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WHEN RECORDED RETURN TO:

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ALLISON MacKENZIE, LTD.
402 North Division Street
P.O. Box 646
Carson City, NV 89702



KAREN ELLISON, RECORDER

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■The party executing this document hereby affirms
that this document submitted for recording does
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person or persons pursuant to NRS 239B.030

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
GENOA SPRINGS**

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
GENOA SPRINGS

This declaration is made this _____ day of _____, 2019 by Genoa Springs LLC, a Nevada limited liability company, (hereinafter referred to as “Declarant”), is made with reference to the following Recitals and is as follows:

RECITALS

R1. Whereas, Genoa Springs LLC is the owner of all that real property in Douglas County, Nevada (the Property) described in Exhibit A attached hereto and incorporated herein by this reference;

R2. It is further hereby declared that the Property is held and owned and shall be held, owned, operated, managed, conveyed, assigned, rented, hypothecated, encumbered, leased, used, occupied and improved subject to the following Declaration, all of which is declared and agreed to be in furtherance of a plan and purpose of protecting preserving and enhancing the value, desirability and attractiveness of the real property and every part thereof and of fostering the development, management, improvement, enjoyment, and use and sale of the Property and any part thereof;

R3. It is further hereby declared that the covenants, conditions and restrictions herein set forth shall constitute enforceable equitable servitudes as defined in Nevada law and shall constitute covenants that shall run with the Property and shall be binding upon and inure to the benefit of each Owner of any portion of the Property or of any interest therein, each party having or acquiring any right, title or interest in and to the Property or any part thereof and their heirs, successors and assigns; and

R4. It is further hereby declared that each Owner, by acceptance of a deed to a Lot, shall be deemed to have agreed, for any and all purposes, for Owner and for the members of Owner’s family, Owner’s contract purchasers, tenants or lessees, guests, invitees and/or licensees to abide by, and to be bound by, each and every provision of this Declaration which subjects such Owner or other persons to a contractual, fiduciary or other duty, obligation or agreement for the benefit of other Owners or occupants of the Property, either individually or as a class, the Association or the public generally, regardless of whether the deed refers specifically to this Declaration or to any such duty, obligation or agreement.

ARTICLE 1 DEFINITIONS.

Section 1.1. “Action of the Association” means and includes, other than actions required by the Declaration or Governing Documents to be accomplished by vote of the Lot Owner membership, an action by the Board, or if lawfully delegated by action of the Board, action of: a) the executive committee or other committee constituted by the Board, Declaration or Governing

Documents; b) the Association's officers or single officer; c) Association management; or d) any combination thereof so designated.

Section 1.2. "Articles" means the Genoa Springs Homeowners Association, Inc. Articles of Incorporation, which are filed in the Office of the Secretary of State of Nevada, on _____, 2019.

Section 1.3. "Assessment" means Regular, Reserve, Special, or Special Individual Assessment assessed by the Association against Owners and their Lot in accordance with this Declaration, any of which, except as provided herein, must be equal as to each and every Lot affected by the Assessment in that each Lot will pay the same dollar amount as each and every other Lot upon which the Assessment is imposed. A Special Individual Assessment may or may not be equal and any Assessment may include additional charges, fees or costs as provided herein.

Section 1.4. "Association" means Genoa Springs Homeowners Association, Inc., a Nevada nonprofit corporation.

Section 1.5. "Architectural Standards" means the Architectural Standards, Design Guidelines, or Design Standards as may be established pursuant hereto.

Section 1.6. "Association Rules" or "Rules" or "Rules and Regulations" means the rules and policies adopted by the Board, pursuant hereto, including any subsequent revisions as they may be amended from time to time. These Rules may include: a) Design Rules or Design Standards and Policies; b) Improvement Standards and Policies; or c) standards and policies governing utilization of Common Elements, as the Board may specifically adopt or otherwise develop through its actions, approvals or conditions over time so long as the membership is routinely informed at least thirty (30) days prior to any enforcement action in writing and the standards and policies are adequately stated in the minutes of the Association relating to the specific action, approval or condition.

Section 1.7. "Board of Directors" or "Board" means the body designated in this Declaration to act on behalf of the Association. The Board may act on behalf of the Association, unless any action is specifically reserved to the Members or is required by Chapter 116.

Section 1.8. "Bylaws" means the Bylaws adopted by the Association, as they may be amended from time to time.

Section 1.9. "Capital Improvements" means the construction of a new and not previously existing component, structure or amenity, it does not include the repair, replacement, change or maintenance of the major components of the Common Elements.

Section 1.10. "Chapter 116" or "NRS 116" means Chapter 116 of the Nevada Revised Statutes ("NRS") as existing and as may be amended from time to time.

Section 1.11. “Common Area” or “Common Elements” means any real estate and the improvements thereon within the Property designated as Common Area on the Map and including Common Facilities as defined herein.

Section 1.12. “Common Expense” means any use of common funds authorized hereby and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Elements, Common Facilities, or any portion of any Lot that the Association is obligated to maintain or repair; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Elements and Common Facilities or any portion of any Lot that the Association is obligated to maintain or replace, and for nonpayment of any Assessments; (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents; (e) contractual obligations of the Association; and (f) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, experts, professional services, insurance, operation, repairs, additions, alterations or reconstruction as may be required by this Declaration and/or Chapter 116.

Section 1.13. “Common Facilities” means roadways, drives, walkways, parking areas, sewer, water, gas, television and telephone services, landscaping, fences, utility lines, drainage improvements, pipes, irrigation systems, keycard systems, security systems, fire suppression systems, elevators, exterior and common area lighting fixtures, personal property and other operational facilities or improvements defined herein constructed or installed, to be constructed or installed, or currently located within the Common Areas and owned by the Association.

Section 1.14. “Design Standards” means the Design Standards established by the Board pursuant hereto.

Section 1.15. “Property” means all real property and the improvements located thereon described in Exhibit A.

Section 1.16. “Director” means a member of the Association’s Board of Directors.

Section 1.17. “Good Standing” means with respect to any Lot Owner that there are no delinquent Assessments or Fine obligations to the Association owed by that Owner.

Section 1.18. “Governing Documents” is a collective term that means and refers to this Declaration, the Articles, Bylaws, Association Rules, Design Standards, and the policies and resolutions adopted by the Board and distributed to the Members and other documents referenced in NRS 116.049 or superseding statute.

Section 1.19. “Improvement” means an alteration of the real property comprising the Property or any portion thereof and includes, but is not restricted to, any building, structure, shed, driveway, parking space or parking area, paving, walk, fence, wall, stair, arbor, deck, pole, sign, tank, landscaping (including trees, hedges, plantings, lawns, shrubs), landscape structures, berms,

fencing, pond, antennas, utilities, utility lines, gates, statues, markers, pipes, lines, lighting fixtures, and any structure of any kind. In no event shall the term “improvement” be interpreted to include projects which are restricted to the interior of a residence on a Lot.

Section 1.20. “Lien” means the lien in favor of the Association created by and perfected by the recordation of the Declaration.

Section 1.21. “Maintenance” means the exercise of reasonable care to keep buildings, landscaping, lighting, Lots, Common Area, Common Facilities, Improvements, residences, and/or real or personal property in which the Association or an Owner holds an interest in a state similar to their original condition, normal wear and tear excepted.

Section 1.22. “Map” means the Final Subdivision Map Genoa Springs on _____, 2019, as Document No. _____, Douglas County, Nevada records.

Section 1.23. “Member” means an “Owner” as defined herein below. When more than one person is an Owner of a Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot nor more than one Member of a Lot be eligible to serve on the Board of Directors. Member rights may be temporarily suspended under those circumstances described herein below.

Section 1.24. “Mortgage” means any security device encumbering all or any portion of the Property, including any deed of trust. The terms mortgage and deed of trust may be used interchangeably. “First Mortgage” means a mortgage having priority over all other Mortgages (except as otherwise provided herein and by law). “Mortgage Lien” means the lien or charge or equivalent security interest of any mortgage or deed of trust. “Mortgagor” shall refer to the trustor under a deed of trust, as well as a mortgage. “Mortgagee” shall refer to a beneficiary under a deed of trust as well as to a mortgagee of any mortgage. “First Mortgagee” means any person or entity, including, but not limited to, banks, savings and loan associations, insurance companies and other financial institutions, holding a recorded mortgage which constitutes an encumbrance upon one or more Lots first in priority of lien over all other encumbrances upon said Lot(s) securing payment of money other than pursuant to this Declaration and liens for real estate taxes and government assessments.

Section 1.25. “Owner” means a “Lot’s Owner” as defined in NRS 116.095 or superseding statute. “Owner of Record” and/or “Member of the Association” includes an Owner and means any person, firm, corporation, trust, limited liability company or other entity in which title to a Lot is vested according to Association records.

For purposes of requiring compliance with the obligations hereunder and where the context requires, and not to change the preceding paragraph, the term “Owner” includes, the Owner’s family, contract purchasers if such contract is recorded, lessees, tenants, servants, employees, guests, invitees, and licensees.

Section 1.26. “Person” means any individual, corporation, partnership, limited liability company, association, or other entity recognized by the laws of the State of Nevada.

Section 1.27. “Property” means the real property and improvements described in Exhibit A.

Section 1.28. “Regular Assessment” means an Assessment levied on Owners and their Lots based on the annual budget adopted by the Board.

Section 1.29. “Reserve Account” means the account in which reserve funds are held separate and apart from Association operating funds.

Section 1.30. “Reserve Assessment” means a portion of the Regular Assessment designated to fund the reserves for repair and replacement of Common Elements.

Section 1.31. “Residential Use” means occupation and use of a Lot for residential dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning ordinances or other applicable laws or governmental regulations.

Section 1.32. “Declaration” means this Declaration of Covenants, Conditions and Restrictions of Genoa Springs, recorded in the Office of the County Recorder of Washoe, Nevada as such may be amended from time to time.

Section 1.33. “Separate Interest” means that interest described in each Owners’ deed.

Section 1.34. “Special Assessment” means an Assessment levied on Owners and their Lots in accordance herewith.

Section 1.35. “Special Individual Assessment” means an Assessment made against an Owner and his or her Lot assessed in accordance herewith.

Section 1.36. “Lot” means the parcel of land designated on any subdivision plat or final map, whether or not improved, for a single-family residence.

ARTICLE 2: OWNERS’ PROPERTY RIGHTS & OBLIGATIONS.

Section 2.1. Elements of Separate Interest. Ownership of each Separate Interest within the Property includes:

- (a) **Lot.** A Lot as defined, depicted and described herein.
- (b) **Rear Yard Easements.** The area in the back of each residence from the rear of the residence to boundary of the Property includes property within the Common Area over which each Owner will be conveyed an exclusive easement at the time Lots are conveyed from the Declarant to an Owner. These easement areas are depicted on Exhibit “B” attached hereto and incorporated herein by this reference and are identified as Rear Yard Easements. The Owner of

each Lot shall have the exclusive right to occupy and utilize the Rear Yard Easement adjacent to their Lot in accordance with the terms of this Declaration and all applicable ordinances or laws. Each Owner shall be responsible for the upkeep of their adjacent Rear Yard Easement.

(c) **Front and Side Yards.** The portions of the Common Area that are in front of residences and between the Lots as well as that the portions of the front yards that are on each Lot shall be landscaped and maintained by the Declarant or Association and may not be altered, improved or modified by any Owner without the express, written consent of the Association. By acceptance of a deed, the Owners of Lots agree that the cost of the water necessary to irrigate said landscaping improvements within the Common Areas adjacent to each Owners Lot shall be the responsibility of the Owner of each individual Lot.

(d) **Nonexclusive Easements.** The Owner of each Lot shall enjoy a nonexclusive easement over the Common Area immediately adjacent to the Owner's Lot for the encroachment of improvements that are part of the residence, including but not limited to, eaves, utility meters, utility boxes, HVAC condensing units or similar improvements. Such easement shall not allow any Owner to exclusive use of such Common Area or preclude access to such areas on behalf of the Declarant or Association.

(e) **Slope.** Each Owner shall maintain all slopes on their Lot and shall re-establish any slope that suffers the effects of erosion or other activity that may cause breakdown of the slope. No owner shall alter a uniform slope on their Lot or anywhere on the Property without approval of the Association. The Association, the Design Committee and their respective authorized agents shall have the right (without the duty) to enter upon any Lot at any reasonable time for the purposes of maintaining or re-establishing any slope.

(f) **Landscaping Maintenance.** Choice of materials, fencing style, and placement of all structures on every lot shall be approved by the Declarant or Design Committee. Maintenance, care and upkeep of fencing, trees, other landscaping and fencing in rear yards of all Lots and Rear Yard Easements, as defined above, shall be the obligation of each Lot owner.

Section 2.2. Owners' Nonexclusive Easements of Enjoyment to Common Elements. Subject to the provisions of this Declaration, the Common Elements shall be held, maintained and used to meet the common interests of the Owners as provided in the Governing Documents. There shall be no use of the Common Elements except by the Owners or as may be delegated by Owners pursuant hereto.

(a) **Limitations on Nonexclusive Easements.** Every Owner (and Owner's Family, Resident contract purchasers, lessees, tenants and/or guests) shall have a nonexclusive right and easement of enjoyment in and to the Common Elements, including ingress and egress to and from the Owner's Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights and restrictions.

(i) The right of the Association to adopt Rules as provided herein, regulating the use and enjoyment of the Property and in particular the Common Elements for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or

any provision of any Governing Document to temporarily suspend the voting rights and/or right to use the Common Elements or Facilities, subject to compliance with the due process requirements of NRS 116. The Association may limit access to Common Areas for safety reasons, for example areas that house technical and mechanical elements of the Property.

(ii) The right of the Association, in accordance with this Declaration, and/or the Association's Articles and Bylaws, to borrow money, which may or may not be secured and/or supported by an assignment of future income, for the purpose of improving, restoring or maintaining the Common Elements and Common Facilities and/or the interests of the Owners and/or for the benefit of the Association, and in aid thereof, to mortgage property; provided, however, that the rights of any such mortgagee in property shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions hereof.

(iii) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of the Members, consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot.

