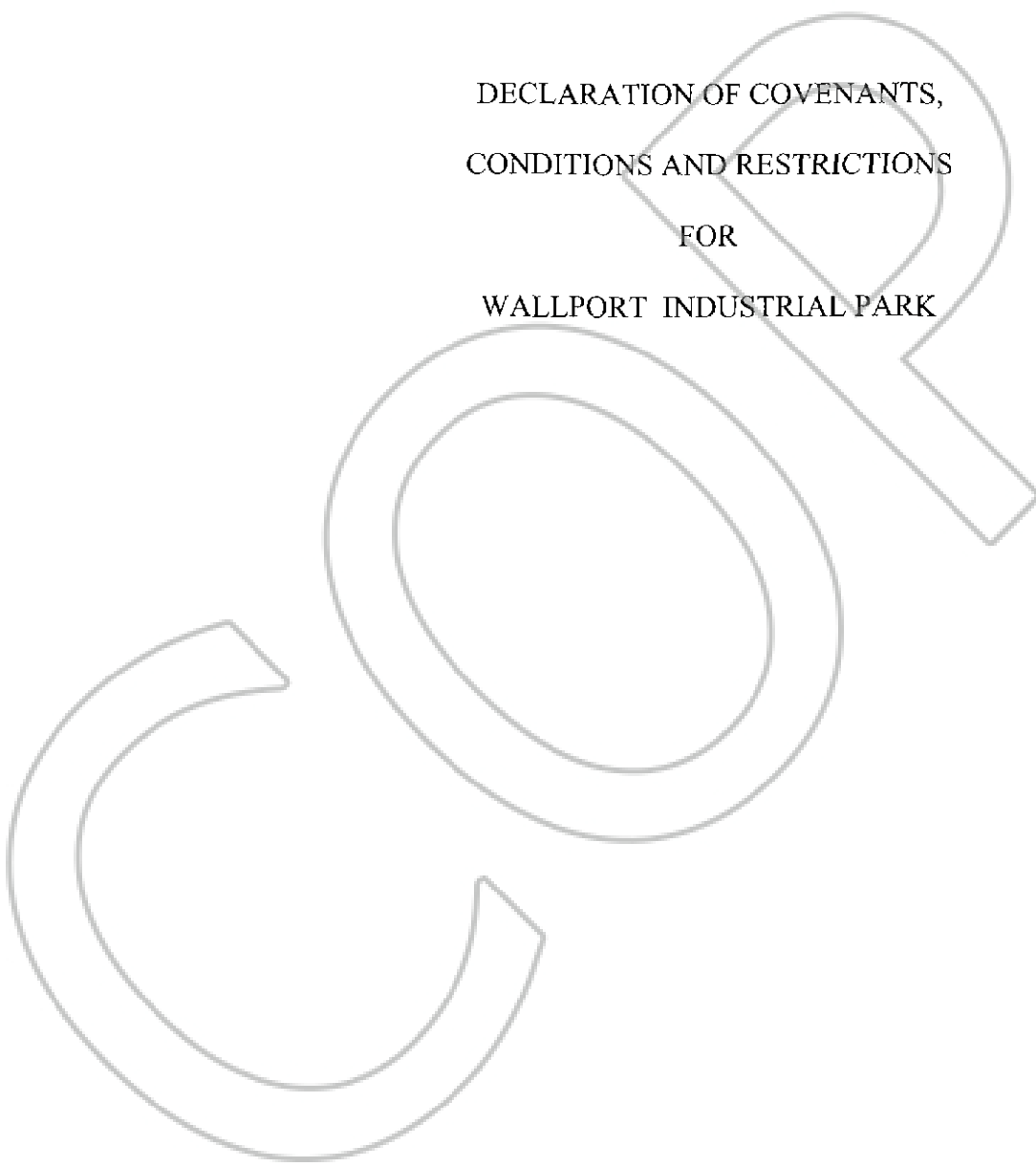


TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS

2

- 1.1 “Architectural Committee”
- 1.2 “Articles” or “Articles of Incorporation”
- 1.3 “Association”
- 1.4 “Association Properties”
- 1.5 “Beneficiary”
- 1.6 “Board” or “Board of Directors”
- 1.7 “Bylaws”
- 1.8 “Common Area” or “Common Elements”
 - 1.8.1 Common Areas Identified
 - 1.8.2 Common Elements Identified
 - 1.8.3 Association Easements Identified
 - 1.8.4 General Common Areas and Elements Identified
- 1.9 “Common Expenses”
- 1.10 “Declarant”
- 1.11 “Declaration”
- 1.12 “Design Standards”
- 1.13 “Developer”
- 1.14 “First Mortgage”
- 1.15 “Governing Documents”
- 1.16 “Improvement”
- 1.17 “Map”
- 1.18 “Master Association”
- 1.19 “Member”
- 1.20 “Owner”
- 1.21 “Property”
- 1.22 “Responsible Party”
- 1.23 “Rules and Regulations”
- 1.24 “Unit”

3

3

4

ARTICLE II COMMON AREA

4

- 2.1 Ownership of Common Area
- 2.2 Use of the Common Area
- 2.3 Developer’s Common Area Easement Rights; Dedication of Common Area
 - 2.3.1 Reservation of Common Area Easements *in Favor of Developer*
 - 2.3.2 Reservation of Right to Grant Additional Common Area Easements and to Dedicate Common Area

5



TABLE OF CONTENTS

Page

2.4	Rights of Association to Grant Easements Over Common Area and to Dedicate Portions of Common Area	5
2.5	Maintenance of Common Area	6
ARTICLE III USE RESTRICTIONS		6
3.1	Industrial Use	
3.2	Maintenance and Repair	
3.3	Building Exteriors – Association’s Right of Entry for Maintenance	
3.4	Parking and Vehicular Restrictions	
3.5	Nuisances	7
3.6	Signs	
3.7	Animals	
3.8	Business or Commercial Activity	8
3.9	Drainage	
3.10	Exterior Installations	
3.11	Lighting	
3.12	Disease and Insects	
3.13	Mineral Exploration	
3.14	Fences	9
3.15	View Obstruction	
3.16	Insurance	
3.17	Temporary Structures	
3.18	Movable Structures	
3.19	Height Limits	
3.20	Refuse Disposal	
3.21	Mailboxes	10
3.22	Subsurface Rights	
3.23	Fuel Tanks	
3.24	Landscaping	
3.25	Snow Removal	
3.26	Fire Protection	
3.27	Compliance With Laws	
3.28	Neighboring Properties	
3.29	Emergencies	
3.30	Entry by Court Order	11
ARTICLE IV THE ASSOCIATION		11
4.1	Formation	
4.2	Association Action; Board of Directors and Officers; Members’ Approval	
4.3	Membership and Voting	12
4.4	Declarant Control of the Association	

TABLE OF CONTENTS

Page

4.4.1	Election of Board of Directors	12
4.4.2	Removal of Officers and Directors	
4.5	Persons Entitled to Serve on the Board	
4.6	Transfer of Membership	
ARTICLE V POWERS AND DUTIES OF THE ASSOCIATION		13
5.1	Powers	
5.1.1	Assessments	
5.1.2	Rules and Regulations	
5.1.3	Enforcement	14
5.1.4	Notice Requirements; Right to Hearing	
5.1.5	Suspension of Voting Rights; Fines	
5.1.6	Delegation of Powers	15
5.1.7	Personal Properties	
5.1.8	Other Services and Properties	
5.2	Duties of the Association	
5.2.1	Professional Management	
5.2.2	Taxes and Assessments	
5.2.3	Insurance	16
5.2.4	Operation and Maintenance of Common Elements	
5.2.5	Improvements	
5.2.6	Other	
5.3	Personal Liability	
5.4	Meetings of Members	
5.5	Association Books and Records and Association Properties	
5.5.1	Right of Inspection	
5.5.2	Developer's Obligation to Deliver Association Properties and Records to Board	17
ARTICLE VI ASSESSMENTS		18
6.1	Agreement to Pay	
6.2	Personal Obligations	
6.3	Purpose and Amount of Assessments	
6.4	Annual Assessments	19
6.4.1	Definitions	
6.4.2	Procedure for Establishing Annual Assessments; Allocation	
6.4.3	Assessment Period; Commencement of Annual Assessments	20
6.5	Special Assessments	
6.6	Rate of Assessment; and Commencement of Annual Assessments; Obligation for Pro-rata share of Assessments	21
6.7	Notices of Assessments; Delinquencies	



TABLE OF CONTENTS

Page

6.8 Statement of Account 21

6.9 Collection of Assessments 22

6.10 Lien for Assessments; Priority 22

6.11 Enforcement of Lien 23

 6.11.1 Notice of Delinquent Assessment and Notice of Default

 6.11.2 Notice of Sale

6.12 Surplus Funds 24

ARTICLE VII INSURANCE 24

7.1 Casualty Insurance

7.2 Liability Insurance

7.3 Workmen’s Compensation and Employers Liability Insurance

7.4 Fidelity Insurance

7.5 Other Insurance

7.6 Premiums and Reviews 25

7.7 Form

7.8 Owner’s Insurance Responsibilities

ARTICLE VIII ARCHITECTURAL CONTROL 25

8.1 Design Standards

8.2 Architectural Committee 26

 8.2.1 Organization

 8.2.2 Duties

 8.2.3 Meetings

 8.2.4 Architectural Committee Rules

 8.2.5 Application for Approval of Plans and Specifications

 8.2.6 Basis for Approval or Disapproval

 8.2.7 Form of Approval 27

 8.2.8 Waiver and Variances

 8.2.9 Liability

8.3 Enforcement 28

ARTICLE IX PROTECTION OF LENDERS 28

9.1 Encumbrance of Parcels Permitted

9.2 Subordination

9.3 Non-Liability for Unpaid Assessments

9.4 Breach of Covenants

ARTICLE X SPECIAL DEVELOPER’S RIGHTS 28

10.1 General

10.2 Special Developer’s Rights 29

TABLE OF CONTENTS

Page

10.3 Limitations on Exercise of Special Developer’s Rights 29

ARTICLE XI MISCELLANEOUS PROVISIONS 29

11.1 Unilateral Amendment by Declarant

11.2 Amendment, Generally

11.3 Enforcement and Waiver 30

11.3.1 Owner’s Right of Enforcement

11.3.2 Owner Liability for Damage to Common Area

11.3.3 Owner’s Responsibility for Lessees, Renters, Guests and Invitees

11.3.4 Violations and Nuisance 31

11.3.5 Violation of Law

11.3.6 Damages, Costs and Attorney’s Fees

11.3.7 Remedies Cumulative

11.3.8 Non-waiver

11.3.9 Binding Arbitration

11.4 The Owner’s Liability for Assessments

11.5 Notices 32

11.6 Approvals

11.7 Construction and Severability; Singular and Plural; Titles

11.7.1 Restrictions and Easements Construed Together

11.7.2 Restrictions and Easements Severable

11.7.3 Singular Includes Plural

11.7.4 Captions

11.8 Assignment of Powers

11.9 Adjustment of Amounts 33

ARTICLE XII PARTY WALLS 33

12.1 General Rules of Law to Apply

12.2 Sharing of Repair and Maintenance

12.3 Destruction by Fire or Other Casualty

12.4 Weatherproofing

12.5 Right to Contribution Runs with Land

12.6 Arbitration

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
WALLPORT INDUSTRIAL PARK**

THIS DECLARATION is made this 21 day of August, 2006 by WALLPORT, LLC ("Owner"), being known and herein as the "Declarant."

