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07/07/2008 12:28 PM Deputy: SD

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Page: 1 Of 30 Fee: 68.00
BK-0708 PG- 933 RPTT: 0.00



DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
COFFEE BEAN PLAZA OWNERS ASSOCIATION

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**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
COFFEE BEAN PLAZA OWNERS ASSOCIATION**

THIS DECLARATION is made on _____, 2007, by ALFRED RICHARD ALEF and HEIDI MARIE ALEF, individuals (singularly and collectively, jointly and severally, "**Declarant**").

P R E A M B L E:

A. Declarant is the Owner of certain pieces of real property (each singly a "**Property**" and collectively, the "**Properties**") located in Douglas County, Nevada, described as follows:

See Exhibit A attached hereto and incorporated herein by this reference.

Subject to covenants, conditions, reservations, restrictions, rights-of-way and easements, if any, of record.

B. Declarant will convey the Properties subject to certain protective covenants, conditions, restrictions, and easements as hereinafter set forth.

C. Declarant hereby declares that all of the Properties shall be held, leased, occupied, sold, and conveyed subject to the following covenants, conditions, restrictions, and easements, all and each of which are for the purpose of handing and perfecting the value, desirability, and attractiveness of the Properties as a light industrial park, in furtherance of a general plan for the protection of the Properties, or any part thereof. All and each of these covenants, conditions, restrictions, and easements are hereby imposed as equitable servitudes upon the Properties, shall run with the Properties, and shall be binding on all parties having or acquiring any right, title, or interest in the Properties or in any part thereof, and their successors and assigns.

**ARTICLE I
DEFINITIONS**

The following words, when used in this Declaration and in any Declaration of Amendment, unless otherwise provided, shall have the following meanings:

Section 1. "**Association**" shall mean COFFEE BEAN PLAZA OWNERS ASSOCIATION, a non-profit cooperative corporation without stock, its successors and assigns.

Section 2. "**Board**" shall mean the Board of Directors of the Association.

Section 3. "**By-Laws**" shall mean the By-Laws of the Association, as such By-Laws

may be amended from time to time.

Section 4. **“Capital Improvement Assessment”** shall mean a charge against each Owner and his real property, representing the pro rata portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Areas, which the Association may from time to time authorize in accordance with Article II, Section 5, of this Declaration.

Section 5. **“Close of Escrow”** shall mean the date on which a deed conveying any portion of the Properties is recorded in the office of the County Recorder of Douglas County, Nevada.

Section 6. **“Committee”** shall mean the single Architectural, Development, and Landscaping Committee formed pursuant to Article VII hereof.

Section 7. **“Common Areas”** shall mean all of the Properties, including the Improvements thereon, which are owned by the Association for the common use of all of the Owners and/or over which the Association has an easement for maintenance and repair over that portion of each Parcel from the parcel line to the exterior face of the exterior wall of the building on each Parcel. Common Areas include the designated storage facility, despite the Owners’ respective, exclusive use rights thereto.

Section 8. **“Common Assessments”** shall mean the annual charge, payable semi-annually, against each Owner and his Parcel, representing the pro rata portion of the total, ordinary costs of maintaining, operating, improvement, repairing, replacing, and managing the Common Areas, which shall be paid by each Owner to the Association, to satisfy Common Expenses as further provided herein.

Section 9. **“Common Expenses”** shall mean the actual and estimated costs of maintenance, management, operation, repair, and replacement of the Common Areas (including unpaid Special Assessments, Capital Improvement Assessments, and those costs not paid by the Owner responsible for payment); the costs of all commonly metered utilities, and other commonly metered charges of the Association, including, but not limited to, compensation by the Association to managers, accountants, attorneys, and other employees; the costs of all services benefiting the Common Areas, insurance, bonding of the members of the management body, taxes paid by the Association, and amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas; and, the costs of any other item or items designated by the Association for any reason in connection with the Properties for the benefit of all of the Owners.

Section 10. **“Declarant”** shall mean Alfred Richard Alef and Heidi Marie Alef, as individuals, singularly and collectively, jointly and severally, and their successors and assigns, provided that Declarant assigns such rights hereunder to any such person by an express written agreement.

Section 11. **“Declaration”** shall mean this Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements, as it may be amended from time to time.

Section 12. **“Improvement”** shall mean all structures and appurtenances thereto of every kind, whether above or below the land surface, including, but not limited to, buildings, utility systems, walkways, driveways, parking areas, loading areas, landscaping items, fences, walls, decks, stairs, poles, landscaping vegetation, signs, exterior fixtures, private street sewers, storm drains, street lights, and any other structure of any kind.

Section 13. **“Member”** shall mean every person or entity who or which holds a membership in the Association, as provided in Article I, Section 1 hereof.

Section 14. **“Mortgage”**—**“Mortgagee”**—**“Mortgagor”**. A Mortgage shall mean any mortgage, deed of trust or other conveyance of a Parcel to secure the performance of an obligation which will be void and re-conveyed upon completion of such performance. Reference in this Declaration to a Mortgagee shall be deemed to include the beneficiary of a deed of trust. Reference to a Mortgagor shall be deemed to include the trustor of a deed of trust.

Section 15. **“Owner”** shall mean the person, including Declarant, holding fee simple interest of record to any parcel, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation. For purposes of Article VI only, unless the context otherwise requires, Owner shall also include the guests, invitees, licensees, and lessees of any Owners. If ownership of a Parcel by other than a single individual or lawfully-married husband and wife, one person shall be the designated Owner for such Parcel. The designated Owner may be the trustee of a trust, the president of a corporation, the general partner of a partnership, or the managing member of a limited liability company.

Section 16. **“Parcel”** shall mean any numbered parcel shown upon a recorded subdivision map, recorded condominium map, or recorded parcel map of the Properties.

Section 17. **“Person”** shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 18. **“Property”** and **“Properties”** shall mean all the real property described in Paragraph A of this Declaration’s Preamble and such additions thereto as may hereafter be brought within the Association’s jurisdiction, but shall not mean any portion of the Properties thereafter acquired by any public entity.

Section 19. **“Record”**—**“File”** shall mean, with any respect to any document, the recordation thereof, and with respect to any map, the filing thereof, in the office of the Recorder of Douglas County, Nevada.

Section 20. **“Special Assessment”** shall mean a charge against a particular Owner and his real property, directly attributable to, or reimbursable by, the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, plus interest and other charges thereon as provided for in this Declaration.

ARTICLE II
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. **Creation of the Lien and Personal Obligations of Assessments.** Declarant, for each Parcel Owned by Declarant, hereby covenants and agrees to pay, and each Parcel Owner, by acceptance of a deed to a Parcel, whether or not it shall be expressed in any such deed, is deemed to covenant and agree to pay to the Association all Common Assessments for Common Expenses, and applicable Special Assessments, Reconstruction Assessments, and Capital Improvement Assessments. All such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a separate, distinct, and personal obligation of the Owner at the time the assessment fell due, and shall bind his heirs, successors in interest, devisees, personal representatives, and assigns. This personal obligation cannot be avoided by abandonment of the Parcel or Improvements thereon, or by an offer to waive the use of the Common Areas. All assessments shall be made and expended only for the purpose of satisfying the obligations of the Association, as established by the Board through its budget and as set forth herein.

