



00148709202209798570800803

KAREN ELLISON, RECORDER

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

Monte Vista Minden LLC
P.O. Box 489
Minden, Nevada 89423

The undersigned hereby affirm(s) that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

**DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND
RESERVATION OF EASEMENTS
FOR
THE DOWNS AT MONTE VISTA**

TABLE OF CONTENTS

	Page
PART ONE: CREATION OF THE COMMUNITY; GENERAL CONCEPTS.....	1
ARTICLE 1 CREATION OF THE COMMUNITY	2
1.1 Creation of The Downs at Monte Vista Community.....	2
1.2 Subject Property; Binding Effect.....	2
1.3 Community Association.....	2
1.4 Governing Documents.....	2
ARTICLE 2 DEFINITIONS.....	3
PART TWO: COMMUNITY STANDARDS.....	11
ARTICLE 3 RULES.....	11
3.1 Rules Generally.....	11
3.2 Notice and Effectiveness.....	11
3.3 Owner Acknowledgement and Notice to Purchasers.....	12
3.4 Limitations.....	12
ARTICLE 4 GENERAL USE RESTRICTIONS.....	13
4.1 Compliance Generally.....	13
4.2 Community-Wide Development Restrictions.....	14
4.3 Subdivision and Relocation of Boundaries.....	16
4.4 Areas of Common Responsibility.....	16
ARTICLE 5 ARCHITECTURAL GUIDELINES	17
5.1 Creation of Architectural Review Committee.....	17
5.2 Requirement of ARC Approval.....	17
5.3 Architectural Guidelines.....	19
5.4 Review Procedures.....	19
5.5 Performing the Work.....	21
5.6 No Waiver.....	21
5.7 Variances.....	21
5.8 Liability.....	22
ARTICLE 6 MAINTENANCE GUIDELINES	22
6.1 Maintenance of Private Areas.....	22
6.2 Operation and Maintenance of Association Property and Areas of Common Responsibility.....	26
6.3 Association Maintenance on Units.....	29
6.4 Damage to and Destruction of Private Area Improvements	30

PART THREE: ASSOCIATION GOVERNANCE AND FINANCES.....	31
ARTICLE 7 THE ASSOCIATION AND ITS MEMBERS.....	32
7.1 Formation of the Association.....	32
7.2 Board of Directors.....	33
7.3 Membership.....	33
7.4 Transfer of Membership.....	34
ARTICLE 8 POWERS AND DUTIES OF THE ASSOCIATION.....	34
8.1 Powers.....	34
8.2 Duties of the Association.....	35
8.3 Limitations on Authority of Board.....	39
8.4 Personal Liability.....	39
ARTICLE 9 ASSOCIATION FINANCES.....	39
9.1 Common Expenses Generally; Liability for Common Expenses.....	39
9.2 Assessments.....	40
9.3 Collection Matters.....	43
9.4 Transfer Fee.....	44
9.5 Subsidy Agreements.....	44
PART FOUR: COMMUNITY DEVELOPMENT.....	44
ARTICLE 10 DECLARANT RIGHTS.....	45
10.1 General.....	45
10.2 Special Declarant's Rights.....	45
10.3 Declarant's Development Rights.....	47
10.4 Declarant's Right to Complete.....	47
10.5 Right to Approve Additional Covenants.....	48
10.6 Priority of Declarant's Rights.....	48
10.7 Assignment of Declarant's Rights.....	48
10.8 Limitations on Rights.....	49
ARTICLE 11 RESERVED.....	49
ARTICLE 12 ADDITIONAL PROPERTY RIGHTS AND EASEMENTS.....	49
12.1 Rights Related to Common Elements.....	49
12.2 Additional Easement Rights.....	52
12.3 Miscellaneous Rights.....	56
12.4 Self-Operative Provisions.....	57
12.5 Connected Limited Common Elements.....	57

PART FIVE: COMMUNITY RELATIONSHIPS.....	55
ARTICLE 13 RIGHTS OF LENDERS.....	59
13.1 Owner Encumbrance.....	59
13.2 Priority Issues.....	59
13.3 Notice to Eligible Mortgage Holders.....	59
13.4 Insurance Proceeds and Condemnation Awards.....	60
13.5 Appearance at Meetings.....	60
13.6 Examination of Records.....	60
ARTICLE 14 DISPUTE RESOLUTION AND ENFORCEMENT OF GOVERNING DOCUMENTS	60
14.1 General.....	60
14.2 Remedies.....	60
14.3 Expenses and Attorneys' Fees.....	64
14.4 No Implied Waiver.....	64
14.5 Mandatory Arbitration Provisions.....	65
PART SIX: COMMUNITY DISCLOSURES.....	64
ARTICLE 15 DISCLOSURES.....	67
15.1 Security Disclaimer.....	67
15.2 Public Facilities and Schools.....	69
15.3 Rockery Wall Rodent Disclosure.....	69
15.4 View Obstructions.....	69
15.5 Air Traffic.....	70
15.6 No Obligation of County to Maintain.....	70
15.7 Water Bodies.....	70
15.8 RV Spaces.....	70
15.9 Mold.....	71
PART SEVEN: GENERAL PROVISIONS.....	70
ARTICLE 16 GENERAL PROVISIONS	72
16.1 Amendment.....	72
16.2 Termination of Former Owner's Liability for Assessments.....	74
16.3 Notices.....	74
16.4 Approvals.....	74
16.5 Construction and Severability; Singular and Plural; Titles.....	74
16.6 Grantee's Acceptance.....	75

LIST OF EXHIBITS

Exhibit "A".....	Legal Description of Real Property
------------------	------------------------------------

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
THE DOWNS AT MONTE VISTA**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR THE DOWNS AT MONTE VISTA is made by Declarant as of the Effective Date. Capitalized terms used herein shall have the meanings set forth in Article 2.

Declarant is the developer of The Downs at Monte Vista, a residential subdivision located off Santa Anita Boulevard in Douglas County, Nevada. Declarant intends to develop The Downs at Monte Vista as a quality residential community, complete with townhomes and related residential subdivision improvements.

Development of The Downs at Monte Vista will be conducted pursuant to applicable government standards. These standards include, potentially, (i) the Development Agreements, (ii) the Plans, and (iii) the Design Standards.

Development of The Downs at Monte Vista will also be conducted pursuant to the terms and conditions of this Declaration and the Governing Documents, all of which are prepared in accordance with, and subject to, the Act. This Declaration and the Governing Documents, among other things, (i) establish and recognize The Downs at Monte Vista as a unique community with common issues and concerns, (ii) create community standards for the use and maintenance of property within The Downs at Monte Vista, (iii) provide for the creation, operation, administration, and funding of an official community association for The Downs at Monte Vista, which association is charged with the task of ensuring compliance with said community standards, (iv) enable the orderly development of The Downs at Monte Vista by allowing development to proceed according to the dictates of community need and market demands, and (v) allow flexibility in responding to future changes in circumstances surrounding the development and use of properties within The Downs at Monte Vista.

It is Declarant's intent that this Declaration and the Governing Documents work in harmony with the Development Agreements, Plans, and Design Standards so as to secure the orderly and efficient development of The Downs at Monte Vista. However, in the interest of clarity, this Declaration and the Governing Documents shall at all times remain subordinate and subject to the Development Agreements, Plans, and Design Standards.

PART ONE: CREATION OF THE COMMUNITY; GENERAL CONCEPTS

Article 1
Creation of the Community

1.1 Creation of The Downs at Monte Vista Community. Declarant hereby declares the creation of a common-interest community comprised of the Property. The name of such community is “The Downs at Monte Vista Community,” and it is hereby established as a “planned community” under the Act. Declarant intends that this Declaration, in conjunction with the Development Agreements, Plans, and Design Standards, create a general plan of development and community standards for all portions of The Downs at Monte Vista Community now or hereafter made subject to this Declaration.

1.2 Subject Property; Binding Effect. The Property of which The Downs at Monte Vista Community is comprised shall consist of the Property. The Property shall be held, conveyed, encumbered, leased, used, occupied, improved, and otherwise affected in any manner subject to all of the provisions of this Declaration, which shall be deemed to run with the land as covenants running with the land or as equitable servitudes, as the case may be. This Declaration shall be binding upon all persons having any right, title, or interest in any portion of the Property, their heirs, successors, successors-in-title, and assigns.

Unless otherwise provided by Nevada law, this Declaration shall run with the land and have perpetual duration. This Declaration may be terminated only by a Recorded instrument to that effect signed by Owners of at least eighty percent (80%) of the Voting Power of the Association and the Declarant, so long as Declarant or any affiliate of Declarant owns any land described on **Exhibit “A”**, and only if the termination complies with the termination procedures set forth in the Act. Such an instrument may be executed in counterparts. Nothing in this Section shall be construed to permit termination of any easement or similar right created in this Declaration all of which shall survive termination of this Declaration absent the written consent to termination of the holder of such easement or right. Termination of this Declaration is also subject to any provisions limiting such termination in any Development Agreements, Plans, or Design Standards.

1.3 Community Association. The successful implementation of any community plan requires a measure of organization. In order to organize the property owners within The Downs at Monte Vista Community toward the implementation of the community plan and standards described in this Declaration, Declarant shall form the Association. The Association, to be comprised of the Members, will be the official organization of property owners within The Downs at Monte Vista Community, and will advance and protect The Downs at Monte Vista Community by administering and maintaining community standards, all as set forth in this Declaration.

1.4 Governing Documents. This Declaration constitutes the primary document governing the creation and operation of The Downs at Monte Vista Community. A number of other documents supplement and support the concepts, standards, and provisions set forth herein. Taken together, the Governing Documents of The Downs at Monte Vista Community are as follows:

- this Declaration, which creates The Downs at Monte Vista Community and generally establishes standards for its development, use, operation, and maintenance;
- each Supplemental Declaration, which may, among other things, create or add Areas of Common Responsibility, create additional use restrictions and development standards for certain portions of the Property, and/or create Limited Common Elements and/or Cost Centers for certain portions of the Property;
- the Articles of Incorporation of the Association, which incorporate the Association as a nonprofit corporation under the law of the State of Nevada;
- the Bylaws of the Association, which govern the Association's internal affairs, including, without limitation, voting and election procedures, notice for and conduct of meetings, and appointment of officers;
- the Rules of the Association, which govern the use of property, certain activities, and certain conduct within The Downs at Monte Vista Community;
- the Architectural Guidelines, which establish particular architectural standards and procedures governing improvements and modifications to Private Areas and the structures and landscaping located thereon;
- such resolutions as the Board may adopt from time to time in accordance with the other Governing Documents; and
- and any other documents that govern the operation of The Downs at Monte Vista Community or the Association.

The Governing Documents shall be construed to be consistent with one another to the extent possible. If there exists any irreconcilable conflicts or inconsistencies among the Governing Documents, then terms and provisions of this Declaration shall prevail (unless and to the extent only that any provision of the Declaration fails to comply with any applicable provisions of the Act), and thereafter the Articles shall prevail over the Bylaws, the Architectural Guidelines and the Rules, and the Architectural Guidelines shall prevail over the Rules.

Article 2 **Definitions**

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below, and shall incorporate the concepts set forth in each definition. As used herein or in any Supplemental Declaration, the numeric designation of a Unit corresponds to the lot bearing the identical numeric designation on the Plat. Thus, by way of example only, Unit 8 corresponds solely to Lot 8 (or Lot #8, as applicable), as shown on the Plat. Similarly, the numeric designation of a Private Area corresponds to the Unit bearing the identical numeric designation. Thus, by way of example only, Private Area 8 corresponds solely to Unit 8.

“AAA”: As defined in Section 14.5(b).

“Act”: Collectively, NRS Chapter 116 and NRS Chapter 116A, as they may be amended from time to time.

“Annual Assessment”: As defined in 9.2(a)(i).

“Applicant”: The Owner of a Private Area or the Association, as applicable, under an application seeking any approval required from the ARC pursuant to Article 5 of this Declaration.

“Architectural Guidelines”: Rules and regulations adopted by the Architectural Review Committee from time to time, in its sole discretion, establishing the architectural, design, and construction guidelines and application and review procedures applicable to improvement and development of the real property comprising The Downs at Monte Vista Community (other than any real property owned by Declarant, which is exempt from the Architectural Guidelines). The Architectural Guidelines promulgated by the Architectural Review Committee may be adopted, amended, and repealed by majority vote of the Architectural Review Committee. Subject to restrictions in any Development Agreement, set of Plans, or Design Standards, Architectural Guidelines may be different for different areas within The Downs at Monte Vista Community. The Architectural Guidelines will establish architectural standards and guidelines for improvements and modifications to Private Areas, including structures, landscaping, and other items located thereon.

“Architectural Review Committee” or **“ARC”**: The architectural review committee for The Downs at Monte Vista Community created pursuant to Section 5.1.

“Areas of Common Responsibility”: The Common Elements, together with such other areas (i) for which the Association has, is given, or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, assignments, or agreements (including, without limitation, any Cost Sharing Agreement), or (ii) which are designated as areas to be maintained by Owners collectively, or by an association of owners of real property exclusively within The Downs at Monte Vista Community, pursuant to (A) the Development Agreements, Plans, Design Standards, or any permit, license, certificate, consent or approval issued by the County or other governmental authorities in connection with development of the Property, or (B) any easement, license, permit, right-of-way, or other servitude obtained by Declarant in connection with development of the Property. For purposes of clarification, the Connected Limited Common Elements are Limited Common Elements, and thus Common Elements included within the foregoing definition of Areas of Common Responsibility, but shall generally be subject to unique provisions herein regarding maintenance, use, and other matters not generally applicable to the Areas of Common Responsibility.

“Articles” or **“Articles of Incorporation”**: The Articles of Incorporation of the Association filed with the Nevada Secretary of State, as amended from time to time.

“Association”: The Downs at Monte Vista Community Association, a Nevada nonprofit corporation.

“Association Property”: All real and personal property now or hereafter owned by or leased to the Association or in which the Association has a recognizable legal or equitable present or future interest.

“Beneficiary”: A beneficiary, mortgagee, or holder of a Deed of Trust, and/or the assignee of such beneficiary, mortgagee, or holder.

“Board” or **“Board of Directors”**: The Board of Directors of the Association, and synonymous with “executive board” as defined by the Act.

“Bound Parties”: Collectively Declarant, the Association, each Owner, and each other party bound by this Declaration, each of which may be individually referred to herein as a “Bound Party.”

“Budget”: As defined in Section 9.2(a)(i).

“Bylaws”: The Bylaws of the Association, as amended from time to time. The Bylaws govern the Association’s internal affairs, including, without limitation, voting rights, election procedures, meetings, and appointment of officers.

“Claim” or **“Claims”**: As defined in Section 14.5(a).

“Claimant”: All Owners (excluding Declarant and each Participating Builder), the Association, and their respective successors, heirs, assigns, subsequent Owners, and any third party claiming any right or interest in the Property through the foregoing.

“Common Elements” and **“Common Area”**: Any real property within The Downs at Monte Vista Community that is owned or leased by the Association (including, without limitation, all easements and servitudes appurtenant thereto), other than a Unit.

“Common Expenses”: Expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves. For purposes of Article 9 below, Common Expenses are broken into the following categories: (i) **“General Common Expenses”**: Common Expenses incurred for the benefit of all Units (such as, by way of example, Common Expenses incurred as general overhead and administrative costs of operating the Association); (ii) **“Limited Common Expenses”**: Common Expenses incurred for the benefit of a group of Units, but less than all the Units (such as, by way of example, Common Expenses incurred in connection with maintaining Cost Center Improvements, providing services to a select group of Units (whether or not in a Cost Center), and the Association’s maintenance activities under Section 6.3 or Section 6.4); and (iii) **“Individual Common Expenses”**: Common Expenses incurred solely in relation to a particular Private Area (such as, by way of example, Common Expenses incurred to bring a Unit into compliance with the Governing Documents, to enforce the Governing Documents against a particular Private Area, or to pay for the cost of any other work

performed by the Association for such Owner's account pursuant to the provisions of this Declaration, and any costs or expenses incident thereto, including but not limited to attorneys' fees and court costs).

"Common Expense Allocation Commencement Date": For all Units, the first day of the calendar month following the date on which is closed and Recorded the first sale to a non-Declarant Owner of any Unit shown on the Plat.

"Community Systems": Any and all cable television, telecommunication, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant or pursuant to any grant of easement or authority by Declarant within the Property. Declarant shall be under no obligation to install any such Community Systems.

"Connected Limited Common Element" or "Connected Limited Common Area": Individually, any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, terraces, paths, utility meters, pads and mounts for heating and air-conditioning systems, patios and all exterior doors and windows or other fixtures designed to serve a single Residence on a Unit, but located outside such Unit's boundaries, and allocated as a Limited Common Element to such Unit under Section 12.5(a) below or pursuant to a Supplemental Declaration, as applicable, and collectively all such areas.

"Construction": As defined in Section 12.2(d).

"Construction Industry Rules": As defined in Section 14.5(b).

"Cost Center": A group of Units to which is exclusively allocated (i) Limited Common Elements or (ii) certain Improvements ("Cost Center Improvements") or (iii) services to be performed by the Association, as more particularly set forth in a Supplemental Declaration creating such Cost Center and making such allocations. Each Cost Center, the Units within such Cost Center, and the Cost Center Improvements and/or Limited Common Elements within such Cost Center (and/or the Association services related to such Cost Center) shall be designated in this Declaration or in a Supplemental Declaration creating the applicable Cost Center.

"Cost Sharing Agreement": An agreement entered into between Declarant or the Association, on one hand, and one or more third-party developers, on the other hand, regarding the sharing of costs associated with the maintenance of Common Areas, and covering such other matters to which the parties thereto may agree. Any such Cost Sharing Agreement shall be deemed an agreement among owners of separately owned parcels for purposes of Section 116.1209 of the Act, and thus shall not be deemed to create a common-interest community.

"County": Douglas County, Nevada, a political subdivision of the State of Nevada.

“Declarant”: Monte Vista Minden LLC, a Nevada limited liability company, which has made and executed this Declaration, or any successor, successor-in-title, or assign who takes title to any portion of the real property described in **Exhibit “A”** for the purpose of development and/or sale and who is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

“Declarant’s Control Termination Date”: The date on which Declarant’s rights under Section 10.2(a)(x) terminate as provided in NRS 116.31032 (as amended or superseded).

“Declaration”: This Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for The Downs at Monte Vista, as amended and supplemented from time to time, including, without limitation, as amended and supplemented by each Supplemental Declaration.

“Deed of Trust”: Any form of security instrument encumbering title to a Unit as security for an obligation, including a mortgage, deed of trust, trust deed, security deed, or other consensual lien or title retention contract intended as security for an obligation.

“Design Standards”: Collectively, any “design standards” contained in any Development Agreements and/or Plans or otherwise approved by relevant governmental authorities, each as amended from time to time.

“Developing Party”: Declarant, each Participating Builder, any contractor, supplier, subcontractor, or design professional (in each case as defined in NRS 40.600 to NRS 40.695, as amended from time to time), and their respective predecessors, successors, subsidiaries, and/or affiliated corporations, parent companies, sister companies, divisions, or other entities, partners, joint venturers, affiliates, owners, officers, directors, employees, shareholders, agents, and assigns.

“Development Agreements”: Collectively, any development agreements now or hereafter entered into between the County and Declarant, each as amended from time to time.

“Development Rights”: Collectively, the rights reserved to Declarant pursuant to Section 10.3 below.

“Effective Date”: The date this Declaration is Recorded.

“Eligible Mortgage Holder”: As defined in Section 13.3.

“First Deed of Trust”: The most senior Deed of Trust on a Unit.

“Governing Documents”: This Declaration (inclusive of the Plat, as provided under the Act), any Supplemental Declaration, the Articles, the Bylaws, the Rules, the Design Guidelines, all resolutions of the Board adopted from time to time pursuant to the other Governing Documents, and any other documents that govern the operation of The Downs at Monte Vista

Community or the Association, as each may be amended from time to time. Any exhibit, schedule or certification accompanying any Governing Document shall be deemed a part thereof.

“Impacts”: As defined in Section 12.2(d).

“Improvement”: All structures, and works of improvement and appurtenances thereto, of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways, parking areas (including RV Spaces), trails, fences, screening walls, retaining walls, stairs, decks, landscaping, utility lines, drainage facilities, ponds, hedges, windbreaks, planting, planted trees, shrubs, poles, animal pens, signs, exterior air conditioning, water softener, satellite dishes, antennae, fixtures or equipment.

“Joint Driveway Systems”: A driveway which is built as a joint part of two (2) adjoining Units in connection with the original construction of the Residences on those Units, if the portion of the driveway upon each Unit is joined at the boundary of the two Units.

“Joint Fence Systems”: A fence built along the common boundary of two (2) Private Areas.

“Joint Foundation Systems”: A foundation which is built as a joint part of two (2) attached Residences in the original construction of those Residences, if the portion of the foundation underlying each Residence is joined at the boundary of the two Residences.

“Joint Roof Systems”: A roof built as a joint part of two (2) attached Residences in the original construction of those Residences, if the portion of the foundation covering each Residence is joined at the boundary of the two Residences.

“Joint Wall Systems”: The walls built as a joint part of two (2) attached Residences in the original construction of those Residences, and which separate those Residences and contain elements which connect the demising walls between the two (2) Residences.

“Limited Common Elements” or “Limited Common Areas”: A portion of the Common Elements primarily benefiting one or more, but less than all, Units, as more particularly designated and described herein or in a Supplemental Declaration, including, without limitation, the Connected Limited Common Areas.