(iv) The right of any Owner to the full use and enjoyment of any mechanical or electrical service connections as may serve the Owner's Lot in conjunction with other Lots within the Property. The Owner of each Lot served by a sanitary sewer, water, gas, electric, telephone, television line or connection, heating or air conditioning conduit, duct, flue, or system, or similar utility/service connection shall be entitled to the full use and enjoyment of such portions of said connections as service Owners' Lot subject to terms and conditions hereof.

(v) The right of the Association, by action of the Board, to charge reasonable admission, use and/or other fees for the use of the Common Elements or any portion thereof.

(vi) The right of the Association, by easement or through this Declaration, of access into or on Common Elements for their maintenance, repair, replacement, connection or maintenance of utilities or services, health or safety concerns, emergencies, to connect utilities or services, or for any other Association purpose.

(b) Waiver of Individual Owner's Right to Sever or Partition. No Owner, or other person, may by conveyance, transfer or any other action, including an action at law for partition, sever any Lot or Lots from the Common Elements or from the Association. Each Owner, by acceptance of a deed to a Lot hereby expressly waives all rights to do so.

Section 2.3. Persons Subject to Governing Documents. All present and future Owners, tenants, lessees, contract purchasers and/or occupants of Lots (on behalf of themselves, their Family, guests, tenants, invitees, agents, servants, employees, licensees and/or any other persons that might use the facilities of the Property in any manner, etc.) shall be subject to, and

shall comply with the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application, to one or more of such classes of persons (i.e., Owners, tenants, invitees, etc.). The Association may reasonably restrict the rights of tenants, guests and invitees by Association Rules. Such restrictions may differentiate between Owners, tenants, guests and invitees.

The mere accepting of a deed to any Lot; the entering into a lease, sublease or contract of sale with respect to any Lot; the occupancy of any Lot; and/or the acceptance of any guest pass shall constitute the consent and agreement of such Owner, tenant, occupant, guest and/or invitee that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person will observe and comply with the Governing Documents. It is the obligation of the Owner to ensure that any tenant, guest, invitee or other occupant is made aware of the Governing Documents and other conditions imposed by them and their obligation to read and comply with them.

Except as provided herein, the liability and obligation of any Owner for performance of any one and all provisions of the Governing Documents with respect to any Lot shall terminate upon the sale, transfer, or other divestiture of such Owner's entire interest in that Lot with respect to obligations arising hereunder from and after the date of such divestiture.

Section 2.4. Delegation of Use.

(a) Delegation of Use and Membership Rights and the Leasing or Sale of Lots. Any Member who delegates use of their Lot or membership rights to guests, invitees, or other occupant, or who leases to or contracts with another person or entity for the use of their Lot shall post or make a copy of the Association Rules reasonably accessible within their Lot for the review by any such person. Unless otherwise restricted by law, every day for which a violation of this Declaration, the Governing Documents, or Association Rules occurs may be considered a continuing violation. Any fine or penalty levied pursuant to this Section shall be considered a Special Individual Assessment as defined herein.

(i) **Assignment of Rights to Family Members.** Any Member may delegate the Member's rights to use and enjoy the Common Elements and Common Facilities to members of the Owner's family residing at the Property.

(ii) **Use by Invitees and Guests.** The invitees and guests of a Member shall have the right to use and enjoy the Common Elements and Common Facilities. Any such guest or invitee shall be subject to the same obligations imposed on the Member to observe the Governing Documents of the Association, unless further restricted by Rules adopted by the Association.

(iii) **Assignment of Rights and Responsibilities to Tenants/Lessees/Renters; Obligations of Rental Agent.** Any Member who leases or rents the Member's Lot to another person or persons will also ensure that such person or persons to whom are delegated, leased or rented the rights to use and enjoy the Common Elements and the Member's Lot, are obligated to comply with Association Rules and other obligations of Members of the Association, that they have been given a copy of the Association's Rules and confirmed in

writing that they have received, and agreed to abide by the Rules. Any violation by any such person or persons using or enjoying the Common Elements and the Member's Lot pursuant to any such lease or rental contract shall be deemed to be a violation by the Member or Lot Owners. The failure of the Member to control any such person or persons using or enjoying the Common Elements and the Member's Lot, or the failure of the person or persons to comply shall be grounds for action by the Board or by Association Management to protect the use and enjoyment of the Property by others by appropriately imposing sanctions or conditions on the Member, or otherwise taking action to enforce the Rules of the Association and other corrective action to reduce the effects of the actions of any such person or persons. Members who have leased or rented their Lot may, if they are a Member in good standing, use and enjoy the Common Elements.

(iv) Obligations of any Member who leases or rents. Any Member who leases or rents the Member's Lot to another person or persons and has entered into an arrangement with a Real Estate Broker ("Rental Agent") will also ensure: a) the Rental Agent has applied to the Association for a permit to act as a Rental Agent; b) that such Rental Agent agrees to assure that the Governing Documents, or other conditions imposed upon anyone using or enjoying a Lot or the Common Elements are communicated to any person or persons leasing or renting a Member's Lot; c) that the Rental Agent will inform any such person or persons that they are required to comply with these rules, restrictions or conditions whether they receive a copy of the Governing Documents, or not, and confirm that the renters have received and agreed to do so by signature of at least one responsible individual; and d) that the Rental Agent has read and understands the requirements, will have their employees or other agents read and understand the rules, conditions or restrictions imposed on them, and that the Rental Agent and its employees or other agents agree to keep current on such provisions, and comply with them as confirmed in writing by the Rental Agent, a copy of which confirmation shall be delivered to the Association upon the signature of any such arrangement with a Rental Agent. Any violation by any such Rental Agent shall be deemed to be a violation by the Member or Lot Owner. The failure of the Member to control any such Rental Agent, or the failure of the Rental Agent to comply shall be grounds for action by the Board or by Association Management to protect the use and enjoyment of the Property by others by appropriately imposing sanctions or conditions on the Member, or otherwise taking action to enforce the Rules of the Association and other corrective action to reduce the effects of the actions of any such Rental Agent, or otherwise correct or sanction the Rental Agent for any such violation. All leases and rental agreements shall be in writing, require the tenant to comply with the Governing Documents, provide a copy of Rules above, and state that any failure by a tenant to comply with the terms of the Governing Documents shall be a default under the lease. All tenants, when their tenancy is greater than 30 days, shall be registered with the Association and the Association shall have the right to charge a reasonable registration fee to each Owner. A copy of all rental agreements shall be provided to the Association prior to occupancy. Transient occupancy shall be in compliance with all local ordinances. The Board may adopt reasonable Rules related to Rental Agent permitting and registration of tenants to assure that tenants, guests and occupants are aware and comply with the Governing Documents. The Board may adopt fines against Owners who do not comply with the rental requirements.

(v) Assignment of Rights to Contract Purchasers. Any Member who has sold that Member's Lot to a contract purchaser evidenced by a contract of sale that has been recorded, may delegate to such contract purchaser Member's rights and privileges of membership in the Association. Such Member shall be deemed to have delegated all rights to use and enjoyment

of the Common Elements to a contract purchaser who has assumed occupancy of said Lot. No delegation of any membership rights or privileges to a non-Resident contract purchaser shall be binding, however, until the Board of Directors has been notified in writing pursuant hereto, below.

Notwithstanding any delegation, until fee title to the Lot has been transferred of record, a contract seller shall remain liable for all assessments, fines and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of the Members Lot.

(b) No Timeshare or Interval Ownership Purposes. No Owner shall offer or sell any interest in any residence under a “timesharing” or “interval ownership” plan.

(c) Discipline of Members for Violations by Lessees Tenants, Renters, and Rental Agents. An Owner who rents or leases their Lot to any person or entity shall be responsible for assuring compliance by the lessee and any other occupants, and compliance of the Rental Agent, with the provisions of the Governing Documents. In the event that any lessee, other occupants, or Rental Agent fails to comply with the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances, which may include suspension of the tenant’s, renter’s, or Owner’s privileges to use any Common Area or Common Elements, except the Owner’s Lot and access thereto. The Association may also impose fines and penalties against the Owner or place restrictions on the right to rent in the event of violations of the rental provisions of the Governing Documents. If the violation is of any parking rule or restriction, the Association may exercise all lawful rights to tow any vehicle immediately if the vehicle is: (a) blocking a fire hydrant, fire lane or parking space designated for the handicapped; or (b) poses an immediate threat of causing a substantial adverse effect on the health, safety, or welfare of the Lot’s Owners or residents of the Property against tenant, renter or Owner with no obligation of actual notice to the vehicle’s owner. The Association may direct the removal of pursuant to NRS 487.038, or improperly parked in the Property. The Association shall also comply with the provisions of NRS 116.3102(1)(s) or superseding statute.

Any fine or penalty levied pursuant to this Section shall be considered a Special Individual Assessment as defined herein.

(d) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Property, or any part thereof, or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to impose disciplinary, corrective or other appropriate action against an Owner on account of the misconduct of the Owner’s lessee or tenant unless and until the following conditions have been satisfied:

(i) The Owner has received written notice from The Board or the Association’s manager detailing the nature of the lessee’s or tenant’s alleged infraction or misconduct and scheduling a hearing on the matter;

(ii) The Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing

(iii) If such voluntary action is insufficient to correct the violation or misconduct, the Member/Owner has the right to a hearing.

In the case of a violation of health or safety, or other emergency, appropriate action can be taken prior to a hearing so long as a hearing is conducted as soon as practicable thereafter.

(e) **Association Rules.** The right of any person to use and enjoy the Common Elements and Common Facilities shall at all times be subject to the Governing Documents. With the exception of the right to use of any vehicular or pedestrian ingress or egress to go to and from the Lot, including any area used for parking, the Board shall have the right to impose monetary penalties or to suspend the use and enjoyment of any Common Elements and Common Facilities for the failure of a Member to pay any Assessments when due under the Declaration, or to comply with any other rule or regulation imposed upon such Member pursuant to the Governing Documents; provided, however, that any such suspension shall be imposed only after such person has been afforded the notice and hearing rights more particularly described herein. Any fine or penalty levied pursuant to this Subsection shall be considered a Special Individual Assessment as defined herein.

Section 2.5. Obligations of Owners. Owners of Lots shall be subject to the following:

(a) **Maintenance.**

(i) **By Owner.** As provided herein each Owner shall have the exclusive right and obligation at the Owner's sole cost and expense to maintain the Owner's Lot and improvement thereon.

(b) **By Association.** The Association shall maintain the Common Elements and Common Facilities, the landscaping, the exteriors (including roofs), and the foundations of the residence buildings, and shall engage and pay for all labor and materials as may be reasonably necessary for such maintenance. The Association and such persons as may be engaged by the Association for maintenance purposes, shall have the right to enter upon the exteriors of any improvements for the performance of maintenance or repairs, but they shall not have the right to enter a Lot without permission of the Owner of such Lot, except as otherwise provided herein.

(c) **Owner's Duty to Notify Association of Tenants and Contract Purchasers.**

(i) **Sale.** At least ten (10) days prior to the consummation of the closing of any sale or other transaction which will result in a change in the record ownership of the fee interest in a Lot, the transferring Owner or Owners shall provide the following information to the Association:

- (A) The name of each transferor and transferee;
- (B) The address of the Lot to be transferred;
- (C) The mailing and email address of each transferee;
- (D) The name and address of the escrow holder, if any, for such transfer and the escrow number; and
- (E) The proposed date for consummation of the transfer.

(ii) Lease. Contemporaneously with (and in no event more than five days after) the execution of a lease or rental agreement, the Association shall be provided the following information in writing on a form provided by the Association:

- (A) The name of each lessor and each lessee;
- (B) The address of the Lot leased;
- (C) The mailing and email address of each lessee (whether an Owner or prior lessee);
- (D) The commencement and termination dates of the lease;
- (E) The names of all persons who will occupy the Lot under the lease; and
- (G) Other information reasonably requested or designated from time to time.

(iii) Short Term Leases. Owners shall not lease nor rent their Lot such that there is a change in occupants more frequently than seven (7) days. The Association may adopt Rules related to registration of short term leases (less than 30 days) including a reasonable fee to administer such leases.

(iv) Effect of Failure to Notify. In addition to other penalties within this Declaration, until such time as the Association receives the notification required in Subsections (i) and (ii), above, a transferee or lessee shall be deemed to have received any and all notices or other communications required or permitted to be given by the Association hereunder which are duly provided to the transferor or lessor.

(v) Contract Purchasers. A contract seller whose contract is recorded may delegate the seller's Member rights, including voting rights. Notwithstanding any delegation of rights to the contract purchaser, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the Lot sold has been transferred to the purchaser.

(vi) Fines and Fees. The Board has the power to adopt Association Rules consistent with this Declaration relating to enforcement of these notice requirements and/or to impose penalties, including fines, for failures to give timely notice or to enforce the Governing Documents against renters. The Board may also charge a reasonable Fee to set off the administrative costs related to changes of possessory interests such as rentals

(d) Notification Regarding Governing Documents.

- (i) As more particularly provided in NRS 116.4109, and except as provided

by NRS 116.4101, an Owner must furnish a purchaser before execution of any contract for sale of a Lot:

- (A) A copy of the Governing Documents and the information statement required by NRS 116.41095;
- (B) A statement setting forth the amount of the Regular Assessments, Special Assessment, Reserve Assessment, Special Individual Assessment, and any unpaid assessment or fine of any kind currently due from the selling Owner;
- (C) The current operating budget and reserve budget, if it is separate, of the Association and a financial statement for the Association;
- (D) A statement of any unsatisfied judgments or pending legal actions against the Association and the status of any pending legal actions relating to the Association of which the selling Owner has actual knowledge; and
- (E) Any violations hereof by the Owner that are outstanding.

(ii) The Association must provide a statement within ten (10) days after a written request by an Owner setting forth the amount of unpaid Assessments against the Lot. The Association may charge additional fees, if requested to provide the information on less than ten (10) days' notice.

(e) Payment of Assessments and Compliance with Association Rules. Each Owner shall pay when due each Regular, Reserve, Special and Special Individual Assessments levied against the Owner and their Lot and shall observe, comply with and abide by any and all Governing Documents for the purpose of protecting the interests of all Owners or protecting the Common Elements and Common Facilities.