Section 2. **Purpose of Assessments.** The assessments levied by the Board on behalf of the Association shall be used exclusively to promote the health, safety, and welfare of the Owners and their employees, and for the operation, replacement, improvement, and maintenance of the Common Areas. All assessments must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration, as may be amended from time to time. Disbursements from the maintenance fund of the Association shall be made by the Board for such purposes as may be necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners. Nothing in this Declaration shall be construed in such a way as to limit the right of the Board to use any Common Assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Properties. The Board shall take no action that is not in compliance with its fiduciary obligation to the Owner of each Parcel, including the recognition of the rights of each Parcel Owner as a minority Owner.

Section 3. **Determination of Common Assessments.** The Board shall authorize and levy the amount of the annual Common Assessment upon each Owner and the interest of such Owner in a Parcel, as provided herein, by majority vote of the Board. The initial Common Assessment shall commence on the first calendar day of the calendar month following the first Close of Escrow for the sale of a Parcel on the Properties. Common Assessments shall be borne by the Owners in the Proportions as set forth in Exhibit "B" attached hereto.

Not later than sixty (60) calendar days prior to the beginning of each fiscal year, the Board shall prepare and distribute to the Members of the Association a written, itemized, estimate (budget) of the total income and Common Expenses of the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and reserves for infrequently recurring expenditures). Written notice of the annual Common Assessments shall be sent to every Member subject thereto. Without first receiving the approval of the Members, the Board may increase the annual Common Assessment against each Member and the interest of such Member in a Parcel in any fiscal year by an amount not in excess of twenty percent (20%) of the annual Common Assessment levied in the preceding fiscal year. Any such increase in excess of twenty percent (20%) shall require the prior approval of seventy percent (70%) of the voting power

of the Association.

Each Member shall pay to the Board his annual Common Assessment semi-annually in advance of the fiscal year for which such Common Assessment has been levied, or at such frequency and in such amounts as the Board may hereafter establish. If the Board determines that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of such inadequacy. The Board shall have the authority to levy at any time by a majority vote of the Board, a supplemental Common Assessment reflecting a revision of the total charges to be assessed against each Member and the interest of such Member in a parcel which shall not exceed five percent (5%) of the Association's aggregate budgeted gross expense for its current fiscal year.

To the extent that any supplemental Common Assessment, or the aggregate of any supplemental Common Assessments and Capital Improvement Assessments in any fiscal year of the Association, exceeds the foregoing, such excess shall require the prior approval by the vote or Written consent of seventy percent (70%) of the voting power of the Association. Written notice of any change in the amount of Common Assessments levied by the Association through the Board shall be given to all Members not less than thirty (30) calendar days prior to the effective date of such change.

Section 4. Collection of Common Assessments. From and after the time specified in Section 3 as the commencement of the initial Common Assessment, the Board shall fix and collect from each Owner of a Parcel his pro rata share of the Common Assessments. However, any Owner of a Parcel which does not include a completed building for human occupancy shall be exempt from the payment of that portion of any Common Assessment which is attributable to the existence and the use of the building. The amount of such exemption shall be determined by the Board and may include, without limitation, expenses related to lighting of the Common Areas, refuse disposal, and common utilities supplied to the buildings. Any such exemption from the payment of assessments shall be in effect only until a notice of completion of the structural Improvement has been recorded, or until one hundred twenty (120) calendar days after the issuance of a building permit for the structural Improvement, whichever first occurs. Common Assessments for fractions of any month involved shall be prorated. Declarant shall pay its pro rata share of the common Assessments on all unsold Parcels in the Properties which are otherwise subject to full or partial assessment. At the end of any fiscal year of the Association, the membership may determine that all excess assessment funds may be returned to the Members proportionately, or may be retained by the Association and used to reduce the following year's Common Assessments. In any voluntary or involuntary conveyance of a Parcel or the Improvements thereon, the new Owner ("**Purchaser**") shall be jointly and severally liable with the previous Owner ("**Seller**") for all unpaid installments of assessments levied by the Board against the Seller for his share of the Common Expenses up to the date of Close of Escrow of the grant or conveyance, without prejudice to the right of any Purchaser to collect from Seller therefor. However, any such Purchaser shall be entitled to a statement from the Board or the management agent of the Association, as the case may be, setting forth the amount of the unpaid assessments against the Seller due the Association; and such Purchaser shall not be liable for, nor shall the Parcel conveyed be liable for, any unpaid assessments levied by the Board against the Seller in excess of the amount set forth in the statement; provided, however, that the Purchaser shall be personally liable for any and all assessments and other charges becoming due after the

Close of Escrow. However, any Mortgagee for value who obtains title to a Parcel or to such Improvements pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, shall not be liable for unpaid assessments or charges against the mortgaged Parcel which accrue prior to the time such Mortgagee acquires title to that Parcel or such Improvements.

Section 5. **Capital Improvement Assessments.** Should the Board determine the need for a capital improvement or replacement expenditure, then a vote of at least seventy percent (70%) of the voting power of the Association shall be required to approve and render effective a Capital Improvement Assessment levied by the Board to cover the cost of such expenditure if the aggregate of such assessment and any prior Capital Improvement Assessments and/or Supplemental Common Assessments exceeds five percent (5%) of the budgeted gross expense of the Association for its current fiscal year. Any Capital Improvement Assessment shall be borne by the Owners in the proportions set forth in Exhibit "B" attached hereto.

ARTICLE III NON-PAYMENT OF ASSESSMENTS

Section 1. **Delinquency.** Any installment of an assessment provided for in this Declaration shall become delinquent if not paid on the due date as established by the Board. With respect to each such installment not paid within twenty (20) calendar days after its due date, the Board may, after giving the delinquent Owner written notice and an opportunity to be heard by the Board, require the delinquent Owner to pay a late charge of ten percent (10%) of the amount of such delinquent sums. If any installment of a Common Assessment is not paid within thirty (30) calendar days after it is due, the Board shall mail a notice to the Owner and to the first Mortgagee of such Owner. The notice shall specify: (1) the fact that the installment is delinquent; (2) the action and payment required to cure the default; (3) a date at thirty (30) calendar days from the date the notice is mailed to the Owner, by which such default must be cured; and, (4) that failure to cure the default on or before the date specified in the notice will result in the imposition of an additional late penalty of one percent (1%) per month from the assessment's original due date until it is fully paid, and/or the acceleration of the balance of the installments of the Common Assessment for the then-current fiscal year and sale of Owner's interest in the Parcel. The notice shall further inform the Owner of his right to cure after acceleration, the payment required therefor, and of his right to a hearing before the Board. If the Member waives his right to a hearing and the delinquent installments of the Common Assessment and any charges thereon are not paid in full on or before the date specified in the notice, the Board, at its option, may declare due all of the unpaid balance of the annual Common Assessment for the then-current fiscal year, attributable to that Owner and his Parcel, or interest therein, to be immediately due and payable without further demand, and may enforce the collection of the full Common Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 2. **Notice of Lien.** The Board may cause to be recorded in the office of the County Recorder of Douglas County a notice of assessment ("**Notice of Lien**") securing the payment of any assessment or installment thereof, levied by the Association against any Owner. Such Notice of Lien shall state the amount of such assessment or installment, as the case may be, and other authorized charges and interest, including the cost of preparing and recording such Notice of Lien, the expenses of collection in connection with any delinquent installments, reasonable