WHEREAS, Declarant is the owner of that real property located in the County of Douglas, State of Nevada, and more particularly described in Exhibit "C" to this Declaration, which property consists of three (3) proposed commercial building sites, and a total sixteen (16) proposed commercial units, and related common areas (the "Property");

WHEREAS, Declarant acknowledges that the Property is located within the Carson Valley Business Park and is subject to the Declaration of Covenants, Conditions and Restrictions of the Carson Valley Business Park Property Owner's Association (the "Master Association") which are recorded as Document No. 324407, Book 1293, beginning at Page 1491 of the records of Douglas County, Nevada (the "Master Declaration"), and any amendments thereto;

NOW, THEREFORE, Declarant hereby declares that the Property is and shall be held, conveyed, encumbered, leased, used, occupied, improved, and otherwise affected in any manner subject to the covenants, conditions, restrictions, easements and other provisions of this Declaration, all of which are hereby declared to be in furtherance of a general plan for the development, maintenance, improvement, and sale of the Properties; and are further declared to be for the purpose of enhancing, maintaining, and protecting the value and attractiveness of the Properties; and Declarant further declares:

A. All provisions hereof shall be deemed to run with the land as covenants owning with the land or as equitable servitudes; as the case may be, and shall constitute benefits and burdens to the Declarant and its assigns and to all persons hereafter acquiring or owning any interest in the Properties; however such interest may be obtained.

B. Declarant wishes to establish a general plan for the development, maintenance, and improvement of the Properties by establishing protective provisions, covenants and restrictions, and provide for liens and charges (collectively called "restrictions"), with respect to which all or any part of the Properties is to be improved, held, used, occupied, leased, sold or conveyed, it is further intended that such restrictions run with the land and apply to and bind the respective successors in interest. All of such restrictions are imposed on each portion of the Properties as a mutual, equitable servitude in favor of all other portions of the Properties.

C. The Units comprising the Property are collectively established as a business park known as Wallport Industrial Park, and the maximum number of Units which may be created within the Properties is limited to sixteen (16) commercial units and one or more common areas owned by the Association.

D. This Declaration creates equitable servitudes and covenants appurtenant to and running with the Property, and imposes conditions, covenants, restrictions and easements for the



development, operation, protection and maintenance of the Properties, and provides for the creation of a homeowners association with rights and powers reasonably necessary to control the operation and maintenance of the Properties, including, without limitation, the right to assess the Owners for the cost of such operation and maintenance.

E. This Declaration is intended to create an Association to secure the development of the Properties as a high quality, architecturally integrated, business park.

ARTICLE I DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the meanings set forth in this Article,

1.1 "Architectural Committee" shall mean the Architectural Committee appointed as set forth in Article VIII hereof.

1.2 "Articles" or "Articles of Incorporation" means the Articles of Incorporation or Articles of Organization of the Association.

1.3 "Association" means the Wallport Industrial Park Owners Association, a Nevada non-profit corporation formed or to be formed pursuant to Chapter 82 of NRS.

1.4 "Association Properties" means all real and personal Properties now or hereafter owned by or leased to the Association or in which the Association has a recognizable legal or equitable, present or future, interest.

1.5 "Beneficiary" means a beneficiary under a deed of trust or a mortgagee under a mortgage, and/or the assignee of such beneficiary or mortgagee.

1.6 "Board" or "Board of Directors" shall mean the Board of Directors of the Association as established by its Articles.

1.7 "Bylaws" means the Bylaws of the Association.

1.8 "Common Area" and "Common Elements" shall be used interchangeably and shall mean all portions of the Property as defined in Section 1.24 *infra*, other than the Units, owned in common by owners of the Units or by the Association for the common use and enjoyment of the Owners.

1.8.1 Common Areas shall include Common Areas identified on Exhibit "B" attached hereto, and any subsequent or amended survey maps, including the parking area (Lot "A") and electrical room between Units 2 and 3 (Lot "B"). Common Area shall further include all sidewalks, walkways, paths, grass, shrubbery, trees, driveways, roadways, landscaping, drainage improvements, parking areas and related facilities.

1.8.2 Common Elements shall include shall include all mechanical and utility installations, including but not limited to power, gas, light, cable, television, phone, internet, electrical, water, sewer, central heating, central refrigeration and central air conditioning and fire sprinkler installations; all equipment related to the mechanical and utility installations, including reservoirs, tanks, pumps, pipes, chutes, ducts, flumes, conduits, wires and other installations, except for the outlets thereof (including heating and air conditioning units) when located within a Unit, which outlets shall be considered part of the Unit; and the roof access ladder located in Unit 2

1.8.3 In addition, the Association shall maintain an easement for access and maintenance of all structural components of the buildings, and the easements therefore and thereto shall be considered Common Area. The structural components include but are not limited to: bearing walls, regardless of whether the same are considered "Party Walls" as used elsewhere in this Declaration; columns; roofs; foundations; and exterior surfaces and trim, excluding windows and doors.

1.8.4 In general, all other parts of the Project designated by Declarant as Common Area or Common Elements and existing for the use of more than one (1) of the owners.

1.9 "Common Expenses" shall have the meaning set forth in Section 6.4.1 hereof.

1.10 "Declarant" shall have the meaning ascribed thereto at page 1 hereof. "Declarant" shall include any and all Successor Declarants.

1.11 "Declaration" means this instrument and any and all amendments thereto

1.12 "Design Standards" means the design standards set forth in this Declaration, the Park Place Guidelines and Development Standards and any and all additional building and landscaping design standards adopted by the Architectural Committee pursuant to the provisions of Section 8.1 hereof.

1.13 "Developer" shall mean Wallport, LLC.

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

1.15 "Governing Documents" shall mean these CC&Rs, the articles of incorporation of and by-laws of Wallport Industrial Park Owners Association.

1.16 "Improvement" means all structures and appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways,

parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, planting, planted trees, shrubs, poles, signs, exterior air conditioning, satellite dishes, antennae, fixtures or equipment.

1.17 "Map" means collectively the Record of Survey #1 For Wallport Industrial Park filed for record in the Official Records of Douglas County, Nevada, on 8 August 2006 in Book 0806, at Page 2533, as Document No. 681475, and each amendment thereto and/or subsequent survey map of the Property.

1.18 "Master Association" shall mean and refer to the Meridian Business Park Association, the master association for the Meridian Business Park, a non-profit corporation, its successors and assigns.

1.19 "Member" means every Owner.

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

1.21 "Property" means the property identified on the Map attached hereto as Exhibit "B", and further described in Exhibit "C", which property consists of the seven (7) unit commercial building and all common areas, including the common area identified as Lot "A", together with the 2.24 acre remainder parcel. Declarant reserves the right, but not the obligation, to construct two (2) additional commercial buildings on the remainder parcel, for a total of sixteen (16) proposed Units, along with additional common areas related thereto. Nothing in this Declaration shall constitute a warranty that the additional improvements will be constructed or of the location of the additional proposed improvements.

1.22 "Responsible Party" means the Owner of Unit, as well as the Owner's tenants, lessces, family members, guest and invitees.

1.23 "Rules and Regulations" shall have the meaning ascribed thereto in Section 5.1.2 hereof.

1.24 "Unit" and "Lot" shall be used interchangeably and shall refer to all numbered Lots depicted on the Map(s).

ARTICLE II COMMON AREA

2.1 Ownership of Common Area. Except as otherwise provided elsewhere in this Declaration, the Association shall own all Common Area identified in Paragraph 1.8, *supra*.

2.2 Use of the Common Area. Except as otherwise expressly provided in this Declaration, the Common Area shall be used for the intended purposes as shown on the Map and

as provided in this Declaration, and no persons other than the Owners, their family members, guests and invitees or the Owner's tenants, their family members, guests and invitees shall be allowed to in any manner use or occupy the Common Area. Each Owner shall at all times be responsible for any and all activities of his tenants, guests and invitees using the Common Area. No Improvements within the Common Area shall be altered or removed, except at the express direction of the Association upon the vote of the Members as provided in Section 2.4 hereof. The Board may adopt reasonable rules and regulations ("Rules and Regulations") governing the use of the Common Area, including parking of vehicles. There are no development rights associated with the Common Areas other than rights expressly reserved in this Declaration.

2.3 Developer's Common Area Easement Rights; Dedication of Common Area.

2.3.1 Reservation of Common Area Easements in Favor of Developer. Developer hereby reserves unto itself such easements over, through and under the Common Area as may be reasonably necessary to discharge Developer's obligations or exercise any Special Declarant's Rights, whether arising under or reserved in this Declaration.

2.3.2 Reservation of Right to Grant Additional Common Area Easements and to Dedicate Common Area. Developer hereby reserves unto itself the right to grant easements and rights of way on, over, through and under the Common Area for the purposes described below and for the benefit of the Owners, the Association, and the right to offer for dedication any portion of the Common Area to any political subdivision, or any public or quasi-public entity or utility. Such reservation of rights in favor of the Developer shall be deemed to be included in every deed conveying title to a Unit. Such grants of easement or dedications may be for any or all of the following described purposes: constructing, erecting, operating, or maintaining on the Common Area., at any time: (i) roads, streets, trails, walks, driveways, vehicle parking areas, and parkways; (ii) poles, wires, or conduits for transmission of electricity, telephonic communication or cable or master antenna television for the Properties and the necessary apparatus incident thereto; and (iii) public and private sewers, sewage disposal systems, storm drains, land drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any and all equipment and other apparatus relating thereto. Developer further reserves unto itself the right to grant easements and rights of way on, over, through and under the Properties or applicable portions thereof for access purposes. The rights reserved by Developer in this Section 2.3.2 may be exercised at any time that Developer owns any portion of the Properties pursuant to the terms of this Declaration.

2.4 Rights of Association to Grant Easements Over Common Area and to Dedicate Portions of Common Area. The Association shall be entitled to exercise the rights reserved to Developer under Section 2.3.2, provided that at least sixty-seven percent (67%) of the voting power of the Association has approved such action.