(f) Payment of Fees. The Association may impose a fee for providing copies of any documents equal to the reasonable cost of preparing and reproducing the requested materials which fees may be reviewed and revised by the Board from time to time as appropriate. In addition, the Association may impose a reasonable fee to cover its costs incurred to change its records in connection with a change of ownership of a Lot, as may be reviewed and revised by the Board from time to time as appropriate.

(g) Responsibility for Conduct of Others. Owners are fully responsible for informing members of their Family, contract purchasers, lessees, tenants, renters, Rental Agents, servants, employees, guests, invitees and/or licensees of the provisions of the Governing Documents and shall be fully responsible as allowed by law for any violation of the provisions of the Governing Documents by such family members, contract purchasers, lessees, tenants, renters, Rental Agents, servants, employees, guests, invitees and/or licensees. Each Owner shall further be fully responsible for the conduct and activities of Owner's pets and the pets of Family members, contract purchasers, lessees, tenants, renters, Rental Agents, servants, employees, guests, invitees and/or licensees. The Association may adopt additional restrictions on pets of persons other than the Owner, in the Rules.

(h) Indemnification for Damage & Injury. Owners are liable to the remaining Owners and the Association for any damage to the Common Elements that result by reason of the willful misconduct, or negligent act or omission of the Owner, Family members, contract purchasers, lessees, tenants, renters, Rental Agents, servants, employees, guests, invitees, or licensees (to the extent any such damage is not covered by insurance or subject to a deductible). Each Owner, family member, contract purchasers, lessees, tenants, servants, employees, guests, invitees, and licensees, shall indemnify each and every other Owner and/or the Association against, and hold them harmless from, and defend them against, any claim of any person for personal injury or property damage occurring to the Property due to the willful misconduct, negligent act or omission of the Owner, family members, contract purchasers, lessees, tenants, servants, employees, guests, invitees, or licensees, unless the injury or damage incurred is fully covered by insurance. Any deductible or uncovered loss is the responsibility of the Owner.

Each Owner, by acceptance of its, his or her deed, agrees personally and for family members, contract purchasers, tenants, guests, and invitees, to indemnify each and every other Owner, and the Association and to hold such Owner(s) and the Association harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the Lot of that particular Owner, if any, except to the extent: (i) that such injury or damage is covered by liability insurance in favor of the Association or other Owner; or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or another Owner.

(i) Discharge of Assessments. Each Owner shall promptly pay any Assessments that are due and such assessments constitute a lien against the Owners'.

(j) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners are joint and several. Without limiting the foregoing, this Subsection shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments. When there are multiple owners or an entity that owns with multiple owners of the entity, the Owner shall designate a single individual as the Member to whom the rights and privileges of delegation under the Governing Documents shall be applied.

(k) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Elements or Common Facilities, renunciation or abandonment of the Owner's Lot, any other act of renunciation or abandonment or otherwise, may avoid the burdens and obligations imposed on such Owner by virtue of being an Owner and Association Member by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and their Lot pursuant to this Declaration. Nor may any Owner divest itself of any such burden or obligation by attempting to assign responsibility therefore to a tenant, manager or any third person.

Any outstanding or unpaid Assessment, obligation, lien, charge, fee, cost, amount due or other responsibility of Owner, whether monetary or not, shall be fully paid out of the proceeds of sale of the applicable Lot, for which the Member specifically agrees to and authorizes deduction and payment from such proceeds to the Owner/Member, unless fully satisfied prior to

the close of escrow, or is otherwise resolved in a manner acceptable to the Association. This Declaration specifically grants a right to instruct the Member's escrow agent, for which the Member's assent will not be withheld to accomplish such deduction and payment to the Association.

Each Owner shall also honor the right of the Association and its agents to enter Lots as provided in Section 4.3(b) of this Declaration.

Section 2.6. Transfer or Conveyance of Lot Terminates Obligations. Except as allowed by law, and to the fullest extent allowed, upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Lot after the date of recording of the deed evidencing the transfer. No person, after the termination of the person's status as an Owner and prior to the person again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration except as provided by law. The conveyance of a Lot to a new Owner will not extinguish any obligations of the transferring Owner for unpaid Assessments that were levied against the Lot prior to the subject transfer.

Section 2.7. Ownership of Common Elements. The Association shall own all Common Elements and Common Facilities.

ARTICLE 3: DEVELOPMENT OF GENOA SPRINGS

Section 3.1 Maximum Number of Lots. Declarant reserves the right to create a maximum of Fifty-four (54) Single Family Lots within Genoa Springs.

Section 3.2 Subdivision and Development by Declarant. Declarant intends to develop the Project in several phases. As each phase is developed or completed, this Declaration will take effect with respect thereto.

Section 3.3 Annexation. Declarant, and other Persons with Declarant's written consent, may at any time and from time to time add to the lands which are subject to this Declaration. Upon the recording of a Notice of Addition of Land containing the provisions set forth below in this section 3.3 (which notice may be contained within any supplemental Declaration affecting such land), the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it had been originally subject to this Declaration; and thereafter, except as provided in Section 3.4, the rights, privileges, duties, and liabilities of the Persons subject to this Declaration shall be the same with respect to the added land as with respect to the lands originally covered by this Declaration.

The Notice of Addition of Land referred to hereinabove shall contain the following provisions:

- (a) A Reference to this Declaration, which reference shall state the date of Recordation hereof and the book and page numbers wherein this Declaration is recorded;

(b) A statement that the provisions of the Declaration shall apply to the added land as set forth herein;

(c) An adequate legal description of the added land;

(d) Declarant's written consent if the added land is not then owned by Declarant. As part of such written consent, Declarant may agree with the Person who owns such land as to the terms and conditions upon which Declarant will exercise its rights and duties, as Declarant under this Declaration, with respect to such added land. Such terms and conditions may provide for joint exercise, as to such added land, of Declarant's said rights and duties; and

(e) Such complimentary additions and modifications to this Declaration as may be necessary to reflect the different character, if any, of the added land which may be significantly at variance with the original land.

Section 3.4 De-annexation. Declarant may de-annex any area of land within the Project from this Declaration, without the consent of any Owner at any time prior to the conveyance of any area of Land or Lot on that portion of land to be withdrawn, to a Purchaser. Such de-annexation shall be affected by recording a de-annexation declaration. Upon recordation of the de-annexation declaration, the land to be de-annexed shall be removed and de-annexed from the Project and, thereafter, shall be free from the obligations, requirements, declaration, limitations, covenants, conditions and restrictions set forth herein.

Section 3.5 Special Declarant Rights. There are hereby reserved unto the Declarant or its designee(s) the following enumerated rights:

- (a) To complete any of the improvements depicted on the plats, plans and maps as set forth in the Declaration.
- (b) To exercise the development rights including annexation as set forth in this Declaration.
- (c) To maintain, operate and relocate one (1) sales/management office, signs and advertising relating to the Community and additional model homes, together with easements of ingress and egress, for marketing purposes.
- (d) To annex, in accordance with 3.3 to Genoa Springs.

ARTICLE 4: RESTRICTIONS & USE OF PROPERTY.

In addition to the restrictions established by law, the Map, any other applicable governmental approval or set forth in the Governing Documents, the following restrictions are hereby imposed upon the use of Lots, and/or Common Elements within the Property.

Section 4.1. Residential Use. Each Lot shall be used exclusively for non-commercial, residential purposes, except as specifically provided herein. A residence on a Lot may not be occupied by more individuals than permitted by applicable zoning laws or governmental regulations, if fewer.

Section 4.2. Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted or conducted within the Property except home offices and/or such professional or administrative businesses provided, however, that there shall be no posted external evidence of such business/home office (i.e. no signs, no increased pedestrian and/or vehicular traffic; activities are not apparent or detectable by sight, sound or smell from outside of the Lot; activities do not increase Association's insurance obligations and/or premiums; and the activities are not inconsistent with residential, non-commercial nature of the Property). Even if allowed by local ordinances, no day care business shall be allowed.

Section 4.3. Offensive Conduct, Nuisance, Obstructions, or Hazards. The following activities are prohibited and shall not be performed on, upon or within the Property:

(a) Activities which are noxious, harmful or offensive as determined by the Board;

(b) Activities which are nuisances, annoy or cause unreasonable embarrassment, harassment, disturbance or annoyance to any residents of the Property, Owners, Board Members and/or Association agents, service providers and/or employees or which shall, in any way, interfere with residents' use and enjoyment of their Lots and/or the Common Elements and Facilities. When determining if any activity is a nuisance, the Association may or may not adopt Rules establishing activities that constitute a nuisance and in any event, shall exercise reasonable discretion based on an objective standard of what is normally and usually considered to be a nuisance or a material impact which reduces any other Member's right or rights of use or enjoyment of their Lot or the Common Elements;

(c) Activities which will increase the rate of insurance or result in the cancellation of insurance under any insurance policy obtained by the Association;

(d) Activities which are in violation of any governmental statute, ordinance, rule and/or regulation, including specifically the brandishing and/or discharging of firearms within the Property;

(e) Use of machinery or equipment of any kind, except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private residence or appurtenant improvements within the Property;

(f) Activities which will obstruct entranceways or vehicular driveways located in or upon the Property or interfere with the free use thereof, except such obstruction as may reasonably be required in connection with repairs and maintenance;

(g) Activities which impede, alter or otherwise interfere with the drainage patterns or facilities in, over, under, across and through the Property, without the prior written consent of the Association or Declarant;

(h) Activities or conditions which would induce, breed, or harbor infectious plant diseases, noxious insects, rodents and/or vermin;

(i) Any excavation, improvement or work which in any way alters any Common Elements or Common Facility from its existing state on the date such Common Element or Common Facility was originally constructed shall not be made or done except by the Association and then, only in strict compliance with the provisions of the Governing Documents;

(j) Emission of unreasonable levels of exhaust fumes and/or noise and/or the parking, keeping and/or storage of dilapidated, unlicensed, non-operational and/or disabled vehicles;

(k) Division of Lots in any manner, including into two or more parcels;

(l) Any improvement or alteration without all required governmental permits and approvals or other-actions; and

(m) Any violation of the Rules or other Governing Documents of the Association.

Without limiting any of the foregoing, no Owner or other Resident shall cause and/or permit noise, sound(s) or sight(s) which would unreasonably disturb another's enjoyment of their Lot and/or the Common Elements taking into account when, how long and at what intensity.

Section 4.4. Regulation of Owner Activity. In order to promote the Owners' use and enjoyment of the Property and the aesthetic and recreational purposes thereof, the Association, in its Rules shall be entitled to set forth provisions that regulate or limit, subject to legal limitations, activities within the Property, including specifically any of the following:

(a) The rights of Owners (and Owner's family, contract purchasers, lessees, tenants, renters and/or guests and invitees) to use portions of the Common Elements and Facilities;

(b) The number of guests each Owner may allow to use the Common Elements, including, but not limited to, recreational facilities and parking spaces;

(c) As allowed by the Board or Design Committee, if one has been established, the color and type of all drapes, blinds, curtains, shades, shutters or other window coverings visible to the Common Elements and/or another Lot. No tin foil, sheets, or other "non-window" covering shall be placed on any windows except as approved. No Owner shall allow windows to be without allowed window coverings, if the window(s) allow a view into a residence on a Lot from the Common Area. No addition, alteration or modification, including but not limited to, shutters, including shutters or window hangings that may be seen from the exterior of any residence on a Lot, may be installed by a Lot Owner unless prior written authorization is received in accordance with any Rules or Design Standards adopted by the Board or Design Committee;

(d) The placement or display of signs of any kind on or from any Lot or the Common Elements. However, the Association shall not prohibit such signs as are allowed by law. No Owner may place signs in or on the Common Elements;

(e) The display or flying of flags, windsocks and/or similar items within the public view from any portion of the Property, except that this limitation shall not prohibit or prevent the flying of a flag of the United States or Nevada, as specifically allowed by law;

(f) The erection, construction, maintenance or placement of any solar panels, radio, fiberoptics, satellite dishes and/or electronic receiving and/or broadcasting service, including antennas, wiring or other means and/or any electrical, telephone or other wiring or similar items on the exterior of any residence on a Lot or any part thereof, except to the extent required to be allowed by state or federal law or as appropriate to allow common connection or reduced number of antennas or reception facilities attached to or on the Common Elements as may be determined in the sole discretion of the Board. There shall be no right of an Owner to require the Board to exercise its discretion;

(g) The erection, placement or maintenance of outbuildings, tents, shacks, sheds, trailers or other temporary buildings of any kind;

(h) The keeping, maintaining or breeding of animals, including, but not limited to, livestock, reptiles, domestic dogs or cats, rodents or birds. However, each Lot may keep not more than two (2) domestic dogs, cats and other customary household pets, provided that the dog, cat, or other household pet is not kept, bred, or maintained for any commercial purposes. The Board may adopt size or other reasonable limitations. Service dogs are allowed in compliance with State and Federal laws.

While in the Common Elements, all dogs must be on a leash or otherwise controlled by a responsible person. Pet owners are responsible for the removal and/or proper disposal of their pets' bodily wastes and while in the Common Elements must always have a bag or utensil with them to remove or dispose of the waste. No pets are permitted to live in or on any deck or porch.

The Association has the right to prohibit the maintenance or presence of any animal within the Property which, after notice and hearing as provided herein, is found to be a nuisance to and/or threat to the safety of other Owners/Residents. In particular, no aggressive, dangerous and/or attack trained dogs or animals are permitted in the Property.

Any person whose pet or animal causes injury to another Owner or guest or their pet shall be solely liable to such Owner or guest and shall indemnify the Association for any responsibility or damages, including attorney fees and costs, arising out of any such incident or occurrence.

(i) The use of power equipment, hobby/shop and/or wood-working equipment within the Property provided that this use is on the Member's lot, within reasonable hours, and without undue noise or nuisance to neighboring Lot Owners.

Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth herein and enforcement as a Special Individual Assessment.

Section 4.5. Parking Enforcement, Vehicle Maintenance and Snow Removal. As long as applicable ordinances and laws are observed, including but not limited to NRS 116.3102(1)(s), NRS 487.038 or comparable superseding statute, the Association may cause the removal of any vehicle which is on the Property in violation of the Governing Documents.