attorneys' fees, a sufficient description of the Parcel or interest therein against which the same has been assessed, the name of the Owner thereof, and the name and address of the Association. Such Notice of Lien shall be signed by an authorized representative of the Association. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board shall cause to be recorded a notice of satisfaction and release of lien ("**Notice of Release**") stating the satisfaction and release of such amount claimed. The Board may demand and receive from the applicable Owner a reasonable charge for the preparation and recordation of such Notice of Release before recording the same. Any purchaser or encumbrancer, that has acted in good faith and extended value, may rely upon such Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien.

Section 3. **Liens, Enforcement.** All sums assessed in accordance with that provision of this Declaration shall constitute a lien on the respective parcel prior and superior to all other liens, except (a) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto; and, (b) any first Mortgage; or other mortgage or lien recorded prior to the Association's Assessment lien; or the lien of any deed of trust for the benefit of the Nevada State Development Corporation, a Nevada corporation, assigned to the United States Small Business Administration (SBA) irrespective of the date of the recording of such deed of trust, (collectively "**prior encumbrance**"), subject to the provisions of Article II, Section 4, and Article XI of the Declaration. Assessment liens shall become effective upon recordation of the Notice of Lien in the manner provided in Section 2 of this Article. It shall be the duty of the Board to enforce the collection of any amounts due under this Declaration by one or more of the alternative means of relief afforded by this Declaration. Assessment liens may be enforced by sale of the interest of such Owner in the Parcel by the Association, its attorney, or other Person authorized to make the sale, after failure of the Owner to pay an assessment, or installment thereof, as provided herein. Such sale shall be conducted in accordance with the provision of the Nevada law applicable to the exercise of powers of sale in Mortgages and deeds of trust, or in any manner permitted by law. An action may be brought to foreclose the lien of the Association by the Board, or by any Owner if the Board fails or refuses to act, after affording the delinquent Owner an opportunity to have a hearing before the Board and after the expiration of at least thirty (30) calendar days from the date on which the Notice of Lien was recorded, provided that at least ten (10) calendar days have expired since a copy of the Notice of Lien was mailed to the Owner affected thereby, and subject to the provisions of Section 1 of this Article if that the Board accelerates the due date of any Common Assessment installment. In any such foreclosure, the Owner shall be required to pay a reasonable rental for the Parcel and any Improvements thereon, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Association, through its agent, shall have the power to bid on the Parcel and Improvements at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid Common Assessments shall be maintainable without foreclosing or waiving the lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit in law or equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.



**ARTICLE IV
THE ASSOCIATION**

Section 1. **Formation and Membership.** The Association shall be incorporated under the name of COFFEE BEAN PLAZA OWNERS ASSOCIATION, as a non-profit cooperative corporation without stock under the laws of the State of Nevada.

Section 2. **Duties and Powers.** The duties and powers of the Association are those set forth in its Articles of Incorporation, together with its general and implied powers as a non-profit cooperative corporation, generally to do any and all things that a corporation organized under the laws of the State of Nevada may lawfully do and which are necessary or proper, in operating for the peace, health, comfort, safety, and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in its Articles of Incorporation, its By-Laws, and in this Declaration. Transfer of control over the Common Areas to the Association shall take place upon Close of Escrow for the sale of the first Parcel in the Properties. The Association further shall have the right to install or construct reasonable capital improvements on the Common Areas, for the benefit of all of the Owners in the Properties. The Association may, at any time, and from time to time, reconstruct, replace, or refinish any Improvement or portion thereof upon the Common Areas, without the approval of the Committee; and the Association may construct, reconstruct, and replace destroyed trees or other vegetation and plant trees, shrubs, and ground cover upon the Common Areas. The Association may employ personnel necessary for the effective operation and maintenance of the Common Areas, including the employment of legal and accounting services. The Board shall not enter into any management service contract for a term in excess of one (1) year, without the vote or written assent of seventy percent (70%) of the voting power of the Association.

Section 3. **Priorities and Inconsistencies.** If there are conflicts or inconsistencies between this Declaration and either the Articles of Incorporation or the By-Laws of the Association, the terms and provisions of this Declaration shall prevail.

**ARTICLE V
EASEMENTS AND RIGHTS OF ENTRY**

Section 1. **Easements**

(a) Access and Parking. Declarant expressly reserves for the benefit of the Owners in the Properties reciprocal, non-exclusive, easements for access, ingress, and egress and parking over all of the Common Areas and the individual Parcels, except for the building areas of such Parcels, as necessary, which easements may be conveyed by Declarant to Owners and to the Association for so long as Declarant owns any interest in the Properties. Subject to the provisions of this Declaration governing use and enjoyment thereof, such easements may be used by Declarant, its successors, purchasers, and all Owners, their guests, tenants, and invitees, transacting business on or temporarily visiting the Properties, for purposes reasonably necessary for use and enjoyment of a Parcel in the Properties. No Owner shall utilize his Parcel so as to interfere with such easements, except as results from the construction of the initial building on the Parcel. The Board shall have the right to grant necessary easements and rights-of-way over the Common Areas to any

Person after the Close of Escrow for the sale of the first Parcel from Declarant.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Board and all agents, officers, and employees of the Association non-exclusive easements over the Common Areas as necessary to maintain and repair the Common Areas and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Areas shall be appurtenant to and shall pass with the title to every Parcel conveyed. There are specifically reserved for the benefit of the Owners' easements and reciprocal negative easements for utility services and repairs, replacement, and maintenance of the same over all of the Common Areas. Such easements shall be as not to unreasonably interfere with the use and enjoyment by the Owners of adjoining Parcels.

(c) Encroachment. Declarant, the Association, and the Owners of contiguous Parcels shall have reciprocal easements appurtenant to each of the Parcels over the Parcels and the Common Areas for the purposes of (1) accommodating any existing encroachment of any wall of the building thereon, (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement, or natural settling of the Improvements, or any portion thereof, and (3) maintaining drainage in accordance with the drainage pattern existing at the time of conveyance of the respective Parcel to a purchaser from Declarant or in accordance with such drainage pattern as altered with the prior consent of the Board.