2.5 Maintenance of Common Area. Maintenance of the Common Area and all Common Areas and Common Elements subject to the Association's access and maintenance easement identified in Paragraph 1.8, *supra*, shall be the obligation of the Association from and after the latest of (a) the completion by the Developer of the Common Area Improvements, (b) the date the first certificate of occupancy is issued for a completed commercial building on a

Unit, or (c) escrow closes for the sale of a Unit to a person or entity other than the Developer. At all times prior to such date, Developer shall maintain the Common Area. The Association shall maintain and manage any improved Common Area and all improvements thereon in a first class manner and shall assess the Owners for the cost thereof in accordance with Article VI hereof. The Association shall have its own water and electric meters for water and electric services used within the Common Area, and the expense associated with such meters shall be the financial obligation of the Association. Obstructing the flow of or altering the course of any drainage channel within the Properties is prohibited.

ARTICLE III USE RESTRICTIONS

3.1 Industrial Use. Except as otherwise provided in this Section 3.1, each Unit shall be used as an Industrial building and not for any residence or other prohibited purpose. An Owner may rent or lease the Industrial space on his Unit to any tenant provided that the space is rented or leased pursuant to a lease or rental agreement which is (a) in writing, (b) for a term of at least six (6) months, and (c) subject to all of the provisions of this Declaration, the Articles, the Bylaws, and any Rules and Regulations adopted by the Board.

3.2 Maintenance and Repair. Each Owner shall maintain such Owner's Unit and the Improvements thereon in a clean, orderly and good condition and state of repair. No building, structure, or other Improvement within the Properties shall be permitted to fall into disrepair. No Owner shall do any act or work that will impair the structural soundness or safety of any Improvement located in the Properties. If any Common Areas or Common Elements identified in Paragraphs 1.8 and 2.5, *supra*, are damaged or destroyed by fire or other calamity the insurance proceeds shall be paid to the Association and the Association shall, within a reasonable time period, rebuild or repair the damage in full compliance with the terms and provisions of Article VIII of this Declaration.

3.3 Building Exteriors – Association's Right of Entry for Maintenance. Although each building unit is individually owned each Owner agrees that a well-maintained and uniform physical appearance is desirable. For that reason, each Owner grants an easement to the Association for the maintenance of the exterior portions of all primary structures on the Properties. Each Owner hereby grants to the Association, and its duly authorized agents, representatives, employees and contractors, the right of entry in and onto such Owner's Unit, Common Area and Limited Common Area (if any), which right shall be irrevocable, to make such repairs and perform such maintenance work which the Association is required or entitled to do pursuant to the provisions of this Declaration. Except with respect to emergencies as defined below, such right of entry shall be exercised only during reasonable hours and after reasonable notice. By this agreement, each Owner is prohibited from repainting, remodeling, rebuilding, altering or adding to the exterior structures, walls, windows, doors, awnings or entries of any structure without the prior written consent of the Architecture Committee.

3.4 Parking and Vehicular Restrictions. Except for any interior space, no Owner shall park, store or keep within the Properties any inoperable vehicle. Except as otherwise expressly provided below, no Owner shall park, store or keep on his Unit any recreational vehicle

(including, but not limited to, any camper unit, house/car or motor home), any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home, or any other similar vehicle, unless the vehicle is kept within a garage on the Unit which is large enough to house such vehicle with the door closed. In addition, no Owner shall park, store, or keep anywhere within the exterior portions of the Properties any vehicle or vehicular equipment, mobile or otherwise, reasonably deemed to be a nuisance by the Board. The Board shall have the power to enforce all parking and vehicle use restrictions applicable to the Properties, including the power to remove vehicles which are in violation of the provisions of this Declaration from any of the Properties to the extent permitted by applicable law

3.5 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Properties, and no odor shall be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, or offensive. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Unit so as to be offensive or detrimental to any other Unit in the Properties or to its occupants. Without limiting the generality of any of the foregoing provisions, no speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, snowmobiles, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or residents or their guests shall be located, used or placed on any portion of the Properties without the prior written approval of the Board. Alarm devices used exclusively to protect the security of a Unit and its contents shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

3.6 Signs. Except as otherwise expressly allowed in this Declaration, no sign, poster, billboard, advertising device or other display of any kind shall be displayed. One (1) customary 18" x 24" "for sale" or "for lease" sign is allowed on each Unit. Signs required by legal proceedings, address identification signs and street signs, monument signs identifying the name of the business, and, during construction, construction job identification signs, builder and lender signs, are permitted within the Properties. All permitted signs shall be in conformance with the requirements of the jurisdiction in which the Properties is located and shall have been approved in writing as to size, color, design and location by the Architectural Committee. Any other signage shall require Board approval, which may be withheld in the absolute discretion of the Board.

3.7 Animals. No animals including horses, fowl, reptiles, poultry, rabbits, livestock, llamas, ostriches, rabbits, fish or insects of any kind ("animals") shall be raised, bred or kept within the Properties. Animals within the Properties belonging to Owners, residents, or their guests must be kept either indoors or within an enclosed pet run which complies with Section 3.16 and 3.29 hereof or on a leash or other restraint with a person capable of controlling the animal. It shall be the absolute duty and responsibility of each such person to clean up immediately after such animals which have used any portion of the Common Area or another Owner's Unit. The animal Owner's Unit (including the pet run area) shall be cleaned and maintained in a manner so as not to create a nuisance to other Owners. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners, tenants and guests, for any unreasonable noise or damage to person or Properties caused by any animals brought or kept upon the Properties by an Owner or tenant or their family or guests.



3.8 Business or Commercial Activity. The Properties are intended to be used for business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license. The provisions of this Section 3.7 allow any of the above-described activities which are conducted in conformance with all applicable governmental ordinances, Commercial activities which constitute a hazard to other Owners or violate provisions of Douglas County Ordinances or the laws the State of Nevada are strictly prohibited.

3.9 Drainage. There shall be no interference with or alteration of the established drainage or drainage systems within the Properties, unless previously approved in writing by the Architectural Committee. For the purpose hereof, "established drainage or drainage systems" is defined as the drainage which exists at the time a Unit is conveyed to an Owner by Developer or later grading changes which are shown on plans approved by the appropriate governmental authorities and the Architectural Committee. All drainage facilities within the Common Area which are not maintained by a governmental authority shall be maintained by the Association.

3.10 Exterior Installations. Satellite dishes, television and radio antennas and other exterior communications equipment may be placed on Common Areas or Limited Common Areas only with the prior written approval of the Architectural Committee (below defined). Subject to the provisions of NRS 111.239, pertaining to solar energy devices, all solar energy devices must be approved in writing by the Architectural Committee prior to installation. No exterior air conditioning or heating unit (including solar heating devices), shall be erected or maintained on any portion of the Properties unless it is: (a) completely concealed so as not to be visible from neighboring Unit(s); and (b) approved in writing in accordance with Article VIII of this Declaration.

3.11 Lighting. All exterior lighting shall conform to the Design Standards and shall be approved in writing by the Architectural Committee. Exterior lighting shall be shielded or recessed so that direct glare and reflections are contained within the boundaries of the Unit and shall be directed downward and away from adjoining properties and public rights-of-way. Except for holiday decorative lighting, no lighting shall blink, flash, or be of unusually high intensity or brightness.

3.12 Diseases and Insects. No Owner shall permit any thing or condition to exist upon his Unit that shall induce, breed, or harbor infectious plant or tree diseases or noxious insects.

3.13 Mineral Exploration. No portion of the Properties shall be used in any manner to explore for or to remove any oil or other hydrocarbons, minerals of any kind, gravel, or earth substance. No drilling, exploration, refining, quarrying, or mining operations of any kind shall be conducted or permitted to be conducted thereon; nor shall wells, tanks, tunnels, mineral excavations, shafts, derricks, or pumps used to mine or drill for any substances be located on the Properties.



3.14 Fences. Fences are permitted only as approved in writing by the Architectural Committee and shall be of a height and constructed of materials specified in the Design Standards (defined in Section 8.1 hereof). The cost of construction of any fence which serves as a common fence between two Units shall be borne by the party constructing the fence. Unless otherwise agreed in writing by the Unit Owners sharing a common fence, each Unit Owner shall maintain that portion of the fence facing such Owner's Unit.

3.15 View Obstruction. Developer makes no representations or warranty with respect to the presence or absence of any view from any portion of any Unit. Any existing view may change or be blocked or impaired depending upon construction, landscaping or other activities undertaken on remaining land located within the Properties or on land located outside the boundaries of the Properties. Each Owner, by accepting title to a Unit, hereby acknowledges that (a) there are no protected views within the Properties, and no Unit is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping or other installation of improvements by Developer, or other Owners, may impair the view from any Unit, and the Owners hereby consent to such view impairment.

3.16 Insurance. No Owner shall take action any in or on a Unit or with respect to the Common Area (or any portion thereof) which results, directly or indirectly, in any increase in the applicable rate(s) of insurance paid by the Association or affects the availability of such insurance by the Association, including, without imitation, any action that would result, directly or indirectly, in such insurance being canceled.

3.17 Temporary Structures. No structure of a temporary character, including, without limitation, trailers, mobile homes, tents, shacks, garages, barns, or other buildings or enclosures shall be utilized at any time on the Property as a residence, either temporarily or permanently; provided, however, that temporary structures may be used by contractors during the normal course of construction, provided that such permitted temporary structures are immediately removed upon the completion of construction activity.

3.18 Movable Structures. No building or other structure shall be moved from any other location onto the Property. No factory built or manufactured housing or modular or prefabricated house is permitted upon any Unit, except in connection with the construction or sale of a commercial building thereon.

3.19 Height Limits. No structure shall exceed the height limitations set forth in the Douglas County Code.

3.20 Refuse Disposal. No garbage, refuse or obnoxious or offensive material shall be permitted to accumulate on any Unit or the Common Area, and the Owner thereof shall cause all such material to be disposed of by and in accordance with accepted sanitary practices. All trash receptacles, bins and garbage cans shall be kept in a clean and sanitary condition. All Owners shall subscribe to a regularly scheduled and established garbage collection service. No incinerators of any type shall be allowed within the Properties. All garbage or trash containers shall be kept within enclosed areas approved by the Architectural Committee so that they are not visible from adjoining Units or from streets.

3.21 Mailboxes. The location and design of mailboxes and newspaper holders shall be subject to the approval of the Architectural Committee. All mailboxes shall be of a uniform style and size designed by the Developer's representatives and may be depicted in the Design Standards.

3.22 Subsurface Rights. There shall be no deed, conveyance, agreement or other document executed, the terms of which separate surface or subsurface rights into different ownerships.

3.23 Fuel Tanks. All types of fuel tanks shall be prohibited.

3.24 Landscaping. All exterior landscaping shall be maintained by the Association. Owners are prohibited from modifying the landscaping without the prior written approval of the Board of Directors.

3.25 Snow Removal. Snow removal on common areas and within the private roads (and roads which have not been accepted by Douglas County for dedication within the Properties) shall be the responsibility of the Association.