The Association or Declarant shall set aside within the Common Elements parking spaces and such private roads and driveways as are necessary to provide vehicular access from such parking spaces to any public road, including the traffic directions or other conditions on such roads. Each parking space shall be of suitable size for the parking of one automobile and designated so as to provide maneuvering of automobiles in such a way that the automobiles may leave the parking area to enter any road in a forward direction. Each parking space may be used only for the parking of vehicles and objects as shall be permitted by the Rules, so long as the vehicle can fit within the dimensions of the parking space. The use of parking areas, roads, and driveways shall be subject to such Rules as the Association may adopt from time to time. The parking spaces are not allocated to any particular Lot or Lots. Parking spaces within the Common Elements are not to be allocated to particular Owners by the Association and are to be designated as guest spaces, which guest spaces are available to Owners on a first-come, first-served basis. The Association may adopt Rules to control parking as the Board deems appropriate.

No vehicle may be parked on the Property except within parking areas designated by the Declarant or Association. Owners may not park non-passenger vehicles, campers, trailers (of any kind), boats, recreation vehicles, commercial vehicles, or other vehicles within the Property, except where required temporarily for deliveries, the construction, repair, refinishing, or maintenance of any part of the Property or for moving furnishing, equipment, or supplies into or out of the Property. However, such temporary parking is prohibited if it would prevent or restrict Residents from access to any part of the Property, including any parking area designated by the Association or Declarant.

The cost of maintaining and snow removal on the roads and all common parking spaces shall be paid by the Association.

Section 4.6. Termination of Mechanics' Lien Rights and Indemnification. No labor performed or materials furnished to and incorporated on a Lot with the consent or at the request of the Owner thereof, Owner's family, lessees, tenants, renters or contract purchasers, or any of their agents, contractors, or subcontractors, shall be the basis for filing a lien against the Lot of any other Owner if said Owner has not expressly consented to or requested the labor performed or materials furnished, or against the Common Elements.

Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against all liability arising from the claim of any lien against the Lot of any other Owner or against the Common Elements for construction performed, or for labor, materials, services, equipment, or other products incorporated into the Owner's Lot, at such Owner's request or with its consent.

The provisions of this section shall not apply to any labor performed or materials furnished at the request of the managing agent or the Board. The Association shall enforce such indemnity by collecting from the Owner of the Lot on which the labor was performed or to which materials were furnished, through Special Individual Assessments against said Lot, the amount necessary to discharge any such lien, including all costs incident thereto, or to reimburse or indemnify any other Owner affected by any such lien to the extent known to the Association or otherwise made known to it by request of the other affected Owner.

Section 4.7. Utilities/Trash Disposal. All trash, garbage, accumulated plant waste material, refuse, rubbish and debris shall be kept only in appropriate containers. No Owner or Resident shall permit or cause garbage, trash or other waste to be kept upon any portion of the Property, except in such containers which shall be stored within the garages of the residences on the Lots and not left in the driveway or other visible part of a Lot. Each Owner shall be required to have regular (at least weekly) trash pickup from a licensed, professional trash removal company. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from the Property to a public dump or trash collection area by the Owner, guest or invitee, tenant, renter at the Owner's own expense. The Association shall be entitled reasonable reimbursement of cost for the collection of garbage and refuse disposed in a manner inconsistent with this section. Owners shall pay their own cost of refuse collection, electric bill, natural gas bill, cable, internet connection fees and any other utility fees.

Section 4.8. Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the use restrictions set forth in this Article, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of Property contemplated by this Declaration. In considering and acting upon any request for a variance, the Board shall follow the procedures set forth herein for the granting of Design variances.

Section 4.9. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and other Residents with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of a Design or property use infraction that does not necessitate immediate corrective action, the Owner responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the non-complying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her appeal rights. However, the Board shall have the discretion to decide whether or not it is in the Association's best interest to pursue any enforcement action, including taking into consideration the potential benefits to the Association (and/or its Members) resulting from any such enforcement action as compared with the anticipated financial costs and may decide that analysis of these factors requires immediate or quick corrective action. In the event that corrective action is necessary and it is not practical or timely to give written notice to solve the problem in that health, safety, public appearance or other need makes earlier

action necessary, the Association may act so long as written notices given as soon as possible to the Owner and a hearing is allowed in a reasonable time shortly thereafter.

ARTICLE 5: HOMEOWNERS ASSOCIATION.

Section 5.1. Association Membership. Every record Owner of a Lot is a Member of the Association. The Owner(s) of a Lot will hold jointly one membership in the Association for each Lot owned. The membership will be appurtenant to each Lot and may not be separated from ownership of the Lot to which it relates. Persons who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed. Lessees who are delegated rights of use do not thereby become Members, although the lessee and members of the lessee’s family will, at all times, be subject to the provisions of all Governing Documents.

Each Owner will remain a Member of the Association until their ownership in every Lot in the Property ceases, at which time their membership in the Association will automatically cease. Membership in the Association will not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot.

Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner’s name to the purchaser of their Lot, the Association will have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller will be null and void.

Section 5.2. Voting. Only Members and Owners in Good Standing will be entitled to vote, and only one vote may be cast for each Lot owned by said Member, as more particularly set forth in the Bylaws. When more than one person holds an interest in any Lot, all such persons will be Members, although in no event may more than one vote be cast with respect to any Lot and only one Owner may be a member of the Board. Voting rights may be temporarily suspended under those circumstances described herein.

Section 5.3. Powers and Authority of the Association.

(a) Powers Generally. The Association through its Board will have the responsibility of managing and maintaining the Common Elements and Common Facilities and will discharge all duties and responsibilities imposed on the Association by the Governing Documents and applicable law. In the discharge of such responsibilities and duties, the Association and its Board will have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of Nevada, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents and NRS 116.

The Association will have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the

exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon will be as set forth in this Declaration and NRS 116.

(b) Association's Limited Right of Entry. The Association will have the right, when necessary, to enter any Lot or Common Areas, to perform the Association's obligations under this Declaration, including: (i) exterior maintenance or repair obligations; (ii) obligations to enforce the design and land use restrictions of Article 3 and Article 8 hereof; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Elements, Common Facilities, utilities and/or other services; (iv) to correct Rule violations that cause an unreasonable interference with other Owners use or enjoyment of their Lot or the Common Elements; (v) to make necessary repairs and maintenance of Common Facilities within the Lot; or (vi) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with Association property or the Owners in common.

The Association's rights of entry under this subsection (b) is immediate in case of an emergency originating in or threatening the Lot or improvements thereon where entry is required, or any adjoining Lots or Common Elements, and the Association's work may be performed under such circumstances whether or not the Owner or Owner's lessee is present. In all non-emergency situations, the Association must furnish the Owner or Owner's lessee with at least seventy-two (72) hours written notice or other method authorized by law of the Association's intent to enter the Lot, specifying the purpose and scheduled time of such entry and will make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing within the residence on the Lot.

The Association's rights of entry under this subsection (b) will expressly include the right to transfer said rights of entry to others (including, but not limited to employees, contractors and/or service providers retained by the Association) by permit, license, easement, or otherwise, for the benefit of the Property and the Owners of Lots therein.

Section 5.4. Board of Directors. The affairs of the Association will be managed by or under the direction of the Board. The number and qualifications of the Directors will be as established in the Bylaws. Directors must be Members.

(a) Powers of the Board. The Board will have all of the powers and duties set forth in the Governing Documents and Chapter 116, including:

(i) **Exclusive Power.** Except as expressly otherwise provided herein, the powers and duties of the Association which the Governing Documents do not reserve to the Members will be exclusively exercised and performed by the Board (or such Committees or officers as the Board may establish, elect or appoint pursuant to the provisions of the Bylaws). Any power to be exercised or duty to be performed by the Association may not be exercised or performed by any Owner without the written consent of the Board.

(ii) General Powers of the Board. Without limiting any powers of the Board conferred elsewhere in the Governing Documents or Chapter 116, the Board will have the following powers:

(A) To call meetings of the Members.

(B) To appoint and remove at pleasure all officers, committees or committee members, agents and employees of the Association, prescribe their duties, fix their compensation, and may require of them such fidelity bonds as it may deem expedient.

(C) To establish, fix, levy, assess and collect assessments against the Owners of Lots within the Property and to enforce payment of such Assessments. Any Assessments levied by the Association on its Members will be levied in accordance with and pursuant to the provisions of the Governing Documents.

(D) To authorize and cause the Association to: (1) enter into management contracts and contracts for the day-to-day operation of the Association and the discharge of its responsibilities and obligations (as used herein the term “manager” shall refer to a person or entity so contracted); (2) enter into lease, license or other agreements for the use of property or facilities not a part of the Property; and (3) enter into a contract to engage the services of a concierge, , except as otherwise provided herein. No contract for professional management may have a term of more than three (3) years and each such contract will be subject to all the other provisions hereof and may be terminable by either party for cause.

Any reference to the “term” of a contract as used in this Section will not include any option or automatic renewal or extension period so long as the term of the contract may not be renewed or extended if notice of non-renewal is given by the Association pursuant to the contract.

(E) To adopt, amend, and repeal Association Rules consistent with this Declaration relating to: (1) the maintenance, repair, management and use of the Common Elements and all facilities thereon by Owners, their lessees, guests and invitees or any other persons who have rights of use and enjoyment of such Common Elements and Common Facilities, including the right to restrict the use of certain land, facilities, air space, or structures to the Association or its officers, agents or employees; (2) minimum standards for the maintenance of landscaping or other improvements on Lots; (3) design control and the rules governing the Design Committee under Article 8; (4) regulation of parking; (5) regulation of pet ownership; (6) regulation of other matters under Article 3 hereof; (7) the conduct of an Owner and its family, contract purchasers, lessees, and their guests, invitees or licensees, with respect to the Property and the other Owners or occupants of the Property; (8) the conduct of disciplinary proceedings in accordance herewith; (9) reasonable charges for labor, services, or expenditures incurred at the request of an Owner or as a result of the actions of an Owner; (10) collection and disposal of refuse; (11) the interpretation of provisions of, and terms used in, this Declaration (said interpretation will be conclusively presumed to be correct so long as it is not inconsistent with this Declaration); (12) annual permitting of Rental Agents; and (13) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

The Association Rules may not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents or NRS 116, the conflicting provisions contained in the other Governing Documents and NRS 116 will be deemed to prevail over those in the Association's Rules or Bylaws.

(F) To delegate its powers to committees, officers, or employees of the Association.

(G) To incur debt for the purpose of replacing, maintaining and improving the Common Elements, and to encumber member assessments, of the Association as security for the repayment of such debt.

(H) To grant easements on, over, under, across, and through the Property for public utility and other purposes consistent with the provisions of this Declaration and the intended use of the Property and consistent with existing easements on the Property.

(I) Except as expressly otherwise provided herein, the Board of Directors will have the exclusive right and obligation to manage and administer the Common Elements and Common Facilities to contract for all goods, services, and insurance, payment for which is to be made from the assessments.

(J) Open and maintain bank or other financial accounts on behalf of the Association and designate the signatories as required or prudent for such bank accounts.

(K) Subject to the requirements of NRS 116.31088 and any superseding statute, bring and defend actions on behalf of the Association to protect the interests of the Members or the Association as long as the action is pertinent to the operations of the Association, and to assess the Members for the cost of such litigation. However, the Board will have the sole discretion to decide whether or not it is in the Association's best interest to pursue any such enforcement action, taking into consideration the potential benefits to the Association (and/or its members) resulting from any such enforcement action as compared with the anticipated financial costs.

Prior to filing litigation (including mediation and/or arbitration) regarding any disciplinary action against a Member, the Board will comply with the requirements set forth in NRS 116 and herein.

(iii) No Active Business. Nothing contained in this Declaration, however, may be construed to give the Board authority to conduct an active business for profit on behalf of the Association, all of the Owners, or any of them. The Board will have no such power. However, this subsection (iii) will not prohibit the Association and/or its Board from acquiring,

owning, leasing and/or selling any Lot or Common Element within the Property as allowed by law.

(b) Duties of the Board.

(i) Association Duties. Cause all duties imposed on the Association by Governing Documents to be properly performed.

(ii) Records. Cause a complete record of all its acts and corporate affairs to be kept, and to prepare budgets and financial statements for the Association.

(iii) Supervise. Supervise all officers, agents and employees of the Association and to see that their duties are properly performed.

(iv) Assessments. With reference to assessments of the Association:

(A) Fix, levy and collect assessments pursuant hereto;

(B) Approve the annual operating and reserve budgets and fix the amount of the assessment against each Member for each assessment period in compliance with Nevada law.

(C) Prepare a roster of the Members and assessments applicable thereto;

(D) Send written notice of each assessment to every Member subject thereto; and

(E) Issue statements and other certificates as required hereby.

(v) Insurance. Contract for casualty, liability, earthquake, employees' practices, or other insurance, sureties and/or bonds (including indemnity or fidelity bonds) may be purchased on behalf of the Association with such coverages and in such amounts as required by this Declaration and as deemed necessary by the Board in its sole discretion or as may be required by law and as required by NRS 116.

(vi) Vacancies. Fill a vacancy or vacancies on the Board as provided in the Bylaws.

(vii) Discharge of Liens. Pay any amount necessary to Bond or discharge any claim which may be or become a lien or encumbrance levied against the Property as a whole or any part thereof which constitutes a lien against the Common Elements, rather than merely against the interest therein of particular Owners; provided, however, that where one or more Owners are responsible for the existence of such lien, they will jointly and severally be liable for the cost of discharging it, and any costs incurred by the Association by reason of said lien or liens will be assessed against each such Owner and its Lot as a Special Individual Assessment. No decision resulting in such liability or assessment may be reached before providing the Owner or Owners with notice and hearing satisfying the requirements of this Declaration.

(viii) **Enforcement.** Commence and maintain actions for damages arising from, or to restrain and enjoin, or to take any reasonable action necessary to prevent, any actual or threatened violation of the provisions of the Governing Documents, the orders and awards of arbitration, or resolutions of the Board of Directors, or to enforce, by injunction or otherwise, the provisions of the foregoing.