“Major Controversy”: A civil action by the Association that, pursuant to NRS 116.31088 (as amended or superseded), may be commenced or maintained only upon the vote or written agreement of a majority of the Voting Power of the Association.

“Manager”: A person, firm, or corporation possessing all licenses and certifications required by the Act, and employed or engaged to perform management services for the Property and the Association.

“Member” or “Association Member”: Every person or entity who holds a membership in the Association pursuant to the provisions of this Declaration, the Articles and the Bylaws.

“Notice” and “Notify”: The giving of any notice required by this Declaration or the notice itself. Notice may be given in any manner permitted under the Governing Documents or the Act, including, if so permitted: U.S. mail; electronic telecommunication (fax or “e-mail”) with confirmation of receipt; publication in the community newsletter delivered or mailed to each Owner (provided that such notice is clearly identified under a separate headline in the newsletter) or posting.

“NRCP”: As defined in Section 14.5(b).

“NRS”: The Nevada Revised Statutes.

“Owner”: Any person or entity, including Declarant, holding record title in a Unit, but excluding in all cases any person or entity holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and such contract specifically so provides, the purchaser thereunder will be considered the Owner.

“Participating Builder”: Any person or entity designated as such in writing by Declarant and who (i) holds a Unit or Units in the Property for the purpose of constructing Improvements thereon for later sale to third party buyers in the ordinary course of such person's/entity's business, or (ii) holds one or more parcels of real property within the Property for further subdivision, development, and/or resale in the ordinary course of its business. For avoidance of doubt, an affiliate of Declarant may be a Participating Builder.

“Plans”: Collectively, the plans, handbooks, schedules, development applications, the Plat, and associated conditions approved by the County for the establishment of The Downs at Monte Vista Community as a planned development, each as amended from time to time.

“Plat”: That certain [_____], Recorded on [_____], 2021, as Document [_____], Tract Map Number [_____], as amended from time to time.

“Private Area”: A Unit and the Connected Limited Common Elements allocated thereto under Section 12.5(a) below or pursuant to a Supplemental Declaration, as applicable, together with such Unit’s rights thereto created under the Governing Documents.

“Property”: That certain real property described in **Exhibit "A"** attached hereto and incorporated herein by this reference, which real property is the Property subject to this Declaration and comprising The Downs at Monte Vista Community.

“Record”, “Recording”, or “Recorded”: To file, the filing, or filed of record with the Office of the County Recorder of Douglas County, Nevada. The date of Recording shall refer to that time at which a document, map, or Plat is Recorded.

“Residence”: Each building or structure situated upon a Unit that is intended for use and occupancy as an attached residence for a single family.

“Rules”: Rules, regulations, restrictions and guidelines adopted by the Board from time to time, in its sole discretion, (i) governing the use of the Areas of Common Responsibility (including, without limitation, RV Spaces, as applicable) and the conduct of persons in connection therewith, (ii) governing an Owner’s use and/or maintenance of his or her Private Area, (iii) covering such additional matters as the Board may deem appropriate to protect property values, keep the Owners’ investments secure, and ensure that residents of the Units shall have a pleasant environment in which to live, (iv) governing enforcement of the restrictions contained in the Rules (including, without limitation, notice and hearing procedures), and/or (v) as otherwise permitted under this Declaration and/or the Act. Subject to restrictions in any Development Agreement, set of Plans, Design Standards, or other governmental land use controls that may apply, Rules may be different for different areas within The Downs at Monte Vista Community.

“RV Space” means a parking stall within the Areas of Common Responsibility designated by the Board for parking of recreational vehicles.

“Shared Improvements”: The term “Shared Improvements” refers collectively to the Joint Driveway Systems, the Joint Fence Systems, the Joint Foundation Systems, the Joint Roof Systems, and the Joint Walls Systems.

“Special Assessment”: As defined in Section 9.2(b).

“Supplemental Declaration”: A Recorded document executed by Declarant that amends this Declaration pursuant to Sections 10.2 and 10.3, and the Act, and/or that serves for (i) the exercise of any Development Right, and/or (ii) creates a Cost Center, and allocates thereto (A) Limited Common Elements or (B) certain Improvements (“Cost Center Improvements”) or (C) services to be performed by the Association, and/or (iii) the creation or addition of new Limited Common Elements (including, without limitation, Connected Limited Common Elements) or Areas of Common Responsibility, and/or (iv) sets forth additional restrictions, easements, or covenants that may be applicable to some or all of the Private Areas subject to such Supplemental Declaration. A Supplemental Declaration shall designate, if applicable, the Cost Center it creates, the Units within such Cost Center, and the Cost Center Improvements and/or Limited Common Elements within such Cost Center, and/or the Association services related to such Cost Center.

“The Downs at Monte Vista Community”: The common-interest community comprised of the Property and created by this Declaration, as described in Section 1.1.

“Trustee”: The entity which may be designated by the Board of Directors as the trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources. If no Trustee has been designated, the Trustee shall be the Board of Directors acting by majority vote, as executed by the president and attested by the secretary.

“Unit”: A physical portion of the Property depicted as a lot or parcel on the Plat and intended for improvement with a Residence for a single family (whether or not so improved), but expressly excluding, for clarification, Common Elements, and real property dedicated to the public on the Plat. The term shall refer to the land, if any, that is part of the Unit as well as any Improvements thereon. Each Unit is a “unit” for purposes of the Act, and the boundaries and identifying number of each Unit shall be as delineated on the Plat.

“Voting Power of the Association”: At any particular time, the total votes in the Association allocated in accordance with Section 7.3(c)(ii), inclusive of all Units.

PART TWO: COMMUNITY STANDARDS

The Governing Documents establish, as part of the general plan of development for the Property, community standards governing the use and improvement of the Property. Subject to restrictions in any Development Agreement, set of Plans, or Design Standards, community standards may be different for different areas within The Downs at Monte Vista Community. The community standards governing the use and improvement of any particular portion of the Property shall be the general community standards set forth in this Declaration, together with the Rules, Architectural Guidelines, and any Supplemental Declaration applicable to such portion of the Property. These community standards are in addition to any that may be set forth in the Development Agreements, Plans, Design Standards, the NRS, applicable provisions of the Douglas County Code (including, without limitation, Title 20 of the Douglas County Code), and the various approvals, entitlements, and permits issued by applicable governmental authorities in connection with development of the Property. In the event standards and restrictions are addressed in both this Declaration and any of the preceding, the more restrictive standard shall apply.

Article 3 Rules

3.1 Rules Generally. Subject to the terms of this Article, the Act, and the Board’s duty to exercise business judgment on behalf of the Association and its Members, the Board shall have the power to adopt, create, enforce, amend, modify, cancel, repeal, limit, create exceptions to, and/or expand the Rules.

3.2 Notice and Effectiveness. At least thirty (30) days prior to the effective date of any action taken under Section 3.1, the Board shall Notify each Owner of the new Rules or explanation of any modifications to the existing Rules (which Notice shall include a copy of any new or modified Rules), and specify the effective date. Upon written request by a Member or Beneficiary, the Association shall provide, without cost, a single copy of the newly revised Rules to such requesting Member or Beneficiary. The Association may charge a reasonable fee for additional copies of the revised Rules.

3.3 Owner Acknowledgement and Notice to Purchasers. An Owner shall comply, and shall cause such Owner’s family, tenants, guests and invitees to comply, with all Rules

applicable to such Owner's Private Area. All Owners shall be deemed to have notice that use of their Private Areas and the Areas of Common Responsibility is limited by the Rules as may be created, amended, expanded, and otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Private Area can be affected by this provision and that the Rules may change from time to time as provided under Section 3.1. All purchasers of Private Areas are on notice that changes may have been adopted by the Association. Copies of the current Rules may be obtained from the Association. Unless otherwise restricted by the Act or Section 3.2, the Association may charge a reasonable fee for copies of the Rules.

3.4 Limitations. The Rules shall be subject to the following limitations and provisions:

(a) **No Authorization to Change Architectural Guidelines.** No action taken under this Article shall have the effect of modifying, repealing or expanding the Architectural Guidelines. In the event of a conflict between the Architectural Guidelines and the Rules, the Architectural Guidelines shall control.

(b) **Reasonable Rights to Develop.** No Rule, or any other action by the Association or Board, shall unreasonably impede or interfere with the rights of Declarant or any Participating Builder to develop the Property, as determined in Declarant's sole and absolute discretion.

(c) **Activities Within Residences.** No Rule shall interfere with the activities carried on within the confines of a Residence, except that the Rules may (i) prohibit activities not normally associated with residential dwellings or residential neighborhoods, and (ii) restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Residences, that generate excessive noise, traffic or odor, that create unsightly conditions visible outside the Residence, that create an unreasonable source of annoyance, or that otherwise violate any Law.

(d) **Displays; Signs.** The right of Owners to display religious and holiday signs, symbols, and decorations, inside structures on their Units, of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Rules may, to the maximum extent permitted by applicable law, regulate the time, place, manner and duration of any displays visible from outside the Residences. No Rule shall regulate the content of political signs; however, Rules may, to the maximum extent permitted by applicable law, regulate the time, number, place and manner of posting such signs (including reasonable design criteria). Notwithstanding anything herein or in the Rules to the contrary, during such time that Declarant is entitled to and does appoint any member of the ARC, the prior written approval of the Declarant shall be obtained for the erection, maintenance or display of "for sale" signs advertising the sale of a privately owned Unit.

(e) **Alienation.** No Rule shall prohibit the lease or transfer of any Private Area, or require the Association's consent before the lease or transfer of any Private Area;

provided, however, that each lease of a Private Area shall be subject to the terms of Section 4.2 below, and any proposed transfer of a Private Area shall be subject to Section 12.5(c) below.

(f) **Abridging Existing Rights**. No Rule shall require an Owner to dispose of personal property that was in or on a Private Area prior to the adoption of such Rule if such personal property was in compliance with all Rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Private Area, and shall not apply to subsequent Owners who take title to the Private Area after adoption of the Rule.

(g) **Exclusivity**. No Rule, or any other action by the Association or Board, shall unreasonably impede or interfere with an Owner's general right to exclusive use of the Connected Limited Common Area allocated herein to such Owner's Unit, as determined in the Board's reasonable discretion. This foregoing shall not limit the Association's rights under Section 12.1(d)(ii), provided the Association complies with the terms thereof.

Article 4 **General Use Restrictions**

4.1 Compliance Generally.

(a) **Compliance With Governing Documents**. An Owner shall comply, and shall cause such Owner's family, tenants, agents, contractors, guests and invitees to comply, with the Governing Documents to the extent applicable to such Owner's Private Area, including, without limitation, each Supplemental Declaration and all Rules governing such Owner's Private Area. Similarly, the Association shall comply with the Governing Documents, as applicable.

(b) **Compliance With Applicable Law**. Declarant, the Association, each Owner, and every other person or entity bound by or subject to this Declaration shall comply with the Development Agreements, Plans, Design Standards, and each state, municipal, or local law, ordinance, or regulation pertaining to the ownership, occupation, and/or use of any portion of the Property, including, without limitation, applicable provisions of the Douglas County Code.

4.2 Community-Wide Development Restrictions. The following development provisions and restrictions shall apply to the entire The Downs at Monte Vista Community:

(a) **General Compliance With the Plans**. Without limiting the generality of any other provision herein related to compliance with the Plans, and notwithstanding any other provision herein to the contrary, the Association and each Owner shall at all times comply with the design standards for the Property set forth in the Plans, including, without limitation, provisions set forth therein related to building heights, setbacks, screening of certain Improvements and areas on a Private Area, driveway design, fencing, slope grades, and maximum building coverage limitations.

(b) **Construction Procedures**. Prior to commencement of any construction activity within the Property, the Association or the relevant Owner, as applicable, and/or its contractor shall take appropriate precautions to protect the site from unnecessary damage and to

reduce erosion and dust problems. The site shall be kept in a clean and orderly fashion at all times and the contractor shall have approved sanitary facilities on site as well as a garbage dumpster or other suitable device for regular disposal of trash. Except as to construction materials belonging to Declarant or its agents, and except as to an Owner using that portion of such Owner's Private Area generally fully enclosed by fencing for temporary storage of materials used in improving such area consistent with Article 5 below, no construction materials shall be dumped or stored on roadways or any Areas of Common Responsibility.

(c) **Single-Family Residences.** Each Private Area shall be used as a residence for a single family and for no other purpose, and no Private Area shall ever be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purpose, including without limitation any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license. This restriction is subject to the following exceptions:

(i) An Owner may rent his Private Area and the Improvements thereon to a single family; provided, however, that any such lease is (A) for a term of not less than one year, (B) solely for residential use during periods of such Owner's absence, (C) not part of any commercial venture, (D) for not less than the entire Private Area, and (E) entered into pursuant to rental agreement, in writing, that specifies that failure to abide by the provisions of the Governing Documents shall be a default under the lease or rental agreement. Whether or not the written lease or rental agreement so provides, all tenants of Private Areas are subject to and are required to abide by the provisions of the Governing Documents.

(ii) This Section shall not apply to any activity conducted by Declarant or a Participating Builder with respect to its development and sale of Units within The Downs at Monte Vista Community, or its use of any Private Areas which it owns within The Downs at Monte Vista Community.

(iii) The provisions of this Section shall not preclude any commercial activities that are conducted without external evidence thereof provided that all of the following conditions are fulfilled: (A) such activities are conducted in conformance with all applicable governmental ordinances; (B) the patrons or clientele of such activities do not routinely or in significant numbers visit the Private Area or park automobiles or other vehicles within the Property; (C) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the residence on such Private Area; (D) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (E) such activities are consistent with the residential character of the Property and otherwise conform with the provisions of this Declaration.

Notwithstanding the foregoing, unless prohibited by law, no Residence in the Property may be used for a public boarding house, home for a group of unrelated persons operated or financed by a public or private institution, sanitarium, hospital, asylum, or institution of any kindred nature, or any other use not permitted by local law. Moreover, no Owner shall rent or

lease his or her Private Area for transient or hotel purposes, nor shall any Private Area be time shared or subjected to a fractional ownership or other interval use plan.

(d) **Access Limitations.** There shall be no motorized or vehicular access to any Private Area within the Property except from designated streets or roads as shown on the Plat.

(e) **Animals.** The raising, breeding, or keeping any animal, fowl, reptile, poultry, fish or insects of any kind ("animals") within the Property is prohibited, except that a reasonable number of dogs, cats or other household pets may be kept within a Residence, provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable quantities, nor housed in any garage, nor in violation of any applicable local ordinance or this Declaration (as used herein "unreasonable quantities" shall ordinarily mean more than three (3) pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less, and may determine as "unreasonable" the maintenance of any animal that constitutes, in the opinion of the Board, a nuisance to other Owners in the Property).

(f) **Parking.** Except as to Declarant, a Participating Builder, and/or their respective agents during the construction of Improvements within the Property, no Owner of a Private Area shall engage in, or permit such Owner's family, tenants, guests or invitees to engage in, the parking of automobiles, vehicles or equipment, motor homes, recreational vehicles (including recreational vehicles designed for off-road use), golf carts, boats and other watercraft, trailers, or inoperable vehicles anywhere within the Property other than enclosed garages; provided, however, that (i) personal, operable, non-commercial cars and trucks of a guest or invitee only may be parked in an available guest parking space (as designated by the Board from time to time), (ii) personal, operable, non-commercial recreational vehicles may be parked in an available RV Space, subject to the Rules and on terms and conditions established by the Board; and (iii) operable commercial vehicles may be parked in an available guest parking space (as designated by the Board from time to time) in connection with repairs, maintenance or construction work on a Private Area, for no more than 12 consecutive hours.

(h) **Window Coverings.** The placement or utilization of plastics, aluminum foil, bedroom sheets or other unsuitable coverings in or on the windows of any structure on a Private Area is prohibited. Curtains, blinds, shutters, or draperies (or linings thereof) which face the exterior windows or glass doors of the Private Areas shall be white or off-white in color and shall be subject to disapproval by the Architectural Review Committee, in which case they shall be removed and replaced with acceptable items.

(i) **Accessory Structures.** The placement of any play structure, accessory structure, or other Improvement or item on a Private Area, the height of which exceeds the height of the wall or fence surrounding the Private Area, is prohibited except as otherwise approved by the Architectural Review Committee. Any such Improvement must conform to the architecture of the Residence on such Private Area, and must comply with all local building code and applicable set-back requirements.

(j) **Entry on Unit Roofs.** No Owner (other than Declarant) or occupant may make any entry upon the roof of the Residence without the prior approval of the Board.

(k) **Raised Planters.** As to any raised planter located upon a Private Area, such raised planter must be designed, constructed, and maintained so as to be both structurally and hydrologically self-contained, thus presenting no impact on the subjacent or lateral support of any neighboring landscaping, structure, or improvement, nor imposing any impact on the drainage systems upon a Unit or Area of Common Responsibility.

(l) **No Affixing Items to Courtyard Walls.** With respect to any patio, balcony, or deck area of a Unit, no Owner (other than Declarant) or occupant of such Unit may affix anything to any wall separating such area from a neighboring patio, balcony, or deck area or any Area of Common Responsibility.

4.3 Subdivision and Relocation of Boundaries. Except as to Units owned by Declarant, (i) no Unit may be further subdivided beyond the physical dimensions of that Unit as shown on the Plat pursuant to which said Unit was created without Declarant's prior written approval, which approval may be granted or withheld in Declarant's sole and absolute discretion, (ii) no boundary line between Units may be relocated if the effect of such relocation would be to change the number of Units within the Property, and any relocation must first be approved in writing by the Board, which approval may be granted or withheld in the Board's sole and absolute discretion, and (iii) the zoning and use of any Unit shall not be changed to allow for multi-family or commercial use.

4.4 Areas of Common Responsibility. Areas of Common Responsibility shall be used in a manner consistent with the Development Agreements, Plans, Design Standards, and other development approvals issued by the County or other applicable governmental authorities in connection with such Areas of Common Responsibility.

Article 5 **Architectural Guidelines**

5.1 Creation of Architectural Review Committee. There is hereby established an architectural review committee within The Downs at Monte Vista Community. This Architectural Review Committee shall be comprised of persons appointed by Declarant until the earlier of (i) such time as Declarant no longer holds Development Rights pursuant to Section 10.3, (ii) Declarant's delivery to the Board of written notice expressly stating Declarant's election to terminate its rights under this Section. Thereafter, the ARC shall be comprised of the Board; provided, however, that the Board may appoint an ARC of not less than three (3) members, at least one (1) of whom must be a Director, and the remainder of whom need not be Members. Declarant hereby declares that, during such time as Declarant holds the right to appoint the ARC under this Section, the ARC shall be the sole entity authorized or entitled to issue a "homeowner's association approval" or "association approval" or "HOA approval" or "association consent" (or words of similar meaning) regarding development plans with respect to

the Property, as may be contemplated under the Development Agreements, the Plans, and/or the Design Standards, or any other approval issued by the County.

5.2 Requirement of ARC Approval. Except as to any portion of the Property owned by Declarant, there shall be no temporary or permanent construction, erection, installation, or modification of any thing on any outside portions of the Property (including, without limitation, the outside portion of each Private Area), nor shall the exterior appearance of a Private Area (or any Improvement thereon) be temporarily or permanently modified, except with the prior approval of the ARC and in strict compliance with the provisions of this Article 5. For clarification, and without limitation, the foregoing requirement applies to the initial construction of a Residence on a Private Area, the modification of the exterior of any such Residence, the landscaping of any Private Area, construction or alterations on Areas of Common Responsibility, and the construction, erection, installation, or modification of any of the following on a Private Area: garages, porches, patios, guest quarters, breezeways, walks, outbuildings, window coverings visible from the exterior of a structure, signs, basketball hoops, swing sets and similar sports and play equipment, garbage cans, woodpiles, freestanding flag poles, solar panels, swimming pools, hedges, walls, drainage facilities, dog runs, animal pens, and fences of any kind. Furthermore, the prior approval of the ARC, in strict compliance with the provisions of this Article 5, shall be required to the extent the Rules and/or Architectural Guidelines require any particular approval or consent of the ARC.