Section 2. **Right of Entry**. Declarant and the Board shall have a limited right of entry in and upon the exterior of all buildings and structures located on any Parcel for the purpose of inspecting the Properties, and taking whatever corrective action may be deemed necessary or proper, consistent with the provisions of this declaration. However, nothing herein shall be construed to impose any obligation upon the Association, the Board, the Committee, or Declarant, to maintain or repair any portion of any Parcel which is hereunder to be maintained or repaired by the Owner. Nothing in this Article V shall in any manner limit the right of any Owner to the exclusive occupancy and control over the building located upon any Parcel. However, an Owner shall permit access to the Owner's Parcel or Improvements thereon by any Person authorized by the Board, the Committee, or Declarant as reasonably necessary, such as in case of any emergency originating on or threatening any Parcels or Improvements, whether the Owner is present or not.

ARTICLE VI USE RESTRICTIONS

Section 1. **Permitted Uses**. All Parcels in the Properties shall be used for industrial or business purposes, except for the Common Areas, on which there may be placed landscaping, parking areas, and private streets. No part of the Properties shall ever be used, or caused to be used, or allowed or authorized in any way, directly or indirectly, for any residential or other non-business or non-industrial purpose. All business operations shall be performed and carried out entirely within a building or an associated, assigned Storage Space in such manner that the enclosed operations and uses do not cause or provide a nuisance to other portions of the Properties, such as, but not limited to, vibration, sound, electro-mechanical disturbance and radiation, electro-magnetic disturbance, radiation, air or water pollution, dusk or emission of odors, toxic or non-toxic matter. Nevertheless, where one or more Parcel is owned by the same Owner, including Declarant, those

Parcels may be combined into a single place of business. Notwithstanding this combining of Parcels, the Parcels shall remain as separate Parcels for the purposes of this Declaration, the Articles, Bylaws, and other rules and regulations governing the Association.

Section 2. **Nuisances.** No rubbish or debris of any kind shall be permitted to accumulate upon or adjacent to any site other than normal accumulation and storage of trash in connection with a confined and reasonably prompt trash disposal or pick-up program, and no odors may be permitted to arise therefrom so as to render any site or portion thereof unsanitary, unsightly, offensive, or detrimental to any of the property in the vicinity thereof, or to the occupants thereof. No nuisance shall be permitted to exist or operate upon any site so as to be offensive or detrimental to any property in the vicinity thereof, or to its occupants.

Section 3. **Antennae.** No telephone, radio, or other electronic antenna or device of any type shall be erected, constructed, placed, or permitted to remain on any of the buildings, structures, or other improvements constructed on the parcel, unless and until the same shall have been approved in writing by the Board.

Section 4. **Drainage.** There shall be no interference with the established drainage pattern over any portion of the Properties unless adequate provision is made for proper drainage and is previously approved by the Board. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time the overall grading of the Properties is completed or that which is shown on any plans approved by the Board. There are hereby reserved for the benefit of the Association and all of the Owners, reciprocal non-exclusive easements for drainage over adjacent Parcels and for maintenance and repair of any drainage facilities on the Properties.

Section 5. **Storage and Waste.** All rubbish, trash, garbage, and other waste shall be regularly removed from each Parcel, and shall not be allowed to accumulate thereon. No refuse contained shall be maintained in the Common Areas other than in the location and manner provided for by Declarant, and no machinery, equipment or other personal property shall be kept or maintained on any Parcel so as to be visible from the Common Areas (except as contained entirely within an Owner's Storage Space). The Association shall be responsible for the costs of refuse storage and collection.

Section 6. **Temporary Structures and Obstructions.** Without the Board's prior written approval, no structures of a temporary character, trailer, camper, boat, or similar equipment shall be permitted to remain upon any Parcel so as to be visible from the Common Areas (except as stored by a Owner, to the extent possible, within its Storage Space). There shall be no obstruction of any walkway or driveway in the Properties which would interfere with the circulation of foot or automobile traffic, except such obstruction as may be reasonably required in connection with repairs of such driveways or walkways.

Section 7. **Leases.** This Declaration and the Master Association's CC&Rs are intended to be binding upon any lessee or tenant of any Parcel or any portion thereof. In order to ensure the binding effect on tenants and lessees, each Owner agrees, by acceptance of a deed by which he acquires title to a Parcel, not to rent or lease all or any portion of his Parcel to any person, partnership, corporation, trust, or other entity, except pursuant to a written lease or rental agreement

that (a) expressly refers to this Declaration, and contains a covenant by the lessee or tenant that he accepts the leasehold estate subject to this Declaration and the Master Association's CC&Rs, and (b) contains either a covenant that the lessee or tenant agrees to perform or comply with the restrictions herein or therein, or adequate provisions to permit entry and other actions by the lessor for the purpose of performing and complying with said restrictions. Similarly, no ground lessee shall sublease or assign all or any portion of his interest except pursuant to an agreement that contains the aforementioned provisions.

Section 8. Parking Areas. The Association, acting through the Board, shall have the right and obligation to establish reasonable rules and regulations governing use of the streets and parking in the Common Areas.

Section 9. Signs. Each Owner is limited to the constructed space on its property for the placement of any exterior sign. Each Owner may additionally place identifying lettering on the front and rear entrance doors to the property. The foregoing notwithstanding, the colors, content and general layout of such signs and lettering must be previously approved in writing by the Board.

ARTICLE VII ARCHITECTURAL, DEVELOPMENT AND LANDSCAPING PROVISIONS

Section 1. Reasonable Standards. The Board shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the Improvement on the Properties.

Section 2. Mechanics of Operation

(a) **Required Approvals.** Subject to the provisions of Article XV, Section 4, of this Declaration, no Improvement shall be commenced, erected, or maintained upon the Properties, no change in the window covering shall be made, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Board as to harmony of external design, color, and location in relation to surrounding structures and topography. All replacement glass used on the Properties shall be of the same specifications as the original glass, unless a waiver is obtained from the Board. No alteration or remodel to the roof, including, but not limited to, installation of a sun roof or solar panels may commence until all plans and specifications regarding any type of roof alteration or remodel are submitted to and approved by the Board. No trees, bushes, shrubs, or landscaping Improvements shall be removed, replaced, planted, or placed on any Parcel until a request for the removal or the plans have been submitted to and approved in writing by the Board. The plans as submitted shall show in detail the proposed elevations and locations of such trees, bushes, shrubs, or landscaping Improvements, including their location and elevation in relation to all other parcels in the Properties.