3.26 Fire Protection. The Association shall maintain an automated, centralized fire alarm system designed to respond to specified heat and fire conditions within the interior spaces of the Properties. No Owner may alter or interfere with this system, the telephone communication sub-system, wiring, sensors or sprinkler pipes and systems which may be attached to the system without the prior written approval of the Board.

3.27 Compliance With Laws. No Unit or portion of the Properties may be occupied or used by or for any structure or purpose or in any manner whatsoever which is contrary to the ordinances, rules, or regulations promulgated by the County of Douglas, as amended from time to time. Each Owner shall comply with all statutes, ordinances, rules or regulations applicable to his or her Unit.

3.28 Neighboring Properties. The following provision of the Douglas County, Nevada 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 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."

3.29 Emergencies. In the event any officer of the Association believes, in his or her sole reasonable discretion, that an emergency situation exists within a Unit, or within any Common Area Limited Common Area, and that immediate repairs are necessary to prevent or mitigate damages, then such officer, the manager or the manager's authorized agent shall have

the right to exercise the Association's right of entry without notice. If after gaining entry, any officer of the Association still believes in his or her sole reasonable discretion, that immediate repairs are necessary to prevent or mitigate damages, then the Association shall have the right to make such repairs without notice to the Responsible Party and without a hearing, and without obtaining competitive bids as provided in Section 3.314(a), above. The Association shall levy a Violation Assessment against the Responsible Party in the amount of the cost of the corrective work and all costs and expenses, including attorneys' fees, incurred by the Association incident thereto. Neither the Association, the Board, nor any of the Association's agents or employees, nor any person hired by the Association to perform the corrective work, shall be liable for any damage which may result from any work so performed on behalf of the Association.

3.30 Entry by Court Order. In the event a Responsible Party prevents an officer of the Association, the Manager or authorized agent of the manager from gaining access to such Responsible Party's Unit or Common Area for the purpose of correcting a Maintenance Violation or for the purpose of attending to an emergency situation, then the Responsible Party(ies) shall be jointly and severally liable to the Association for attorneys' fees, court costs and incidental expenses incurred by the Association for the purpose of gaining such entry and all other costs and expenses incident thereto (collectively "Entry Costs"), and such Entry Costs shall be assessed to the Responsible Party as a Violation Assessment pursuant to Section 6.6 hereof

ARTICLE IV THE ASSOCIATION

4.1 Formation. The Association is a nonprofit corporation formed or to be formed under NRS Chapter 82. The Association shall be charged with the duties and invested with the powers set forth in the Articles, Bylaws, and this Declaration. The Association is not authorized to have, and shall not issue, any capital stock.

4.2 Association Action; Board of Directors and Officers; Members' Approval. Except as to matters requiring the approval of the Members as set forth in the Articles, Bylaws, this Declaration, or Chapter 82 of the Nevada Revised Statutes, the affairs of the Association shall be conducted by a Board of Directors ("Board") and such officers as the Board may elect or appoint in accordance with this Declaration or the Bylaws, or their amendments. Except for the members of the Board appointed by Developer in accordance with this Declaration, the Articles and the Bylaws and the members of the first Board named in the Articles, the Board shall be composed of Members only. All members of the Board must be at least eighteen (18) years of age. The members of the first Board of the Association named in the Articles shall serve until the first meeting of the Members of the Association which is called for the purpose of electing their successors. The first meeting of the Members of the Association shall be held not later than one (1) year after the first conveyance of a Unit to an Owner other than Declarant. Such meeting shall be called, noticed and conducted in accordance with the Articles and the Bylaws. Except as otherwise provided in the Articles, Bylaws, this Declaration, or Chapter 82 of the Nevada Revised Statutes, all matters requiring the approval of Members shall be deemed approved if Members holding a majority of the total voting power assent by written consent as provided in the Bylaws or if approved by a majority vote of a quorum of Members at any regular or special

meeting held in accordance with the Bylaws. The Association shall hold not less than one (1) meeting each calendar year.

4.3 Membership and Voting. The Association shall have one (1) class of voting membership. Each member will be entitled to cast one (1) vote for each Unit owned by the Member. When more than one (1) person holds an interest in any Unit, all such persons shall be Members. The vote for each Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

4.4 Declarant Control of the Association.

4.4.1 Election of Board of Directors. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Owners other than Declarant. Not later than sixty (60) days after the conveyance of the fifty percent (50%) of the Units that may be created to Owners other than Declarant, not less than 33-1/3% of the members of the Board of Directors must be elected by Owners other than Declarant. Not later than the termination of the Control Period set forth in Paragraph 4.4.2, *infra*, the each member of the Board of Directors must have been elected by the Owners as provided in the Bylaws.

4.4.2 Removal of Officers and Directors. Subject to the provisions of this Declaration and the Nevada Revised Statutes, Declarant reserves the right to appoint and remove all of the members of the Board and all of the officers of the Association no later than the earlier of: (i) Until Sixty (60) days after conveyance of seventy-five percent (75%) of the maximum number of units that may be created to Owners other than Declarant; (ii) Five (5) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) Five (5) years after the right to add new Units was last exercised.

4.5 Persons Entitled to Serve on the Board. Except for the members of the Board appointed by Developer in accordance with the Declaration, the Articles and the Bylaws, and the members of the first Board named in the Articles, all members of the Board shall be Members of the Association. An officer, employee, agent or director of a corporation, a trustee or designated beneficiary of a trust, a partner of a partnership, a manager or member of a limited liability company or a fiduciary of an estate may serve as an officer or a member of the Board. In all events where the person serving or offering to serve as an officer of the Association or member of the Board is not the record Owner, such person shall file proof of his or her authority in the records of the Association.

4.6 Transfer of Membership. Each Membership in the Association is appurtenant to a Unit, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such Unit, and then only to the transferee, Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to a Unit shall operate automatically to transfer the appurtenant Membership in the Association to the new owner(s). Prior to any transfer of title to a Unit (including the sale of a Unit under a recorded contract of

sale), either the transferring owner or the acquiring owner shall give notice to the Board of such transfer, including the name and address of the acquiring owner and the anticipated date of transfer.

ARTICLE V POWERS AND DUTIES OF THE ASSOCIATION

5.1 Powers. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to Chapter 82 of the Nevada Revised Statutes, subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation, the following:

5.1.1 Assessments. The Association shall have the power to establish, fix, and levy assessments as set forth in Article VI hereof (herein collectively "Assessments") and to enforce payment of such Assessments in accordance with the provisions of this Declaration.

5.1.2 Rules and Regulations. To enforce the applicable provisions of the governing documents, the Board shall have the right to adopt, repeal and amend reasonable rules and regulations relating to the use of the Common Area and limited common area and any recreational and other facilities situated thereon, by owners and their tenants or guests, and the conduct of such persons with respect to automobile maintenance and parking, outside storage of boats, trailers, bicycles, and other objects, visitors and their length of stay, disposal of waste materials, drying of laundry, control of pets, television and radio antennas, flags signs and other public displays, noise, landscaping, and other activities, which, if not so regulated might detract from the appearance of the community or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the owner whose occupants leave property on the Common Area in violation of the rules, may be assessed to cover the expense incurred by the Association in removing such property and storing and disposing thereof. The Board may provide in such rules for reasonable rental charges to be made with respect to the use of any storage areas or facilities which may exist upon the Common Area, provided that such charge shall, in no way, impose liability upon the Directors or any of its members for damage or loss to property so stored, it being intended that the use of any such, storage area or facility be solely at the risk of the person using the same. Any Rules and Regulations adopted by the Association shall not be inconsistent with or materially alter any provisions of the Governing Documents. A copy of the Rules and Regulations as adopted, amended, or repealed, shall be promptly mailed or otherwise delivered to each Member. In case of any conflict between any provision of the Rules and Regulations and any provisions of the Governing Documents, the conflicting provision of the Rules and Regulations shall be superseded by the provisions of the Governing Documents. If the Association adopts a policy imposing a fine on an Owner for the violation of the Rules and Regulations, the secretary or other officer specified in the Bylaws shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing

address of each Unit or to any other mailing address designated in writing by the Unit's Owner, a schedule of the fines that may be imposed for those violations.

5.1.3 Enforcement. The Association in its own name and on its own behalf any Owner or Owners on their own behalf, and Developer on its own behalf shall have the power and authority to undertake all enforcement measures specified in this Declaration.

5.1.4 Notice Requirements; Right to Hearing. The Association shall have the power and authority to suspend the voting rights, and can assess monetary fines as allowed, against any Owner of a Unit or other person entitled to exercise such Owner's rights or privileges for any violation of this Declaration, the Articles, Bylaws or Rules and Regulations. Before invoking any such suspension or fine, the Board shall give such Owner or other Responsible Party notice of the alleged violation which informs such Owner or Responsible Party of the details of the violation, the amount of the fine and the date, time and location for a hearing on the violation. The Owner or other Responsible Party shall have reasonable opportunity to contest the violation at the hearing. If the violation is a violation of the Rules and Regulations, a copy of the Rules and Regulations under which the violation is alleged must have been given to the violating Owner or Responsible Party at least 30 days before the alleged violation. The Board must hold a hearing before it may impose the fine, unless the Owner or other Responsible Party against whom the fine will be imposed: (a) pays the fine; (b) executes a written waiver of the right to the hearing; or (c) fails to appear at the hearing after being provided with proper notice of the hearing. If a fine is imposed pursuant to this section and the violation is not cured within 14 days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation. Thereafter, the Board may impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.

5.1.5 Suspension of Voting Rights; Fines. The Association does not have the power or authority to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of such Owner's Unit if the Owner does not comply with provisions of this Declaration or of the Articles, Bylaws, or Rules and Regulations, except when the loss or forfeiture is the result of a court judgment, arbitration decision, or a foreclosure or sale under a power of sale based on failure of the Owner to pay Assessments levied by the Association. The Association may not apply the payment of any Assessment that is paid by an Owner toward a fine imposed by the Association against the Owner. If the Articles, Bylaws, or Rules and Regulations so provide, if an Owner, or a tenant or guest of an Owner, does not comply with a provision of this Declaration or the Articles, Bylaws, or Rules and Regulations, the Board may (1) prohibit, for a reasonable time, the Owner from voting on matters related to the Association and using the Common Elements; (ii) prohibit for a reasonable time the tenant or guest of an Owner from using the Common Elements (except that this prohibition shall not prohibit the Owner, or the tenant or guest of the Owner, from using any vehicular or pedestrian ingress or egress to go to or from the Unit, including any area used for parking); or (iii) require the Owner, or the tenant or guest of the Owner, to pay a fine not to exceed \$100.00 for each violation or a total amount of \$500, whichever is less, unless the violation is of a type that threatens the health and welfare of the planned community. The limitations on the amount of the fine do not apply to

charges or costs that may be imposed by the Association if the fine becomes past due. The Association may not foreclose a lien for the assessment of a fine for a violation of this Declaration, the Bylaws, or the Rules and Regulations, unless the violation is of a type that threatens the health and welfare of the residents of the planned community.