Each of the following items is exempt from the requirements set forth in Section 5.2, except as provided in the subsection discussing such item:

(a) Antennae and satellite dishes less than one meter in diameter, provided any such device is placed in the least conspicuous location on a Private Area in which an acceptable quality signal can be received and is screened from the view of adjacent Private Areas, Areas of Common Responsibility, and streets (both within and outside of the Property) in a manner consistent with the Rules and the Architectural Guidelines, with all wires painted to match the exterior of the Residence and, to the extent possible, concealed to prevent visible wires running along the exterior of the Residence;

(b) Political signs shall be permitted on a Private Area solely to the extent allowed under Section 116.325 of the Act and consistent with the Rules;

(c) Holiday decorations, provided that such decorations shall be installed in such manner as not to compromise or damage unreasonably the surface or item to which installed or attached. Except as provided in the next sentence, all decorations must be installed no more than 30 days in advance of the applicable holiday and shall be removed no later than 20 days following the applicable holiday, and, during the appropriate period of display, shall be maintained in a neat and orderly manner. Without limiting the generality of the foregoing, decorations for the holiday season beginning each year on the day on which Thanksgiving is to be observed pursuant to federal law ("Thanksgiving Day"), and ending on the second day of January of the following year, may be put up no earlier than one week in advance of Thanksgiving Day, and must be taken down no later than January 17th of the following year;

provided, however, that the foregoing restriction shall not apply to any holiday decorations which are not readily visible from the exterior of a Private Area;

(d) Covered, sanitary trash containers; provided, however, that in no event shall such containers be kept where they are visible from any neighboring Private Area or Area of Common Responsibility, unless such containers are less than five feet ten inches (5'10") in height and are enclosed in a manner consistent with the Architectural Guidelines by a fence, screen or wall which is not less than five feet ten inches (5'10") in height and, notwithstanding such enclosure, such containers remain visible from a neighboring Private Area or Area of Common Responsibility. Notwithstanding the foregoing, trash kept in covered, sanitary fly-proof containers may be brought to the front of a Private Area (or the immediately adjacent Common Area utilized by the waste disposal service for ingress and egress) no earlier than the day before the next scheduled day for trash pick-up, provided that such containers are removed by the end of such pick-up date;

(e) Following the expiration of Declarant's right to appoint the ARC under Section 5.1, any construction, erection, installation, or modification of any Improvement by the Association;

(f) Repairing the exterior of a structure in accordance with the originally approved plans and materials (except no repainting, roof repair, or exterior stucco/siding repair may be performed on a Private Area, other than repainting of the exterior front door of the Residence on a Private Area), normal maintenance of landscaping or replacement of dead or dying landscaping provided there is no material change in plant type, ground cover, or design, and rebuilding in accordance with originally approved drawings and specifications. Any Owner of a Private Area may remodel, paint, or redecorate the interior of his or her Residence without the ARC's approval; provided, however, that modifications to the interior of screened porches, patios, windows, and similar portions of a Residence visible from outside the structure shall be subject to the approval process set forth in this Article 5;

(g) An Owner shall be permitted to install screen doors in the exterior doors of the Residence on such Owner's Private Area, provided such screen doors conform to any design, style, and quality standards for screen doors that may be adopted by the Architectural Review Committee from time to time;

(h) An Owner shall be permitted to place deck furniture and house plants within the patio area of such Owner's Private Area, provided such plants and furniture conform to any design, style, sizing, numerosity, and quality standards for plants and furniture that may be adopted by the Architectural Review Committee from time to time; and

(i) Any other item expressly exempted in the Architectural Guidelines.

5.3 Architectural Guidelines. The Architectural Review Committee is authorized to adopt, amend, and repeal by majority vote the Architectural Guidelines; provided, however, that any amendments to the Architectural Guidelines shall be prospective only and shall not require

modifications to or removal of Improvements previously approved once the approved construction or modification has commenced. The Architectural Guidelines shall at all times be consistent with the Development Agreements, Plans, Design Standards, and all other entitlements for the Property issued by the County. The ARC may, with the express prior written approval of Declarant (until expiration of Declarant's right to appoint the ARC under Section 5.1), seek modifications to the design review requirements set forth in the Development Agreements, Plans, Design Standards, and other entitlements for the Property issued by the County, which modifications must be submitted to and approved by the County before taking effect.

A copy of the Architectural Guidelines, as they may from time to time be adopted, amended, or repealed, certified by any member of the ARC, shall be maintained at the office of the Association and shall be available for inspection and copying by any Owner at any reasonable time during the business hours of the Association.

5.4 Review Procedures.

(a) **Applications.** Prior to undertaking any activity that requires the prior approval of the ARC under Section 5.2, the Owner of the relevant Private Area, or the Association as to the relevant Association Property, shall apply to the ARC for such approval. Such application shall include plans and specification showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, other features of proposed construction, and such other information and materials as the ARC in the exercise of its reasonable discretion deems necessary for it to be adequately informed with respect to the application.

(b) **ARC Deliberations.** In reviewing each application, the ARC may consider any factors it deems relevant in its sole and absolute discretion, including, without limitation, harmony of external design with surrounding structures and environment, compliance with the Development Agreements, Plans, Design Standards, and applicable laws (including the Act), and compliance with the Architectural Guidelines. Each Applicant acknowledges and agrees that (i) the Architectural Guidelines are not the exclusive basis for decisions by the ARC, and compliance with the Architectural Guidelines does not guarantee approval of any application, and (ii) certain considerations the ARC will be purely subjective and matters of opinion.

Notwithstanding the foregoing paragraph, in reviewing any application related to landscaping, the ARC shall consider the Act's provisions relating to the approval of drought tolerant landscaping, and shall not render a decision inconsistent therewith.

(c) **ARC Decisions.** The vote or written consent of a majority of members of the ARC on an application shall constitute the ARC's decision on that application. The ARC shall endeavor to render its decision on an application within thirty (30) days after receipt of a completed application and all required information. The decision shall be communicated by written Notice to the Applicant within five (5) business days after being rendered, and, subject to

Section 5.4(b), may be (i) approval of the application, with or without conditions (such as the posting of a performance bond or cash deposit, or entering into an agreement regarding schedule and manner of construction (including penalties for noncompliance, or proof of sufficient insurance), (ii) approval of a portion of the application (with or without conditions, such as the posting of a performance bond or cash deposit, or entering into an agreement regarding schedule and manner of construction (including penalties for noncompliance)) and disapproval of other portions, or (iii) disapproval of the application.

In the event the ARC fails to render a decision on an application within ninety (90) days, such application shall be deemed approved; provided, however, that no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Architectural Guidelines unless a variance has been granted pursuant to Section 5.7 below.

(d) **Compliance With ARC Decisions.** Each Applicant shall strictly comply, and shall cause such Applicant's family, tenants, agents, contractors, employees, guests and invitees to strictly comply, with the terms and conditions of any decision issued to such Applicant by the ARC pursuant to this Section 5.4.

(e) **Fees.** The ARC may charge filing fees to be used to pay administrative expenses, architects, engineers, landscaping consultants, and/or other design professionals, who may or may not be members of the ARC, in order to review submitted plans, specifications, and materials for substantive proposed modifications which require the use of outside professionals; and the ARC may require that such fees be paid in advance of any review, in which case the related application shall not be deemed complete until such fees are paid. At such time as the Board assumes control over the ARC pursuant to Section 5.1, the Board may reimburse members of the ARC for reasonable expenses incurred by them in the performance of any ARC function.

(f) **Other Approvals.** For clarification, the ARC's approval of or variance for any item for which its consent is required is in addition to, and not in lieu of, any approval or variance that may be required by governmental entities having jurisdiction over the Property. Similarly, approval of or variance for an Improvement or other modification by a governmental entity is in addition to, and not in lieu of, any approval or variance of the ARC required hereunder.

5.5 Performing the Work.

(a) **Proceeding With the Work.** Upon receipt of approval of an application from the ARC, the Applicant shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all related construction, reconstruction, refinishing, alterations, and excavations pursuant to the approval. Work shall commence, in all cases, within one year from the date of such approval. If the Applicant fails to comply with this Section, any approval of the ARC shall be deemed revoked unless the ARC, upon written request of the applicant made prior to the expiration of the one (1)-year period, extends the time for such commencement. No such extension shall be granted except upon a

finding by the ARC that there has been no change in the circumstances upon which the original approval was granted.

(b) **Pursuit and Completion of the Work.** An Applicant shall promptly complete the relevant construction, reconstruction, refinishing, or alteration under its approval, and in any event within twelve (12) months after commencement thereof, and, once work has commenced, no cessation of work of more than thirty (30) consecutive days shall be allowed. The timelines of this Section shall be tolled for so long as performance is rendered impossible or would result in great hardship to the Applicant due to strikes, fires, national emergencies, natural calamities, unusually inclement weather, or other supervening forces beyond the control of the Applicant or its agents.

5.6 No Waiver. The approval by the ARC of any application and/or the plans, drawings, or specifications associated therewith for any work done or proposed or for any other matter requiring the approval of the ARC shall not be deemed to constitute a waiver of any right to withhold approval of any similar application, plan, drawing, specification, or matter subsequently submitted for approval.

5.7 Variances. The ARC may grant reasonable variances or adjustments from the provisions in this Article and the Architectural Guidelines where literal application thereof results in unnecessary hardship and if the granting thereof, in the sole and absolute discretion of the ARC, will not be materially detrimental or injurious to other Owners or the Association. Any variance, to be valid, must be in writing. No variance granted shall constitute a waiver or restrict enforcement of any other provision hereof, or constitute a precedent for granting another variance, nor shall the denial of any request for a variance constitute a prohibition on the grant, with or without conditions, of any future request for a variance.

5.8 Liability. Provided that the ARC or a particular member of the ARC has acted in good faith on the basis of the information as may be possessed by the ARC or the member, as the case may be, then neither the ARC nor any member thereof shall be liable to the Association, to any Owner, or any other person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any application or the plans, drawings, and specifications associated therewith, whether or not defective; (b) the construction or performance of any work, whether or not such performance complied with the approved application and/or the plans, drawings, specifications, or conditions associated therewith, or was rendered in a good and workmanlike manner; or (c) the development of any portion of the Property. Without limiting the generality of the foregoing, the ARC and any member thereof may, but it is not required to, consult with or hear the views of the Association or any Owner with respect to any application, plans, drawings, specifications, materials, or any proposal submitted to the ARC.

Article 6 **Maintenance Guidelines**

6.1 Maintenance of Private Areas.

(a) **Generally.** Subject to the requirements of Article 5, the Owner of a Private Area shall be responsible for maintaining such Private Area, and all landscaping and Improvements thereon (including, without limitation, all Connected Limited Common Elements allocated thereto) in a clean, orderly, safe, and structurally sound manner, in a good condition and state of repair, in accordance with the terms of the Governing Documents, the Development Agreements, Plans, and Design Standards, all at such Owner's sole cost and expense. Compliance with the foregoing standard includes, without limitation, the following activities as to each portion of the Private Area:

(i) Prompt removal from the Private Area of debris, junk, and abandoned or inoperable vehicles, machinery, and equipment, and keeping all landscaping on such Private Area, if any, in good condition;

(ii) In the event Improvements on the Private Area are damaged or destroyed by fire or other calamity, prompt repair or re-construction of such Improvements, or restoration of the Private Area to a state that is consistent with the other Private Areas within The Downs at Monte Vista Community, in each instance in compliance with the applicable terms and provisions of Article 5 of this Declaration;

(iii) Continuing maintenance of any slopes located on such Private Area as necessary to comply with local government or ARC requirements for stabilization of said slope or slopes;

(iv) Continuing maintenance of the established drainage on the Private Area as necessary to comply with local government and/or ARC approvals and requirements for drainage upon, over, and across such Private Area;

(v) Cleaning, maintenance, repair, and replacement of the door opener and opening mechanism located in the garage on such Owner's Residence (provided that any replacement door opener shall be a "quiet drive" unit, at least as quiet as the unit originally installed by Declarant), so as to reasonably minimize noise related to or caused by an unserviced or improperly functioning garage door opener and/or opening mechanism;

(vi) Cleaning, maintenance, repair, and replacement of the exterior lighting fixtures serving such Owner's Residence, including, without limitation, bulb replacement;

(vii) Cleaning, maintenance, painting and repair of the exterior of the front door of the Residence on such Owner's Private Area;

(viii) Cleaning, maintenance, repair, and/or replacement of all windows and window glass within or exclusively associated with Residence on such Owner's Private Area, including the metal frames, tracks and exterior screens thereof;

(ix) Cleaning, maintenance, repair, and replacement of the HVAC unit exclusively serving the residence on such Owner's Private Area;

(x) Removing snow, leaves and debris from all patios, driveways, sidewalks and paths which are a portion of the Residence on or allocated as Connected Limited Common Elements to such Owner's Unit; and

(xi) Cleaning, maintenance, repair, and replacement of the roof drainage systems serving such Owner's Private Area, including, without limitation, maintenance of and debris removal from all downspouts and rain gutters.

(b) **Landscaping of Units.** Without limiting the generality of Section 6.1(a), and subject to the requirements of Article 5, in the event any landscaping is located upon an Owner's Private Area, such landscaping shall be kept in good condition and repair, consistent with the Plans and applicable provisions of the Douglas County Code, and no weeds or diseased/infected vegetation of any kind or character shall be placed or permitted to grow upon any Unit.

(c) **Shared Improvements on Units.** To the extent a Unit is improved with a Residence incorporating any Shared Improvement, such Unit shall be bound to the terms of this Section 6.1(c).

(i) **Shared Improvements Generally.** Each Owner of a Unit, by acceptance of a deed, acknowledges that portions of the Owner's Unit consist of a Joint Wall System, Joint Driveway System, Joint Fence System, Joint Roof System, and/or Joint Foundation System. In the event that any Shared Improvement is not constructed exactly on the property line, the Owners affected shall accept the Shared Improvement as the boundary. To the extent not inconsistent with the provisions of this Section 6.1(c), the general rules of law shall apply regarding Shared Improvements and liability for damage due to negligence or willful acts or omissions. To the extent of any inconsistency between the provisions of this Section and any of the other provisions set forth in this Declaration, the provisions set forth in this Section shall control.

(ii) **Repair and Maintenance of Shared Improvements.**

(A) **Individual Maintenance Responsibilities.** Subject to Section 6.3 below, each Owner is solely responsible, at such Owner's sole cost and expense, to maintain, repair and replace (i) the interior surfaces of the Shared Improvements within such Owner's Residence (i.e. interior wall portions, interior roof portions, and interior foundation portions), and surface of any Joint Fence System facing the enclosed portion of such Owner's Private Area, (ii) any plumbing or other utilities which service only the Owner's Residence which are located within the Shared Improvements, (iii) any damage caused to the Shared Improvements by such Owner or the Owner's tenants, guests, agents, or invitees (collectively, "**Owner's Invitees**"), (iv) any damage to the Shared Improvements which clearly affects only that Owner's Private Area/Residence as determined by a licensed contractor, as may be appropriate for the repair or replacement of the joint walls, driveway, roof, fence, or foundation ("**Licensed Contractor**") and (v) any damage to any portions of any Improvements which were added by any Owner to the Shared Improvements as originally constructed ("**Additions**").

(Herein the separate obligations of the Owners described above are sometimes referred to collectively as the “**Individual Owners Maintenance Obligations**”). With respect to the Individual Owners Maintenance Obligations, the individual Owner shall not be required to give the Owner of the adjoining Private Area notice of any routine maintenance but, prior to commencing any repair which requires entry onto the other Owner’s Private Area, or which may affect the use of the adjoining Private Area, such Owner shall provide reasonable advance notice to the other Owner as provided in Section 12.2(j) and shall coordinate its repair so as to minimize disruptions to the other Owner’s Private Area.

(B) **Shared Maintenance Responsibilities.** Subject to Section 6.3 below, and except for the Individual Owners Maintenance Obligations, the cost of the repair, maintenance and replacement of the Shared Improvements shall be shared by the Owners who have use of such Shared Improvement in accordance with the provisions set forth below. If an Owner determines that it is reasonably necessary to perform repair, maintenance or replacement of a Shared Improvement (“**Initiating Owner**”), such Owner shall: (a) provide at least fifteen (15) days written notice to the other Owner of such intended maintenance, repair and replacement and the estimated cost thereof as set forth in a bid for the work and (b) provide the other Owner with an opportunity to obtain separate bids for the work to be completed. If the other Owner elects to obtain separate bids, such Owner shall do so promptly but no later than forty-five (45) days after delivery of notice of the intended maintenance or repair by the Initiating Owner. Unless the Owners of both Private Areas agree, the Licensed Contractor with the lowest bid shall be used for the work, and the Shared Improvement shall be repaired rather than replaced when a repair is a feasible alternative as determined by a Licensed Contractor. In the event of any disagreement as to whether or not it is reasonably necessary to perform a particular repair, maintenance or replacement of a Shared Improvement under this subsection (B), the matter shall be submitted to the Architectural Committee, and the decision of the Architectural Committee, made in its sole and absolute discretion, shall be binding.

Notwithstanding the foregoing, in the event of an emergency situation, an Owner may complete the repair or maintenance (but not a replacement) of a Shared Improvement without the notice and bid requirements set forth in this Section. For purposes of this subsection, an emergency situation is defined as a situation when a repair or maintenance is immediately necessary to protect either Private Area from immediate further damage or to prevent any injury to any person.

(iii) **Allocation of Costs.** Except as specifically stated otherwise herein, the cost of maintenance, repair, replacement or reconstruction of a Shared Improvement shall be allocated as set forth in this subsection.

(A) **Individual Owners Maintenance Obligations.** Each individual Owner shall bear its own cost of any Individual Owner Maintenance Obligation. Except for Individual Owner Maintenance Obligations, all other work to the Shared Improvements shall be allocated as set forth in subsections (B) and (C) below.

(B) **Entire Shared Improvement.** In the event an entire Shared Improvement needs to be maintained, repaired, replaced or reconstructed, the cost thereof shall be proportionately allocated between Owners of the relevant Private Areas upon the basis of the ratio of the square footage of the portion of the Shared Improvement (i.e. driveway, wall, fence, roof, or foundation) that covers a Private Area to the total square footage of the aggregate of the Shared Improvement covering both Private Areas. For the purpose of allocating costs for maintenance, repair, replacement or reconstruction of a Shared Improvement, the total square footage of the aggregate Shared Improvement shall include only the original square footage of the driveway, roof, wall, fence, or foundation, respectively, as originally constructed by Declarant or the relevant Participating Builder, as applicable.

(C) **Portion of Shared Improvement.** In the event a portion of a Shared Improvement needs to be maintained, repaired, replaced or reconstructed, the cost thereof shall be allocated between both Owners of the relevant Private Areas upon the basis of the ratio of the square footage of the portion of the Shared Improvement covering a Private Area that needs to be maintained, repaired, replaced or reconstructed to the total square footage of the aggregate of the Shared Improvement covering both Private Areas that needs to be maintained, repaired, replaced or reconstructed (but excluding from such calculations the square footage of any Additions).

(iv) **Weatherproofing.** Notwithstanding anything else herein to the contrary, an Owner who, by his or her act, causes a Shared Improvement to be exposed to the elements, except in connection with its ordinary use, shall bear the whole cost of furnishing the necessary protection against such elements.

(v) **Casualty to Shared Improvements.** If a Shared Improvement is destroyed or damaged by fire or other casualty and the Shared Improvement is being reconstructed pursuant to Section 6.4 below, the Owners who have the Shared Improvement shall contribute to the costs to restore it in accordance with Section 6.1(c)(iii), less proceeds from any insurance maintained by the Association for such Shared Improvement, but including the costs of any deductible paid by the Association, which shall be a Common Expenses allocated to the relevant Units as per Sections 6.4(b)(ii) and 9.1(b) below. This provision does not prevent an Owner from requiring a larger contribution from the other Owner(s) pursuant to any rule of law regarding liability for negligent or willful acts or omissions as noted in Section 6.1(c)(i).

(vi) **Dispute Resolution.** Except as provided in Section 6.1(c)(ii)(B), in the event of a dispute between Owners of adjoining Private Areas arising in connection with a Shared Improvement, each party shall choose one arbitrator, each arbitrator shall choose one additional arbitrator, and the decision of a majority of such panel of arbitrators shall be binding upon the Owners which are a party to the arbitration.

(vii) **Mechanic's Liens.** An Owner shall not permit to be placed against the adjoining Owner's Unit or any other portion of the Property, any mechanics', materialmen's, contractors' or subcontractors' liens arising out of the work of any maintenance, repair, replacement, restoration of a Shared Improvement, or any other claim or demand. Each

Owner shall pay or cause to be paid all said liens, claims or demands before any action is brought to enforce the same against the adjoining Owner's Unit or other portions of the Property. If any Owner fails to remove such mechanics' lien, the Board may discharge the lien and charge the Owner a specific assessment for such cost of discharge pursuant to Section 9.2(c). Each Owner agrees to indemnify, protect, defend and hold the other Owner and the other Owner's Unit free and harmless from all liability for any and all such liens, claims and demands together with reasonable attorneys' fees and all reasonable costs and expense incurred.

(d) **Exemption.** Notwithstanding the foregoing provisions of this Section 6.1, an Owner shall not be responsible for maintaining any portion of a Private Area or performing on a Private Area any maintenance activities for which the Association is responsible pursuant to this Declaration or a Supplemental Declaration, including, without limitation, maintenance on Private Areas performed by the Association in accordance with Section 6.3 below; provided, however, that an Owner shall not interfere with the Association in the performance of its duties hereunder or under a Supplemental Declaration, and shall reasonably cooperate with the Association as it performs said duties.

6.2 Operation and Maintenance of Association Property and Areas of Common Responsibility.

(a) **Generally.** Subject to the requirements of Article 5, and except as to Connected Limited Common Elements to be maintained by an Owner as part of its Private Area in accordance with Section 6.1(a), the Association shall perpetually operate, maintain, and otherwise manage or provide for the perpetual operation, maintenance, and management of the Areas of Common Responsibility, and any and all Association Property, including, but not limited to, all its facilities, improvements, landscaping, drainage facilities, private streets, and any other property acquired by the Association, including personal property. Such operations and management shall be conducted in a first-class manner, in accordance with the terms of the Governing Documents, the Development Agreements, Plans, and Design Standards, all at the Association's sole cost and expense; and the Areas of Common Responsibility and Association Property shall be maintained in a clean, orderly, safe, and structurally sound manner, in a good condition and state of repair.