(b) **Preparation and Submission of Plans.** All plans and specifications shall be prepared by an architect, engineer, or landscape designer or landscape architect, said person to be employed by and at the expense of the Owner making the application. The Owner shall obtain a

written receipt for the plans and specifications from a Board member. Plans and re-submittals thereof shall be approved or disapproved within thirty (30) calendar days after receipt by the Board. Failure of the Board to respond to a submittal or re-submittal of plans within such period shall be deemed to be disapproval of the plans as submitted or resubmitted.

(c) Discretionary Powers of the Board. The approval of the plans and specifications may be withheld not only because of non-compliance with any of the specific conditions, covenants, and restrictions contained in this Declaration, but also by virtue of the reasonable dissatisfaction of the Board with the location of the structure on the Parcel, the elevation, color scheme, finish, design, proportions, architecture, shape, height, style and appropriateness of the proposed structures or altered structures, the material used therein, the planting, landscaping, size, height, or location of vegetation on the Parcel, or because of its reasonable dissatisfaction with any or all other matters of things which, in the reasonable judgment of the Board, will render the proposed item of Improvement inharmonious or out of keeping with the general plan of Improvement of the Properties.

(d) Violations; Waiver. If, after such plans and specifications have been approved, the Improvements are altered, erected, or maintained upon the Parcel otherwise than as approved by the Board, such alteration, erection, and maintenance shall be deemed to have been undertaken without the approval of the Board having been obtained as required by this Declaration. After the expiration of one (1) year from the date of completion of any Improvement, addition, or alteration, said Improvement shall, in favor of purchasers and encumbrancers in good faith and for value, be deemed to comply with all of the provisions hereof, unless a notice of such non-compliance, executed by one (1) member of the Board, shall appear of record in the office of the County Recorder of Douglas County, Nevada, or legal proceedings shall have been instituted to enforce compliance with these provisions. Upon approval of the Board, it shall be conclusively presumed that the location and exterior configuration of any building, structure, or other Improvement placed or constructed in accordance with the approved plans and specifications does not violate the provision of this Declaration. The approval of the Board of any plan or specifications submitted for approval as herein specified shall not be deemed to be a waiver by the Board of its rights to object to any of the features or elements embodied in such plans and specifications, if or when the same features or elements are embodied in any subsequent plans and specifications submitted, nor shall its approval be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

(e) Non-liability. Neither Declarant, the Board, nor any member thereof, nor their duly authorized representatives, shall be liable to any Owner for any loss, damage, or injury arising out of or in any way connected with the negligent performance of the Board's duties hereunder, unless due to willful misconduct or bad faith. The Board members shall not be entitled to any compensation for services performed pursuant to this Declaration.

ARTICLE VIII REPAIR AND MAINTENANCE

Section 1. **Repair and Maintenance Duties of the Association.** Following their initial installation as provided herein, the Association shall maintain, repair, replace, resurface, and make

necessary improvement to the Common Areas, or shall contract for such maintenance, repair, and improvements, to assure the maintenance of the Common Areas, including without limitation, all improvements thereon, in first class condition and repair. Such maintenance, repairs, and improvements shall include, without limitation, maintenance and replacement of Properties' chain-link fence(s), shrubs, trees, vegetation, irrigation systems, and other landscaping Improvements located on the Common Areas, and repair and maintenance of all streets, parking areas, walks, and other means of ingress and egress within the Properties, including snow removal. The Association shall further provide for the Building Parcel's exterior maintenance and roofing, pursuant to the exceptions provided in Section 4, as necessary. All such maintenance, repairs, and Improvements to the Common Areas shall be paid for as Common Expenses, except to the extent such maintenance, repairs or Improvements are deemed by the Board (in their sole but reasonable discretion) as directly necessitated by the accidental, negligent or willful act of one or more Owners. To the extent not paid by the Owners, the Association shall have the right, but not the obligation, to pay all real and personal property taxes and assessments, which shall constitute a lien upon any portion of the Common Areas. All work performed or taxes and assessments paid for and on behalf of an Owner shall be charged to such Owner as a special Assessment, as herein provided. It shall further be the affirmative duty of the Board to require strict compliance with all provisions of this Declaration and to cause the Properties to be inspected by the Board for any violations thereof.

Section 2. Common Area Expenses. The Association is responsible for the maintenance and repairs specified in Article VIII, and shall be further responsible for the following expenses, pursuant to any limitations or exceptions in Section 4, including but not limited to: general liability insurance for the entire Properties, fire insurance, waste management and garbage removal, sewer, water, trash enclosure, fire system maintenance and fire alarm. The Association may choose to transfer obligations for garbage removal and trash enclosure to the individual Owners.

Section 3. Special Powers of Association. Without in any way limiting the generality of the foregoing, if that the Board determines that an Improvement, the maintenance of which is the responsibility of an individual Owner, is in need of repair, restoration, or painting, or the Board determines that there is a violation of any provision of this Declaration, then the Board shall give written notice to the Owner of such condition or violation. Unless the Board has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such period of time as may be determined reasonable by the Committee after it has given said written notice, and such corrective work so approved is completed thereafter within the time allotted by the Committee, the Committee shall undertake to remedy such condition or violation, and the cost thereof shall be charged to the Owner and his Parcel which is the subject matter of the corrective work. Such cost shall be deemed to be a Special Assessment to such Owner and his Parcel, and subject to levy, enforcement, and collection by the Board in accordance with the Assessment lien procedure provided for in this Declaration.

Section 4. Installation, Repair, and Maintenance Duties of Owners. Subject to the duty of the Association to provide for maintenance as specified in Section 1, each Owner shall construct, maintain, repair, replace, finish, and restore, or cause to be so maintained, repaired, replaced, finished, and restored, at his sole cost and expense, all doors and windows, the interior of the buildings and structures on his Parcel, as well as damage or alteration to the roof due to any

penetration, and all structural parts, in a clean, sanitary, and attractive condition, and shall maintain and repaint or restrain, as needed, all exterior walls, subject to the control and approval of the Board. To the extent required, the duty to so maintain shall include repair and replacement of paved areas as necessary or desirable resulting from causes other than normal wear and tear, or as required from time to time by the Board. However, notwithstanding any other provision of this Declaration to the contrary, the Association has the exclusive right to make all decisions with respect to the painting of the exterior of all structures on the Properties, including timing and color selection. It further shall be the duty of each Owner to pay when due all charges for all utility services which are separately metered to his Parcel and his Improvements, such as heating, ventilation, air-conditioning and cooling. Each Owner shall pay all costs for trash collection and removal if that the Association has not contracted for common trash collection and removal.

ARTICLE IX COMMON AREA PROTECTION

Section 1. **Association Control.** The Association, acting through the Board, shall have fee title to or an exclusive easement over the Common Areas, in order to perform its duties hereunder, which easement shall include, without limitation, the following appurtenant rights and duties:

(a) to reasonably limit the number of guests, patrons, and invitees of Owner using Common Areas (excluding Owner's Storage Space, access to which shall only be restricted as expressly provided for herein).