The Board will have the sole discretion to decide whether or not it is in the Association's best interest to pursue any such enforcement action, including taking into consideration the potential benefits to the Association (and/or its members) resulting from any such enforcement action as compared with the anticipated financial costs.

The Board may suspend the voting rights of an Owner or suspend the privileges of an Owner to use the Common Elements or Common Facilities located on the Property, or assess monetary penalties against any Owner or other person entitled to exercise such privileges for any violations of the provisions of the foregoing; provided that the specific Owner or other person is given fair notice and the opportunity to be heard (in satisfaction of the minimum requirements of this Declaration) with respect to the alleged violation before a decision to impose discipline is made. The Board may delegate some or all of its enforcement rights to a Disciplinary Committee.

Notwithstanding anything to the contrary herein contained, neither the Board nor the Association will have the power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of its Lot, including access thereto over and across the Common Elements, except when such loss or forfeiture is the result of: (A) a judgment of a court; (B) a decision arising out of arbitration; or (C) on account of a foreclosure (judicial or under the power of sale herein granted) for failure of the Owner to pay the assessments levied pursuant to the provisions hereof.

If legal action is instituted by the Board pursuant to this section, any judgment rendered in any such action must include all costs of collection, arbitration costs, mediation costs, court costs and reasonable attorneys' fees.

(ix) **Operating Requirements.** Obtain any other material, supplies, furniture, property, labor, services, maintenance, repairs, construction, reconstruction, structural alterations, insurance, taxes, or assessments which the Association is required to secure or pay by law, local requirement, or pursuant to the terms of this Declaration, or as is necessary for the operation of the Property, or for the enforcement of this Declaration; provided, however, that if any such materials, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular Lots, the costs thereof will, as is reasonable, be assessed to such Lots and the Owners thereof as provided in Section 6.3 or as provided in the Bylaws.

Section 5.5. Limitations on Powers of the Association. Neither the Board nor the Association will have the power to take, and both are hereby expressly prohibited from taking, any of the following actions without the vote or written assent of a majority of the voting power of the Association's Members.

(a) Entering into a contract with a third person to furnish goods or services for the Common Elements, the Lots or the Association for a term longer than three (3) years with the following exceptions:

(i) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission or contracts with utility districts, sanitary services providers, energy providers, telephone service providers and/or cable or satellite dish or comparable service or utility provider;

(ii) Prepaid casualty and/or liability insurance policies not to exceed three (3) years duration provided that the policy permits for short-rate cancellation by the insured;

(iii) Lease agreements for equipment not to exceed five (5) years' duration; and

(iv) Agreements for sale or lease of security alarm systems and fire alarm equipment, installation and services not to exceed five (5) years' duration.

For purposes of this subsection, the five (5) year maximum "term" of a contract does not include any option period(s), renewal period(s) and/or extension(s) of time to the contract term so long as the contract contains provisions allowing the Association to non-renew and/or cancel the contract upon the expiration of the term. There shall be no automatic renewals of any contract.

(b) Selling, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

The Board of Directors shall not convey, exchange, mortgage, encumber, transfer upon trust or otherwise dispose of any of the real property of the Association without the affirmative vote or written consent except as provided herein of at least a majority of the Members. No proxy vote shall be counted upon such issue at either an annual or special meeting unless the meeting notice shall have stated specifically that such a transaction would be considered and shall set forth the details thereof.

(c) Paying compensation to Directors or Officers of the Association for services performed, except that the Board may authorize reimbursement to a Director or officer for expenses incurred in carrying on the business of the Association.

Section 5.6. Nonliability of Officials. Neither a Director, Officer, Committee of the Association or Member of a Committee of the Association, nor the Board (collectively and individually referred to as the "Released Party"), may be liable to any Member, Owner, the Association or any other party for any damage, loss, claim, liability or prejudice suffered or claimed on account of any decision, approval, disapproval, course of action, act, inaction, omission, error, negligence or the like made in good faith subject to the business judgment rule and which such person or entity reasonably believed to be in the interests of the Association. No

Released Party shall ever be liable to any Lot Owner or the Association for exemplary or punitive damages, regardless of the basis of any claim.

Without limiting the generality of the foregoing, this standard of care and limitation of liability will extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Elements and Common Facilities and enforcement of the Governing Documents.

The maximum indemnification rights (including the right to advancement of expenses) of Directors, Officers, employees and/or agents will be governed by Nevada law.

As set forth herein, the Association shall purchase and maintain insurance on behalf of its Directors, officers, employees and/or agents against liability asserted against or incurred by any Director, officer, employee and/or agent in its capacity or status as such.

The provisions of this section are intended to reflect the protections accorded to volunteer directors and officers of common interest communities under Nevada law. In the event that Nevada law is amended, this section will be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor code provisions.

ARTICLE 6: ASSESSMENTS.

Section 6.1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one (1) or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it will be so expressed in such deed or conveyance), covenants and agrees to pay to the Association: (j) Regular Assessments, (ii) Special Assessments, (iii) Reserve Assessments, and (iv) Special Individual Assessments levied by the Association as hereinafter provided. Such deed or conveyance will be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board may deem necessary or appropriate for the collection of such assessments and charges and for the enforcement of the liens hereinafter provided for. All Assessments specifically include any charge, claim, fine, fee, cost, collection expense, attorney's fee, and other charge or amount connected to such an assessment.

Each such Assessment will be established and collected as hereinafter provided. No Owner may waive or otherwise escape liability for any Assessment provided for herein by nonuse of the Common Elements or by abandonment.

(b) Extent of Owner's Personal Obligation for Assessments. The obligation to pay Assessments and charges and the right and power of the Association to initiate all actions and procedures for collection will run with the land, so that each successive Owner or Owners of record of any Lot within the Property will, in turn, become liable to pay all Assessments and charges assessed during the time they are record Owner of such Lot. All Assessments permitted or required herein, together with late charges, interest, costs, collection expenses, fines other charges, and reasonable costs (including reasonable attorneys' fees) for the collection thereof will

be a separate, distinct and personal debt and a personal obligation of the Person who was the Owner of the Lot at the time the Assessment was levied. The Owner of such Lot will ensure that any outstanding charge, cost or obligation whatsoever, whether of a monetary, lien or other nature, will be satisfied prior to sale.

Any Grantee and/or Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) will be personally liable only for Assessments attributable to the Lot so purchased which become due and payable after the date of such sale, and will not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability and the Association agrees to such assumption. The Lot, however, will be subject to the lien as allowed by law and/or provided for in this Declaration.

After a record Owner transfers, of record, any Lot they own, they will not be liable for any Assessments levied after the transfer with respect to that Lot only if the assessments or other claims, charges, obligations or liens have been fully paid or satisfied or if an express written assumption has been accepted by the Association prior to the transfer or any related close of escrow. If, for any reason whatsoever, an Assessment is unpaid after transfer and not assumed by the new Owner in a manner acceptable to the Association, any unpaid Assessment of a previous Owner will remain the debt of such previous Owner against whom assessed and the previous Owner will remain personally liable until paid or arrangements acceptable to the Association for full payment or satisfaction have been agreed to. A contract seller of any Lot will continue to be liable for all Assessments and charges until a conveyance by deed of such Lot is recorded in the Office of the County Recorder of Washoe County and only if any Assessments or other claims, charges, obligations, fines or liens have been fully paid or satisfied or if an express written assumption has been accepted by the Association.

(c) Authority of Board. The Board will have the power, duty and authority to levy Regular, Reserve and Special and Special Individual Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law. Except for a fine or construction penalty, the Board may not levy or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied. The Board will also have the power and authority to levy Special Individual Assessments against Owners.

(d) Creation of Assessment Lien. Assessments, together with late charges, interest, fines and reasonable costs (including reasonable attorneys' fees) for the collection thereof, have been, and continue to be, charges on the Lots and the Declaration including all amendments, such as this Declaration, has been, and continue to be, a continuing lien (the "Lien") upon the Lot against which such Assessment is made. The Lien is subject to foreclosure as provided herein and Chapter 116. The Lien will continue to secure all Assessments, together with late charges, interest, costs, collection expenses, fines, other charges and reasonable costs (including reasonable attorneys' fees) for the collection thereof, made on any Lot notwithstanding the transfer of record title to such Lot, and any such transfer will be subject to the Lien.

(e) No Avoidance of Assessment Obligations. No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by them from the Lien and charges hereof, by waiver of the use and enjoyment of

the Common Elements or any facilities thereon or by abandonment or non-use of their Lot or any other portion of the Property.

(f) **Offsets.** All Assessments levied by the Association will be payable in the full amount specified, including any additional charges imposed as provided for by the Governing Documents. No offsets against any such Assessment will be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Governing Documents.

Section 6.2. Regular, Reserve and Emergency Assessments.

(a) **Purpose of Regular Assessments.** All Regular Assessments levied by the Association Will be used exclusively for the purpose of promoting the health, safety and welfare of the residents of the Property and, in particular, for the maintenance, operation and improvement of the Lots, Common Elements, and any real or personal property in which the Association holds an interest. Regular Assessments include Reserve Assessments.

(b) **Annual Budget; Regular Assessments, Reserve Assessments & Board Authority.** In accord with the timing provisions of NRS 116.31151 (or comparable superseding statute), if any, the Board must estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities, which may be levied as a Reserve Assessment), prepare, and adopt then distribute to all Members a proposed budget.

(c) **Membership Approval Requirements.** Within sixty (60) days after adoption of the proposed budget, the Board must provide the budget or a summary of the budget to all Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the budget or summary. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, or is not timely ratified, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

(d) **Assessments to Address Emergency Situations.** In the event of an emergency situation, the Board may impose an assessment without ratification of a budget including such assessment. An emergency situation is any of the following.

- (i) An extraordinary expense required by an order of a court.
- (ii) An extraordinary expense necessary to repair or maintain the Common Elements or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.
- (iii) An extraordinary expense necessary to repair, or maintain the Common Elements or any portion of the separate interests which the Association is obligated to maintain that could not have been reasonably foreseen by the Board in preparing and distributing

the budget pursuant to subsection (a), above, provided that, prior to the imposition or collection of an assessment under this subsection (d)(iii), the Board will pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution will be distributed to the Members together with the notice of assessment.

(iv) An extraordinary expense necessary to make up any shortfall or deficiency in insurance proceeds in the event of damage or destruction of the Common Elements.

(e) **Allocation of Regular, Reserve or Emergency Assessment.** The total estimated Common Expenses, determined in accordance with subsections (a) and (b), above, will be divided and then allocated equally among, assessed against, and charged to each Owner/Lot, in that each Lot will pay the same amount as each and every other Lot upon which the Assessment is imposed. For Regular or Reserve Assessments, the total Assessment will be divided by the total number of Lots at the time of the assessment to determine the assessment per Lot.

(f) **Failure to Make Estimate.** If, for any reason, the Board fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year will be automatically assessed against each Owner and their Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment will be payable on the regular payment dates established by the Association.

The failure of the Board to fix Regular Assessments hereunder before the expiration of any year, for that or the next year, is not a waiver or modification in any respect of the provisions of this Declaration or a release of the Owner from the obligation to pay the Assessments, or any installment thereof for that or any subsequent year. Failure to provide a copy of the budget to any Owner will not affect the validity of Assessments based thereon so long as that Owner receives reasonable notice before the Association commences any action or proceeding to enforce collection thereof.

(g) **Assessment Due Date, Installment Payments & Delinquency.** The Regular Assessments levied annually against each Owner and their Lot for the current fiscal year may be divided into monthly, quarterly, semi-annual or annual installments so long as the respective Owner is not in default (i.e., current on all Assessments). Each installment is due and must be paid on the first day of the period in which it becomes due or in such other manner and/or on such other date or dates as may be established from time to time by the Association. To encourage prompt payment or early receipt of Assessments, the Board may assess a late fee or offer a discount for payments made quarterly, semi-annually, or annually so long as offered to each and every Owner equally and addressed in the Budget.

Installments of Regular Assessments will be late if: (a) not actually received by the Association or its designated agent by the fifteenth (15th) day of the month in which the Assessment is due; or (b) sent with visible official postmark or date of the transmission on or before the tenth (10th) day of the month in which the Assessment is due. In the event of a default in the payment of any installment, the Association may pursue the remedies set forth below, as to

the late payment. Interest, late fees and other charges shall be assessed effective the 15th of the month if such assessments are late.

Section 6.3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subsection (b), below, the Board may have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) **Capital Improvements.** The Board may also levy Special Assessments for additional Capital Improvements within the Common Elements (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Elements). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, replacement, and repair of the Common Elements or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves through Reserve Assessments) and to maintain adequate insurance on the Common Elements and existing Common Facilities in accordance with Article 9 hereof.

The Association shall provide written notice to each Owner of a meeting at which an Assessment for a Capital Improvement is to be considered or action is to be taken on such an Assessment at least twenty-one (21) days before the meeting. The Board, without member approval, may provide for Capital Improvements of less than 6% of the yearly Regular Assessment.

(ii) **Special Projects.** The Board may also levy Special Assessments for Special Projects that the Board determines would enhance the Property in the Board's discretion. The Board's assessment authority pursuant to this Section will be subject to membership approval requirements described below.

(b) Membership Approval. In order for the Board to levy Special Assessments the Board must adopt a proposed budget therefore, and within thirty (30) days after adoption of the proposed budget with respect to the Special Assessment, the Board must provide a summary of the budget to all Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary Unless at that meeting a majority of all Owners reject the budget that includes the Special Assessment the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the Special Assessment shall not be imposed.

(c) Allocation and Payment of Special Assessments. When levied by the Board and approved by the Members as provided above, the Special Assessment will be divided among, assessed against and charged to each Owner and their Lot in the same manner prescribed for the allocation of Regular Assessments. Notice of the Special Assessment so levied must be mailed to each Owner.

Unless the time for payment is extended by the Board, payment of all Special

Assessments will be due no sooner than fifteen (15) days after the Association gives the Owners written notice thereof.

The Board may, in its discretion, prorate the amount of any Special Assessment over any calendar period, proscribe frequency of payment and impose a late fee or offer a discount.