5.1.6 Delegation of Powers. The Association, acting by and through the Board, shall have the power, but not the obligation, to delegate its powers, duties, and responsibilities to committees of Members, employees, agents and independent contractors, including a professional managing agent. The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with the operation of the Properties and the enforcement of this Declaration. The Board may appoint a committee, of not less than three (3) Members, to conduct hearings on violations and to impose fines pursuant to Section 5.1.3 above. While acting on behalf of the Board for those limited purposes, the committee and its members are entitled to all privileges and immunities and are subject to all duties and requirements of the Board and its members.

5.1.7 Personal Properties. The Association may acquire and hold for the use and benefit of all the Owners tangible and intangible personal Properties, and may dispose of the same by sale or otherwise.

5.1.8 Other Services and Properties. The Association shall have the power to obtain or pay for, as the case may be, any other Properties, services, taxes, or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of this Declaration, the Articles, or Bylaws, including security services for the Properties generally, or which, in its opinion, shall be necessary or proper for the operation of the Association, and to incur liabilities and make contracts respecting the same.

5.2 Duties of the Association. In addition to the duties delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Board, has the obligation to conduct all business affairs of common interest to all Members and to perform each of the following duties:

5.2.1 Professional Management. The Association may, but shall not be obligated to, engage the services of a professional manager to manage the Properties.

5.2.2 Taxes and Assessments. Each Owner shall pay all taxes and assessments by the taxing authority levied against such Owner's Unit, including any Common Elements thereon, unless such Common Elements are assessed separately from the Unit. If the taxing authority separately assesses any Common Elements within a Unit, then the taxes on such Common Elements shall be paid by the Association. The Association shall pay all taxes and assessments levied against any and all Association Properties or against the Association. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any Properties to satisfy the payment of such taxes.



5.2.3 Insurance. The Association shall obtain and maintain, from reputable insurance companies, the insurance described in Article VII.

5.2.4 Operation and Maintenance of Common Elements. The Association shall operate, maintain, and otherwise budget for and manage or provide for the operation, maintenance, and management of all Common Areas and Common Elements owned by the Association or over which the Association retains a maintenance and access easement as identified in Paragraphs 1.8 and 2.5, *supra*. Each Owner of a Unit on which Common Elements are located grants to the Association and its authorized representatives the right to enter upon the Unit to carry out the duties of the Association set forth in this Declaration. The Association shall have the authority and duty to pay for utilities and services required for the Common Elements. Such operations and management shall be conducted in a first-class manner, and the Common Elements shall be maintained in a good state of repair. In this connection, the Association may enter into contracts for services or materials for the benefit of the Common Elements.

5.2.5 Improvements. The Association shall have the authority and power to construct, improve, repair, and reconstruct Improvements on, over, and under the Common Area that are not inconsistent, with this Declaration and are appropriate for the use and benefit of Members, and to charge for the use thereof as deemed applicable.

5.2.6 Other. The Association shall carry out the other duties of the Association set forth in the Governing Documents.

5.3 Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any Manager, or Developer, or any agent of Developer, shall be personally liable to any Member, or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

5.4 Meetings of Members. Meetings of Members shall be noticed and held as provided in the Articles, Bylaws, and this Declaration.

5.5 Association Books and Records and Association Properties.

5.5.1 Right of Inspection. Except as otherwise provided herein⁵⁶, all Membership registers, accounting records, and minutes of meetings of the Members, the Board, and committees of the Board, and all other books, documents and records of the Association, including, but not limited to, (a) the financial statement of the Association, (b) the Budgets, and (c) the Reserves Study, and (c) the physical properties of the Association, shall be made available for inspection by any Member of the Association, or his, her or its duly appointed representative, or any mortgagee, at any reasonable time and for a purpose reasonably related to Membership in the Association, at the office of the Association or at such other suitable location as the Board prescribes. The right of inspection does not include (a) the personnel records of the employees of the Association; (b) the records of the Association relating to another Owner; or (c)

any other records to which a privilege may apply by operation of statute or common law. The right of inspection shall include the right to make copies of documents, provided that Members shall pay reasonable copying charges not to exceed 125 per page. The Board shall establish by resolution reasonable rules with respect to (a) notice to be given to the custodian of the records of the Association by the Member representative, or mortgagee desiring to make an inspection, (b) hours and days of the week when an inspection may be made which shall include the regular business hours of the Association, and (c) payment of the cost of reproducing copies of documents requested by a Member, a duly appointed representative or mortgagee. It shall be deemed to be a violation of this Declaration for any person other than Developer to use the membership roster of the Association for any commercial or business purpose. If the Board refuses to allow an Owner to review the books, records or other papers of the Association, the ombudsman for owners in common-interest communities may, on behalf of the Owner and upon written request, review the books, records or other papers of the Association during the regular working hours of the Association, and, if the ombudsman is denied access to the books, records and other papers, request the real estate commission to issue a subpoena for their production. The Board shall provide a copy of the records required to be maintained pursuant to this section to the Owner, or the ombudsman for owners in common-interest communities, within 14 days after receiving a written request therefor.

5.5.2 Developer's Obligation to Deliver Association Properties and Records to Board. Within thirty (30) days after Unit owners other than Declarant may elect a majority of the Board, Declarant shall deliver to the Association all books and records and properties of the Owners and of the Association held by or controlled by Declarant, including:

(a) The original or a certified copy of the Declaration, the Articles, the Bylaws, minute books and other books and records of the Association and any Rules and Regulations which may have been adopted;

(b) An accounting for money of the Association and financial statements from the date the Association received money. The financial statements shall fairly and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles;

(c) The Association's money in the possession of the Declarant;

(d) All of the tangible personal Properties that has been represented by the Declarant to be Association Properties or, all tangible personal Properties that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Area, and inventories of those properties; unless Declarant has disclosed in a public offering statement or otherwise in writing prior to the execution of a binding purchase contract for each Unit sold by a Declarant that such personal Properties will remain the Properties of Declarant;

(e) All insurance policies then in force, in which the Owners, the Association, or its directors or officers are named as insured persons;

(f) Any permits and approvals issued by governmental bodies applicable to the Properties which are in force;



(g) Written warranties of the contractor, subcontractors, suppliers and manufacturers applicable to the Common Area that are still effective;

(h) A roster of Owners and mortgagees of Units, if known, and their addresses and telephone numbers, if known, as shown on Declarant's records;

(i) Any contract for service in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services.

ARTICLE VI ASSESSMENTS

6.1 Agreement to Pay. Declarant, for each Unit owned by it, and each Owner for each Unit owned by such Owner, hereby covenants and agrees to pay to the Association such Assessments as are made pursuant to this Declaration. Upon request by an Owner, any lender holding a security interest in a Unit ("Mortgagee") or regulatory authority issuing a permit to sell Units within the Properties, the Association shall furnish a statement certifying that all Assessments, or subsidy payable under a Subsidy Agreement, which are due and payable have been paid or indicating the amount then due. The Association shall not be required to transfer memberships on its books or records or to allow the exercise of any rights or privileges of membership, including, without limitation, voting rights, on account thereof to any Owner or Member or to any person claiming under any of them unless or until all assessments and charges due hereunder are current or brought current.

6.2 Personal Obligations. Each Assessment or installment thereof, together with any late charges, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the Owner(s) of the Unit at the time such Assessment (or installment) became due and payable. If there is more than one Owner of the Unit, the personal obligation to pay such Assessment (or installment) respecting such Unit shall be both joint and several. Subject to the provisions of Section 9.3 hereof, a grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the Unit, up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee for such Assessments. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such personal obligation by non-use or abandonment of his Unit.

6.3 Purpose and Amount of Assessments. The Assessments levied by the Association shall be the amount estimated to be required, and shall be used exclusively, to promote the health, safety, and welfare of the Members of the Association, for the performance of the duties of the Association as set forth in this Declaration, and for the repair, maintenance and upkeep of the Common Area and any Association Properties. The initial monthly maintenance assessment is set forth on Exhibit "~~Q~~" attached hereto.

A

6.4 Annual Assessments.

6.4.1 Definitions. As used herein, "Annual Assessment" shall mean the amount of the Association budget ("Budget") for each fiscal year to pay the Common Expenses (defined below) as established pursuant to the provisions of this Article. As used herein, "Common Expenses" means the expenditures made by the Association in the performance of its obligations hereunder, and the financial liabilities of the Association during the applicable fiscal year, including an allocation to reserves, and shall include, but are not limited to, expenditures for the following purposes: (i) to operate, manage, maintain and repair the Common Area, and to administer the operation of the Association; (ii) to provide for adequate reserves funded on a reasonable basis consistent with the Nevada Revised Statutes and sound business practice for the repair, replacement and restoration of the Improvements to the Common Area, and for such other purposes as are consistent with good business practice, excluding daily maintenance; and (iii) to provide for the possibility that some Assessments may not be paid on a current basis. Without limiting the generality of the foregoing, Common Expenses shall include: all charges, costs, and expenses whatsoever incurred by the Association for or in connection with the Association administration, including, but not limited to, the maintenance of the Common Area; any taxes and assessments separately assessed against any Common Area, any taxes assessed against the Association itself, insurance premiums, including fire and other casualty insurance, liability insurance, workman's compensation insurance, and other insurance obtained pursuant to this Declaration; payment of any liability of the Association whatsoever for loss or damage arising out of or in connection with the Common Area or any fire, accident, or nuisance occurring within the Common Area; the cost of repair, rebuilding and replacement of the Improvements to the Common Area; the cost of all utility services to the Common Area, including water, electricity, refuse removal, landscape maintenance services, and any other similar service attributable to the Common Area; the unpaid share of any Assessment levied during the previous fiscal year against any Owner who has defaulted in payment thereof to the extent that the same becomes uncollectible; accounting and legal fees, management fees, and cleaning, janitorial and lawn care fees, and other necessary expenses of upkeep, maintenance, management and operation incurred with respect to the Common Area and the Improvements thereon. The Budget shall include a line item for the daily operation of the Association and a line item for a reserve for the repair and replacement of the major components of the Common Elements, and such reserve may be used only for Common Expenses that involve major repairs or replacement, including, without limitation, repairing and replacing roads and sidewalks, and must not be used for daily maintenance.

6.4.2 Procedure for Establishing Annual Assessments; Allocation. The initial monthly assessment is set forth on Exhibit "A" attached hereto. Thereafter, not less than ninety (90) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of preparing the proposed Budget of the Common Expenses (defined below) for the next succeeding fiscal year and establishing the Annual Assessment for such fiscal year. The Board shall, not less than thirty (30) days nor more than sixty (60) days before the beginning of the fiscal year of the Association, prepare and distribute to each Owner a copy of:

(a) The Budget for the daily operation of the Association which must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve account of the Association; and

(b) The Budget to maintain the reserve.