(b) to establish uniform rules and regulations pertaining to the use of the Common Areas, including, but not limited to, the right and obligation of the Association to enforce all parking restrictions within the Common Areas as set forth in Section 2 of Article IX herein.

(c) in accordance with the Articles, By-Laws, and this Declaration, to borrow money for the purpose of improving the Common Areas and facilities and in aid thereof, and to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners.

(d) to suspend the voting rights and right to use the Common Areas by an Owner for any period during which any assessment against his Parcel remains unpaid and delinquent, and for a period not to exceed thirty (30) calendar days for any single infraction of the published rules and regulations of the Association, provided that any suspension of such voting rights or right to use the Common Areas shall be made only by the Board, after notice and an opportunity for a hearing.

(e) in accordance with the Articles, By-Laws, and this Declaration, to dedicate, release, alienate or transfer the Common Areas to any public agency, authority, utility or other Person for such purposes and subject to conditions as approved by seventy percent (70%) of the Members.

(f) to reconstruct, replace, or refinish any Improvement or portion thereof upon

the Common Areas, in accordance with the original design, finish, or standard of construction of such Improvement, or of the general Improvements within the Properties, as the case may be, and not in accordance with such original design, finish, or standard of construction only with the vote or written consent of the Owners holding seventy percent (70%) of the voting power of the Association.

- (g) to replace destroyed trees or other vegetation, and plant trees, shrubs, and ground cover upon any portion of the Common Areas.
- (h) to appoint, supervise and remove Association officers and committee members, including a president, vice-president secretary and treasurer.

Section 2. Regulation of Parking. The Association, through its officers, committees, and agents, is hereby empowered to establish "parking" and "no parking" areas within the Common Areas, as well as to enforce these parking limitations by all means lawful for such enforcement on county streets, including the removal of any violating vehicles to those so empowered.

Section 3. Easements for Vehicular Traffic. In addition to the general easements for use of the Common Areas reserved therein, there shall be, and Declarant hereby reserves and covenants for itself and all future Owners, within the Properties, non-exclusive easements appurtenant for vehicular traffic over the portions of the Common Areas designated as drive areas, subject to the provisions set forth in Section 2 of Article IX hereof.

Section 4. Easements for City and County Public Service Use. In addition to the foregoing easements over the Common Areas, there shall be and Declarant hereby reserves and covenants for itself and all future Owners, within the Properties, including but not limited to, the right of police to enter upon any part of the Common Areas for the purpose of enforcing the law.

Section 5. Storage Facility. The Common Areas also consist of a rear, fenced storage facility. Each Owner is to be entitled to the exclusive use of a specified portion of the fenced storage facility based approximately on the proportionate square footage of Owner's Property to all of the Properties, in aggregate (each a "Storage Space"). Accordingly, the Declarant and/or the Board, in their respective sole and arbitrary discretion, shall assign and/or re-assign a Storage Space to each Owner. Each Owner shall be responsible for the maintenance of its Storage Space, including cleanup, snow removal, asphalt repair, fence repair, etc., needed as a result of their use, and for any damage. In no case is any Owner entitled to use its Storage Space in a manner that would be an eyesore or nuisance to the project.

The storage facility is limited to use by the Owners. However, an Owner may permit a third party to use its Storage Space if such user agrees to (and does) comply with the Master Association's CC&Rs and this Declaration's terms and conditions.

No storage of any dangerous or hazardous material is allowed in the storage facility, without the express prior written consent of the Association (which may be conditioned on reasonable modifications or safety precautions and insurance in favor of the Association). Each Owner shall indemnify, defend and hold harmless the Association and each other Owner from any

and all costs, claims or liability arising from that Owner's use or misuse of its Storage Space. Further, each and every Owner shall indemnify and hold-harmless the Association from and against any and all loss, damage, harm and/or claim arising from such Owner's use its Storage Space (including, but not limited to, loss, damage and/or harm to any of other Owners' property within the storage facility).

Section 6. **Waiver of Use.** No Owner may exempt himself from personal liability for assessments annually levied by the Association, nor release the Parcel or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas or by abandonment of his Parcel or any other property in the Properties.

ARTICLE X INSURANCE

Section 1. **Duty to Obtain Insurances; Types.** The Board shall obtain and continue in effect insurance in such amounts and coverages as it determines. Such insurance shall be maintained by the Association as named insured for the benefit of the Association, the Owners, and the encumbrances upon the respective parcels or any part thereof as their interests may appear, subject, however, to loss payment requirements as set forth herein. The Board shall purchase such other insurance, as necessary, including but not limited to, Officer/Director Liability insurance, error and omissions, medical payments, malicious mischief, and vandalism insurance, fidelity bonds, and workers' compensation, and such other risks as shall customarily be covered with respect to business office planned development similar in construction, location and use to the Properties.

Section 2. **Notice of Expiration Requirements.** All of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be canceled or terminated, nor expire by their terms, without thirty (30) calendar days' prior written notice to the Board, Declarant, the Owners and their respective Mortgagees (provided that such Mortgagees have filed written requests with the carrier for such notice), and every other Person in interest who shall have requested such notice of the insurer.

Section 3. **Insurance Premiums.** Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the Common Assessments levied by the Association and collected from the Owners.

Section 4. **Trustee for Policies.** The Association, acting through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 1 of this Article shall be paid to the Board as trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article XI of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire. Any two (2) directors of the Association may sign a loss claim form and release form in connection with the settlement of a

loss claim, and such signatures shall be binding on all the named insureds.

Section 5. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Mortgagees who have requested the same in writing.

Section 6. Annual Insurance Review. The Board shall review the insurance carried by the Association at least annually, for the purpose of determining the amount of the insurance referred to in Section 1 above. The Board may, at its option, obtain a current appraisal of the full replacement value of the Common Areas and other structural Improvements in the Properties, without deduction for depreciation by a qualified independent insurance appraiser, prior to each such annual review.