(b) **Specific Maintenance Items.** Without limiting the generality of Section 6.2(a), and subject to the requirements of Article 5, the Association shall specifically undertake the following maintenance activities:

(i) All vegetation within the Common Elements shall be maintained so as to preserve appropriate fire fuel breaks, as provided in the Development Agreements, Plans, Design Standards, other governmental approvals for the Property;

(ii) The Association shall maintain in good order and repair all landscaping, drainage channels, slopes, detention basins, ponds, streams, and roadways within the Areas of Common Responsibility;

(iii) The Association shall be responsible for snow removal, road maintenance, and gate maintenance (if any gates exist) for all private roads and emergency vehicle access roads within the Areas of Common Responsibility;

(iv) All activities and maintenance obligations for which the Association is responsible pursuant to any Cost Sharing Agreement or Supplemental Declaration, including, without limitation, maintenance obligations associated with a Cost Center, Limited Common Elements, and Cost Center Improvements;

(v) Maintenance of irrigation pipes as expressly required by the Plans;
and

(vi) The Association shall perform all maintenance obligations set forth in any covenants, easements, or other items of record against a portion of the Common Elements at such time as such portion is conveyed to the Association, including, without limitation, those arising pursuant to any Cost Sharing Agreement.

(c) **Right to Information.** At Declarant's request from time to time, the Board shall promptly deliver to Declarant copies of all written inspections and reports rendered pursuant to the Association's maintenance and repair responsibilities hereunder (without any obligation whatsoever of Declarant to review such documents or to take any action in connection therewith).

(d) **Limited Warranty on Common Elements.**

(i) **Generally.** In addition to the warranties against structural defects as expressly provided under Nevada Revised Statutes (collectively, the "Statutory Warranty"), Declarant has caused or will cause to be provided to the Association an express limited warranty covering those Common Elements conveyed to the Association by Declarant, excluding the Connected Limited Common Elements (the "Limited Warranty"). Pursuant to the Limited Warranty, Declarant warrants that the Common Elements (excluding Connected Limited Common Elements) transferred to the Association by Declarant and described in the Limited Warranty will meet the standards of performance during the warranty periods (i.e., a limited one-year warranty on certain materials and workmanship; a limited two-year warranty on certain systems; and a limited ten-year warranty on certain structural elements) set forth in the Limited Warranty. The Statutory Warranty and the Limited Warranty are the sole and exclusive warranties provided to the Association by Declarant. The limited express warranties contained in the Limited Warranty are specific and detailed as to the scope of the Association's warranty coverage. To the extent allowed by law, all other warranties, express or implied, including, but not limited to, any statutory warranties other than the Statutory Warranty or implied warranties of habitability, merchantability, good quality, workmanship, design and construction in a good, fit, and workmanlike manner, fitness for its intended purpose, or fitness for a particular purpose as well as any implied warranties that the Common Elements conveyed by Declarant to the Association are free from faulty materials, are free from any defect resulting from noncompliance with building codes or standards, or were constructed according to sound

engineering standards are hereby expressly disclaimed and waived on behalf of the Association and the Owners, including with respect to latent defects.

(ii) **Release**. As set forth in the Limited Warranty, upon completion of repairs to a warranted item or upon payment to the Association in lieu of repairs pursuant to the Limited Warranty, the Association shall sign a full release of Declarant's obligation for the deviation from the standard of performance set forth under the Limited Warranty and any related damage. Unless otherwise agreed to by the Association, the release shall apply only to the claim that is resolved by the repair or payment (as the case may be) and does not prevent the Association from making a claim under the Limited Warranty for any other deviation from the standards of performance for other claims during the warranty periods.

(iii) **Limitation of Liability**. Declarant's liability with respect to the warranties described in this Section 6.2(d), whether in contract, tort, statute, negligence or otherwise, is limited to the remedies provided in the Statutory Warranty and the Limited Warranty.

(e) **Failure to Maintain**. The Association shall be responsible for accomplishing its maintenance and repair obligations fully and timely from time to time, as set forth in this Declaration. Failure of the Association to fully and timely accomplish such maintenance and repair responsibilities may result in deterioration and/or damage to Improvements, and such damage and/or deterioration shall in no event be deemed to constitute a constructional defect. Declarant shall have no liability whatsoever stemming from any failure by the Association to maintain the Areas of Common Responsibility, regardless of whether or not the Association is legally permitted to disclaim or defer maintenance of an Area of Common Responsibility, or is legally permitted to conduct any such maintenance to a standard lower than that required herein.

6.3 Association Maintenance on Units.

(a) **Generally**. Subject to the requirements of Article 5, and notwithstanding any provision to the contrary under Section 6.1 above, the Association shall be responsible for the following maintenance activities with respect to each Private Area:

(i) **Painting**. Periodic repainting of the exterior walls (including trim and deck walls) and garage doors of Residences and Connected Limited Common Elements on Private Areas, but excluding front doors, as necessary or appropriate to maintain the original appearance thereof (normal wear and fading excepted);

(ii) **Stucco and Siding**. Maintaining in good order and repair the exterior stucco and siding surfaces of Residences, in each instance as necessary or appropriate to maintain the original appearance thereof (normal wear and fading excepted); and

(iii) **Roof Surfaces.** Maintaining in good order and repair the exterior roof surfaces and materials of any Residence, excluding, however, roof drainage systems (such as gutters and down spouts).

Such maintenance under this Section 6.3 shall be conducted in accordance with the terms of the Governing Documents, the Development Agreements, Plans, and Design Standards, all at the Association's sole cost and expense. The costs of the maintenance under this Section 6.3 shall be included in the Common Expenses of the Association and shall be allocated to Units by the Board in accordance with Section 9.1(b) below. Each Owner shall be obligated to immediately advise the Board from time to time in writing of any adverse condition or problem affecting such Owner's Private Area to the extent related to the Association's maintenance obligations under this Section, which notice shall be a condition precedent to any obligation of the Association to correct such adverse condition or problem. For clarification of the terms hereof and of Section 9.1 below, in the event that the Board shall at any time determine, in its sole discretion, that the correction of any adverse condition or problem relating to such Private Area was caused by the Owner of that Private Area, or was related to a casualty event on that Private Area, then the Common Expenses of such maintenance and correction, if requested by such Owner and carried out by the Board, shall be allocated by the Board to such Owner's Unit as an Individual Common Expense and shall be payable by such Owner within fifteen (15) days after receipt of a statement from the Board requesting payment therefor.

(b) **Limitation of Liability.** Under no circumstance shall any director or any officer or agent to the Association be liable to any Owner for any action or inaction of the Board with respect to any maintenance under this Section 6.3, and each Owner hereby releases and relinquishes forever any claims, demands or actions which such Owner may at any time have or be deemed to have against the Board, and director or the Association with regard to such maintenance, whether arising out of the alleged negligence, misfeasance, malfeasance (but not gross negligence or willful misconduct) of any agent of the Association, any officer of the Association or any director. FURTHER, EACH OWNER HEREBY RELEASES DECLARANT AND THE ASSOCIATION FROM, AND EACH OWNER MUST HEREAFTER INDEMNIFY, PROTECT, DEFEND, SAVE AND HOLD HARMLESS DECLARANT AND THE ASSOCIATION, AND THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS AND AGENTS FROM AND AGAINST, ANY AND ALL DEBTS, DUTIES, OBLIGATIONS, LIABILITIES, SUITS, CLAIMS, DEMANDS, CAUSES OF ACTION, INJURY, DEATH, DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES AND COURT COSTS) IN ANY WAY RELATING TO, CONNECTED WITH OR ARISING OUT OF THE ASSOCIATION'S MAINTENANCE ACTIVITIES UNDER THIS SECTION 6.3.

(c) **No Dedication.** Nothing herein contained shall be deemed a gift or dedication of any portion of a Unit as a Common Element or to the general public or for any public use or purpose whatsoever.

6.4 Damage to and Destruction of Private Area Improvements .

(a) **Generally.** In the event Improvements on the Private Area are damaged or destroyed by fire or other calamity, prompt repair or re-construction of such Improvements, or restoration of the Private Area to a state that is not offensive to the general appearance of The Downs at Monte Vista Community, in each instance in compliance with the applicable terms and provisions of Article 5 of this Declaration, shall be required to the extent and as provided in this Section 6.4.

(b) **If Association Maintains Insurance on the Private Area.**

(i) **Generally.** Any portion of the Property for which the Association is obligated to maintain insurance hereunder or pursuant to the Act (NRS 116.3113) that is damaged or destroyed must be repaired or replaced promptly by the Association, unless such repair or restoration is not required in accordance with the Act (NRS 116.31135).

(ii) **Cost.** The cost of repair or replacement in excess of insurance proceeds and reserves available to the Association for such repair and/or replacement, including any required deductible, is a Common Expense, and shall be allocated to the Owners of the Units benefitted in accordance with Section 9.1 below.

(iii) **Plans.** The Property must be repaired and restored by the Association hereunder in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Board of Directors, the Owners of the Units being restored, and 51% of Eligible Mortgage Holders of such Units.

(iv) **Replacement of Less Than Entire Property.** In the event damage or destruction occurs for which the Association is obligated under Section 6.4(b)(i), and the entire The Downs at Monte Vista Community is not repaired or replaced in accordance with the Act, the provisions of NRS 116.31135(2) and NRS 116.31135(3) shall govern the use and distribution of insurance proceeds attributable to the areas not repaired or restored, and the reallocation of the voting rights and Common Expense allocations hereunder as to any Unit not repaired or restored. As to any area not to be repaired or restored, the Association shall improve such area to a condition compatible with the remainder of The Downs at Monte Vista Community, and the cost of improving the unrepaired/unrestored area to a Downs at Monte Vista Community-compatible condition in excess of insurance proceeds and reserves available to the Association for such improvement is a Common Expense.

(v) **Insurance Proceeds.** The Trustee, or if there is no Trustee, then the Board of Directors of the Association, acting by the president thereof, shall hold any insurance proceeds in trust for the Association, Owners and Beneficiaries as their interests may appear. Subject to the provisions of Section 6.4(b)(i) of this Declaration, the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Owners and Beneficiaries are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property has been completely repaired or restored (to the extent such repair and restoration is not barred under Section 6.4(b)(i)).

(vi) **Certificates By Board of Directors.** The Trustee, if any, may rely on the following certifications in writing made by the Board of Directors:

(A) Whether or not damaged or destroyed Property is to be repaired or restored; and

(B) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

(vii) **Certificates by Title Insurance Companies.** If payments are to be made to Owners or Beneficiaries, then the Board of Directors and the Trustee, if any, shall obtain and may rely on a title insurance company's certificate or a title insurance policy based on a search of the Records in the Douglas County Recorder's Office from the date of the recording of the original Declaration, stating the names of the Owners and the Beneficiaries.

(c) **If the Association Does Not Maintain Insurance on the Private Area.** Without limiting the generality of Section 6.4(a), in the event the Improvements on a Private Area not insured by the Association are destroyed, and reconstruction of such Improvements does not commence within sixty (60) days (such Improvements the "Destroyed Improvements"), the Owner of such Destroyed Improvements shall immediately undertake steps to: (i) abate any unsightly or dangerous conditions on such Owner's Private Area and (ii) restore such Owner's Private Area to a clean and attractive condition. If the Destroyed Improvements Owner fails to meet the conditions set forth above, the Owner of any adjoining undestroyed Private Area Improvements (such Improvements, the "Undestroyed Improvements") has the right to undertake steps to restore those portions of the remaining Shared Improvement(s) not restored by the Destroyed Improvements Owner at the sole cost to the Undestroyed Improvements Owner. In such event, subject to any right of the Owner of the Destroyed Improvements to rebuild at a later date as described in the following paragraph, the Architectural Committee shall reasonably grant variances to the Owner of the remaining Private Area Improvements to allow such improvements as are necessary to put the remaining Private Area Improvements in a safe and attractive condition.

If at a later date the Destroyed Improvements are to be rebuilt, the Owner reconstructing the Destroyed Improvements may, subject to the prior approval of the Architectural Committee, reattach his or her Private Area Improvements (including, without limitation, a Residence) to the Private Area Improvements on the adjoining Private Area in a manner consistent with the original Plans and Design Standards for the Property, provided such Owner makes all necessary modifications to the Improvements on the adjoining Private Area to prevent any damage to such Improvements, and the reconstruction is in accordance with all applicable local and governmental codes and regulations. Upon reattachment, the new attached Improvements shall be deemed Shared Improvements hereunder, as applicable. Any restoration and repair of any damage to portions of the Improvements on a Private Area (other than the Shared Improvements, as provided in Section 6.1(c)(v)) shall be made by and at the individual expense of the Owner of such Improvements. This provision does not prevent an Owner from requiring a contribution from the other Owner of the attached Improvements pursuant to any rule

of law regarding liability for negligent or willful acts or omissions as provided in Section 6.1(c)(i).

PART THREE: ASSOCIATION GOVERNANCE AND FINANCES

Article 7 **The Association and Its Members**

7.1 Formation of the Association. The Association is a nonprofit corporation formed or to be formed under the laws of the State of Nevada. Prior to the first conveyance of any Unit hereunder, Declarant shall cause the Articles of Incorporation to be filed with the Secretary of State of the State of Nevada. The Association shall be charged with the duties and invested with the powers set forth in the Governing Documents and the Act. The Association is not authorized to have and shall not issue any capital stock.

7.2 Board of Directors. Except as to matters requiring the approval of members as set forth in the Articles, Bylaws, this Declaration, or other appropriate Chapters of the NRS, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with this Declaration or the Bylaws. Except for the members of the Board appointed by Declarant prior to Declarant's Control Termination Date, the Board shall be composed of Members only. All members of the Board must be at least eighteen (18) years of age, and must satisfy all eligibility requirements set forth in the Act.

7.3 Membership.

(a) **Membership Generally.** Every Owner shall be a Member of the Association, and each Owner shall automatically be a Member of the Association without the necessity of any further action on his part. There shall be only one membership per Unit. If a Unit is owned by more than one Owner, all co-Owners shall jointly share the privileges of such membership, provided that the voting rights allocated to that Unit shall be cast by only one of them in accordance with the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners.

(b) **Members' Rights and Duties.** Each Member shall have the rights, duties, and obligations set forth in the Act and in the Governing Documents.

(c) **Classes and Voting.**

(i) **Classes of Membership.** The Association shall have a single membership class, and each Unit Owner shall be a Member.

(ii) **Allocation of Votes.** One (1) vote is hereby allocated to each Unit.

(iii) **Voting.**

(A) **Generally.** A Member may exercise its voting rights under this Declaration in accordance with the Governing Documents and the Act.

(B) **Association Units.** No vote allocated to a Unit owned by the Association may be cast.

(C) **Cumulative Voting.** Voting by the Members shall not be cumulative.

(D) **Appointment and Removal of Directors and Officers.** Declarant shall have the right to appoint and remove the members of the Board and the officers of the Association until the Declarant's Control Termination Date, as described in Section 10.2 below. From and after the Declarant's Control Termination Date, the Board shall be elected by the Members, and the officers of the Association shall be appointed by the Board, all as provided in the Bylaws.

7.4 Transfer of Membership. The Association membership of the Owner(s) of a Unit shall be appurtenant to such Unit, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such Unit, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to a Unit shall operate automatically to transfer the appurtenant membership rights in the Association to the new owner(s). Prior to any transfer of title to a Unit (including the sale of a Unit under a recorded contract of sale), either the transferring owner or the acquiring owner shall give notice to the Board of such transfer, including the name and address of the acquiring owner and the anticipated date of transfer.

Article 8 **Powers and Duties of the Association**

8.1 Powers. The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to the Act, subject only to such limitations on the exercise of such powers as are set forth in the Governing Documents and the Act. Without limiting the generality of the foregoing, the Association shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under the Governing Documents, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation, the following:

(a) **Maintenance.** The power to maintain the Areas of Common Responsibility and Association Property, as provided in and subject to the terms of Section 6.2, and the power to elect to perform and to engage in maintenance on the Units as provided in Section 6.3 or Section 6.4;

(b) **Assessments.** The power to incur Common Expenses in connection with the exercise of its powers and execution of its duties, and the power to establish, fix, and levy

assessments as set forth in Article 9 hereof, and to enforce payment of such assessments in accordance with the provisions of the Governing Documents and the Act;

(c) **Rules**. The power to adopt, amend, and repeal the Rules, as provided in and subject to the terms of Article 3;

(d) **Remedies**. The power to enforce and pursue any of the remedies described in Section 14.2(b) below, or any other right or remedy available to the Association at law or in equity;

(e) **ARC**. Upon termination of Declarant's right to appoint the ARC under Section 5.1, the power to operate and function as the ARC in accordance with the terms and provisions of Article 5;

(f) **Delegation of Powers; Professional Management; Other Services**. The power to delegate its powers, duties, and responsibilities to committees of Members, employees, agents and independent contractors, including a professional managing agent. The Association may engage the services of a professional Manager to manage the Association Property and the Areas of Common Responsibility. The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with the operation of the Property and the enforcement of this Declaration. In connection with its maintenance obligations, the Association may enter into contracts for services or materials including contracts with Declarant.

(g) **Other Services and Properties**. The Association shall have the power to obtain or pay for, or provide or charge for, as the case may be, any other property, services, taxes, or assessments that the Association or the Board is required to secure, pay for, provide, or charge for pursuant to the terms of the Governing Documents, or that it otherwise deems necessary or useful (subject to any limitations in the Governing Documents), including maintenance and operating services for any RV Spaces, security services for the Property generally, or which, in its opinion, shall be necessary or proper for the operation of the Association, and to incur liabilities and make contracts respecting the same.

8.2 Duties of the Association. In addition to the duties delegated to it by the Governing Documents and the Act, and without limiting their generality, the Association, acting by and through the Board, or persons or entities described in Section 8.1(f), has the obligation to conduct all business affairs of common interest to all Members and to perform each of the following duties:

(a) **Taxes and Assessments**. Except for those portions of the Areas of Common Responsibility and Association Property which are owned in fee by an Owner or by the County or some other governmental agency, or any Connected Limited Common Area to the extent taxed to the Owner of the Unit to which such Connected Limited Common Area is allocated, the Association shall pay all taxes and assessments levied against all Association Property or against the Association. Such taxes and assessments may be contested or

compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

(b) **Insurance to Be Obtained.** The Association shall obtain and maintain in full force and effect at all times insurance coverage, provided by companies duly authorized to do business in Nevada, generally as set forth in this Section 8.2(b).

(i) **Property Insurance Coverage.**

(A) **Coverage.** Property insurance will be a "master" or "blanket" type of insurance policy, and will cover: (1) the facilities and structures of the Property, including, except as otherwise provided under Section 8.2(b)(i)(G) below, all buildings on the Property, for example, the Residences and all fixtures, equipment and any improvements and betterments whether part of a Unit or a Common Element, but specifically excluding furniture, wall trimmings, improvements, equipment, fixtures, additional or other personal property supplied or installed by Owners; and (2) all personal property owned by the Association.

(B) **Amounts.** The insurance will be for an amount (after application of any deductions) equal to full replacement value (i.e., 100% of current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage) of the covered items at the time the insurance is purchased and at each renewal date. The Board of Directors is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the insured items, and the cost of such appraisals shall be a Common Expense.

(C) **Risks Insured Against.** The insurance shall afford protection against at least the following: (1) loss or damage by fire and other perils normally covered by the "standard extended coverage endorsement," and (2) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

(D) **Carriers.** The policy shall be written by an insurance carrier that has a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports—International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability rating in Standard and Poor's *International Confidential Rating Service*.

(E) **Deductible Amount.** Unless a higher maximum amount is required by law, the maximum deductible amount for policies is the lesser of \$10,000 or 1% of

the policy face amount, and the funds to cover the deductible amount shall be included in the reserve account maintained by the Association.

(F) **Additional Requirements.** In addition to the other requirements set forth above, insurance policies required by this Section shall provide that: (1) the insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner, and, if available, an express waiver of any and all rights of subrogation against Declarant, the Board, and their representatives, members, and employees, provided that, at such time as Declarant no longer holds Development Rights pursuant to Section 10.3, then the foregoing insurance provisions regarding Declarant shall terminate; (2) an act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy; (3) if, at the time of a loss under the policy, there is other insurance in the name of an Owner which covers the same risk covered by the policy, the Association's policy provides primary insurance; (4) losses must be adjusted with the Association; (5) insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Owner and the Owner's mortgagee; and (6) the insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Owner and to each Eligible Mortgage Holder to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(G) **Exception to Private Area Coverage.** The Association's obligation to maintain casualty insurance on any Private Area shall be subject to such insurance being reasonably available. In determining whether a coverage is reasonably available, the Board shall be entitled to take into account the total cost of such insurance, including, without limitation, whether such insurance will be duplicative of other coverages maintained by Owners as a result of mortgage financing, or whether maintenance of such coverage will require the Association to maintain reserve funds in excess of that which would otherwise be customary for a townhome project similar to The Downs at Monte Vista Community. If such insurance is not reasonably available, and the Board of Directors determines that any insurance described in this Section 8.2(b)(i) will not be maintained, the Board of Directors shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners and Eligible Mortgage Holder at their respective last known addresses.