Installments of Special Assessments will be late if: (a) not actually received by the Association or its designated agent by the fifteenth (15th) day after the Assessment is due; or (b) sent with visible official postmark or date of the transmission on or before the tenth (10th) day of the month in which the Assessment is due. In the event of a default in the payment of any installment, the Association may pursue the remedies set forth below, as to the late payment. Interest, late fees and other charges shall be assessed effective fifteen (15) days after the due date, if such assessments are late.

Section 6.4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners the Board may impose Special Individual Assessments against an Owner in any of the circumstances described in subsections (i) through (viii), below or as otherwise provided in the Governing Documents, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled hereunder and by law. Subject to the foregoing, the facts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) **Damage to Common Elements or Common Facilities.** If any damage to, or destruction of, any portion of the Common Elements or the Common Facilities, including any portion of a Lot which the Association is obligated to repair and maintain is caused by the willful misconduct and/or negligent act or omission of any Owner, the Board may cause the same to be repaired or replaced, and all costs and expenses and deductible, including but not limited to any costs or expenses incurred in deterring, apprehending and/or identifying those persons causing damage, incurred in connection therewith (to the extent not compensated by insurance proceeds) may be assessed and charged solely to and against such Owner as a Special Individual Assessment. If insurance covers the event or occurrence, the insurance proceeds shall be used first before any assessment is made.

(ii) **Expenses Incurred in Gaining Member Compliance.** If the Association incurs any costs or expenses, to accomplish: (A) the payment of delinquent Assessments, (B) any repair, maintenance or replacement to any portion of the Property that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion, or (C) to otherwise bring the Owner and/or their Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and other interest as allowed by law and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) may be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. As more particularly provided herein (and without limiting the generality of those sections), if the Board, in its discretion, determines that any improvement on a Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash the Association will have the right to enter the Lot, correct the offensive or hazardous condition, and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner.

(iv) Diminution in Insurance Proceeds. As more particularly provided herein, the Association may levy a Special Individual Assessment for the amount of the loss in insurance proceeds against any Owner who, in violation hereof, caused any diminution in the insurance proceeds otherwise payable to the Association due to the Owner's individual casualty insurance.

(v) Increase in insurance Burden. The Association may levy a Special Individual Assessment for the amount of the increased insurance premium against any Owner who in violation of these governing documents caused any increase in the rate of insurance paid by the Association to reimburse the Association for any such increase in the rate of insurance.

(vi) Payment of Insurance Deductible. The Association may levy a Special Individual Assessment for the amount of any insurance deductible.

(vii) Payment of Fines. The Association may levy a Special Individual Assessment for the amount of any fine or other penalty properly imposed hereunder

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed herein, notice thereof will be mailed to the affected Owner and the Special Individual Assessment will thereafter be due as a separate debt of the Owner payable in full to the Association within fifteen (15) days after the mailing of notice of the Assessment.

Installments of Special Individual Assessments will be delinquent if not received by the Association or its designated agent within fifteen (15) days from the due date. In the event of a default in the payment of any Special Individual Assessment, the Association may declare that Owner's Special Individual Assessment to be in default and pursue the remedies set forth in herein as to the late payment.

Section 6.5. Reasonableness of Assessments. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation of the Owner of the Lot against which the Assessment is imposed that will be binding on the Owner's heirs, successors and assigns, provided that the personal obligation of each Owner for delinquent Assessments will not pass to the Owners successors in title unless expressly assumed by them with the express approval of the assumption by the Association.

Section 6.6. Exemption of Certain Parts of the Property From Assessments. The following real property subject to this Declaration will be exempt from the Assessments, unless used as a residence:

- (a) Any portion of the Property dedicated and accepted by a local public authority;
- (b) The Common Elements and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 6.7. Maintenance of Assessment Funds.

(a) **Bank Accounts.** All sums received or collected by the Association from Assessments, together with any interest or other charges thereon, must be promptly deposited in insured checking, savings or money market accounts in a bank, savings and loan association or other financial institution selected by the Board which has offices located within the United States of America or as required by applicable state law, which accounts will be clearly designated as either an “operating” or “reserve” account or other accounts so designated by the Association.

The Association must establish and maintain cash deposit accounts into which will be deposited all Assessments. Disbursements from such account will be for the general operation of the Association including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Property. The Association will maintain other accounts necessary to carry out its purposes, including (at minimum) a reserve account for the repair, replacement, maintenance or restoration of the major components of the Common Elements as set forth in this Article, and applicable Nevada law. In addition, the Board will be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees, and as allowed by applicable Nevada law. The Board, and such officers or agents of the Association as the Board may designate, will have exclusive control of the accounts and investments and will be responsible to the Owners for the maintenance at all times of accurate records thereof. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as applicable Nevada law allows such commingling, and so long as the separate accounting records described herein are maintained. Any interest received on such deposits will be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subsection (b), below.

(b) **Separate Accounts & Commingling of Funds.** Except as provided below, the proceeds of each Assessment will be used only for the purpose for which such Assessment was made, and such funds will be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board’s approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the amount required to

accomplish the purpose for which such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association must maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments will be accounted for together with the receipts and disbursements of Regular Assessments.

Unless the Association is exempt from federal taxes, all sums allocated to capital replacement funds will be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service that will prevent such funds from being taxed as income of the Association.

(c) **Checks.** All checks (or other demands for payments of Association money) and/or notes of the Association must be signed by the President or by such other Directors and/or Officers or such other person or persons as the Board may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts will require the signatures of two Directors or an Officer (who is not a Director) and a Director.

Section 6.8. Collection of Assessments; Enforcement of the Lien.

(a) **Late Assessments.** If any payment of a Regular, Reserve, Special (installment or lump sum), or Special Individual Assessment assessed to any Owner is not received by the Association or its designated agent within fifteen (15) days after the same becomes due, such payment will be late and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law beginning from the due date until the same is paid, and be subject to a late charge approved by the Board for any late Assessments, such late charge to be applied for each thirty (30) day period any assessment remains unpaid.

(b) Effect of Nonpayment of Assessments.

(i) **Remedies Available to the Association to Collect Assessments.** In the event of default in payment of any Assessment, the Association may commence any procedure for collection. In addition to any other remedies herein or by law provided, the Association may enforce each such obligation by doing both or either of the following: initiating a legal action, assessing any and all late charges, fees, interest, liens and loss of access to common elements against the Owner personally obligated to pay the late Assessment and/or foreclosing the Lien against the subject Lot (or accepting a deed in lieu of foreclosure). The Association may perform judicial or nonjudicial foreclosure.

(ii) **Nonjudicial Foreclosure.** Each of the Owners, by acceptance of a deed to a Lot, gives the Association the power to appoint a trustee and attorney-in-fact by special power of attorney to enforce and to foreclose the Lien by private power of sale, and/or in

accordance with NRS 116.3116, et seq., or superseding statutes, and further grants to the Association the authority and power to sell the subject Lot of such defaulting Owner, or any part thereof to satisfy the Lien, for lawful money of the United States to the highest bidder. The Association may assign its right and obligation as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and the Association will be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association may employ the services of a title insurance company or other responsible company authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder. So long as the law so provides, the Association may not foreclose a Lien based on a fine for violation of the Governing Documents unless the violation threatens the health, safety, or welfare of the Residents of the Property.

In the event of a nonjudicial foreclosure, whether completed or not, the Association shall recover all foreclosure expenses, attorney's fees, costs, expenses, interest or charges, of any kind and whatsoever nature.

(iii) **Judicial Foreclosure.** In the event that foreclosure is by action in court, reasonable costs, including attorneys' fees, will be allowed to the Association.

(iv) **Actions for Money Judgment.** In the event of a default in payment of any Assessment, or any other amount owing, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, or any other amount owing and attorneys' fees without foreclosure or waiver of Assessments.

Section 6.9. Transfer of Lot by Sale or Foreclosure. The following will govern the Association's rights to enforce its Assessment collection remedies following the sale or foreclosure of a Lot.

(a) Except as provided in subsection (b), below, the sale or transfer of any Lot will not affect the requirement and obligation with respect to the Lot of the payment of Assessments before the sale or transfer, and the Association can continue to foreclose the Lien in spite of the change in ownership.

(b) A holder of a prior encumbrance is responsible to pay Assessments, late charges, fines, transfer fees, interest, and costs of collection incurred before the sale or transfer of a Lot under a foreclosure or deed-in-lieu of foreclosure as limited by NRS 116.

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, will relieve the new Owner of that Lot (whether it be the former beneficiary of the First Mortgage or other prior encumbrance, or a third party acquiring an interest in the Lot) from liability for any assessments thereafter becoming due or that became due prior to foreclosure and in the maximum amount allowed by law, whether it be six, nine or some other period of months allowed by law.

(d) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, will affect the Association's right to maintain an action against the foreclosed previous Owner of the Lot personally to collect the delinquent assessments, late charges, fines, interest, and associated costs of collection incurred by that prior Owner prior to the sale or transfer.

Section 6.10. Priorities. Assessments are prior to all other liens and encumbrances on a Lot except: (a) liens and encumbrances recorded before the recordation of this Declaration and liens and encumbrances which the Association creates, assumes or takes subject to; (b) a first security interest on the Lot recorded before the date on which the assessment sought to be enforced became delinquent, except that Assessments, late charges, collection costs, fines, any assessments made, attorneys' fees and costs, are prior to all such first security interests to the extent of the amount of Assessments which would have become due in the absence of acceleration in the maximum amount as allowed by law or the extent provide by NRS 116; and (c) liens for real estate taxes and other governmental assessments or charges against the Lot. This section does not affect the priority of mechanics' or material men's liens, or the priority of other Assessments made by the Association.

Section 6.11. Estoppel Certificate. A certificate executed by the Association setting forth the amount of any due and unpaid assessments with respect to a Lot (or the fact that all Assessments due are paid, if such is the case) will be conclusive against the Association, and/or the Owners in favor of any and all persons who rely thereon in good faith. Any Owner will be entitled to such a certificate within ten (10) business days after written demand therefore and upon payment of a reasonable fee.

Section 6.12. Unallocated Taxes. In the event that any taxes are assessed against the Common Elements, or the personal property of the Association rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to Section 5.2 and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

Section 6.13. Assignment of Rents. Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments and other charges due the Association pursuant to this Declaration which are in default.

Section 6.14. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of the Lien, the benefit of any homestead or exemption law of Nevada in effect at the time any Assessment or installment thereof becomes delinquent.

ARTICLE 7: MAINTENANCE RESPONSIBILITIES.

The Property must be maintained in an attractive, safe, and sanitary condition and in a good state of repair.

Section 7.1. Association Maintenance Responsibility.

(a) **Common Elements.** Except as is provided herein, the Association is solely responsible for maintenance, repair, and replacement within the Common Elements, Common Facilities, foundations, roofs, siding, improvements, sidewalks, landscaping, parking spaces, parking areas, parking garages, storage containers, shelves, bins, streets, the lounge, spa, BBQ areas, walkways, fences, chimney chase, flue or chimney components, and utility facilities (excluding those utility facilities maintained by utility companies or agencies).

The Association is not responsible to maintain, repair, or replace the improvements on Lots except as specifically provided for herein.

Only the Association may construct, reconstruct, refinish, alter or maintain any Improvement upon, or which will create any excavation or fill or change the natural or existing drainage of any portion of the Common Elements. No person may remove any vegetation from, or plant any vegetation upon the Common Elements, without the Association's express written approval.

(b) **Improvements and Lots.** The Association may, when necessary, enter any Lot to perform the Association's obligations under this Declaration, including undertaking necessary repairs and maintenance.

Section 7.2. Owner Maintenance Responsibilities.

(a) **Common Elements.** Owners are solely responsible and liable for the Costs incurred in order to repair or replace any portion of the Common Elements that is due to or caused by the willful or negligent act/omission of an Owner, unless such repair or replacement is covered by insurance carried by the Association. If the repair or replacement is covered by insurance carried by the Association, then the Association is only responsible to the extent of such insurance coverage, and the Owner whose willful or negligent act or omission caused the repair or replacement is responsible to pay the insurance deductible and the amount in excess of insurance coverage.

Owners are responsible for maintenance or repair of any Improvements made to or on their Lot.

(b) **Lots.** Each Owner will be responsible for any and all maintenance, repair and replacement of the improvements on the Owner's Lot in every respect, except for as specifically provide for otherwise in Section 2.1(c) above.

(c) **Personal Property.** The duty to maintain, repair, or replace personal property and components and fixtures within Lots that is due to and/or results from water infiltration and/or water leaks from any pipes, drains, conduits, appliances and/or equipment; and/or any other place or cause, will be borne by the owner of said personal property, components, and fixtures. Persons bound by this Declaration agree to bear the risk of any such loss and that the

Association will not be liable to reimburse them for property damage unless such damage is caused by an act of the Association.

(d) **Improvements or other additions.** The duty to maintain, repair, or replace and keep in good working order any upgrades or Improvements made by an Owner will be borne by the Owner. If such elements are damaged through no fault of the Owner and the Association is responsible to maintain and repair such element, the Association shall replace the damaged element. The Owner shall be responsible for any additional expense associated with an upgrade or Improvement at the time of repair.

Section 7.3 Recovery of Costs of Certain Repairs and Maintenance.

(a) In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent acts or omissions of an Owner and is not covered or paid for by Association insurance policies or any liability insurance maintained by the responsible Owner, the cost of such maintenance or repairs will be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner.

(b) In the event that an Owner fails to perform maintenance functions for which Owner is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within thirty (30) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance within the allotted time, the Association may exercise its rights to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance herewith.

Section 7.4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the maintenance obligations hereunder, individual Owners and the Association will cooperate in the performance of maintenance work.

Section 7.5. Capital Improvements.

(a) **Petition; Association Approval; Owner Approval.** One-third (1/3) of the Owners may from time to time, in writing, petition the Association for the construction, installation or acquisition of Capital Improvements on or to the Common Elements. Such petition will be in such form and will contain such information as the Association may require, including, without limitation, preliminary plans and cost estimates, The Association, through the Board, may from time to time and on its own motion move for the construction, installation or acquisition of a Capital Improvement, in which case such motion will be treated as if it were a petition duly submitted by the Owners.