The Board shall set a date for a meeting of the Members to consider ratification of the Budget, which date shall be not less than thirty (30) nor more than sixty (60) days prior to the date of the meeting. Such meeting of the Members may be one of the annual meetings of the Members or a special meeting of the Members called for such purpose. Unless at that meeting sixty-six and two-thirds percent (66-2/3%) of the voting power of the Association votes to reject the proposed Budget, the Budget shall be deemed ratified by the Members, whether or not a quorum is present at such meeting. If the proposed Budget is so rejected, the Budget last ratified by the Members shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Board in the manner provided in this Section 6.4.2. The Annual Assessments shall be allocated among the Units within the Properties on the date the Annual Assessment for the applicable fiscal year is deemed approved.

6.4.3 Assessment Period; Commencement of Annual Assessments; Obligation for Pro-rata Share of Annual Assessment. The Annual Assessment period shall coincide with the fiscal year of the Association, which shall commence on January 1 of each year and shall terminate on December 31 of such year; provided, however, that the initial Annual Assessment period shall commence on the first day of the calendar month following the date on which the first deed wherein Developer conveys a Unit is recorded ("Assessments Commencement Date"). The first Annual Assessment and any Special Assessment made during the year in which the Assessments Commencement Date occurs shall be adjusted according to the number of months remaining in the fiscal year and shall be payable in equal monthly installments unless the Board adopts some other basis for collection. The initial annual assessment shall be assessed to the Owners of Units in Building 1 at the rates and amounts as shown in Exhibit "A." The obligation for annual assessment for the subsequent buildings and/or Units will commence on the later of the occurrences specified in Section 2.5, *supra*. Each Unit owner's pro rata share of the total amount assessed will change as shown on Exhibit "A" as additional Units and Common Area are completed.

6.5 Special Assessments. If the Board determines that the estimated total amount of funds necessary to defray the Common Expenses for a given fiscal year is or will become inadequate to meet the Common Expenses for any reason, including, but not limited to, delinquencies in the payment of Assessments, the need for major repair, restoration, replacement or maintenance of Common Areas beyond those provided in the budget and reserve analysis, or in the event the Association has insufficient reserves to perform its obligations under this Declaration, then the Board shall determine the approximate amount of such shortfall, shall provide a summary thereof to all of the Owners with the Board's recommendation for a special assessment ("Special Assessment") to meet such shortfall, and shall set a date for a meeting of the Owners which is not less than fourteen (14) nor more than thirty (30) days after the mailing of the summary. Unless at that meeting a majority of all Owners votes to reject the proposed

Special Assessment, the proposed Special Assessment shall be deemed ratified by the Owners, whether or not a quorum is present at such meeting, and shall become a Special Assessment against, and allocated equally to, the Owners of the Units. The Board may, in its discretion, provide for payment of any Special Assessment in any number of installments or provide that it is payable in one (1) installment within such time period as the Board deems reasonable.

6.6 Rate of Assessment; and Commencement of Annual Assessments. Except as otherwise specifically provided in this Declaration, all Assessments levied by the Association must be fixed at an equal rate per square foot for all Units; and the amount assessed to each Unit shall be determined by pro-rating the total assessment against the pro rata share of the total square feet of building improvements for each Unit subject to this Declaration as set forth on Exhibit "A".

6.7 Notices of Assessments; Delinquencies. Any Assessment installment hereunder which is not paid within fifteen (15) days following the date it is due shall be deemed delinquent. All delinquent Assessments shall bear interest at the rate of twelve percent (12%) per annum from the date the Assessment becomes delinquent hereunder until paid, and, in addition, a late charge of \$25.00 shall be due for each delinquent installment. The Association shall give written notice of all Assessments to the Owners of the Units, which notice shall specify the amount of the Assessment and the date or dates payment of the same is due and shall be given in the manner provided for notices in this Declaration. One notice of an Assessment shall be sufficient to meet the requirements of this paragraph, even though the Assessment may be payable in installments. Failure of the Association to give notice of any Assessment shall not affect the liability of the Owners of the Unit for such Assessment; provided, however, that the date when payment of the first installment of such Assessment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given, and the first installment of such Assessment shall not be deemed delinquent until fifteen (15) days after such deferred due date.

6.8 Statement of Account. Upon payment of a reasonable fee, not to exceed Twenty-Five and 00/100 Dollars (\$25.00), and upon written request of any Owner or any mortgagee, prospective mortgagee, or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit, the amount of the current periodic assessment, and the date that such assessment becomes or became due, and if there is any credit for advance payments. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within ten (10) business days following receipt of the written request and fee, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a mortgagee which acquired its interest subsequent to requesting such statement.

6.9 Collection of Assessments. The right to collect and enforce Assessments is vested in the Board acting for and on behalf of the Association. The Board or its authorized representative can enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may

enforce by judicial proceedings or, to the extent permitted by applicable law, through the exercise of the power of sale granted to the Board pursuant to applicable statutes and laws, and this Declaration, subject to the applicable provisions of MRS Chapter 38, a suit to recover a money judgment against an Owner for unpaid assessments together with all other amounts due hereunder, shall be maintainable without first foreclosing against the Unit which is subject to the lien for such assessment or waiving the lien rights granted hereby.

6.10 Lien for Assessments; Priority. All sums assessed to any Unit pursuant to this Declaration, and all fines imposed by the Association against the Owners of a Unit, together with interest thereon as provided herein, shall be secured by a lien on such Unit in favor of the Association from the date the Assessment or fine becomes due. If an Assessment or fine is payable in installments, the full amount of the Assessment or fine is a lien from the time the first installment thereof becomes due. Such lien shall be prior to all other liens and encumbrances on such Unit, except for: (a) valid tax and special assessment liens in favor of any governmental assessing authority; (b) liens and encumbrances recorded before the recordation of the Declaration; and (c) a deed of trust (defined in Article IX below) which is senior in priority to all other Deeds of Trust encumbering the Properties ("First Deed of Trust") which is recorded before the date on which the Assessment or fine sought to be enforced became delinquent. The lien created by this Declaration for unpaid Annual Assessments is also prior to a First Deed of Trust to the extent of the amount of such Annual Assessments which would have become due during the six (6) month period immediately preceding institution of an action to enforce the lien created hereunder. A lien of unpaid Assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the Assessments becomes due. The Association may not foreclose a lien by sale for the assessment of a fine for a violation of the Declaration, Bylaws or the Rules and Regulations, unless the violation is a type that threatens the health, safety or welfare of the residents of the Properties.

6.11 Enforcement of Lien.

6.11.1 Notice of Delinquent Assessment and Notice of Default. The Association may foreclose its lien by sale after:

(a) The Association has caused to be recorded with the County Recorder of the county in which the Properties or any part thereof is situated ("the County Recorder"), a notice of delinquent assessment (herein "Notice of Delinquent Assessment"), which states the amount of the Assessments or fines which are due together with all interest and late charges thereon in accordance with the provisions of this Declaration, a description of the Unit against which the lien is imposed, and the name of the record Owner of the Unit; and

(b) Not less than thirty (30) days after mailing the Notice of Delinquent Assessment pursuant to subparagraph (a) above, the Association or other person conducting the sale has executed and caused to be recorded with the County Recorder, a notice of default and election to sell the Unit to satisfy the lien ("Notice of Default"), which shall contain the same information as the Notice of Delinquent Assessment, but which shall also describe the deficiency in payment and the name and address of the person authorized by the Association to enforce the lien by sale; and

(c) The Owners of the Unit or their successors in interest have failed to pay the amount of the lien, including interest and late charges, and costs, fees and expenses incident to its enforcement for a period of ninety (90) days which commences on the first day following the later of:

(i) The day on which the Notice of Default is so recorded; and

(ii) The day on which a copy of the Notice of Default is mailed by certified or registered mail, return receipt requested, to the Owners of the Unit or their successors in interest at their address if known, or otherwise to the address of the Unit.

6.11.2 Notice of Sale. The Association or other person conducting the sale shall, at any time after the expiration of such ninety (90) day period and before selling the Unit, give notice of the time and place of the sale ("Notice of Sale") in the manner and for a time not less than that required by law for the sale of real Properties upon execution, except that a copy of the Notice of Sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the Owners of the Unit or their successors in interest, at their address if known, or otherwise to the address of the Unit. Such sale shall be conducted in any manner permitted by law. Each Owner who is liable for payment of the Assessment shall be required to pay the costs and expenses of such foreclosure proceeding including, but not limited to, the cost of preparation of all notices (whether or not such notice has been given to the Owners at the time payment is made), reasonable attorneys' fees, and title insurance costs.

All such costs and expenses of the foreclosure, including attorney's fees incurred by the Association, shall be secured by the lien being foreclosed. Each Owner who is liable for payment of the Assessment shall be liable for any and all Assessments against such Owner which shall become due during the period of foreclosure and any reinstatement by such Owner shall include such amounts. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Unit. The Association shall be entitled to bid on credit up to and including the amount secured by the lien being foreclosed.

A further notice stating the satisfaction and release of any such lien shall be executed by the Association and recorded in the Douglas County, Nevada~ real estate records, upon payment of all sums secured by such lien.

Any encumbrancer holding a lien on a Unit may, but shall not be required to, pay any amounts secured by a lien for unpaid assessments, and upon such payment, such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including rights of priority.

6.12 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves must be paid to the Owners in proportion to their liabilities for Common Expenses or credited to them to reduce their future assessments for Common Expenses.

ARTICLE VII INSURANCE

7.1 Casualty Insurance. The Association shall obtain a master policy of insurance equal to full replacement value (i.e., 100% of current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage) on all insurable Improvements upon the Common Area, and, to extent reasonably available, on all elements over which it maintains an access and maintenance easement and obligation for repair as stated in Paragraphs 1.8 and 2.5, *supra*. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association shall comply with the above requirements by the purchase of a policy containing such coverage with "deductible" provisions as in the Association's opinion are consistent with good business practice.

7.2 Liability Insurance. The Association shall purchase broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Such coverage shall be in an amount generally required by private institutional mortgage investors for projects similar in construction, location, and use, and in no event shall be less than \$1,000,000.00 for bodily injury, including deaths of persons and Properties damage arising out of a single occurrence. To the extent the same is reasonably available, the liability insurance policy shall name as separately protected the Declarant, the Unit Owners and the successors and tenants of the Unit Owners, the Association, the Board, and their representatives, members, and employees, and shall insure against liability arising out of the maintenance or use of any Common Area or Common Elements, whether or not the same is owned by the Association. Every policy of insurance obtained by the Association shall contain an express waiver, if available, of any and all rights of subrogation against Declarant, the Unit Owners and the successors and tenant of the Unit Owners, the Association, the Board, and their representatives, members, and employees. After Declarant has no further interest in any portion of the Properties, then the above insurance provisions regarding such Developer shall not apply.