(ii) **Liability Insurance.** The Association shall purchase broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Such coverage shall be in an amount no less than \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence; provided, should additional coverage and higher limits be available at reasonable cost that a reasonably prudent person would obtain, the Association shall consider obtaining such additional coverages or limits. Coverage shall include, without limitation, liability for personal injuries (including medical payments), operation of automobiles on behalf of the Association and activities in connection with the ownership, operation, maintenance, and other use of the Areas of Common Responsibility, and the performance of any of its activities under any Supplemental

Declaration. The liability insurance shall name as separately protected insureds Declarant, the Association, the Board, and their representatives, members, and employees, with respect to any liability arising out of the maintenance or use of any Association Property and/or the Areas of Common Responsibility. Every policy of insurance obtained by the Association shall contain an express waiver, if available, of any and all rights of subrogation against Declarant, the Board, and their representatives, members, and employees. At such time as Declarant no longer holds Development Rights pursuant to Section 10.3, then the above insurance provisions regarding Declarant shall terminate.

(iii) **Workmen's Compensation and Employer's Liability Insurance.** If the Association employs individuals to work on its behalf, then The Association shall purchase workmen's compensation and employer's liability insurance and all other similar insurance in respect of employees of the Association in the amounts and in the forms now or hereafter required by law.

(iv) **Crime Insurance.** The Association shall purchase insurance covering officers, employees, and volunteers of the Association, and employees of any Manager or managing agent, whether or not any such persons are compensated for their services, against dishonest acts on their part. Such insurance cannot contain a conviction requirement, and must be in an amount not less than the minimum amount set forth in NRS 116.3113(1)(c) (as amended or superseded).

(v) **Directors and Officers.** The Association shall purchase directors and officers liability insurance covering directors on the Board and officers of the Association, including coverage for elected and appointed directors, in an amount determined by the Board in the exercise of its reasonable business judgment. Such insurance must extend to defense costs arising out of any claim.

(vi) **Other Insurance.** The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Property, including any personal property of the Association located thereon.

(vii) **Reviews.** The Board shall review the limits of all insurance policies of the Association at least once a year and adjust the limits as the Board deems necessary or appropriate.

(viii) **Form.** Each policy hereunder shall comply with all requirements set forth in NRS 116.3113 (as amended or superseded).

(ix) **Owner's Insurance Responsibilities.** For clarification, the following insurance coverages shall be the responsibility of each respective Owner, and Declarant and the Association recommend that each Owner obtain such insurance: insurance on items of personal property placed in an Improvement by Owner; insurance for hazard, casualty and public liability coverage within each Private Area or other property within the Property (except to the extent covered by the Association under Section 8.2(b)(i)); and insurance coverage

for activities of the Owner, not acting for the Association, with respect to any portion of the Property.

(x) **Declarant Master Insurance Program.** Notwithstanding anything to the contrary contained herein, prior to Declarant's Control Termination Date, Declarant reserves the right to include insurance obligations of the Association within a master insurance program controlled by Declarant.

8.3 Limitations on Authority of Board. Except with the approval of a majority of the Voting Power of the Association, the Board shall not pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

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

Article 9 **Association Finances**

9.1 Common Expenses Generally; Liability for Common Expenses. The Association is entitled to incur Common Expenses in connection with the exercise of its powers and execution of its duties under the Governing Documents and the Act, including, without limitation, the establishment of adequate reserves. Each Owner shall reimburse the Association for Common Expenses in an amount equal to that Owner's share of the Common Expenses. Such reimbursement shall generally be accomplished through the Association's levy and collection of assessments in accordance with this Article 9.

An Owner's share of the Common Expenses shall be the share of Common Expenses allocated to that Owner's Unit. The Individual Common Expenses incurred in relation to a particular Unit (including, without limitation, its Connected Limited Common Area, and any Association maintenance on a Unit under Section 6.3 that was caused by the Owner of the Unit) shall at all times be fully allocated to that Unit. As to General Common Expenses and Limited Common Expenses, there shall be no share of General Common Expenses or Limited Common Expenses allocated to a Unit until that Unit's Common Expense Allocation Commencement Date. After a Unit's Common Expense Allocation Commencement Date, the share of Common Expenses allocated to that particular Unit is sum of the following amounts:

(a) **General Common Expenses.** As to Common Expenses incurred for the benefit of all Units (such as, by way of example, Common Expenses incurred as general

overhead and administrative costs of operating the Association, Common Expenses incurred in connection with meeting the Association's maintenance obligations relative to the Units as provided in Section 6.3 above to the extent applicable to all Units, general costs of maintain the Areas of Common Responsibility, an amount arrived at by multiplying such Common Expenses by a fraction, the numerator of which is the number of votes allocated the Unit, and the denominator of which is the total votes of all Units for which the Common Expense Allocation Commencement Date has occurred; and

(b) **Limited Common Expenses.** As to any Common Expense incurred for the benefit of the particular Unit and other Units, but less than all the Units (such as, by way of example, Common Expenses incurred in connection with meeting the Association's maintenance obligations relative to the Units as provided in Section 6.3 above to the extent applicable to only certain Units, or incurred in connection with maintaining Cost Center Improvements, or charged as specific user fees for the use of RV Spaces, or providing services to a select group of Units in a Cost Center or otherwise), an amount arrived at by multiplying such Common Expense by a fraction, the numerator of which is the number of votes allocated the Unit, and denominator of which is the total votes allocated to all Units benefitted by the relevant Common Expense and for which the Common Expense Allocation Commencement Date has occurred.

Notwithstanding the foregoing, (i) in accordance with Section 116.3115(4)(c) of the Act, Common Expenses for a judgment against the Association may be allocated only to Units for which the Common Expense Allocation Commencement Date has occurred as of the date the judgment is entered, in accordance with the foregoing allocations, and (ii) during such time as a Unit is owned by the Association, that Unit shall be deemed a Unit for which the Common Expense Allocation Commencement Date has not yet occurred.

9.2 Assessments. The Association shall generally seek to collect each Owner's share of Common Expenses, as set forth in Section 9.1, by levying assessments against such Owner's Unit as provided in this Section 9.2, which assessments shall then be paid by such Owner. Each Owner, for each Unit owned by such Owner, hereby covenants and agrees to pay to the Association such assessments as are made pursuant to this Section 9.2.

(a) **Regular Assessments.** In keeping with sound financial practices, and to timely satisfy liabilities for Common Expenses, the Association shall levy against each Unit a regular, periodic assessment as determined by and in connection with an annual budgeting process. This annual budgeting process, and said regular periodic assessments made in connection therewith, shall operate in the manner and under the provisions in this Section 9.2(a).

(i) **Budget.** Before the beginning of each fiscal year of the Association, the Board shall adopt a proposed budget for the Association for the next succeeding fiscal year, which budget shall incorporate, as convenient and consistent with sound accounting principles, sub-budgets for Units in any Cost Center, or other groups of Units for which specific Common Expenses, if any, are incurred (as to each fiscal year, the "Budget"). The Budget shall include, among other appropriate items, both the estimated Common Expenses for the upcoming fiscal year, and the estimated revenue the Association will need to collect from the Owners in

order to cover such Common Expenses (as to each fiscal year, the “**Annual Assessment**”). The Budget shall further include all items required by, and shall be subject to the Member ratification and distribution provisions set forth in, the Act.

(ii) **Levy and Payment of Annual Assessment.** Following ratification of the fiscal year budget in accordance with the Act, the Annual Assessment shall be deemed levied against the Units, with each Unit’s portion of such Annual Assessment being determined by that Unit’s share of the Common Expenses covered by such Annual Assessment, as allocated in Section 9.1. Each Owner shall pay to the Association the portion of the Annual Assessment allocated to that Owner’s Unit, which payment shall be made in equal quarterly installments during the fiscal year, unless the Board adopts some other basis for collection.

(iii) **Reallocation of Annual Assessment.** Additional Units may be created, existing Units may be withdrawn, or Units may be acquired or sold by the Association following the annual levy of the Annual Assessment. If any such event happens, and that event results in a reallocation of Common Expense shares under Section 9.1, the portion of the Annual Assessment for which installments have not yet come due will be reallocated accordingly among all Units as increased or decreased by the relevant event. For clarification, any such reallocation shall not necessitate any revision to or reaffirmation of the Budget, or otherwise require the Board to repeat the annual budgetary process described in Section 9.2(a)(i) above. For further clarification, any additional Units shall have no liability for the portion of the Annual Assessment for which installments came due prior to such addition, and any withdrawn Units shall have no liability for the portion of the Annual Assessment for which installments will come due after such withdrawal.

(b) **Special Assessments.** If the Board determines that the estimated total amount of funds collected to defray the Common Expenses for a given fiscal year is or will become inadequate to meet the Common Expenses for any reason, including, but not limited to, delinquencies in the payment of installments against the Annual Assessment, or in the event the Association has insufficient reserves to perform its obligations under this Declaration, then the Board shall determine the approximate amount of such shortfall, shall provide a summary thereof to all of the Owners with the Board’s recommendation for a special assessment to meet such shortfall, and shall set a date for a meeting of the Members. Unless at that meeting a majority of the Voting Power of the Association votes to reject the proposed special assessment, the proposed special assessment shall be deemed ratified by the Members (the “Special Assessment”), whether or not a quorum is present at such meeting.

Following the Member’s ratification of a Special Assessment, the Special Assessment shall be deemed levied against the Units, with each Unit’s portion of such Special Assessment being determined by that Unit’s share of the Common Expenses covered by such Special Assessment, as allocated in Section 9.1. Each Owner shall pay to the Association the portion of the Special Assessment allocated to that Owner’s Unit, which payment shall be made in one installment or such multiple installments as the Board, in its discretion, deems reasonable.

As with the Annual Assessment, additional Units may be created, existing Units may be

withdrawn, or Units may be acquired or sold by the Association following the levy of a Special Assessment. If any such event happens, and that event results in a reallocation of Common Expense shares under Section 9.1, the portion of the Special Assessment for which installments have not yet come due will be reallocated accordingly among all Units as increased or decreased by the relevant event. For clarification, any such reallocation shall not necessitate any revision to or reaffirmation of the Budget, or otherwise require the Board to repeat the annual budgetary process described in Section 9.2(a)(i) above. For further clarification, any additional Units shall have no liability for the portion of the Special Assessment for which installments came due prior to such addition, and any withdrawn Units shall have no liability for the portion of the Special Assessment for which installments will come due after such withdrawal.

(c) **Specific Assessments.** The Board may levy a specific assessment against a Unit to collect the Individual Common Expenses allocated to that Unit, as well as to collect any of the following related to that Unit or the Unit's Owner or occupants: (i) penalties (including construction penalties allowed under Section 14.2(b)(iii)(D)), fees, charges, late charges, fines, and interest (including charges allowed under Section 6.1(c)(vii)); (ii) any unpaid transfer fee imposed pursuant to Section 9.4; and (iii) indemnification or reimbursement required from an Owner hereunder (such as, for example, reimbursement due under Section 12.1(b) for damage to Areas of Common Responsibility, or reimbursement for corrective action to cure a default as described in Section 14.2(b)(iii)(C)). An Owner shall pay to the Association any specific assessment made hereunder, which payment shall be made in one installment or such multiple installments as the Board, in its discretion, deems reasonable.

(d) **Notices of Assessments; Delinquencies.** Assessments against a Unit shall be paid by the Owner of that Unit in such manner and on such dates as the Board may establish. The Association shall give to the Owner of a Unit written notice of all assessments levied against that Unit, which notice shall specify the amount owed and the date or dates payment of the same is due and shall be given in the manner provided for notices in this Declaration. Nothing contained herein shall be construed so as to require the Association to give periodic notices of the same assessment; and one notice of an assessment shall be sufficient to meet the requirements of this Section, even though the assessment may be payable in installments. Failure of the Association to give notice of any assessment shall not affect the liability of the Owner of the applicable Unit for such assessment; provided, however, that the date when payment of the first installment of such assessment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given, and the first installment of such assessment shall not be deemed delinquent until fifteen (15) days after such deferred due date.

Any assessment installment hereunder which is not paid within fifteen (15) days following the date it is due shall be deemed delinquent. All delinquent installments shall bear interest at the rate set by the Board (but subject to any limits in the Act) from the date the installment becomes delinquent hereunder until paid. In addition, a late charge in an amount set by the Board, to the extent allowed by the Act, shall be due for each delinquent installment.

(e) **Personal Obligations.** Each assessment or installment thereof, together with any late charges, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the person or entity who is the Owner of the Unit at the time such assessment or installment thereof became due and payable. If more than one person or entity is the Owner of the Unit, the personal obligation to pay such assessment, or installment thereof, respecting such Unit shall be both joint and several. Subject to the provisions of Section 13.2 below, a purchaser of a Unit shall be jointly and severally liable with the seller for all unpaid assessments against the Unit, up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such personal obligation by non-use or abandonment of his Unit, or by waiver of the use and enjoyment of the Areas of Common Responsibility or any facilities thereon.

9.3 **Collection Matters.**

(a) **Generally.** The right to collect and enforce assessments and all other amounts owed to the Association is vested in the Board acting for and on behalf of the Association. The Board or its authorized representative can enforce the obligations of others to pay assessments or other amounts provided for under this Declaration by commencement and maintenance of a suit at law or in equity, by judicial or non-judicial proceedings or, to the extent permitted by applicable law, by the exercise of the power of sale granted to the Board pursuant to the Act and this Declaration. Suit to recover a money judgment against an Owner for unpaid assessments and/or other amounts due hereunder shall be maintainable without first foreclosing against the Owner's Unit or waiving the Association's lien rights against such Unit. Furthermore, in the event of a default in which an Owner does not make payment when due of any assessment or installment thereof, the Board shall have the right, after granting notice and an opportunity to be heard (in the manner set forth in Section 14.2(b)(iii)), to declare all unpaid assessments for the pertinent fiscal year immediately due and payable.

(b) **Lien For Amounts Owed; Priority.** All assessments allocated to a Unit, and all penalties (including construction penalties allowed under Section 14.2(b)(iii)(D)), fees, charges, late charges, fines, and interest thereon related to that Unit or the Unit's Owner or occupants, shall be secured by a lien on such Unit (and all rights appurtenant thereto hereunder, including, without limitation, its allocated Connected Limited Common Area) in favor of the Association from the date the assessment or other applicable amount becomes due. If an assessment or other such amount is payable in installments, the full amount of the assessment or other amount is a lien from the time the first installment thereof becomes due. Recording of this Declaration constitutes record notice and perfection of such, and further recording of a claim of lien for assessments is not required. As to each Unit, the priority of the lien provided for herein, relative to other liens and encumbrances on such Unit, shall be as set forth in NRS 116.3116 (as amended or superseded).

(c) **Enforcement of Lien.** Except as otherwise provided in the Act, the Association may foreclose its lien against a Unit by sale pursuant to, and in accordance with, the provisions of the Act. The costs and expenses of any such foreclosure proceeding, including, without limitation, the cost of preparation of all notices, reasonable attorneys' fees, and title insurance costs related to such proceeding, shall be Individual Common Expenses allocated to the Unit subject to such foreclosure proceeding, and shall be deemed assessed against such Unit as a specific assessment under Section 9.2(c). The Association's commencement of a foreclosure proceeding shall in no way limit an Owner's obligation to pay assessments or other amounts that shall become due from such Owner during the period of foreclosure.

9.4 Transfer Fee. The Association shall charge a transfer fee payable to the Association on the date of transfer of title to the Unit, which transfer fee shall be equal to (a) an amount determined by the Board not to exceed the greater of \$2,000 or two (2) periodic installments of the Annual Assessment in effect at the time of transfer of title of such Unit (such amount, the "Capital Contribution Portion"), plus (b) such administrative fees as the Board has agreed to allow to any Manager in connection with the transfer of title of such Unit; provided, however, that no such fee shall be levied on a transfer (i) exempt from real property transfer tax under NRS Chapter 375, (ii) from Declarant to a Participating Builder, from a Participating Builder to another Participating Builder or Declarant, or from Declarant or a Participating Builder to the initial consumer home-buyer of the Unit, or (iii) to an Owner's estate, surviving spouse, or child upon the death of such Owner. The Capital Contribution Portion of the fee charged hereunder upon the transfer of title of any Unit may be applied by the Board, in the Board's discretion on a case by case basis, to any of the following: (A) the Association's operating fund; (B) capital expenditures upon Common Areas within the Project, or (C) the Association's reserves required under NRS 116.3115.

9.5 Subsidy Agreements. Notwithstanding anything else herein to the contrary, the Association, through the Board, is specifically authorized and empowered to enter into a subsidy agreement or other similar agreements with Declarant and/or a Participating Builder, whereby assessments otherwise payable by Declarant or such Participating Builder on Units owned by Declarant or such Participating Builder, respectively, are deemed satisfied in exchange for the payment by Declarant or such Participating Builder of shortfalls in the Association's operating expenses or the provision of maintenance of the Common Elements, the Association's easements and improvements upon the Areas of Common Responsibility, and/or the performance of certain other services which are Common Expenses of the Association.

PART FOUR: COMMUNITY DEVELOPMENT

Successful development of an integrated, high-quality community requires coordination of the property rights of the owners within that community, as well as flexibility to initiate, respond to, and adapt to changes as the community grows and matures. The Articles in this Part Four attempt to provide such coordination, and reserve to Declarant, Participating Builders, and the Association such rights and privileges as may be necessary or useful in fostering positive change during the development of The Downs at Monte Vista Community.

Article 10
Declarant Rights

10.1 General. Declarant and Participating Builders may be undertaking the work of constructing Improvements to and upon the Property and adding real property to the Property in accordance with the terms and provisions of this Article 10. The completion of such construction and the sale or other disposition of Units within the Property is essential to the establishment and welfare of The Downs at Monte Vista Community.

10.2 Special Declarant's Rights.

(a) **Reservation in Favor of Declarant.** Declarant hereby reserves unto itself the rights to:

(i) Complete Improvements within the Property, including, but not limited to, those indicated on the Plat or in the Development Agreements, the Plans, and/or the Design Standards, or otherwise described in this Declaration;

(ii) Maintain model residences within the Property for use in Declarant's sales activities, and maintain sales offices and construction offices within the Property which may be relocated from time to time;

(iii) Maintain signs advertising the Property, which signs may be maintained anywhere on the Property, excluding Private Areas owned by Owners other than Declarant;

(iv) Use easements through the Common Elements for the purpose of making Improvements within the Property;

(v) Maintain storage facilities and parking facilities within the Property for its materials, equipment, staff, and contractors;

(vi) Create and Record Supplemental Declarations (and any amendments thereto) against any portion of the Property owned by Declarant, or, in Declarant's sole and absolute discretion, against any other portion of the Property upon the request of the owner thereof, which Supplemental Declarations may, among other things, (i) exercise any Development Right, and/or (ii) create a Cost Center and allocate thereto (A) Limited Common Elements or (B) Cost Center Improvements, or (C) services to be performed by the Association, and/or (iii) provide for the creation or addition of new Limited Common Elements (including, without limitation, Connected Limited Common Elements) or Areas of Common Responsibility, and/or (iv) set forth additional restrictions, easements, or covenants that may be applicable to some or all of the Units subject to such Supplemental Declaration;

(vii) Notwithstanding or limiting any other provision herein, use all Common Elements for up to thirty (30) days each year to sponsor special events for charitable, philanthropic, political, or marketing purposes as determined by Declarant in its sole discretion;

provided (a) the relevant Common Elements are reasonably available at the time Declarant submits notice of the event to the Association; and (b) Declarant pays all reasonable costs and expenses incurred in connection with such event. Declarant shall have the right to assign the rights contained in this Section 10.2(a)(viii) to charitable organizations, community groups or foundations selected by Declarant;

(viii) Merge or consolidate The Downs at Monte Vista Community with another common interest community of the same form of ownership; and

(ix) Appoint or remove any officer of the Association or any member of the Board at any time and from time to time prior to the Declarant's Control Termination Date, and designate, from time to time, a person or persons who are entitled to exercise such appointment and removal right; provided, however, that the foregoing rights shall be subject to the mandatory turnover provisions set forth in NRS 116.31032(3).

(b) **Reservation in Favor of Participating Builders.** Declarant hereby reserves unto each Participating Builder (subject to Article 5) the rights to:

(i) Complete Improvements within the portion of the Property owned by such Participating Builder, including, but not limited to, those indicated on the Plat or in the Development Agreements, the Plans, and/or the Design Standards, or otherwise described in this Declaration;

(ii) Maintain model residences upon such Participating Builder's Private Areas for use in such Participating Builder's sales activities, and maintain sales offices and construction offices upon such Participating Builder's Private Areas which may be relocated from time to time;

(iii) Maintain signs advertising the Property, which signs may be maintained anywhere on the Property, excluding Private Areas owned by Owners other than the Participating Builder;

(iv) Use easements through the Common Elements for the purpose of making Improvements to Private Areas owned by such Participating Builder; and

(v) Maintain storage facilities upon such Participating Builder's Private Areas.

10.3 Declarant's Development Rights. Declarant hereby reserves unto itself the following Development Rights:

(a) The right to create Units within the Property up to a maximum of fifty five (55) Units.

(b) The right to create Common Elements, Limited Common Elements, and/or Areas of Common Responsibility with respect to the Property, including, without limitation,

creation by means of Supplemental Declaration, the Development Agreements, Plans, Design Standards, permits, licenses, certificates, consents and approvals issued by the County or other governmental authorities in connection with development of the Property, and creation by means of servitudes entered into with property owners outside of The Downs at Monte Vista Community;

(c) The right, but not the obligation, to subdivide Units or convert any Unit owned by Declarant into Common Elements or Limited Common Elements.

(d) As to each portion of the Property that is not a Unit, the right, but not the obligation, to withdraw such portion of the Property from this Declaration at any time prior to the sale or conveyance of a Unit; and as to each portion of the Property that is a Unit, the right, but not the obligation, to withdraw such Unit from this Declaration at any time prior to the sale or conveyance of such Unit.