(b) **Approval of Petition.** The Association may approve the petition if it determines that the proposed Capital Improvement is desirable for the beneficial use and enjoyment of the Common Elements and/or the Lots, is economically feasible, is in conformance with applicable zoning, and has received all governmental required approvals.

(c) **Bids.** Upon the approval of such petition by the Association, the

Association will obtain firm bids on the total cost of constructing, installing, or acquiring the proposed Capital Improvement, and the most reasonable and best value bid or bids will be deemed the estimated total cost of such Capital Improvement.

(d) Approval by Owners. If during the fiscal year aggregate expenditures for Capital Improvements are expected to exceed 6% of the annual Regular Assessments for that fiscal year, the Association prior to incurring the expense will present the proposed Capital Improvements and the estimated total cost thereof to all Owners for approval by a majority vote of the Owners. Upon approval by the Owners, a Special Assessment for Capital Improvement will be levied.

(e) Construction. After the levy of the Special Assessment for Capital Improvement, and at such time and upon such terms and conditions as the Association may deem appropriate, but not at a cost exceeding the estimated total cost of such Capital Improvement as determined above, the Association will construct, install, or acquire, or contract for the construction, installation or acquisition of the proposed Capital Improvement.

(f) Expenses for Property Not Approved. If for any reason the construction or acquisition of the proposed Capital Improvement is not approved by the Association, or the Owners, if required, all expenses incurred by the Association with respect to the proposed Capital improvement will be paid proportionately by the petitioning Owners. The Association may levy a Special individual Assessment pursuant to Section 5.4 against said Owners for the purpose of paying such expenses. If the proposed project was initiated by the Board, such expenses will be paid by the Association.

ARTICLE 8: EASEMENTS & RESERVATIONS.

Section 8.1. Encroachment Easements. If any portion of the Common Elements encroaches on any Lot, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it as long as it remains, and all Lots and the Common Elements are made subject to such easements. If the dimensions or location of a Lot or improvement differs from that shown and depicted on the Map, the actual dimensions and location will prevail over that shown and depicted on the Map for any and all purposes.

A valid easement for encroachment will never be created in favor of an Owner if the encroachment occurred due to the willful or negligent conduct of the Owner.

Section 8.2. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under all of the Property for ingress, egress, installation, replacing, repairing, operating and maintaining all utilities, including but not limited to water, sewer, storm water drains and pipes, sprinkling systems, heating and gas lines or pipes, gas, telephones, drainage, electricity, cable television systems, communication facilities and similar public or quasi-public improvements or facilities.

By virtue of this easement, it will be expressly permissible for a providing utility company and/or service provider to erect and maintain the necessary equipment and underground facilities

on the Common Elements. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated except as initially designed and approved by the Association, whereby the Association's approval may not be unreasonably withheld. The easements provided for in this section will in no way affect any other recorded easement on the Property.

Section 8.3. Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company or contractor selected by the Association to enter in or to cross over the Common Elements, and any Lot, to perform the duties of maintenance and repair of the Common Area, Common Elements and/or Common Facilities provided that any entry by any Member, the Association or its agents on any Lot may only be undertaken in strict compliance herewith.

Section 8.4. Other Easements. Each Lot and its Owner, and the Association as to the Common Elements, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Property and each Lot and Common Elements as shown on the Map, including but not limited to driveways now or hereafter located upon the Common Elements for ingress, egress and utility purposes.

ARTICLE 9: DESIGN REVIEW.

Section 9.1. Improvements Generally & Approval by Board. No Improvement of any kind may be commenced, erected or maintained within the Property, nor may any addition to or change or alteration be made in or on any Lot or which would affect the common utility services or installations until plans and specifications showing the nature, color, kind, shape, height (including front, side and rear elevations), materials, and location of the same will have been submitted to and approved in writing by the Board as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography, finish grade elevations, etc.

Section 9.2. Appointment of Design Committee. If created by the Board, the Design Committee will consist of not less than three (3) Members of the Association, of which at least one member must be a Director and serve as chairman. All members of the Design Committee must be Owners.

The Design Committee, if created, will submit a copy of its findings and determinations to the Board. Upon its own initiative or upon the written request of the Design Committee or any Association Member, the Board shall review (and affirm, deny or alter) any decision of the Design Committee, provided that any such request be presented to the Board within ninety (90) days after submission of the Design Committee's findings and determinations to the Board.

If at any time there is not a Design Committee, the Board will exercise the functions of Design Committee in accordance with the terms of this Article.

Section 9.3. Design Review Duties of Board. It will be the duty of the Board to consider and act upon the proposals and plans submitted to it pursuant to this Declaration subsequent to review and recommendation of the Design Committee, and to adopt Design Standards.

Section 9.4. Design Standards. The Board may from time to time adopt, amend and repeal rules and regulations to be known as Design Standards. The Design Standards may interpret and implement the provisions of this Declaration by setting forth the standards and procedures for the review and approval of proposed Improvements and guidelines for design, placement of any work of improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Property, provided that the Design Standards will not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Design Standards and this Declaration, the Declaration will prevail. These Design Standards may include such interpretations and implementations as the Board may adopt or develop through its actions, approvals or conditions over time so long as the membership is routinely informed within thirty (30) days of adoption of new Standards, publication of the revised rules, through the Associations' website, or as part of the minutes relating to any approval where the revised Standards are set forth.

The Board may adapt and amend these Standards as necessary or appropriate in the opinion of the Board and publish them to the membership as set forth above.

Section 9.5. Submission of Plans: Action by Design Committee and/or Board. Written proposals including applications, plans, specifications, warranties and other required promises or commitments, and such information and documentation, as the Board or Design Standards may require, for all proposed Improvements must be in writing and be delivered to the Association at least thirty (30) days prior to the next meeting of the Board, unless this requirement is specially waived by the Chairman of the Design Committee (or in this Chairman's absence, by the Chairman of the Board) and a later date is set before the Board meeting sufficient to allow review and processing of the application. These proposals will be submitted to the Design Committee for its review, analysis, recommendation and conditions or requirements prior to submission to the Board. Approval by the Board can contain conditions or requests for modification of particular aspects of the Owner's plan and specifications.

All approvals and rejections of requests must be in writing.

Section 9.6. Basis for Approval of Improvements. When a proposed Improvement is submitted to the Board for review subsequent to the submission to the Design Committee, the Board will grant the requested approval only if the Board, in its sole discretion, finds that all of the following provisions have been satisfied:

- (a) The Owner has complied with those provisions of the Design Standards, if any, pertaining to the content, and procedures for submittal, of plans and specifications;
- (b) The Owner's plans and specifications: (j) conform to this Declaration and to the Design Standards if any, in effect at the time such plans are submitted to the Board; and (ii) will not interfere with the reasonable enjoyment of any other Owner of their property; and

(c) The proposed Improvement(s), if approved, will be performed by licensed contractors and otherwise be consistent with the Design and aesthetic standards prevailing within the Property, in harmony with the external structures and/or landscaping within the Property and are consistent with the overall plan and scheme of Property and the purposes of this Declaration.

The Board may determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar improvement or component has previously been approved for use at another location within the Property if factors such as drainage, topography or visibility from roads, Common Elements or other Lots or prior adverse experience with the product or components used in construction of the Improvement, design of the Improvement or its use at other locations within the Property mitigate against erection of the improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

It is expressly agreed that the Board will be entitled to make subjective judgments and to consider the aesthetics of a proposal when considering an Owner's request so long as the Board acts reasonably and in good faith.

In approving a request for construction of an Improvement, the Board may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement, color or materials modifications or similar mitigating conditions.

If rejected or denied, the Owner may modify the proposed Improvement and resubmit it to the Design Committee and Board for additional review and possible approval.

Section 9.7. Non-Waiver. The approval by the Board of any plans, drawings or specifications for any work done or proposed or for any other matter requiring the approval of the Board under this Declaration, may 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 or impose different conditions upon other approvals. No rights are given other than those expressly set forth herein.

Section 9.8. Meetings. The Board will meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Board will constitute the action of the Board. The Board will keep and maintain a written record of all actions taken.

Section 9.9. Variances. The Board may, but is not required to, allow reasonable variances with respect to this Article or any restrictions specified herein in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided that the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise apply under this Declaration, the Board must conduct a hearing on the proposed variance after giving at least forty-five (45) days prior written

notice to all Owners of Lots as determined by the Design Committee. The Owners receiving notice of the proposed variance will have thirty (30) days in which to submit to the Board written comments or objections with respect to the variance. No decision will be made with respect to the proposed variance until the thirty (30) day comment period has expired.

(b) The Board must make a good faith determination that: (i) the requested variance does not constitute a substantial deviation from the overall plan and scheme of Property within the Property or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; (ii) the variance relates to a requirement hereunder that is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not detrimentally effect, or create an unreasonable nuisance, with respect to any other Lot, Common Elements or Owner within the Property.

(c) If the conditions justifying the variance cease to exist, the Owner will remove or modify the Improvement as the Board may direct to comply with the Design Standards at the time of the application, or if approved, any subsequent Design Standards.

Section 9.10. Compliance with Governmental Requirements. The application to the Association and the review and approval of any proposal, plans or other submittals will in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements. The Owner bears sole responsibility for obtaining all necessary governmental permits/authorizations and/or complying with all governmental requirements including specifically applicable building codes.

Section 9.11. Commencement. Upon receipt of approval pursuant to this Article, the Owner must, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction pursuant to the approval. Commencement must occur within one hundred twenty (120) days from the date of the approval or, if the activities required for such construction are restricted by governmental requirements, at the beginning of the next period allowing such construction.

If the Owner fails to comply with this section, any approval previously given will be deemed revoked unless the Board, upon written request of the Owner made prior to the expiration of the one hundred twenty (120) day period, extends the time for the commencement.

No extension will be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted.

Section 9.12. Completion. The Owner will complete the construction, reconstruction, refinishing or alteration of any such Improvement within eighteen (18) months after commencing construction thereof, except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this Section the Board will proceed in accordance with the provisions below, as though the failure to complete the Improvements was a non-compliance with approved plans. In

any event, the Owner will finish the construction as soon as reasonably possible after its commencement.

Section 9.13. Inspection. Inspection of work and correction of defects therein will proceed as follows:

(a) Upon the completion of any construction of an Improvement, the Owner must deliver written notice thereof to the Association not later than thirty (30) days.

(b) Within ninety (90) days thereafter, the Board, or its duly authorized representative, may inspect such improvement to determine whether it was constructed, reconstructed, altered or refinished to substantial compliance with the approved plans. If the Association finds that such construction was not done in substantial compliance with the approved plans, it will notify the Owner in writing of such non-compliance within such ninety (90) day period, specifying the particulars of noncompliance and will require the Owner to remedy such noncompliance. There is no liability on the Association if such inspection failed to reveal any defect later discovered. This inspection is not for the Owner's benefit and no Owner or other party may rely in whole or in part on the inspection.

(c) If the Owner fails to remedy such noncompliance upon the expiration of thirty (30) days from the date of such notification or such other reasonable time as the Association may set, upon application of the Owners, the Board will then set a date on which a hearing before the Board will be held regarding the alleged noncompliance.

The hearing date will be not more than sixty (60) nor less than fifteen (15) days after the Board determines the existence of the noncompliance. Notice of the hearing date will be given to the Owner and, in the discretion of the Board, to any other interested party at least ten (10) days in advance of the hearing.

(d) At the hearing, the Owner and, in The Board's discretion, any other interested person, may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board will determine whether there is a noncompliance, and, if so, the nature thereof.

If noncompliance exists, the Board may require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board's ruling. If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance. All expenses incurred in connection therewith will be assessed against the Owner as a Special Individual Assessment.

(e) If the Board fails to notify an Owner of any noncompliance within ninety (90) days after receipt of the notice of completion, the Improvement will be deemed to be in accordance with approved plans.

Section 9.14. Enforcement. If it comes to the attention of the Association that a work of Improvement is proceeding without proper approval and/or in noncompliance with approved plans (and without the Owner notifying the Board of completion), the Association will be entitled to exercise enforcement remedies including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper Board review and approval is obtained.

Section 9.15. Liability. Neither the Board nor any Member thereof will be liable to the Association or to any Owner 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) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) any inspection of the performance of any work; and/or (d) the Property of any property within the Property; whether or not the facts therein are correct; provided, however, that the Board or such member has acted in good faith on the basis of such information as may be possessed by it or them. Without in any way limiting the generality of the foregoing, the Board, or any member thereof, may, but 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 Board.

ARTICLE 10: INSURANCE.

Section 10.1. Types of Insurance Coverage. Subject to such insurance coverage being “reasonably available,” the Association shall obtain and maintain in effect policies of insurance for the benefit of the Association with the coverage’s described below, in the opinion of the Board, adequate in kind and amount. Without limiting the generality of the preceding sentence, such policies of insurance shall include:

(a) **Fire and Casualty Insurance.** Fire and extended coverage insurance on all Improvements owned by or leased to the Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association and the mortgagees, as their interests may appear. As to each such policy which will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board, Parties and Declarant, and the officers, agents and employees of each thereof, 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. If the foregoing exculpatory clause is held to be invalid, then the liability of the insurance company shall be primary, and the liability of the Board, Declarant and the officers, agents and employees of the Board and of Declarant shall be secondary.

(b) **Liability Insurance.** Bodily injury liability insurance, with limits in amounts determined by the Board and property damage liability insurance in amounts determined by the Board, insuring against liability for each, bodily injury or property damage arising from activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The liability insurance policies referred to above shall name as separately protected

insureds Declarant, the Parties, the Association, the Board and each of its members, the Design Committee and each of its members, and the Manager, and such policies may also name some or all of the respective officers, employees and agents of the foregoing.

(c) **Directors & Officers Insurance.** A policy of directors' and officers' errors & omissions insurance, with limits in amounts determined by the Board, naming the Association's directors and officers as insured parties. Such insurance must insure against claims arising out of or based upon negligent acts, errors, omissions, or alleged breaches of duty of any Director or officer, whether elected or appointed, while acting in its capacity as such.