7.3 Workmen's Compensation and Employer's Liability Insurance. The Association shall purchase workmen's compensation and employer's liability insurance and all other similar insurance in respect of employees of the Association in the amounts and in the forms now or hereafter required by law.

7.4 Fidelity Insurance. The Association may purchase insurance covering officers and employees of the Association and employees of any manager or managing agent, whether or not any such persons are compensated for their services, against dishonest acts on their part, or in lieu thereof, a fidelity bond, naming the Association as obligee, written in an amount equal to at least the estimated maximum of funds, including reserves in the custody of the Association or the managing agent at any give time during the term of the fidelity bond, provided, however, that the bond shall not be less than a sum equal to three (3) months aggregate assessments on all Units, plus reserve funds.

7.5 Other Insurance. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Properties,

including any personal Properties of the Association located thereon. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for PUP projects established by FNMA and/or FHLMC, as applicable, so long as either or both of them are a mortgagee or Owner of a Unit except to the extent such coverage is not available or has been waived in writing by FNMA or FHLMC, as the case may be,

7.6 Premiums and Reviews. Premiums for all of the foregoing insurance carried by the Association shall be a Common Expense and shall be included in the Budget. The Board shall review the limits of all insurance policies of the Association at least once a year and adjust the limits as the Board deems necessary or appropriate.

7.7 Form. Casualty insurance shall be carried in a form or forms naming the Association the insured. Each policy shall also provide that it cannot be canceled by either the insured or the insurance company until after ten (10) days' written notice is first given to the Association and to each first mortgagee. All policies of insurance shall provide for a waiver of subrogation by the insurer as to claims against the Association, the Board, employees, and agents, and against each Owner and each Owner's employees, agents, and guests, and shall provide that the insurance cannot be canceled, invalidated, or suspended on account of the conduct of the Association, the Board, employees, and agents or of any Owner or such Owner's employees, agents, or guests, and shall provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or mortgagee and that the insurance policy shall not be brought into contribution with insurance maintained by any Owner or mortgagee.

7.8 Owner's Insurance Responsibilities. The following insurance coverages shall be the responsibility of each respective Owner: insurance on items of personal Properties placed in an Improvement by Owner; insurance for hazard, casualty and public liability coverage within each Unit, including, without limitation, all structures located therein; and insurance coverage for activities of the Owner, not acting for the Association, with respect to the Common Area.

ARTICLE VIII ARCHITECTURAL CONTROL

8.1 Design Standards. The Association reserves the right to adopt, by a separate instrument, building and landscaping standards for the Improvements to be constructed within the Properties ("Design Standards"). The Design Standards may be, but are not required to be, recorded as a Supplement to this Declaration, Each Owner shall be bound by the Design Standards in effect on the date such Owner acquired title to his, her or its Unit. No additions or modifications to the Design Standards shall affect existing Improvements or Improvements under construction. For purposes of this Section, Improvements under construction shall include Improvements for which plans have been submitted to and approved by the governing body.

8.2 Architectural Committee.

8.2.1 Organization. The Board has the right, but not the obligation, to appoint an Architectural Committee. The Architectural Committee shall be comprised of three (3)

members appointed by the Board, and such members need not be Owners or Members. Until and unless the Board acts to appoint such a committee, the full Board shall be the Architectural Committee.

8.2.2 Duties. It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Association, and to carry out all other duties imposed upon it by this Declaration.

8.2.3 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Architectural Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee may charge a reasonable filing fee to be used to pay an architect, who may or may not be a member of the Architectural Committee, to review the submitted plans and specifications. On the date of recordation of the Declaration, and until a different amount is by the Board, the fee is \$500. The Board may reimburse members for reasonable expenses incurred by them in the performance of any Architectural Committee function.

8.2.4 Architectural Committee Rules. The Architectural Committee may from time to time and in its discretion subject to approval of the Board adopt, amend, and repeal rules and regulations to be known as "Architectural Committee Rules" in addition to the provisions of this Declaration, which Architectural Committee Rules shall set forth procedural rules for the submission of plans, fees to be charged, and reasonable restrictions relating to construction activities within the Properties. The Architectural Committee Rules, as they may from time to time be adopted, amended, or repealed, shall be a part of the Design Guidelines and maintained in the office of the Association and shall be available for inspection and copying by any Owner or any Beneficiary at any reasonable time during the business hours of the Association.

8.2.5 Application for Approval of Plans and Specifications. Any Owner of a Unit proposing to make any Improvements or to perform any work that requires the prior approval of the Architectural Committee shall apply to the Architectural Committee for approval by notifying the Architectural Committee of the nature of the proposed work. Prior to the commencement of construction, the Owner shall submit to the Architectural Committee for its review and approval such information and materials as the Architectural Committee in the exercise of its reasonable discretion deems necessary for it to be adequately informed with respect to the work to be undertaken by such Owner. All plans and specifications submitted for the construction of a residence or any Improvements must be prepared by an architect licensed in the State of Nevada. Procedure for submission of plans shall be in accordance with the Architectural Committee Rules.

8.2.6 Basis for Approval or Disapproval. The Architectural Committee shall grant the required approval only if:

(a) The Owner shall have strictly complied with the provisions of Section 8.2.5 and the Architectural Committee Rules; and

(b) The Architectural Committee finds that the plans and specifications conform to this Declaration, the Design Standards and to the Architectural Committee Rules in effect at the time such plans were submitted to the Architectural Committee; and

(c) The Architectural Committee in its reasonable discretion determines that the proposed Improvements would be compatible with the other Properties in the Properties and the purposes of the Declaration as to the quality of workmanship and materials, as to harmony of external design with existing structures.

Any disapproval shall be specific as to the reasons therefor. The Architectural Committee may disapprove any application on aesthetic grounds, and more specifically because of: (a) the reasonable dissatisfaction of the Architectural Committee with (i) the Improvement proposed to be erected, (ii) the materials of which an Improvement is to be built, (iii) the harmony of the Improvement with its surroundings, or (iv) any additional maintenance, repair or replacement burden such Improvement would impose upon the Association; or (b) non-compliance with any of the specific conditions and restrictions contained in this Declaration; or (c) non-compliance with the Design Standards which the Architectural Committee may adopt. It is understood and agreed that the Properties is intended to be an architecturally integrated community and the basis for the disapproval of plans by the Architectural Committee may be based on the style and character of previously constructed residential structures within the Properties.

8.2.7 Form of Approval. All approvals or disapprovals by the Architectural Committee shall be in writing; provided, however, any request for approval which has not been rejected within sixty (60) days from the date of submission thereof to the Architectural Committee shall be deemed approved.

8.2.8 Waiver and Variances. The approval by the Architectural Committee of any plans, drawings, or specifications for any work done or proposed or for any other matter requiring the approval of the Architectural Committee under this Declaration shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval. The Architectural Committee may grant variances or adjustments from the provisions of this Article VIII where, in the sole and absolute judgment of the majority of the Architectural Committee, literal application of these provisions will result in unnecessary hardship and the granting of such variances or adjustments will not be materially detrimental or injurious to other Owners' Units.

8.2.9 Liability. Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other person for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) with respect to the construction or performance of any work, whether or not such performance complied with approved plans, drawings, and specifications; (c) the

development of any Properties subject to this Declaration. Without limiting the generality of the foregoing, the Architectural Committee and any member thereof may, but it is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee,

8.3 Enforcement. The Design Standards shall be enforced by the Architectural Committee, or if none has been appointed, by the Board. The Board shall be entitled, under this Declaration, to assess fines and enforce the Design Standards and the decisions of the Architectural Committee in the same manner as the Board enforces this Declaration with respect to the Members.

ARTICLE IX PROTECTION OF LENDERS

9.1 Encumbrance of Parcels Permitted. Any Owner may encumber such Owner's Unit with a mortgage or deed of trust (collectively, "Deed of Trust"); provided that in no event shall foreclosure under any Deed of Trust impair the rights of any Owner or the Association with respect to any portions of the Common Area which are located within the Unit being foreclosed.

9.2 Subordination. Except as provided otherwise by Article VI hereof, any lien created or claimed under Article VI of this Declaration is subject and subordinate to the lien of any First Deed of Trust encumbering any Unit, unless the priority of such First Deed of Trust is expressly subordinated to such assessment lien by a written instrument duly recorded.

9.3 Non-Liability for Unpaid Assessments. Any beneficiary of a First Deed of Trust who acquires title to a Unit pursuant to the judicial or non-judicial foreclosure remedies provided in the First Deed of Trust shall take the Unit free of any claims for unpaid assessments or Association charges against the encumbered Unit that accrue greater than six (6) months prior to the time such beneficiary so acquires ownership of the Unit; provided, however, after the foreclosure of any such First Deed of Trust, such Unit shall remain subject to the Declaration; and the amount of all Assessments, to the extent they relate to expenses incurred subsequent to such foreclosure sale, shall be assessed hereunder to the grantee or purchaser thereunder.

9.4 Breach of Covenants. A breach by an Owner of any of the provisions of this Declaration, shall not defeat or render invalid the lien of any First Deed of Trust made in good faith and for value as to the Properties or any portion thereof; provided, however, the provisions of this Declaration shall be binding upon the Owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

ARTICLE X SPECIAL DEVELOPER'S RIGHTS

10.1 General. Developer may be undertaking the work of constructing Improvements to and upon the Properties. The completion of such construction and the sale or other disposition of Units within the Properties is essential to the establishment and welfare of the Properties as a planned community. The covenants contained in this Article X are personal to Developer.

10.2 Special Developer's Rights. Developer hereby reserves unto itself the rights, but not the obligations, to:

10.2.1 Complete all Improvements within the Properties, including, but not limited to, those indicated on plats or plans or described in this Declaration;

10.2.2 Maintain at least one (1) sales office and management office within the Properties which may be relocated from time to time,

10.2.3 Maintain signs advertising the Properties, which signs may be maintained anywhere on the Properties, excluding Units owned by Owners other than Developer;

10.2.4 Use easements throughout the Common Area and the utility easements within the Units for the purpose of making Improvements within the Properties; and

10.2.5 Appoint or remove any officer of the Association or any member of the Board at any time and from time to time prior to the Developer's termination of its right to appoint members to the Board of Directors in conformance with Section 4.5 above.

10.3 Limitations on Exercise of Special Developer's Rights. Nothing in this Article shall give the Developer the right to damage any Unit or Improvement not owned by Developer or interfere unreasonably with the Owners' use of the Common Areas; and Developer's right to so use the Properties shall terminate upon the later of (i) the final completion of construction of the Common Area Improvements, or (ii) at such time as Developer no longer owns any interest in the Properties.