(e) The right, but not the obligation, to annex unspecified real estate into this Declaration and the jurisdiction of the Association, as provided in Section 116.2122 of the Act, upon which all the provisions of this Declaration shall apply to such annexed property.

(f) The right, but not the obligation, to unilaterally amend this Declaration at any time prior to the close of the first sale of a Unit.

The Development Rights reserved in this Section may be exercised at any time within thirty (30) years after the recording of the initial Declaration, and shall be exercised in accordance with Section 116.211 of the Act. The Development Rights reserved in this Section may be exercised with respect to different parcels of real estate at different times, and no assurances are made as to the boundaries of such parcels or the order in which they may be subjected to the exercise of a development right, nor is any representation made that a development right must be exercised as to an entire parcel if such right is exercised as to a portion of that parcel.

10.4 Declarant's Right to Complete. No provision of this Declaration (including, without limitation, any Supplemental Declaration) or the Rules shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, maintenance, marketing, and sale of properties within the Property; to construct or alter Improvements on any property owned by Declarant or the Association; to maintain construction equipment, model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association; or to post signs incidental to the development, construction, promotion, marketing, sale and leasing of property. Nothing contained in this Declaration or the Rules shall limit the right of Declarant or require Declarant to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or to construct, alter, remodel, demolish or replace any Improvements on any part of the Property or any property owned by Declarant; (b) use any structure on any part of the Property or any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries; or (c) require Declarant to seek or obtain the

approval of the Board, the ARC, or the Association for any such activity or Improvement to property by Declarant on any part of the Property or any property owned by Declarant. Nothing in this Section shall limit or impair the reserved rights of Declarant or a Participating Builder as elsewhere provided in this Declaration.

10.5 Right to Approve Additional Covenants. No person or entity shall Record any declaration (as defined in the Act) or similar instrument affecting any portion of the Property without Declarant's review and consent. The granting or withholding of such consent by Declarant shall be within Declarant's sole discretion. Any Recording without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by Recorded consent signed by Declarant. Once approved by Declarant and Recorded, any declaration (as defined in the Act) or similar instrument affecting any portion of the Property shall be in addition to and not in limitation of, the provisions of this Declaration. In the event of any conflict between the Governing Documents and any such declaration (as defined in the Act) or similar instrument affecting any portion of the Property which is Recorded, the terms of the Governing Documents shall control.

10.6 Priority of Declarant's Rights. Declarant shall have, and hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Association and the Property. The rights and reservations of Declarant set forth in this Declaration shall be deemed excepted and reserved in each recorded amendment and supplement to this Declaration, in each deed or other instrument by which any property encumbered hereby is conveyed, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration.

10.7 Assignment of Declarant's Rights. Any and all of the rights, powers and reservations of Declarant herein contained may be fully or partially assigned by Declarant to any person or entity that will assume any or all of the duties of Declarant hereunder, and upon any such assignee's evidencing consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations and duties hereunder.

10.8 Limitations on Rights. Nothing in this Article shall give Declarant or a Participating Builder the right to damage any Private Area or Improvement not owned by Declarant or such Participating Builder, or to interfere unreasonably with the Owners' use of the Areas of Common Responsibility. Declarant's and each Participating Builder's rights under this Article 10 shall terminate thirty (30) years from the recordation of this Declaration, except as required for maintenance and repair obligations conducted by Declarant which may continue after such date. Neither the Association nor any Owner may take any action or adopt any rule that will interfere with or diminish any of Declarant's rights, including special declarant's rights and Development Rights, or any Participating Builder's rights without the prior written consent of Declarant or such Participating Builder, as applicable.

Article 11
Reserved

Article 12
Additional Property Rights and Easements

12.1 Rights Related to Common Elements.

(a) **Owner Easements in Common Elements.** Each Owner shall have, and Declarant and the Association hereby grant to each Owner, a non-exclusive easement, appurtenant to such Owner's Unit, and right of use and enjoyment in, to, and throughout all Common Elements for recreation, ingress, egress, support, and all other appropriate purposes consistent with the Development Agreements, Plans, Design Standards, and other development approvals issued by the County or other applicable governmental authorities in connection with such Common Elements. The foregoing easement is, in each instance, subject to the following:

(i) All easements, covenants, liens, limitations, and other items of record or apparent against the real property at the time such real property is conveyed to the Association, or created in the deed by which such conveyance is made, including, without limitation, any Cost Sharing Agreement(s);

(ii) The right of the Owners to whom any Limited Common Elements have been allocated, hereby reserved to such Owners, to the exclusive use of those Limited Common Elements (subject to the terms of this Declaration), except as otherwise provided in the Supplemental Declaration pursuant to which such allocation is made;

(iii) The Governing Documents, including, without limitation, the Board's right to adopt and enforce the Rules as provided in Article 3;

(iv) Without limiting the foregoing subsection, the Board's right to establish uniform and reasonable admission and other fees for the use of any Common Elements, including charges levied by the Association and/or third party service providers in connection with the use of any RV Space;

(v) The Board's right to permit the use of any facility situated upon the Common Elements by persons other than the Owners, their families, lessees, and guests upon satisfaction of reasonable admission requirements and/or payment of reasonable fees, and to designate other areas and facilities within the Areas of Common Responsibility as open for the use and enjoyment of the public;

(vi) Declarant's rights hereunder, including, without limitation, Declarant's rights under Section 10.2(a) and its rights under Section 12.1(d) below;

(vii) The Association's rights under Section 12.1(d) below; and

(viii) The limitation, hereby declared, that such easement shall not extend to any portion of the Common Elements located on an individual Unit, other than a portion constituting an access easement over a Unit, as shown on the Plat, that provides access from a street or roadway in the Property to a portion of the Common Area owned in fee by the Association.

An Owner may extend his or her right under this Section to the other members of his or her household and to guests, subject to reasonable Board regulation; provided, however, that if the Owner of a Unit does not reside in the Unit, then the Owner shall be deemed to have assigned all of the Owner's rights under this Section to the occupants of the Unit (who may extend the privilege of use and enjoyment to their guests, subject to the Rules). Notwithstanding any aforementioned extension or assignment, each Owner shall at all times be responsible for any and all activities of his family, tenants, guests and invitees using the Areas of Common Responsibility.

(b) **Indemnification**. Each Owner shall indemnify, protect, defend and hold harmless Declarant, without limitation, on any claims arising from the negligence or willful misconduct of that Owner, his or her family, relatives, tenants, guests, or invitees, for damages sustained on the Areas of Common Responsibility and Connected Limited Common Elements, except to the extent any such claims arise from the negligence or willful misconduct of Declarant. Similarly, each Owner shall indemnify, protect, defend and hold harmless the Association, without limitation, on any claims arising from the gross negligence or willful misconduct of that Owner, his or her family, relatives, tenants, guests, or invitees, for damages sustained on the Areas of Common Responsibility and Connected Limited Common Elements, except to the extent any such claims arise from the negligence or willful misconduct of the Association, and shall reimburse the Association for any damage to the Areas of Common Responsibility caused intentionally or negligently by such Owner or his or her family, relatives, tenants, guests, or invitees.

(c) **Reservation of Common Elements Easements in Favor of Declarant and Participating Builders.**

(i) **Declarant**. Without limiting any other rights of Declarant herein, Declarant hereby reserves unto itself such easements over, through and under the Common Elements (including the Connected Limited Common Elements) as may be reasonably necessary to (i) discharge Declarant's obligations under this Declaration, (ii) exercise any rights of Declarant described in Section 10.2, (iii) construct any Improvement, complete any Improvement, replace any Improvement, perform any maintenance, or make any repair Declarant deems desirable on the Common Elements or any Private Area owned by Declarant, (iv) complete any Improvement or make any repair on the Common Elements necessary for the provision of adequate access, support and drainage for the Units or Areas of Common Responsibility, and (v) such access as may be required to enjoy any of the foregoing rights.

(ii) **Participating Builders**. Without limiting any other rights of a Participating Builder herein, Declarant hereby reserves unto each Participating Builder such

easements over, through and under the Common Elements (including the Connected Limited Common Elements) as may be reasonably necessary to (i) discharge such Participating Builder's obligations under this Declaration, or (ii) exercise any rights of such Participating Builder described in Section 10.2, or (iii) complete any Improvement on any Private Area owned by such Participating Builder (subject to the terms of Article 5 hereof).

(d) **Future Encumbrance and Conveyance of Common Elements.**

(i) **Future Encumbrance By Declarant.** Declarant hereby reserves unto itself the right to grant unto third parties easements and rights of way on, over, through and under the Common Elements for the purpose of constructing, erecting, operating, using, or maintaining on the Common Elements, at any time: (i) roads, streets, trails, walks, driveways, vehicle parking areas, parkways, and park areas; (ii) utility lines, utility facilities, poles, wires, or conduits for transmission of electricity, telephonic communication or cable or master antenna television for any portion of the Property and the necessary apparatus incident thereto; and (iii) public and/or private sewers, sewage disposal systems, storm drains, land drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any and all equipment and other apparatus relating thereto; provided, however, that in exercising the foregoing right, Declarant shall not grant or create any right that would unreasonably interfere with the quiet use and enjoyment of any Connected Limited Common Element. The Association does hereby agree to execute and deliver and does hereby irrevocably constitute and appoint Declarant as its lawful attorney in fact to execute and deliver any and all documents, agreements, deeds, instruments or assignments that may be necessary to effectuate any grant described herein, and any and all remuneration, credits or reimbursement that may result or arise from or in connection with any dedication, transfer and conveyance described in this Section shall be paid, credited or reimbursed solely to Declarant. The rights reserved by Declarant in this Section shall permanently expire upon expiration of Declarant's Development Rights under Section 10.3.

(ii) **Future Encumbrance By the Association.** Subject to the Board's duty to exercise business judgment on behalf of the Association and its Members, the Board may grant unto third parties easements, licenses, and rights of way on, over, through and under the Common Elements; provided, however, that prior to granting any such easement over Limited Common Elements, Owners representing a majority of the Units to which such Limited Common Elements are allocated have approved such action. The Association shall also have the right to convey and encumber the Common Elements from time to time, subject to compliance with the requirements of NRS 116.3112 (as amended or superseded).

12.2 Additional Easement Rights.

(a) **Construction Access Easement.** Declarant hereby reserves for itself a temporary, non-exclusive easement over the Property for such access, ingress and egress as may be necessary for Declarant to complete or inspect any work or Improvement on the Property, or to make any repair or replacement Declarant deems necessary or appropriate to any Improvement on the Property, or to modify any completed Improvement on the Property to correct any defect therein or to make such Improvement conform to Declarant's governmentally

approved plans for such Improvement; provided that, in exercising the rights reserved under this Section, Declarant shall (i) except in the event of emergency, provide reasonable notice to the Owner or Association, as applicable, (ii) not unreasonably interfere with any non-Declarant Owner's use and enjoyment of his or her Private Area, and (iii) promptly repair, at Declarant's expense, any damage resulting from such entry. The easement reserved by Declarant in this Section shall permanently expire one (1) year from the date Declarant's Development Rights expire under Section 10.3.

(b) **Encroachment Easements.** Declarant hereby reserves over each Unit and each portion of the Common Elements reciprocal easements for the purpose of accommodating and maintaining any encroachment which occurs due to engineering errors, errors in original construction, settlement, or shifting of structures, minor overhangs (such as for HVAC units or roof extensions), minor encroachments of demising walls onto Common Area as engineered and built in the original construction of Units, or any other cause as long as the encroachment remains. In the event a Unit, Common Elements, or any Improvement thereon is partially or totally destroyed, and then repaired and rebuilt, minor encroachments over adjoining Units and/or Common Elements shall be permitted and there shall be valid easements for the maintenance of the encroachments as long as they shall exist. Notwithstanding the preceding sentence, in no event shall a valid easement exist pursuant to this Section in favor of Declarant, an Owner, or the Association if the encroachment occurred due to the willful misconduct of such party.

(c) **Drainage and Support Easements.** Declarant hereby reserves over the Common Elements and each Unit reciprocal easements for drainage, and sublateral and subjacent support, according to the drainage patterns, grading requirements, and/or building plans created or required by the grading and/or building plans for the Property approved by the County, as well as the actual, natural, and existing patterns for drainage.

(d) **Construction Impacts Easement.** During development of the Property, the construction of streets, utilities, homes, structures and other Improvements (generally, the "Construction") will produce substantial dust, noise, light (during nighttime hours) and other adverse impacts ("Impacts") within the Property to Owners and their guests, tenants, invitees and licensees which may be alleged in the future to constitute a nuisance or otherwise impair the use and enjoyment of the Areas of Common Responsibility, Units, and Improvements thereon. The term "Impacts" is intended to be construed liberally to include all adverse consequences of Construction activity which might be an annoyance or nuisance, particularly without limitation dust and noise. An easement is hereby reserved by Declarant, from each Unit and the Common Elements, for itself and each Participating Builder, and their respective agents, to cause such Impacts to occur.

(e) **Solid Waste Collection Easement.** Declarant hereby reserves over the Common Elements constituting private streets and driveways for each solid waste collection company (e.g., Waste Management) providing service to the Property, a perpetual, non-exclusive easement for such ingress and egress as may be necessary or useful in the ordinary course of its

trash collection service to Units within the Property, as well as a perpetual, non-exclusive easement for such trash collection.

(f) **Snow Berm Easement.** Declarant hereby reserves over the portion of each Unit within five (5) feet of any street, Area of Common Responsibility, for itself, the County, and the Association, an easement for the placement of snow plowed from the adjacent street, Area of Common Responsibility; provided that this easement is not intended to create a snow storage or dumping area on any Unit, but only to allow the berming of snow plowed from a street or Area of Common Responsibility adjacent to a Unit in order to clear such area of snow for the safe passage of vehicles and pedestrians on the street or Area of Common Responsibility, as applicable.

(g) **Easements for Utility Services.**

(i) **Community Water and Sewer.** Declarant hereby reserves over the Common Elements, for the County and any community water or sewer system providing service to the Property, a perpetual, non-exclusive easement for the installation, construction, improvement, repair, replacement, use, and maintenance of any community water and/or sanitary sewer system facilities or improvements required pursuant to the Development Agreements, Plans, Design Standards, or other approvals issued by the County in connection with the development of the Property, and for such ingress and egress as may be necessary or useful in exercising such rights.

(ii) **Utilities.** Declarant hereby reserves over the Common Elements (including the Connected Limited Common Elements), for the benefit of utility providers serving the Property, a perpetual, non-exclusive easement for the installation, construction, improvement, repair, replacement, use, and maintenance of any utility facilities or improvements required pursuant to the Development Agreements, Plans, Design Standards, the Plat, or other approvals issued by the County in connection with the development of the Property, and for such ingress and egress as may be necessary or useful in exercising such rights.

(iii) **Minimal Interference.** All work associated with the exercise of the easements described in this subsection (g) shall be performed in such a manner as to minimize interference with the use and enjoyment of the Common Elements (including the Connected Limited Common Elements). Upon completion of the work, the party exercising the easement right shall restore the property disturbed, to the extent reasonably possible, to its condition prior to the commencement of the work. Notwithstanding the foregoing, nothing herein shall modify or alter any rights or obligations of any party benefitted or burdened by the easements in this subsection (g) to the extent such rights or obligations are more specifically covered in a separate document relating to such rights and obligations.

(h) **Association Easement for Maintenance and Enforcement.** Declarant hereby reserves, for the benefit of the Association, a perpetual, non-exclusive easement over the Property for such access and use as the Association may require in performing its maintenance obligations or exercising its maintenance rights hereunder (including, without limitation, under

Section 6.3 or Section 6.4 above as to Units, and any maintenance or activity required under any Supplemental Declaration). Additionally, Declarant hereby reserves, for the benefit of the Association, a perpetual, non-exclusive easement over the Property, for the purpose of ensuring compliance with and enforcing the Governing Documents (including, without limitation, the exercise of the Association's rights under Section 14.2(b)(iii)(C) below). In exercising the rights reserved under this Section, the Association shall (i) except in the event of emergency or as to routine activities in relation to Unit maintenance under Section 6.3, provide reasonable notice to the Owner, (ii) not unreasonably interfere with any Owner's use and enjoyment of his or her Private Area, and (iii) promptly repair, at the Association's expense, any damage resulting from such entry (it being understood that the maintenance work or corrective action being taken by the Association in connection with such entry shall not be deemed damage resulting from such entry). Notwithstanding the foregoing, the Association's rights hereunder shall not come into existence as to a particular Unit until such time as Declarant has conveyed the Unit to a third party.

(i) **Emergency Vehicle Access.** Declarant hereby reserves over the Common Elements (including, without limitation, any emergency vehicle access gate), for the County and emergency ambulance service providers, a perpetual, non-exclusive easement for access, ingress, and egress of emergency vehicles and emergency service personnel serving the Property and Owners and occupants therein.

(j) **Shared Improvement Easement.** Declarant hereby reserves over each Private Area, for the benefit of each adjoining Private Area, a perpetual, non-exclusive easement for support of Shared Improvements, and for such access and use as the Owner of such Private Area may require to maintain, repair, replace, and/or reconstruct any Shared Improvement, or in otherwise exercising the rights granted and meeting the obligations imposed under Sections 6.1 and 6.4 above. Absent an emergency, in exercising the rights reserved under this Section 12.2(j), an Owner shall provide at least twenty four (24) hours advance notice to the Owner of the Private Area to be entered upon. Any exercise of rights hereunder shall be undertaken so as to not unreasonably interfere with an Owner's use and enjoyment of his or her Private Area.

(k) **Easements Created By Plat.** Without limiting any other easement rights created herein, each Unit and Common Area within the Property shall be subject to any easement which is identified and described as encumbering that Unit or Common Area on the Plat pursuant to which such Unit and/or Common Area, as applicable, was created.

(l) **Community Systems Easement.** Declarant hereby reserves for itself over the Property a perpetual, nonexclusive easement for the installation and maintenance (including the right to read meters, service or repair lines and equipment, and to do everything and anything necessary to properly maintain and furnish) of the Community Systems and the facilities pertinent and necessary to the same. Declarant shall have the right, but not the obligation, to install and provide the Community Systems and to provide the services available through the Community Systems to any and all Units within the Property. Neither the Association nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Association and paid for as part of the Assessments or directly to Declarant,

any affiliate of Declarant, or a third party, by an Owner who receives the services. The Community Systems shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any other person or entity. The rights of Declarant with respect to the Community Systems installed by Declarant and the services provided through such Community Systems are exclusive, and no other person may provide such services through the Community Systems installed by Declarant without the prior written consent of Declarant. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services. However, the provision of the services available through the Community Systems installed by Declarant shall be nonexclusive, and the Association may permit any third party to install and provide Community Systems and services through The Downs at Monte Vista Community, provided the Community Systems shall be constructed and installed by such third party and on such nonexclusive terms and conditions as the Association may determine; provided, however, that such other Community Systems and services shall not affect or modify the rights of Declarant.

(m) **Limited Common Elements Easement.** Declarant hereby reserves, for the benefit of each Unit, a perpetual, non-exclusive easement over each Limited Common Element allocated to that Unit for such access and use as the Owner of such Unit may require in exercising its rights and meeting its obligations hereunder in relation to such Limited Common Element.

12.3 Miscellaneous Rights.

(a) **ARC's Right to Inspect.** Any member or authorized consultant of the ARC, or any authorized officer, employee or agent of the Association may enter upon any Unit or Area of Common Responsibility at any reasonable time after notice to the relevant Applicant, without being deemed guilty of trespass, in order to inspect any structural addition, alteration or Improvement constructed or under construction thereon to determine whether the work has been or is being built in compliance with the ARC's approval (including all terms and conditions thereof).

(b) **Rights to Stormwater Runoff, Effluent and Water Reclamation.** Declarant hereby reserves for itself and its designees all rights to ground water and surface water within the Property, as well as storm water runoff and effluent located or produced within the Property and not located on a Private Area, and each Owner of a Unit and the Association agrees, by acceptance of a deed to real property within the Property, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the Property for access, and for installation and maintenance of facilities and equipment to capture and transport

such water, runoff, and effluent. The rights created in this Section shall survive termination of this Declaration.

(c) **Right to Indemnification For Roads and Storm Water Pollution** .

Each Owner (including, without limitation, each Participating Builder) shall indemnify, protect, defend and hold harmless Declarant, its affiliates, and its contractors, without limitation, on any claims, damage, loss, liability, expense, or fine arising from (i) any damage caused by such Owner to any right-of-way owned and/or maintained by the County or any other public agency, and (ii) any pollutants (including debris, sediments, soils, and/or chemicals) discharged into the Property's stormwater drainage system as a result of any activity, construction, maintenance, or improvement (including installation of landscaping and landscaping maintenance) conducted or located upon such Owner's Unit.

(d) **Right to Notice of Defect Claims**.

Neither the Association nor any Owner shall retain or allow the retention of an expert for the purpose of inspecting the design or construction of any Improvement within the Property in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the Association or the Owner, as applicable, to discuss the Association's or Owner's concerns, as applicable, and conduct their own inspection and possible curative efforts pursuant to the rights reserved in Section 12.2(a).

(e) **Reservation of Rights to Name and Marks**.