(d) **Employee Practices Coverage.** If the Association has employees, Workmen's Compensation Insurance to the extent necessary to comply with all applicable laws.

(e) **Personal Property Insurance.** Such insurance on personal property owned by the Association as the Board deems appropriate.

(f) **Fidelity Bonds.** Fidelity or theft bonds for such employees, agents, independent contractors, directors, or other persons who either handle, control or are responsible for, funds held or administered by the Association, whether or not such persons receive compensation for their services. The bond must name the Association as an obligee and shall be in an amount determined by the Board. In addition, a manager of the Association who is not an employee must obtain a fidelity or theft bond in an amount at least equal to the maximum amount of Association funds which will be in the manager's control at any one time.

(g) **Other Insurance.** Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carrying out the Association's functions.

Section 10.2. Owners Right to Copies of Policies & Notice of Significant Changes in Coverage. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) will be retained by the Association and will be available for inspection by Members at any reasonable time. The Association will notify Members if any insurance policies are not immediately renewed or replaced upon cancellation or lapse and/or if there is a significant change in the policy.

Section 10.3. Coverage Not Available. If any insurance policy, or any endorsement thereof required by this Section is for any reason not available, then the Association will obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above. The Board will notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 10.4. Owner's Insurance. An Owner may carry whatever additional insurance with respect to their Lot and the improvements thereon that they desire.

ARTICLE 11: CONDEMNATION.

Section 11.1. Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners, the Common Area, or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot the Property hereby grants and which will be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. If the requisite number of Owners do not consent to a sale of all or a portion of the Common Area, and the condemning authority institutes condemnation proceedings, the court will fix and determine the condemnation award.

Section 11.2. Distribution and Sale Proceeds of Condemnation Award.

In the event of a sale or taking of all or a portion of the Common Area, the proceeds from the sale or taking will be paid or applied in the following order of priority and any judgments of condemnation will include the following provisions as part of its terms:

- (i) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then any remaining proceeds,
- (ii) To the Association to offset any and all costs of the Association in accordance with this Declaration.

ARTICLE 12: NONSEVERABILITY OF COMPONENT INTERESTS.

Section 12.1. Severance Prohibited. An Owner will not be entitled to sever their Lot from their membership in the Association. None of the component interests in a Lot can be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with; and any violation or attempted violation of this provision will be void. The suspension of such right of severability will not extend beyond the period set forth herein respecting the suspension of partition.

Section 12.2. Limitation on Interests Conveyed. After the initial sales of the Lots, unless otherwise expressly stated, any conveyance of a Lot or any portion of it by an Owner will be presumed to convey the entire Lot. However, nothing contained in this section may preclude the Owner from creating an estate for life or an estate for years or from creating a co-tenancy, joint tenancy or community property estate in the ownership of a Lot with any other person or persons.

ARTICLE 13: BREACH & DEFAULT.

Section 13.1. Remedy at Law Inadequate. Any Owner or the Association may enforce, by any proceeding at law or in equity, the provisions of the Governing Documents against any Owner. The failure of any Owner to strictly comply with any provision of the Governing

Documents will be grounds for: (1) an action to recover sums due for damages; and/or (2) an action to enjoin by appropriate legal proceedings instituted by any Owner or the Association; and/or (3) fines or other appropriate action by the Association, and their conversion to Special Individual Assessments in accordance herewith.

Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in the Governing Documents is inadequate.

Section 13.2. Nuisance. Without limiting the generality of the foregoing, the result of every act or omission whereby any covenant contained in the Governing Documents is violated, in whole or in part, is hereby declared to be a nuisance. In addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association or any Owner. Every remedy against nuisance, either public or private, will be applicable against every such act or omission. The Board will not be obligated to take action to abate or enjoin a violation if, in the discretion of the Board, the Board determines that acting to abate or enjoin the violation is not likely to protect the interests of the Association and its Members or some other alternative is more favorable to the interest of the Association.

Section 13.3. Violation of Law. Any violation of any governmental law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any and all of its enforcement procedures.

Section 13.4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law will be cumulative, and not exclusive. The exercise of any one or more of such rights or remedies will not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration or any of the Governing Documents.

Section 13.5. Failure Not a Waiver. The failure of any Owner or the Association to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in the Association's Governing Documents will not constitute a waiver of the right to enforce the same thereafter, nor will such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 13.6. Rights and Remedies of the Association.

(a) **Rights Generally.** In the event of a breach or violation of any of the restrictions or rules contained in any Governing Document by an Owner, the Board may enforce the obligations of each Owner to obey such Rules or restrictions or rules through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Elements or

suspension of the Owner's voting rights as a Member. The Association's right to undertake disciplinary action against its Members will be subject to the conditions set forth herein. The initiation of legal action will be subject to the provisions herein, below. The Association is specifically allowed to take immediate corrective action to protect the Property or at any time necessary to protect the health and safety of the Lots, Lot Owners or others on the Property.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance will be within the sole discretion of the Board. If the Association declines to take action in any instance, any Owner will have such rights of enforcement as may exist by virtue of Nevada law.

Upon the Board's determination, after prior notice to the affected Member and an opportunity for a hearing pursuant hereto, that the Member has violated any provision of the Governing Documents, including but not limited to a failure to pay any Assessment when due, the Member is deemed to be a Member not in good standing. Such Member will be deemed to be a Member not in good standing until the Board determines in writing that the violation which resulted in the Board's determination that the Member was not in good standing has been remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member may again be deemed to be a Member in good standing.

(b) Schedule of Fines. The Board may adopt, implement and amend from time to time by majority vote a schedule of reasonable fines and penalties for particular offenses, including violations of the Association Rules and Governing Documents for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment and will be enforceable as a Special Individual Assessment. If the Board adopts a policy imposing fines, the Board must, as required by law, e-mail, hand-deliver or send by United States mail to each Owner, a schedule of the fines, as it may be revised from time to time.

(c) Definition of "Violation" and "General Record of Violations". A violation of the Governing Documents will be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the continuing violation and/or detrimental effect continues. Similar violations on different days will justify cumulative imposition of disciplinary measures.

The Association will take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Elements at the cost of the responsible Owner, which cost is supplemental to and may not be considered part of any fine imposed.

The Board must maintain a general record concerning each violation of the Governing Documents, other than a violation involving a failure to pay an Assessment, for which the Board has imposed a fine or any other sanction ("General Record of Violations"). The general record:

(i) Must contain a general description of the nature of the violation and the type of the sanction imposed. If the sanction imposed was a fine, the general record must specify the amount of the fine;

(ii) Must not contain the name or address of the person against whom the sanction was imposed or any other personal information which may be used to identify the person or the location of the Lot, if any, that is associated with the violation; and

(iii) Must be maintained in an organized and convenient filing system or data system that allows an Owner to search and review the general records concerning violations of the Governing Documents.

(d) Limitations of Disciplinary Rights.

(i) **Loss of Rights: Forfeitures.** The Association will have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of their Lot due to the failure by the Owner to comply with any provision of the Governing Documents, except where the loss or forfeiture is the result of: (A) the judgment of a court of competent jurisdiction; (B) a decision arising out of arbitration; (C) a foreclosure or sale conducted in accordance with Chapter 116 for failure of the Owner to pay Assessments levied by the Association; or (D) where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements hereof.

(ii) **Special Individual Assessments.** A monetary fine or penalty imposed by the Association is a Special Individual Assessment enforceable by the sale of the Lot.

(e) Hearings. No penalty or temporary suspension of rights will be imposed pursuant to this Article unless the Owner alleged to be in violation is given prior notice of the proposed penalty or temporary suspension, and is given an opportunity to be heard before the Board or appropriate committee established by the Board with respect to the alleged violation(s) as provided in Association Rules adopted by the Board pursuant to this Section, and not less than thirty (30) days before the violation, the person against whom the fine will be imposed had been provided with written notice of the applicable provisions of the Governing Documents that form the basis of the violation.

(f) Notice of Hearing and Disciplinary Decision. The notice of hearing required by this article will, at a minimum, set forth the date, time, and place for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, a reference to the specific Governing Document provision alleged to have been violated, the amount of any potential fine or penalty, and a statement that the Member has a right to attend and may address the Board or committee at the hearing. The notice must be delivered by either personal delivery or first-class mail or, as allowed by law, email to the Member at least ten (10) days prior to the hearing. If the Board or committee decides to discipline the Member, the Association must notify the Member of the disciplinary action by either personal delivery or first-

class mail or, as allowed by law, email following the decision. The discipline will not be effective until five (5) days after the notification of the decision.

The Board must hold a hearing before it may impose the fine, unless the person 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 and the violation is not cured within fourteen (14) days, or within any longer period that 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 seven (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.

The Board may appoint a committee, with not less than three (3) members, to conduct hearings on violations and to impose fines. 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.

(g) Rules Regarding Disciplinary Proceedings. The Board may adopt rules that set forth the procedures for conducting disciplinary proceedings. The rules, when approved and adopted by the Board, will become a part of the Association Rules and may provide for notices and procedures satisfying the alternative dispute resolution requirements of Nevada law.

Section 13.7. Court Actions; Mediation. Whether or not Nevada law requires alternative dispute resolution, unless there is an emergency, no person or the Association, may initiate court action until alternative dispute resolution is pursued.

(a) Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon Board approval. Before initiating any court action to enforce the Governing Documents, the Association and/or Members must first comply with the provisions of NRS 38.300 to 38.360 or superseding statute, inclusive, relating to alternative dispute resolution. The provisions of this section are intended to satisfy the alternative dispute resolution requirements. All notices issued and procedures followed in the mediation process must comply with the specific requirements imposed by NRS 38.300 to 38.360 or superseding statute, inclusive.

(b) In the event NRS 38.300 to 38.360 is repealed, the Association and/or Members must first proceed with alternative dispute resolution before commencing a court action.

Section 13.8. Joint and Several Liability of Co-Owners. If a Lot is owned jointly by two (2) or more persons, the liability of each Owner thereof in connection with the obligations of Owners imposed by this Declaration will be joint and several.

Section 13.9. Costs and Attorneys' Fees. If the Association takes any action because of any breach or default of any Owner or other party hereto under the Governing Documents (whether or not any legal proceeding, including an arbitration, is initiated) the Association will be entitled

to recover from that Owner (or other party) the costs, including attorneys' fees, the Association incurred as a result of the breach or default. The Association's remedies to recover its costs and attorneys' fees will include, but are not limited to, the imposition of a Special Individual Assessment pursuant hereto.

If an action (including an arbitration) is brought by a Member (or other individual with the right to enforce the Governing Documents) because of any alleged breach or default by any party hereto under the Governing Documents, the court may award to the prevailing party in any such action attorneys' fees and other costs, including, but not limited to, court costs and experts' fees, incurred in connection therewith as the court deems just and reasonable.

ARTICLE 14: NO PUBLIC RIGHTS IN THE PROPERTY.

Section 14.1. Dedication of Property. Nothing contained in this Declaration may be deemed to be a gift or a dedication of all or any portion of the Property to the general public or for any public use or purpose whatsoever.

ARTICLE 15: NOTICES.

Section 15.1. Mailing Addresses. Any communication or notice of any kind permitted or required pursuant to any provision of the Governing Documents will be in writing and may be served, as an alternative to personal service, by mailing the same as follows.

(a) **Owners.** To the last known address of the Owner of the Lot or to such other address as the Owner may from time to time designate in writing to the Association or if designated in writing by the Owner, to the Owner's e-mail address.

(b) **The Association.** The mailing address of the Association is P.O. Box 2194, Stateline, Nevada 89449 (or to such other address as the Association may from time to time designate in writing to the Owners).

(c) **Directors/Officers.** To the street address as the Director and/or officer may from time to time designate in writing to the Association and if no address is designated to the mailing address of the Association. No director or officer is required to provide an address separate from that of the Association's address.

The foregoing addresses may be changed by written notice given as herein provided. Unless so changed, the last address provided for each party, whether herein or pursuant to notice hereunder, will be deemed to be the address of such party for any and all purposes.

Section 15.2. Personal Service Upon Co-Owners & Others. Personal service of a notice to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of a Lot to any manager or managing member of a limited liability company, or to any officer or agent for service of process of a corporation which is the Owner of Record of a Lot, will

be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 15.3. Deemed Delivered. All notices and demands served by mail will be by first-class or certified mail, with postage prepaid, and will be deemed delivered seventy-two (72) hours after deposit in the United States mail or trackable delivery service unless specified otherwise by this document. All notices and demands served by personal delivery are delivered upon service.

ARTICLE 16: AMENDMENT OF DECLARATION.

Section 16.1. Amendment in General. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of Members representing at least sixty-five percent (65%) of all eligible Owners. Notwithstanding the foregoing, the percentage of the Members necessary to amend a specific clause or provision of this Declaration shall be at least the percentage of affirmative votes prescribed in said clause or provision.

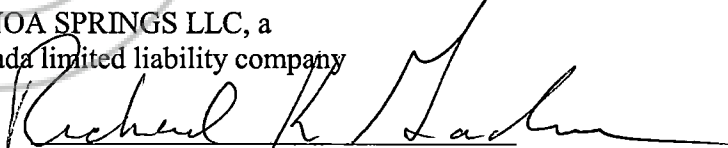
Section 16.2. Effective Date of Amendments. Any amendment to this Declaration will be effective upon the recording in the Office of the Recorder of Washoe County a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and certifying that the approval requirements of Section 16.1, above, have been duly met.

Notwithstanding anything to the contrary herein contained, no such amendment will affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment if such holder of any first deed of trust or Mortgage provided written request for notice of any amendments or if such amendment adversely affects any holder of a first deed of trust or Mortgage.

Section 16.3. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration will be presumed valid by anyone relying on them in good faith.

GENOA SPRINGS LLC, a
Nevada limited liability company

By:


Richard K. Gardner, Manager

STATE OF NEVADA)
 : ss.
County of Douglas)

On April 2, 2019, personally appeared before me, a notary public, Richard K. Gardner, personally known (or proved) to me to be the person whose name is subscribed to the foregoing document, and who further acknowledged to me that she executed the foregoing document.

Julia Blair
NOTARY PUBLIC