Section 7. Required Waiver. All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers: (a) subrogation of claims against the tenants of the Owners; (b) any defense based on co-insurance; (c) any right of set-off, counterclaim, apportionment, pro-ration, or contribution by reason of other insurance not carried by the Association; (d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner, or any tenant of any Owner, or arising from any act, neglect, or omission or any named insured or the respective agents, contractors, and employees of any insured; (e) any right of the insurer to repair, rebuild, or replace, and, if the building is not repaired, rebuilt, or replaced following loss, any replacement value of the Improvements insured or the fair market value thereof; (f) notice of assignment by any Owner of its interest in the Insurance by virtue of a conveyance of any Parcel; and (g) the right to require any assignment of any mortgage to the insurer. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the manager, Declarant, and the agents and employees of each of the foregoing with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

ARTICLE XI DAMAGE OR LOSS TO IMPROVEMENTS

Section 1. Restoration of Common Areas. Except as otherwise provided in this Declaration, if any destruction of any portion of the Common Areas and any other Improvements insured by the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article X hereof shall be used for such purposes, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Area and all other Improvements shall be reconstructed or

rebuilt substantially in accordance with the original construction plans, if they are available, with such changes as are recommended by the Board. If that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than the estimated cost of restoration and repair, a reconstruction assessment shall be levied by the Board upon the Owners and their property in order to provide the necessary funds for such reconstruction over and above the amount of any insurance proceeds available for such purpose (a "**Reconstruction Assessment**"). Each and every Reconstruction Assessment shall be borne by the Owners in the same proportions as Common Assessments. However, if all of the Improvements in the Properties are destroyed, and a decision of the Owners owning seventy percent (70%) of the Parcels not to rebuild, the proceeds of the insurance carried by the Association shall be divided proportionately among the Parcel Owners; such proportion to be based upon the then-current assessed valuation by the Douglas County Tax Assessor, provided that the balance then due on any valid mortgage of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Parcel is so encumbered.

Section 2. Restoration Obligation of Owners. If the damage or destruction of any portion of the Properties which is not insured by the Association ("**Destroyed Properties**"), then it shall be the duty of such Owner, as soon as practical, to either (1) repair and replace the Destroyed Properties or such portion thereof as will render such damage or destruction indiscernible from the exterior of the Destroyed Properties, or (2) remove all buildings, structures, and other Improvements which may be constructed on such Owner's parcel, with the exception of the Common Area Improvements, such that the Parcel shall be left and maintained in a pleasing, landscaped condition which is consistent with the overall landscaped condition of the Common Areas at that time as determined by the Board. Any subsequent Owner of the Parcel shall promptly commence construction of replacement Improvements thereon. Any reconstruction, replacement, or repair required by this Section shall be in accordance with the original plans and specifications of the Properties, or plans and specifications approved by both the Board and the Mortgagee of the first Mortgage of record which encumbers the Parcel.

Section 3. Condemnation. If a taking or partial taking of any Parcel, including the Common Areas located thereon, by condemnation proceedings, the Owner of such Parcel, together with his Mortgagees and Declarant if that such Owner is a lessee under a ground lease with Declarant, shall have exclusive rights to prosecute the proceedings for the respective taking awards and to retain the proceeds thereof.

ARTICLE XII PROTECTION OF MORTGAGEES

A breach of any of the provisions, covenants, restrictions, or limitations hereof, or the recordation of any assessment lien, or the pursuit of any remedy hereunder, shall not defeat or render invalid the lien of any first Mortgage of record (meaning any recorded Mortgage or deed of trust with first priority or security over other Mortgages or deeds of trust) made with an Owner in good faith and for value upon the Parcel of such Owner, or the lien of any deed of trust for the benefit of the Nevada State Development Corporation, a Nevada corporation, assigned to the United States Small Business Administration (SBA), irrespective of the date of the recording of such deed of trust. The Owners and their Mortgagees, or the Nevada State Development Corporation, or its

assignees, if it has a recorded lien, mortgage, or deed of trust on the parcel, irrespective of the date of recording, may examine the books and records of the Association at all normal business hours, upon serving written notice of such examination on the Board. All of the provisions herein shall be binding upon and effective against any Owner whose title to said Parcel is hereafter acquired through foreclosure or trustee's sale. The Mortgagee of any Mortgage of record on any Parcel, or the Nevada State Development Corporation, or its assignees, if it has a recorded lien, mortgage, or deed of trust on the parcel, irrespective of the date of recording, may file with the Board a written request for written notification from the Association if any default by the Mortgagor of such Parcel in the performance of such Mortgagor's obligation under this Declaration which is not cured within thirty (30) calendar days, and the Board shall give each such Mortgagee notice thereof. Each Mortgagee of a Mortgage encumbering any Parcel in the Properties, or the Nevada State Development Corporation, or its assignees, if it has a recorded lien, mortgage, or deed of trust on the parcel, irrespective of the date of recording, which obtains title to such Parcel pursuant to the remedies provided in such Mortgage, by judicial foreclosure or by deed or assignment in lieu of foreclosure, shall take title to such Parcel free and clear of any claims for unpaid assessments or charges against such Parcel which accrued prior to the time such holder acquires title to such Parcel.

ARTICLE XIII DURATION AND AMENDMENT

Section 1. **Duration.** This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded in the official Records, Douglas County, Nevada, meeting the requirements of an amendment to this Declaration as set forth in Section 2 of this Article. There shall be no severance by sale, conveyance, encumbrance, or hypothecation of an interest in any Parcel from the concomitant membership in the Association, as long as this Declaration shall continue in full force and effect.

Section 2. **Amendment.** Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of seventy percent (70%) of the voting power of the Association. A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when the Certificate of Amendment is recorded in the official Records, Douglas County, Nevada. However, any of the following amendments, to be effective, must be approved in writing by the record holders of seventy percent (70%) of the aggregate value of Mortgages encumbering the Properties at the time of such amendment:

(a) Any amendment which affects or purports to affect the validity or priority of encumbrances, or the right or protection granted to encumbrancers as provided in Article II, Section 4, Article III, Section 3, Article XII, and Article XIII, Section 2, hereof;

(b) Any amendment which would necessitate an encumbrancer, after it has acquired a Parcel through foreclosure, to pay more than its proportionate share of any unpaid

assessment or assessments accruing after such foreclosures; or

(c) Any amendment which would or could result in an encumbrance being canceled by forfeiture.

A Certificate, signed and sworn to by two (2) officers of the Association, that the record Owners holding seventy percent (70%) of the voting power of the Association having either voted for or consented in writing to any amendment adopted as above provided, when recorded, shall be conclusive or evidence of such fact. The Certificate reflecting any amendment which requires the written consent of any of the record holders of Mortgages shall be signed and sworn to by such Mortgagees. When such Certificate is recorded, it shall be noted that such amendment has been so approved.

Section 3. Protection of Declarant. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Properties, will be required before any amendment shall become effective which would impair the protection furnished Declarant to complete development including, without limitation, Article XIII, Section 4, of this Declaration.

Section 4. Amendment by Declarant. Notwithstanding any other provision of this Article XIII, until the Close of Escrow for the sale of the first Parcel in the Properties, Declarant shall have the right to terminate or modify this Declaration by recordation of a supplement hereto setting forth such termination or modification.

ARTICLE XIV PARTY WALLS

Section 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 omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners of the Improvements connected by such party walls.

Section 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.

Section 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.

Section 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.

Section 6. **Arbitration.** If any dispute arises 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's Commercial Rules of Arbitration. The cost of such arbitration shall be paid exclusively by the arbitrating parties as apportioned by the chief arbitrator, with any party prevailing entirely absolved from paying any portion of such costs.