Notwithstanding anything else herein to the contrary, no Owner may use the name "The Downs at Monte Vista", "Monte Vista", "Monte Vista Minden", "SYVCC", "Santa Ynez Valley Construction Company", or the logo or mark of any of these, in any advertisement or promotional material of any kind or nature whatsoever without first obtaining the prior written consent of Declarant. Declarant hereby reserves all rights associated with the names "The Downs at Monte Vista", "Monte Vista", "Monte Vista Minden", "SYVCC", and "Santa Ynez Valley Construction Company", and the logo and/or mark of each, and expressly reserves the right to use such names in relation to other real estate developments undertaken by Declarant, its subsidiaries, and its affiliates.

(f) **Covenant Not to Object to Development**.

Each person or entity that acquires any interest in the Property acknowledges that The Downs at Monte Vista Community is a planned community, the development of which is likely to extend over several years, and that changes in the Development Agreements, the Plans, the Design Standards, and other governmental approvals for the Property may occur as the development of The Downs at Monte Vista Community proceeds. Each such person or entity therefore agrees not to protest, challenge or otherwise object to changes made or proposed by Declarant in the Development Agreements, the Plans, the Design Standards, and other governmental approvals or allowed uses for the Property, except to the extent such changes relate specifically to the Plat applicable to the Unit in which such person or entity holds an interest.

12.4 Self-Operative Provisions. The rights and easements granted or reserved herein for Units, Common Elements, Areas of Common Responsibility, and any other real property

shall be deemed automatically created, modified, or terminated, as applicable, as such Units, Common Elements, Areas of Common Responsibility, and/or other real property are added to, converted under, or withdrawn from the jurisdiction of this Declaration.

12.5 Connected Limited Common Elements.

(a) **Allocation of Connected Limited Common Elements.** Declarant hereby allocates to each Unit the Connected Limited Common Elements physically attached to the Residence on such Unit or otherwise designed per the Plans to serve exclusively the Residence on such Unit.

(b) **Owner Rights to Connected Limited Common Elements.** Each Owner shall have, and Declarant and the Association hereby grant to each Owner, the right, appurtenant to such Owner's Unit, to the exclusive use and enjoyment in, to, and throughout the Connected Limited Common Element allocated to that Unit pursuant to Section 12.5(a) or pursuant to a Supplemental Declaration, which exclusive right shall include the right to recreation, ingress, egress, support, installation and maintenance of landscaping improvements, and all other appropriate purposes consistent with the Development Agreements, Plans, Design Standards, other development approvals issued by the County, and the ordinary use of such items and/or areas in residential developments comparable to the Property. The foregoing right is, in each instance, subject to the following:

(i) All easements, covenants, liens, limitations, and other items of record or apparent against the Connected Limited Common Element at the time the Unit to which it is allocated is conveyed to the first non-Declarant Owner thereof, or created in the deed by which such conveyance is made, but excluding the easement rights reserved under Section 12.1(a) above;

(ii) The Governing Documents, including, without limitation, the provisions herein regarding Shared Improvements, and the Board's right to adopt and enforce the Rules as provided in Article 3 (subject to the limitation on the Board's rights as set forth in Section 3.4(g));

(iii) The indemnity obligations relative to such Connected Limited Common Element set forth in Section 12.1(b) above;

(iv) Declarant's rights under Section 12.1(d) above; and

(v) The Association's rights under Section 12.1(d) above.

An Owner may extend his or her right under this Section to the other members of his or her household and to guests. If the Owner of a Unit does not reside in the Unit, the Owner shall be deemed to have assigned all of the Owner's rights under this Section to the occupants of the Unit, who may extend the privilege of use and enjoyment to their guests. Notwithstanding any aforementioned extension or assignment, each Owner shall at all times be responsible for any

and all activities of his family, tenants, guests and invitees using the Connected Limited Common Element allocated to such Owner's Unit.

(c) **Transfer of Rights.** The Connected Limited Common Element Allocation to a Unit under Section 12.5(a) or pursuant to a Supplemental Declaration shall be appurtenant to such Unit, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such Unit, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to a Unit shall operate automatically to transfer the appurtenant Connected Limited Common Element to the new owner(s).

PART FIVE: COMMUNITY RELATIONSHIPS

Creating a neighborhood, as opposed to a mere subdivision, requires that those within a neighborhood work together to resolve disputes amicably. It also requires a commitment to respect the rights of those outside the community who have regular interactions with the neighborhood. The Articles in this Part Five establish rules and rights for facilitating positive interactions for those within The Downs at Monte Vista Community, as well as those who have regular dealings with The Downs at Monte Vista Community.

Article 13 **Rights of Lenders**

13.1 Owner Encumbrance. Any Owner may encumber such Owner's Unit, all rights appurtenant thereto (including, without limitation, its rights under Section 12.5 above), and the Improvements thereon with a Deed of Trust.

13.2 Priority Issues.

(a) **First Deeds of Trust.** Any party who acquires title to a Unit pursuant to the judicial or non-judicial foreclosure remedies provided in a First Deed of Trust on that Unit shall take the Unit and its related rights hereunder free of any claims for unpaid assessments or Association charges against such Unit other than those for which the Association holds a prior lien under the Act; provided, however, that after the foreclosure of said First Deed of Trust, such Unit shall remain subject to this Declaration; and the amount of all subsequent assessments, installments of assessments not yet due, penalties, fees, charges, late charges, fines, interest, and other amounts due to the Association shall be assessed, collected, and enforced as provided herein.

(b) **Non-First Deeds of Trust.** Any party who acquires title to a Unit pursuant to the judicial or non-judicial foreclosure remedies provided in a Deed of Trust that is not a First Deed of Trust on that Unit shall take the Unit and its related rights hereunder subject to this Declaration and to all unpaid assessments, unpaid installments thereof, and unpaid penalties, fees, charges, late charges, fines, interest, or other amounts due to the Association, which shall be assessed, collected, and enforced as provided herein. The Unit shall further be

subject to all subsequent assessments, installments of assessments not yet due, penalties, fees, charges, late charges, fines, interest, and other amounts due to the Association shall be assessed, collected, and enforced as provided herein.

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

13.3 Notice to Eligible Mortgage Holders. Each Beneficiary shall be entitled to become an "Eligible Mortgage Holder" pursuant to the provisions of this Declaration by notifying the Association of its name, address and the address of the Unit encumbered by the Deed of Trust which it holds in the manner provided in Section 16.3 below. Such notification shall be deemed to be a request with respect to such Unit for written notice from the Association of: (i) any default in the payment of assessments which remains uncured for a period of sixty (60) days; (ii) any condemnation or casualty loss that affects a material portion of the Property, the Unit, or the Unit's allocated Yard Limited Common Element; and (iii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. The Association shall give written notice to Eligible Mortgage Holders in accordance with the provisions of this Section and in the manner prescribed in Section 16.3 below. Nothing herein shall limit any other notice rights to which a Beneficiary is entitled under the Act.

13.4 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the Articles shall give an Owner, or any other party, priority over any rights of the Beneficiaries of First Deeds of Trust in the case of a distribution to Owners of insurance proceeds or condemnation awards.

13.5 Appearance at Meetings. Because of its financial interest in the Property, a Beneficiary of a Deed of Trust may appear (but cannot vote) at meetings of the Members and the Board, and may draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or assessments.

13.6 Examination of Records. Each Beneficiary shall have the right to examine at reasonable times the books and records of the Association and can require the submission of financial data concerning the Association, including annual audit reports and operating statements as and when furnished to the Owners.

Article 14

Dispute Resolution and Enforcement of Governing Documents

14.1 General. The failure of a Bound Party to perform its obligations under the Governing Documents, as and when due, shall constitute a default by such Bound Party under this Declaration.

14.2 Remedies.

(a) **Non-Association Remedies.** In the event of a Bound Party's default under Section 14.1, each other Bound Party, except for the Association, shall have, on its own behalf, the power and authority to pursue any remedy available at law or in equity against such defaulting Bound Party, all of which shall be cumulative (but subject to the terms of Section 6.1(c)(vi) as to Shared Improvements); provided, however, that prior to commencing any civil action, such enforcing Bound Party shall comply with the applicable provisions of NRS Chapter 38.

(b) **Association Remedies.** In the event of a Bound Party's default under Section 14.1, the Association, shall have, on its own behalf, the power and authority to enforce liens, remove vehicles parked in violation of the Governing Documents, impose fines and construction penalties, undertake corrective actions to cure the default of the defaulting Bound Party, and pursue any other remedy available at law or in equity against such defaulting Bound Party, all of which shall be cumulative, but subject to the following terms and conditions:

(i) **Assessments.** In enforcing its lien for delinquent assessments and all other amounts owed to the Association, the Board shall comply with the provisions of Section 9.3 above;

(ii) **Removal of Vehicles.** In directing the removal of vehicles parked in violation of the Governing Documents, removal shall be done in accordance with the requirements of NRS 487.038, and the Association shall, at least forty-eight (48) hours before having the vehicle removed, post written notice of the impending removal and the basis thereof in a conspicuous place on the vehicle, or otherwise provide such information to the owner or operator of the vehicle orally or in writing; provided, however, that no such prior notice or information shall be required if the vehicle (i) is blocking a fire hydrant, fire lane or parking space designated for the handicapped, or (ii) poses an imminent threat of causing a substantial adverse effect on the health, safety or welfare of the Owners or residents of the Property;

(iii) **Remedies Requiring Notice and Hearing.** Prior to exercising any of the following remedies, each of which the Association is hereby empowered and authorized to pursue, the Association shall provide the relevant defaulting Bound Party with notice and hearing. The Association shall be deemed to have provided a defaulting Bound Party with notice and hearing if it provides such party with (1) a notice of the relevant violation, which notice conforms to the requirements described in NRS 116.31031(4)(b), and (2) a reasonable opportunity to contest the violation at a Board hearing scheduled and held in conformance with the requirements of NRS 116.31031, and otherwise conducted in accordance with the Act.

Notwithstanding the foregoing, as to subsections (A) and (B) below, if the relevant default has not been cured within fourteen (14) days after the Board's imposition of the applicable suspension and/or fine, such default shall be deemed a continuing default, and thereafter the Board may impose further suspensions and additional fines, except as prohibited by the Act, until the default is cured, all without further notice and hearing.

(A) **Suspension of Voting Rights and Use of Areas of Common Responsibility.** The Association shall have the power and authority to suspend, for a reasonable time, an Owner's voting rights and/or right to use any of the Areas of Common Responsibility; provided, however, that any such suspension shall not apply to a Connected Limited Common Element or to an area used for parking, or for vehicular or pedestrian ingress or egress to go to or from such Owner's Private Area.

(B) **Fines.** The Association shall have the power and authority to assess monetary penalties and fines, as allowed pursuant to the Act. The fine for any default must be commensurate with the severity of the default, as determined by the Board (but subject to limitations in the Act for default that do not pose an imminent threat of causing a substantial adverse effect on the health, safety, or welfare of Owners or residents within the Property).

(C) **Corrective Action.** The Association shall have the power and authority to take such corrective action as is necessary to cure any default existing on or within a Private Area, any of the Areas of Common Responsibility, or any Improvements thereon, including, without limitation, a failure to meet any maintenance obligation arising under Article 6 hereof; provided, however, that such power and authority shall extend only to a default that remains uncured more than thirty (30) days after such default has been the subject of a hearing referenced in this initial paragraph of this Section 14.2(b)(iii). All costs incurred by the Association in connection with corrective action hereunder shall be reimbursed to the Association promptly by the Owner of the relevant Private Area. None of the Association, the Board, or any of the Association's agents or employees shall be liable for any damage which may result from any work performed by the Association to cure a default.

(D) **Construction Penalty.** Following the expiration of Declarant's right to appoint the ARC under Section 5.1, the Association shall have the power and authority to assess and collect a construction penalty for failure to adhere to a schedule established by the ARC, as allowed pursuant to the Act.

(iv) **Civil Actions.** Prior to commencing any civil action, whether or not related to a Bound Party's default hereunder, the Association shall comply with the applicable provisions of NRS Chapter 38 and NRS 116.31088 (each as amended or superseded). Additionally, in connection with any Major Controversy (again, whether or not related to a Bound Party's default hereunder), prior to seeking the vote or written agreement of a majority of the Voting Power of the Association, the Board shall first comply with the following provisions, the intent of which is to ensure voluntary and well-informed consent and clear and express authorization by the Owners:

(A) **Negotiation.** The Board shall first endeavor to resolve any Major Controversy by good faith negotiations with the adverse party or parties.

(B) **Alternative Dispute Resolution.** In the event that good faith negotiations fail to reasonably resolve the Major Controversy, the Board shall then endeavor in good faith to resolve such controversy by mediation, provided that the Board shall

not incur liability for or spend more than Three Thousand and No/100 Dollars (\$3,000.00) in connection therewith (provided that, if more than said sum is reasonably required in connection with such mediation, then the Board may expend such amount but shall be required first to reasonably seek approval of a majority of the Voting Power of the Association for such additional amount for mediation before proceeding to arbitration or litigation). In the event that the adverse party or parties refuse mediation, or if such good faith mediation still fails to reasonably resolve the Major Controversy, the Board shall not be authorized to commence, institute or maintain any arbitration or litigation of such Major Controversy until the Board has fully complied with the following procedures:

(I) The Board shall first investigate the legal merit, feasibility and expense of prosecuting the Major Controversy, and shall obtain, if reasonably available, the written opinions of each and every one of: (1) a licensed Nevada attorney regularly practicing in Douglas County, Nevada, with a Martindale-Hubbell rating of "AV," expressly stating that such attorney has reviewed the underlying facts and data in sufficient, verifiable detail to render the opinion, and expressly opining that the Association has a substantial likelihood of prevailing on the merits with regard to the Major Controversy, without substantial likelihood of incurring any material liability with respect to any counterclaim which may be asserted against the Association ("Legal Opinion"); and (2) a reputable appraiser and/or real estate consultant regularly conducting business in Douglas County, Nevada, expressly opining how the marketability and market value of Units will likely be affected by such Major Controversy ("**Appraiser's Opinion**"). (The Legal Opinion and Appraiser's Opinion are sometimes collectively referred to herein as the "**Opinions**"). The Board shall be authorized to spend up to an aggregate of Four Thousand and No/100 Dollars (\$4,000.00) to obtain such Opinions, including all amounts paid to said attorney therefor, and all amounts paid to any consultants, contractors and/or experts preparing or processing reports and/or information in connection therewith. The Board may increase said \$4,000.00 limit, with the express consent of majority of the Voting Power of the Association, at a special meeting called for such purpose.

(II) The Legal Opinion shall also contain the attorney's best good faith estimate of the aggregate maximum "not-to-exceed" amount of legal fees and costs, including without limitation court costs, costs of investigation and all further reports or studies, costs of court reporters and transcripts, and costs of expert witnesses and forensic specialists (all collectively, "**Quoted Litigation Costs**") which are reasonably expected to be incurred for prosecution to completion (including appeal) of the Major Controversy. Said Legal Opinion shall also include a draft of any proposed fee agreement with such attorney. If the attorney's proposed fee arrangement is contingent, the Board shall nevertheless obtain the Quoted Litigation Costs with respect to all costs other than legal fees, and shall also obtain a written draft of the attorney's proposed contingent fee agreement. (Such written Legal Opinion, including the Quoted Litigation Costs, and also including any proposed fee agreement, contingent or non-contingent, are collectively referred to herein as the "**Attorney Letter**").

(III) Upon receipt and review of the Attorney Letter and the Appraiser's Opinion, if two-thirds (2/3) or more of the Board affirmatively vote to proceed with the institution or prosecution of, intervention in, or maintenance of the Major Controversy,

the Board thereupon shall duly notice and call a special meeting of the Members. The written notice to each Member of the Association shall include a copy of the Attorney Letter, including the Quoted Litigation Costs and any proposed fee agreement, contingent or non-contingent, and the Appraiser's Opinion together with a written assessment report prepared by the Board itemizing the amount of additional Common Expenses to be allocated to such Member's Unit, in accordance with the allocations in Section 9.1 above, and estimating the probable time and method of collecting such amount (for example, through a single special assessment, through a series of special assessments, or as part of the annual assessments). At said special meeting, following review of the Attorney Letter, Quoted Litigation Costs, the Appraiser's Opinion, and the Board's assessment report, and full and frank discussion thereof, including balancing the desirability of instituting, prosecuting and/or intervening in the Major Controversy against the desirability of accepting any settlement proposals from the adversary party or parties, the Board shall call for a vote of the Members, whereupon: (i) if less than a majority of the Voting Power of the Association vote in favor of pursuing such Major Controversy, then the Major Controversy shall not be pursued further, but (ii) if a majority of the Voting Power of the Association affirmatively vote in favor of pursuing such Major Controversy, then the Board shall be authorized to proceed to institute, prosecute, maintain, and/or intervene in the Major Controversy. In such event, the Board shall engage the attorney who gave the opinion and quote set forth in the Attorney Letter, which engagement shall be expressly subject to the Attorney Letter. The terms of such engagement shall require (x) that said attorney shall be responsible for all attorneys' fees and costs and expenses whatsoever in excess of one hundred ten percent (110%) of the Quoted Litigation Costs, and (y) that said attorney shall provide, and the Board shall distribute to the Members, not less frequently than monthly, a written update of the progress and current status of, and the attorney's considered prognosis for, the Major Controversy, including any offers of settlement and/or settlement prospects, together with an itemized summary of attorneys' fees and costs incurred to date in connection therewith.

(C) **Settlement.** In the event of any bona fide settlement offer from the adverse party or parties in the Major Controversy, if the Association's attorney advises the Board that acceptance of the settlement offer would be reasonable under the circumstances, or would be in the best interests of the Association, or that said attorney no longer believes that the Association is assured of a substantial likelihood of prevailing on the merits without prospect of material liability on any counterclaim, then the Board shall have the authority to accept such settlement offer. In all other cases, the Board shall submit any settlement offer to the Owners, who shall have the right to accept any such settlement offer upon assent by a Majority of the Members. If any civil action in which the Association is a party is settled (whether or not a Major Controversy), the Board shall disclose the terms and conditions of the settlement at the next regularly scheduled meeting of the Board after the settlement has been reached.

(D) **No Use of Reserves.** In no event shall any Association reserves be used as the source of funds to institute, prosecute, maintain and/or intervene in proceeding, including any Major Controversy.

(E) **Failure to Comply.** Any institution, prosecution, or maintenance of, or intervention in, a Major Controversy by the Board without first strictly

complying with, and thereafter continuing to comply with, each of the provisions of this Section 14.2(b)(iv) shall be unauthorized and ultra vires as to the Association, and shall subject any Director who voted or acted in any manner to violate or avoid the provisions and/or requirements of this Article to personal liability to the Association for all costs and liabilities incurred by reason of the unauthorized institution, prosecution, or maintenance of, or intervention in, the Major Controversy.

14.3 Expenses and Attorneys' Fees. The prevailing party in any legal proceeding relating to a claim under Section 14.1 shall be entitled to receive from each non-prevailing opposing party reimbursement for such prevailing party's reasonable expenses in prosecuting such action, including reasonable attorneys' fees.

14.4 No Implied Waiver. The failure to enforce or delay in enforcement of the provisions of any covenant, condition, or restriction contained in the Governing Documents shall not constitute a waiver of any right to enforce any such provisions or any other provisions of the Governing Documents.

14.5 Mandatory Arbitration Provisions.

(a) **Arbitration of Disputes.** Notwithstanding any other provision herein to the contrary, each Owner, the Association, and Declarant hereby covenant and agree that any claim, controversy, cause of action, claim for relief, liability or dispute between any Claimant or Claimants, on the one hand, and a Developing Party or Developing Parties, on the other hand, arising out of or relating in any way to the Property, including, without limitation, claims for breach of contract, express or implied, breach of warranty, strict liability, negligence, nuisance, statutory violation, misrepresentation and fraud (including claims in any manner relating to or arising out of a constructional defect as defined in NRS 40.615, or otherwise subject to the provisions of NRS 40.600 to NRS 40.695, as amended from time to time) (each, a "Claim" and collectively, the "Claims"), shall first be submitted to mediation (including mediation under NRS 40.680 in the event such claim involves a constructional defect subject to NRS Chapter 40, but only to the extent such provisions of NRS 40.680 do not conflict with the terms of this Section 14.5) and, if not settled during mediation, shall thereafter be resolved, as such Claimant's sole and exclusive remedy, by submitting such Claim to binding arbitration pursuant to (i) the Federal Arbitration Act (9 U.S.C. § 1, *et seq.*), and (ii) only to the extent not inconsistent with the Federal Arbitration Act, the Uniform Arbitration Act of 2000 as adopted in Nevada as NRS 38.206 through 38.248, inclusive. Each Claimant hereby waives any right such Claimant may have to bring an action in court on any Claim, including, but not limited to, any such right of Claimant under NRS 40.680, and any right Claimant may have to become a party to a class action claim.

(b) **Rules For the Arbitration Proceeding.** Claims shall be resolved in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association ("AAA"), the AAA's supplementary procedures for consumer/residential construction disputes (collectively, the "Construction Industry Rules") and the terms of this Section 14.5. In the event the provisions of this Section 14.5 are inconsistent with the

Construction Industry Rules, the Construction Industry Rules shall control. If the matter proceeds to arbitration, discovery shall be allowed pursuant to the Nevada Rules of Civil Procedure (“NRCP”). In the event any provision of NRCP pertaining to discovery is inconsistent with the Construction Industry Rules, such provisions of NRCP shall prevail. Arbitration of any matter pursuant to this Section 14.5 shall not be deemed a waiver of the attorney/client or attorney/work product privilege in any manner.