ARTICLE XI MISCELLANEOUS PROVISIONS

11.1 Unilateral Amendment By Declarant: Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) required by an institutional or governmental lender, or guarantee company, or purchaser of mortgage loans, to enable such entity to make or guarantee or purchase mortgage loans on the Units; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (v) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as Declarant still owns property described in Exhibit "A" or Exhibit "B" for development as part of the Project, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon the rights of any Owner.

11.2 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This

Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than two-thirds (2/3) of the members, and thereafter by an instrument signed by the Secretary of the Association certifying that the amendment has been approved by a vote of not less than two-thirds (2/3) of the members and that the vote was taken in accordance with the Nevada Revised Statutes and the governing documents of the Association. Any amendment must be recorded.

11.3 Enforcement and Waiver.

11.3.1 Owner's Right of Enforcement. In addition to the rights of enforcement granted to the Association pursuant to the provisions of Section 5.1.3 hereof, any Owner shall have the right (but not the duty) to enforce any and all of the covenants, conditions, and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any of the Properties. Except as expressly provided herein, nothing herein shall be construed as creating a third party beneficiary contract in favor of parties who are not Owners or Eligible Mortgage Holders.

11.3.2. Owner Liability for Damage to Common Area. Each owner shall be liable to the Association for any damage to the Common Area or to any of the equipment or improvements thereon which may be sustained by reason of the conduct of said owner or of his family members, his relatives, guests, or invitees, both minor and adult. Said owner shall be assessed by the Board for the cost of repair or replacement thereof, together with costs and attorneys fees, such assessment to be due and payable within 30 days after written notice thereof by the Board. In the case of joint ownership of a Unit, the liability of such owners shall be joint and several. In the event of personal injury or property damage sustained by any one person while physically within a unit or private balcony, patio or limited common area thereof, and in the further event the Association or any other owner shall be sued or a claim made against him for said injury or damage, the owner(s) of the units in which said injury or damage shall occur, shall fully indemnify and hold harmless the Association and any such other owners against whom such claim shall be made and shall further defend any such other owners at their own expense in the event of litigation of such claim; provided, however, that such protection shall not extend to any other owner whose own negligence may have caused or contributed to the cause of any such injury or damage.

11.3.3. Owner's Responsibility for Lessees, Renters, Guests, and Invitees. It shall be the duty of the owners to comply with these CC&Rs and the Rules and Regulations, including any amendments thereto ("Rules"). It shall also be the duty of the owner to ensure that all persons who occupy his unit comply with these CC&Rs and the Rules. Any owner who allows another to occupy his unit, whether as a lessee, renter, guest, licensee or otherwise, shall advise such person in writing that the unit, and all persons occupying the unit, are subject to the governing documents and to the Rules and Regulations, including any amendments thereto ("Rules"). It shall be the duty of the owner to provide a written copy of the Rules to any persons occupying the unit. Any lease entered into after the recording date of this amendment shall expressly require the lessee to abide by this Declaration and the Rules.

11.3.4 Violations and Nuisance. Every act or omission whereby a covenant, condition, or restriction of the Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action.

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

11.3.6 Damages, Costs, and Attorney's Fees. If a violation of the governing documents or Rules continue after the owner has received written notice of the violation, the owner may be joined in any suit in law or equity, or arbitration or other proceeding, instituted by the Association to enforce the provisions of these governing documents or Rules. In the event that the Association is the prevailing party in any suit in law or equity, or arbitration or other proceeding, instituted to enforce this Declaration or Rules, the owner and the violating party, if not the owner, shall be responsible for damages that shall include costs to correct the violation, if any, and all costs and attorney's fees associated with the proceedings. These provisions apply regardless of whether the violation was caused by the owner or by some other person occupying the owner's unit, and regardless of whether the judgment, decision or award was entered against the owner or against a person other than the owner who caused the violation. If any amount awarded to the Association as the prevailing party, whether denoted as damages, costs, attorney's fees or otherwise, shall go unpaid, the same shall be assessed to the owner, and the assessment may be enforced in accordance with Article VI of these CC&Rs.

11.3.7 Remedies Cumulative. Each remedy provided by the Declaration is cumulative and not exclusive.

11.3.8 Non-waiver. The failure to enforce the provisions of any covenant, condition, or restriction contained in the Declaration shall not constitute a waiver of any right to enforce any such provisions or any other provisions of the Declaration.

11.3.9 Alternative Dispute Resolution. Any dispute arising out of this Declaration or the rights and obligations provided therein, or any acts or omissions of the Association, its members or Board of Directors, shall be submitted for alternative dispute resolution through the Nevada Department of Business and Industry, Division of Real Estate (the "Division") to the extent the Division has jurisdiction of such dispute pursuant to NRS 38.300 et seq.

11.4 The Owner's Liability for Assessments. Upon the conveyance, sale, assignment, or other transfer of a Unit to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Unit after notification of the Association of such transfer in the manner provided in Sections 4.8 and 11.5 hereof and the payment of a transfer fee as provided in Section 4.8 hereof. No person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration.

11.5 Notices. All notices hereunder to the Association or the Board shall be sent by regular mail, or registered or certified mail, return receipt requested, addressed to the Board at the address of the Manager, or to such other place as the Board may designate from time to time by notice in writing to the Owners of all of the Units. Until the Owners are notified otherwise, all notices to the Association or to the Board shall be addressed as follows:

WALLPORT INDUSTRIAL PARK
P.O. Box 1837
Minden, Nevada 89423

All notices given by the Association to any Owner shall be sent by regular mail, or by registered or certified mail, return receipt requested, to such Owner's Unit address or to such other address as may be designated by such Owner from time to time, in writing, to the Board. All notices to Eligible Mortgage Holders shall be sent by registered or certified mail, return receipt requested, at the address to which such Eligible Mortgage Holder has last requested that notice be sent by notifying the Association in the manner provided in this Section 11.5.

All notices shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

11.6 Approvals. Any consent or approvals by the Board or Architectural Committee shall be in writing.

11.7 Construction and Severability; Singular and Plural; Titles.

11.7.1 Restrictions and Easements Construed Together. All of the covenants, conditions, restrictions and easements of this Declaration shall be liberally construed together to promote the purposes of this Declaration as set forth herein.

11.7.2 Restrictions and Easements Severable. The covenants, conditions, restrictions and easements contained in this Declaration shall be deemed independent and severable; and the invalidity or partial invalidity of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

11.7.3 Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter, as the context requires.

11.7.4 Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions of any paragraph.

11.8 Assignment of Powers. Any portion or all rights and powers of Developer provided for in this Declaration and any modification or amendment hereof may be delegated, transferred, assigned, conveyed or released by Developer to the Association from time to time,



and the Association shall accept the same upon the recording of a notice thereof and the same shall be effective for the period and to the extent stated therein.

11.9 Adjustment of Amounts. All sums of money referenced herein by specific dollar amounts may be adjusted by the Board using the Consumer Price Index (or replacement index) for the San Francisco Bay Area, "all items" category ("Index"). The "base month" shall be the month this Declaration is recorded. The "comparison month" shall be the month of the most recently published Index at the time the adjustment is made.

ARTICLE XII PARTY WALLS

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

12.2 Sharing of Repair and Maintenance. To the extent the party wall is also a bearing wall, responsibility for repair and maintenance shall rest with the Association in accordance with the provisions of this Declaration. The cost of reasonable repair and maintenance of non-bearing party walls shall be shared equally by the Owners of the Improvements connected by such party walls.

12.3 Destruction By Fire Or Other Casualty. If a party wall is destructed or damaged by fire or other casualty, any Owner whose Improvement is affected thereby may restore it, and the other Owner whose Improvement is connected thereto shall contribute equally to the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

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

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

12.6 Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, then such dispute shall be submitted to and determined by arbitration. Each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator. The decision shall be by a majority of all arbitrators, in accordance with the American Arbitration Association Commercial Rules of Arbitration.



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

WALLPORT, LLC

By: Steve Holton
Steve Holton

STATE OF NEVADA)
) ss.
COUNTY OF DENVER)

On 21 August, 2006, personally appeared before me, a notary public, Steve Holton, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that she executed the instrument.

Cynthia L. Edwards
NOTARY PUBLIC

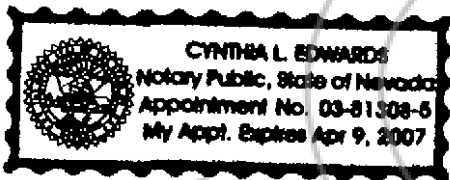


EXHIBIT "A"

PURSUANT TO Section 2.1 AND Section 6.4.2 OF THIS DECLARATION,
THIS EXHIBIT IS ATTACHED HERETO AND MADE A PART HEREOF

Unit #	Pro-rata share of Annual Assessment (approximate) (based on square footage of Unit compared to square footage of all completed Units)	Estimated Initial Monthly Maintenance Charge (through 30 June 2007)
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Building 1 only		
Unit #		
1	7.46%	\$127.98
2	14.92%	\$255.97
3	14.92%	\$255.97
4	17.91%	\$307.16
5	14.92%	\$255.97
6	14.92%	\$255.97
7	14.92%	\$255.97
		\$1,715 (Total)

Buildings 1 and 2 only		
Unit #		
1	5.26%	
2	10.51%	\$TBD
3	10.51%	
4	12.61%	
5	10.51%	
6	10.51%	
7	10.51%	
8	14.78%*	
9	14.78%*	

* based on estimated unit size of 4500 sq.ft. each for Building 2 – actual percentages depend on as-built dimensions of Units in Building 2



EXHIBIT "A" Continued

Buildings 1, 2 and 3	
Unit #	
1	3.10%
2	6.17%
3	6.17%
4	7.40%
5	6.17%
6	6.17%
7	6.17%
8	8.67%*
9	8.67%*
10	3.10%*
11	6.17%*
12	6.17%*
13	7.40%*
14	6.17%*
15	6.17%*
16	6.17%*

* Based on estimated total square footage of 51,880 for all Units. Actual percentages depend on as-built dimensions of Units in Buildings 2 and 3

STBD

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EXHIBIT 'C'

BEING A PORTION OF BLOCK K AS SHOWN ON THE FINAL MAP #1015-2 FOR CARSON VALLEY BUSINESS PARK PHASE 2, RECORDED IN THE OFFICE OF THE DOUGLAS COUNTY RECORDER, STATE OF NEVADA, ON SEPTEMBER 3, 1998, IN BOOK 998, AT PAGE 562, AS FILE NO. 448664, OFFICIAL RECORDS FURTHER DESCRIBED AS FOLLOWS:

LOTS 1 THROUGH 7 AND LOT A (COMMON AREA) TOGETHER WITH THE REMAINDER PARCEL AS SHOWN ON THE RECORD OF SURVEY #1 FOR WALLPORT INDUSTRIAL PARK, IN THE COUNTY OF DOUGLAS, STATE OF NEVADA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY ON AUGUST 8, 2006 IN BOOK 0806 PAGE 2533 AS DOCUMENT NO. 681475 OF OFFICIAL RECORDS.