ARTICLE XV GENERAL PROVISIONS

Section 1. **Legal Proceedings.** Failure to comply with any of the terms of this Declaration, the Articles, and By-Laws of the Association, or regulations adopted pursuant thereto, by an Owner, his guests, employees, invitees, or tenants (except for the non-payment of any assessments provided for herein) shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof, which relief may be sought to Declarant, the Board, or, if appropriate, by an aggrieved Owner. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision, any other provision hereof. The Association, any Owner (not at the time in default hereunder) or Declarant shall be entitled to bring an action for damages against any defaulting Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant thereto shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, together with interest, costs of collection, and court costs. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

Section 2. **Severability.** The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

Section 3. **Interpretation.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of an industrial and business park development and the maintenance of Common Areas, and any violation of this Declaration shall be deemed to be a nuisance. The article and section headings, titles, and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural, and the masculine, feminine, and neuter shall mean the same.

Section 4. **Hold Harmless and Indemnification.** Each Owner shall be liable to the

Association for any injury to any person or damage to the Common Areas, or any equipment thereon, which may be sustained by reason of the negligence of said Owner or of his guests, employees, invitees, or tenants, to the extent that any such damage shall not be covered by insurance. The costs incurred by the Association on as a result of such damage shall be deemed a Special Assessment to such Owner and his Parcel, and shall be subject to levy, enforcement, and collection by the Board in accordance with the assessment lien procedure provided for in this Declaration. The Association further reserves the right to charge a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage or injury caused by such Owner, or by the use of the Parcel of such Owner. The Association shall hold each Owner safe and harmless from liability for loss or injuries occurring on the Common Areas to the extent that such loss or injuries are covered insurance to be maintained by the Association.

Section 5. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association; or alternatively, properties, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants conditions, and restrictions established by this Declarant governing the Properties, together with the covenants and restrictions established upon any other property, as one plan.

Section 6. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, for any public use.

Section 7. Non-liability and Indemnification. No right or power conferred on the Board by virtue of this Declaration, or by the Articles of Incorporation or By-Laws of the Association, shall be construed as a duty, obligation, or disability charged upon the Board, the Committee, or upon any director or member thereof, and except for injuries arising out of their malicious acts, no member of the Board or the Committee shall be liable to any person for his decisions, or failure to act in making decisions, as a member of the Board or the Committee. The Association shall pay all expenses incurred by, and satisfy any judgment or fine rendered or levied against any person who is or has been a director, officer, employee, or Committee member of the Association, in any action brought by a third party or by the Association against such person (whether or not the Association is joined as a party defendant), to impose a liability or penalty on such person for action undertaken while a director, officer, employee, for which the Association determines in good faith that such director, officer, employee, or Committee member was acting in good faith within what he reasonably believed to be the scope of his employment or authority, and for a purpose which he reasonably believed to be in the best interests of the Association or its Members. Payments include amounts paid and expenses incurred in settling any such action or threatened action. This Section does not apply to any action instituted or maintained in the right of the Association by a Member. This provision shall be construed to provide for such payments and indemnification to the fullest extent permitted by the provisions of the applicable laws. However, the members of the Board shall receive no compensation for their services performed pursuant to this Declaration or the By-Laws of the Association.


Section 8. **Notices.** Except as otherwise provided in this Declaration, in each instance in which notice is to be given to an Owner, the same shall be in writing and may be delivered personally to the Owner, in which case personal delivery of such notice to one or more co-Owners of a Parcel, or to any general partner of a partnership owning a Parcel, shall be deemed delivery to all co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association, or, if no such address shall have been furnished, to the street address of such Parcel. Such notice shall be deemed delivered forty-eight (48) hours after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the By-Laws of the Association shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

Section 9. **Annexation.** Declarant reserves the right to annex additional property under this Declaration, without cost or expense to current Owners.

THIS DECLARATION has been executed by the date first above written.



 ALFRED RICHARD ALEF

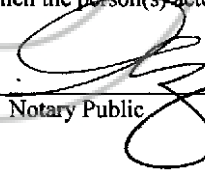


 HEIDI MARIE ALEF

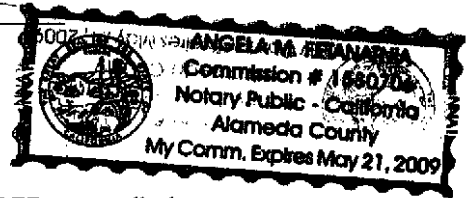
STATE OF California)
 COUNTY OF Contra Costa) ss:

On June 27, 2008, before me, personally appeared ALFRED RICHARD ALEF, personally known to me, or proven to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



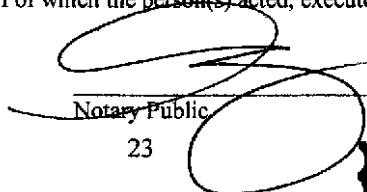
 Notary Public



STATE OF California)
 COUNTY OF Contra Costa) ss:

On June 27, 2008, before me, personally appeared HEIDI MARIE ALEF, personally known to me, or proven to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



 Notary Public

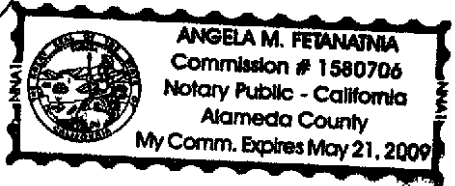


EXHIBIT "A"

LEGAL DESCRIPTION

Lot 24 in Block K of that certain Record of Survey No. 5 for CARSON VALLEY BUSINESS PARK, PHASE 2 recorded in the office of the Douglas County Recorder, State of Nevada on June 21, 2001 in Book 0601 at Page 5640 as Document No. 516867 which is a parcel contained within the Final Map No. 1015-2 CARSON VALLEY BUSINESS PARK, PHASE 2, recorded on September 3, 1998 in Book 998 at Page 562 as Document No. 448664 of Official Records.



EXHIBIT "B"

ASSOCIATION ASSESSMENTS

<u>Building Unit</u>	<u>Section / Current Ownership</u>	<u>Percentage Allotment</u>
A	Alef Properties	11.11%
B	Alef Properties	11.11%
C	Alef Properties	11.11%
D	Alef Properties	11.11%
E	Alef Properties	11.11%
F*	Alef Properties	11.11%
G*	Alef Properties	11.11%
H*	Alef Properties	11.11%
I*	Alef Properties	11.11%

*Units F & G and Units H & I may be combined, in which case each of the two resulting, combined units shall be responsible for 22.22% of each assessment.

EXHIBIT "B" AMENDMENT
COFFEE BEAN PLAZA
PROJECTED EXPENSES FOR 2008

Building	Percentage Owned	Expense
A	11.11	3,151.
B	11.11	3,151.
C	11.11	3,151.
D	11.11	3,151.
E	11.11	3,151.
F	11.11	3,151.
G	11.11	3,151.
H	11.11	3,151.
I	11.11	3,151.
J	11.11	3,151.