(c) **Right to Repair.** Nothing set forth in this Section 14.5 is intended to affect or limit a Developing Party’s rights under NRS Chapter 40 to repair any constructional defect.

(d) **Arbitrator.** The dispute constituting a Claim shall be heard and determined by a single neutral arbitrator who has expertise in the area of the dispute. The arbitrator shall be appointed within sixty (60) days from the date one party receives a request from the other party to arbitrate the Claim. In selecting the arbitrator, the provisions of the Construction Industry Rules shall apply.

(e) **Joinder of Parties.** The parties may join other parties as provided in the Construction Industry Rules. For example, a Developing Party may include other Developing Parties, such as its contractor and any and all subcontractors and suppliers, in the arbitration.

(f) **Location of Arbitration.** The venue of the arbitration shall be in a location in Douglas County, Nevada. Unless the parties agree otherwise, the arbitration shall commence, be conducted, and conclude promptly in accordance with the Construction Industry Rules.

(g) **Award.** The arbitrator is authorized to provide all recognized remedies available in law or in equity for the Claims, except that the arbitrator shall have no authority to award punitive or consequential damages. The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law, and shall include a written summary of the issues in controversy, a description of the award and an explanation of the reasons for the award. The arbitrator’s award shall be final and judgment and may be confirmed, entered and enforced in any court having jurisdiction over the matter.

(h) **Strict Confidentiality.** Except as may be required by law or for confirmation of the award, neither of the parties nor the arbitrator may disclose the existence, content or results of the arbitration hearing without the prior written consent of both parties and such content and results are strictly confidential.

(i) **Arbitration Costs and Attorneys’ Fees.** Any costs to initiate arbitration shall be advanced by the party initiating the arbitration, but the costs of arbitration shall ultimately be borne by the losing party and, if there is more than one losing party, in such proportions as the arbitrator may determine. The prevailing party or parties in such arbitration shall be entitled to recover reasonable attorneys’ fees from the losing party or parties in such amounts as the arbitrator shall determine.

(j) **Statute of Limitations.** The arbitration must be filed within the statute of limitations applicable to the relevant Claim.

(k) **Covenant Running With the Land.** The arbitration provisions set forth in this Section 14.5, as with all other terms and provisions of this Declaration, shall run with the Property and every portion thereof or interest therein as a covenant running with the land and an equitable servitude and shall benefit and be binding upon the Owners, Declarant, the Association, and their successors and assigns.

(l) **Third-Party Beneficiaries.** Notwithstanding anything else herein to the contrary, each Developing Party not otherwise bound by this Declaration shall be deemed an intended third-party beneficiary of the terms of this Section 14.5.

(m) **Notice.** Each Claimant, by agreeing to have any Claim decided by arbitration as provided by in this Section 14.5 is giving up any rights such Claimant might possess to have the Claim litigated in a court, including a jury trial, as well as rights to appeal and to join with other Claimants in a class action. If a Claimant refuses to submit to arbitration, such Claimant may be compelled to arbitrate under applicable law. Each Claimant, by acceptance of ownership of a portion of the Property, agrees for such Claimant and such Claimant's heirs, personal representatives, successors and assigns, to keep, observe, comply with and perform all of the provisions of this Declaration, including this Section 14.5, and specifically authorizes this Section 14.5, and acknowledges its agreement thereto.

(n) **Primacy of Limited Warranty.** Notwithstanding any other provision herein to the contrary, the Association and Declarant must use the procedures set out in the Limited Warranty to resolve any and all disputes that the Association may have with the Declarant involving the Limited Warranty. Following exhaustion of the procedures set forth in the Limited Warranty, if any Claim involving the Limited Warranty remains outstanding between Declarant and the Association, the provisions of this Section 14.5 shall govern as to such Claim.

PART SIX: COMMUNITY DISCLOSURES

The informed acquisition of real estate requires the consideration of a number of factors. These include, without limitation, the physical condition of the relevant property and any improvements thereon, matters on title to the real property, surrounding land uses and the likelihood of certain types of future development, availability and proximity of public and private amenities, and the suitability of the property for a buyer's intended use. Each person or entity planning to acquire real property within The Downs at Monte Vista Community should consider these factors, as well as any other factors that such party may deem important to making a purchase within the Property. If a buyer is uncertain about what factors may be important, or has difficulty understanding information or materials related to such factors, the buyer should retain the services of qualified real estate professionals to assist with the buyer's considerations.

In addition to the above-described factors, Declarant believes that any party contemplating a purchase of real property within The Downs at Monte Vista Community should be aware of and take into account the matters set forth in this Part Six.

Article 15
Disclosures

15.1 Security Disclaimer. Access to The Downs at Monte Vista Community may be gated or otherwise restricted, security services may be obtained through the Association, and Declarant, its affiliates, the Association, and/or their respective successors or assigns may, but shall not be required to, enter into contracts for the provision of alarm/monitoring services through the Community Systems. DECLARANT, ITS AFFILIATED ENTITIES, THE ASSOCIATION, AND THEIR RESPECTIVE SUCCESSORS OR ASSIGNS DO NOT GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIEDLY, SECURITY WITHIN THE PROPERTY, OR THE MERCHANTABILITY OR FITNESS FOR USE OF ANY ALARM/MONITORING SERVICES, OR THAT ANY SECURITY SERVICES WILL PROVE TO BE ADEQUATE OR EFFECTIVE, PREVENT INTRUSIONS, AVOID COMPROMISE OR CIRCUMVENTION BY THIRD PARTIES, OR OTHERWISE NOTIFY AUTHORITIES OF FIRES OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SERVICES ARE DESIGNED TO PREVENT AND/OR MONITOR SAME. EVERY OWNER OR OCCUPANT OF THE PROPERTY, WHETHER OR NOT RECEIVING ALARM/MONITORING SERVICES THROUGH THE COMMUNITY SYSTEMS, ACKNOWLEDGES THAT DECLARANT, ITS AFFILIATED ENTITIES, THE ASSOCIATION, AND ANY SUCCESSOR OR ASSIGN ARE NOT INSURERS OF THE OWNER'S OR OCCUPANT'S PROPERTY OR THE PROPERTY OF OTHERS LOCATED IN THE PRIVATE AREA AND WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES OR DEATHS RESULTING FROM SUCH OCCURRENCES. NONE OF DECLARANT, ITS AFFILIATED ENTITIES, THE ASSOCIATION, OR ANY SUCCESSOR OR ASSIGN SHALL BE LIABLE TO PERSONS LIVING IN OR VISITING THE PROPERTY FOR CONDUCT RESULTING FROM ACTS OF THIRD PARTIES.

It is extremely difficult and impractical to determine the actual damages, if any, which may proximately result from a failure on the part of an alarm/monitoring service provider, if any, to perform any of its obligations with respect to alarm/monitoring services, and, therefore, every Owner or occupant of property receiving alarm/monitoring services through the Community Systems agrees that Declarant, its affiliated entity, the Association, any successor or assign assumes no liability for loss or damage to property or for personal injury or death to persons due to any reason, including, without limitation, failure in transmission of an alarm, interruption of alarm/monitoring service, or failure to respond to an alarm because of (a) any failure of the Owner's alarm/monitoring system, (b) any defective or damaged equipment, device, line or circuit, (c) negligence, active or otherwise, of the alarm/monitoring service provider, or its respective officers, agents or employees, or (d) fire, flood, riot, war, act of God or other similar causes which are beyond the control of the alarm/monitoring service provider, as applicable. Every owner or occupant of a Private Area obtaining alarm/monitoring services

through the Community Systems further agrees for himself, his grantees, tenants, guests, invitees, licenses and family members that if any loss or damage should result from a failure of performance or operation, or from defective performance or operation, or from improper installation, monitoring or servicing of the system, as applicable, or from negligence, active or otherwise, of the alarm/monitoring service provider, or its respective officers, agents, or employees, the liability, if any, of the Declarant, its affiliated entity, the Association, their respective successors or assigns for loss, damage, injury or death shall be limited to a sum not exceeding Two Hundred Fifty U.S. Dollars (\$250.00), which limitation applies irrespective of the cause or origin of the loss or damage and notwithstanding that the loss or damage results directly or indirectly from negligent performance, active or otherwise, or non-performance by an officer, agent or employee of Declarant, its affiliated entity the Association, their respective successors or assigns of any of same. Further, in no event will Declarant, its affiliated entity, the Association, their respective successors or assigns be liable for consequential damages, wrongful death, personal injury or commercial loss.

In recognition of the fact that interruptions of Community Systems services will occur from time to time, no person described above shall in any manner be liable, and no user of the Community Systems shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, as applicable, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

15.2 Public Facilities and Schools. Each Owner, by acceptance of a deed to a Unit, acknowledges that there is no assurance made by Declarant, any affiliate of Declarant or the County that any public facility not in existence will ever be built. Parks and schools are under the control of governmental agencies that have the power to change their plans, including selling or exchanging sites. Neither Declarant nor any of its affiliates has the power to fix sites for public facilities such as parks or schools or to stop sites from being moved from one location to another. Furthermore, it must be emphasized that the Douglas County School District (“DCSD”), which operates public schools near the Property, is solely responsible for the timing of any new public school construction and whether or not new schools are built. No representation or warranty is given by Declarant or the Association that the DCSD will construct new schools in the future in the vicinity of the Property. Additionally, the DCSD controls the attendance zoning for all public schools, and DCSD may elect to assign children living in The Downs at Monte Vista Community to the nearest school with available capacity, rather than the nearest school or the zoned school, if schools closer to The Downs at Monte Vista Community cannot accommodate additional students. Neither Declarant nor any of its affiliates makes any representation, warranty or guaranty that the children living in The Downs at Monte Vista Community will be allowed to attend any particular school. All potential buyers should contact the DCSD for the latest attendance zoning information before purchasing a Unit within the Property.

15.3 Rockery Wall Rodent Disclosure. Each Owner, by acceptance of a deed to a Unit, acknowledges that rockery walls provide a favorable habitat for wild rodents such as ground squirrels, chipmunks, and others that can acquire plague through the bite of an infected flea. The rock surface provides an urban interface with these wild rodents. There is a risk of

disease transmission to humans and domestic animals, especially cats. For this reason the public should not handle any wild rodents. An awareness of this risk by residents moving into developments having rockery walls will reduce the risk of disease transmission.

15.4 View Obstructions. Each Owner, by accepting a deed to a Unit, hereby acknowledges that any construction or installation by Declarant, the Association, or a Participating Builder may impair the view of such Owner, and hereby consents to such impairment. No representation or warranties, covenants or agreements are made by Declarant or the Association or their agents, with respect to the presence or absence of any current or future view, scene or location advantage from any portion of a Private Area within the Property. The view, scene or location advantage may be adversely affected currently or in the future by construction or changes to the following, including, without limitation, residential homes or other structures and facilities, utility facilities, landscaping, Areas of Common Responsibility, public facilities, streets, neighborhood amenities and other activities, development or occurrences whether on other land, including without limitation, on adjacent and nearby Private Areas. No representations, warranties, covenants or agreements are made by Declarant, the Association or their agents concerning the preservation or permanence of any view, scene or location advantage for a Private Area. The Association and Declarant are not responsible or liable for any impairment of such view, scene or location advantage for any perceived or actual loss of value of the lot resulting from such impairment. Owners are solely responsible for analyzing and determining all risks concerning the current and future value of any view, scene or location advantage and the potential or existing impairment thereof and the risks of preserving the view, scene or location advantage.

15.5 Air Traffic. Each Owner, by acceptance of a deed to a Unit, acknowledges that such Owner is aware of (i) the proximity of the Minden-Tahoe Airport and any other airports in the Carson Valley area, and (ii) that the Property is located directly underneath the flight path of airplanes taking off from and landing at the Minden-Tahoe Airport. Each Owner understands that the foregoing facts may have an effect on the livability, value, and suitability of the Property for residential use, and at a minimum will result in greater noise impacts (including, without limitation, jet noise and small aircraft noise) and air quality impacts (including, without limitation, through diffusion of jet fuel burn-off) for the Property than might otherwise be experienced in locations not in close proximity to airports or within flight paths for airports. Neither Declarant nor any of its affiliates makes any representation, warranty or guaranty regarding impacts to the Property given its proximity to airports or air traffic, and each Owner agrees to hold harmless Declarant and its officers, directors, employees and agents or any of them, from any liability for all injury, damage, costs or expenses caused to Owner and Owner's family, guests, tenants, property and pets by impacts related to the Property's proximity to airports and/or air traffic.

15.6 No Obligation of County to Maintain. Each Owner, by acceptance of a deed to a Unit, acknowledges that the County has no responsibility, and shall not assume any responsibility, for the maintenance of any private streets that may be located within the Property. Furthermore, the County shall not accept for dedication as public any streets within the Property

unless those streets meet the County standards, as applicable, in effect at the time of the offer of dedication.

15.7 Water Bodies. Each Owner, by acceptance of a deed or otherwise acquiring title to a Unit, acknowledges that the water levels of all water bodies in or around The Downs at Monte Vista Community may vary. There is no guarantee by Declarant or the Association that water levels will be constant or aesthetically pleasing at any particular time. In fact, water levels may be non-existent from time to time.

15.8 RV Spaces. The Association may install, remove, re-install, replace, repair, use, operate, and/or maintain, directly or through a third-party vendor, RV Spaces in the Areas of Common Responsibility. In the event the Association provides RV Spaces, each Owner within The Downs at Monte Vista Community, and its tenants, guests and invitees, agrees to provide the Association and its third-party providers with such information as may be necessary or required for the use and/or operation of such RV Spaces (including, among other things, biographical information and financial information (e.g. credit card information) for establishing a user profile and billing account for any service managing use of the RV Spaces, and mobile phone and email contact information for the purpose of providing alerts regarding use of the RV Spaces, all of which may be maintained over the internet and/or through an online portal or platform). Each Owner, and its tenants, guests and invitees acknowledge that while the Association's expenses incurred with physically maintaining the RV Spaces, if any, will be General Common Expenses, different methods may be used to charge for individual use of an RV Space, including, without limitation, (i) an individual or monthly fee charged by the third-party service provider operating the RV Spaces, (ii) an individual use fee charged by the Association, (iii) a Limited Common Expense allocated by the Association among Owners who wish to use or make RV Spaces available to guests or invitees; or (iv) a General Common Expense allocated by the Association among all Owners by virtue of the fact that ability to use an RV Space, whether or not actually used by an Owner, is or could be of benefit to each Owner and its guests. Each Owner, and its tenants, guests and invitees acknowledge that use of the RV Spaces may require independently contracting with a third-party service retained or licensed by the Association for operation of the RV Spaces, and neither Declarant nor the Association shall be in any way responsible, financially or otherwise, for any issues related to the commercial arrangements between said service-provider and an Owner, its tenants, guests, or invitees, including, without limitation, issues of payment for service fees or technological issues related to use of such service-providers software or systems.

Without limiting Section 15.1 above, which shall be deemed to apply to the Association's provision of any RV Spaces, each Owner and occupant within The Downs at Monte Vista Community acknowledges and agrees that any available RV Space is provided as an accommodation by the Association, and that neither Declarant nor the Association shall be responsible in any way, and each is hereby released from liability for any damage to any vehicle, and any loss or liability suffered by an owner or occupant of any vehicle, resulting from the use or attempted use of any RV Space, including, without limitation, loss, damage, injury, or liability resulting from a defect in the design, construction, or operation of an RV Space, or from a flaw, deficiency, or data breach associated with any computer program, mobile application (or "app"),

or software used in connection with the operation of any RV Space. Furthermore, each Owner hereby agrees to indemnify, protect, defend, and hold harmless the Association from any and all claims and/or liability associated with any injury arising from its use, or use by any of its tenants, guests or invitees, of any RV Space.

15.9 Mold. Each Owner, by acceptance of a deed or otherwise acquiring title to a Unit, acknowledges and agrees that there is, and will always be, the presence of certain biological organisms within the Unit. Most typically, this will include the common occurrence of mold, fungi, mildew or other mycotoxins, and each Owner understands and agrees that there is no method for completely eliminating the development of molds, fungi, mildew or other mycotoxins. Mold and other mycotoxins tend to proliferate in warm, wet areas, and, as such, it is each Owner's responsibility to maintain its Unit so as to avoid the accumulation of moisture and/or mold and other mycotoxins within the Unit. Such mitigation matters should include, without limitation, the frequent ventilation of the Unit, removal of standing water on any balcony areas, if any, prompt repair of any leaks which permit water intrusion into the Unit, and prompt repair of plumbing leaks within the Unit (irrespective of who may have caused any such leaks). Each Owner also understands that the presence of indoor plants may also increase moisture and/or mold and other mycotoxins. Also, the propping of large pieces of furniture against wall surfaces may lead to mold or other mycotoxin accumulation. It is the responsibility of each Owner to monitor and maintain its Unit so as to mitigate and avoid the conditions which are likely to lead to the existence and/or growth of mold and/or other mycotoxins. In the event that mold or other mycotoxins do appear and/or grow within the Unit, it is also the Owner's responsibility to promptly and properly treat such mold and mycotoxins to minimize the spreading thereof and/or unhealthy conditions likely to arise as a result thereof. Such measures frequently include, but are not limited to, cleaning mold- affected surfaces with chlorine bleach. Each Owner is responsible to learn how to clean any affected Improvements.

Further, each Owner is hereby advised that certain molds, mildew, mycotoxins and/or fungi may be, or if allowed to remain for a sufficient period may become, toxic and potentially pose a health risk. By acquiring title to a Unit, each Owner shall be deemed to have assumed the risk associated with molds, mildew, mycotoxins and/or fungi and to have released Declarant from any and all liability resulting from same, including, without limitation, any liability for incidental or consequential damages (which may result from, without limitation, the inability to possess the Unit, inconvenience, moving costs, costs of temporary lodging, storage costs, loss of time, lost wages, lost opportunities and/or personal injury). Without limiting the generality of the foregoing, leaks, wet flooring and moisture will contribute to the growth of mold, mildew, fungus or spores. EACH OWNER, BY ACCEPTANCE OF A DEED OR OTHERWISE ACQUIRING TITLE TO A UNIT, SHALL BE DEEMED TO HAVE AGREED THAT DECLARANT IS NOT RESPONSIBLE, AND HEREBY DISCLAIMS ANY RESPONSIBILITY FOR, ANY ILLNESS OR ALLERGIC REACTIONS WHICH MAY BE EXPERIENCED BY THE OWNER, ITS FAMILY MEMBERS AND/OR ITS OR THEIR GUESTS, TENANTS AND INVITEES AS A RESULT OF MOLD, MILDEW, FUNGUS, SPORES OR OTHER MYCOTOXINS. IT IS THE OWNER'S RESPONSIBILITY TO KEEP ITS UNIT CLEAN, DRY, WELL-VENTILATED AND FREE OF CONTAMINATION.

PART SEVEN: GENERAL PROVISIONS

Article 16
General Provisions

16.1 Amendment. This Declaration may be amended by vote or agreement of not less than a majority of the Voting Power of the Association and in accordance with the Act, or to the extent otherwise permitted hereunder and pursuant to those sections of the Act identified in NRS 116.2117(1), but subject to the following:

(a) Declarant shall have the right to amend this Declaration unilaterally prior to the close of the first sale of a Unit;

(b) Declarant shall have the right to amend this Declaration unilaterally through recordation of Supplemental Declarations, as allowed pursuant to the terms hereof or otherwise in accordance with the Act;

(c) Declarant shall have the right to amend a Supplemental Declaration unilaterally prior to the close of the first sale of a Unit covered by that Supplemental Declaration;

(d) Following the close of the first sale of a Unit covered by a Supplemental Declaration, the provisions of that Supplemental Declaration may be amended only by the vote or agreement of (i) a majority of the Voting Power of the Association, (ii) a majority of the votes allocated under the Declaration to the Units covered by such Supplemental Declaration, (iii) Declarant, until Declarant's Development Rights expire under Section 10.3, Declarant, which consent must be evidenced in writing, and (iv) if such amendment relates to the use or development restrictions specific to a particular Unit covered by such Supplemental Declaration, the Owner of that Unit, evidenced in writing;

(e) No amendment to this Declaration may remove, revoke, or modify any right or privilege of Declarant or a Participating Builder without the respective prior written consent of Declarant or the Participating Builder, as applicable;

(f) Section 14.2(b)(iv) may not be amended or deleted at any time without the express prior written approval of both: (1) Members representing not less than seventy-five percent (75%) of the Voting Power of the Association, and (2) not less than seventy-five percent (75%) of the total voting power of the Board; and any purported amendment or deletion of said Section, or any portion hereof, without both of such express prior written approvals shall be void;

(g) If an amendment relates to less than all of the Connected Limited Common Elements, such amendment shall require both the approval of a majority of the Voting Power of the Association and the express prior written approval of Owners of a majority of the Units to which the impacted Connected Limited Common Elements are allocated; and no amendment may alter the dimensions or exclusive use rights of an Owner to the Connected

Limited Common Elements allocated to such Owner's Unit without both that Owner's prior written consent and the approval of a majority of the Voting Power of the Association;

(h) Sections 6.3 and 6.4, and the provisions herein related thereto, may not be amended or deleted at any time with the express prior written approval of Declarant, until such time as Declarant no longer owns any portion of the Property; and

(i) Section 14.5 may not be amended or deleted at any time without the express prior written approval of both: (1) Members representing not less than seventy-five percent (75%) of the Voting Power of the Association, and (2) Declarant; and any purported amendment or deletion of said Section, or any portion hereof, without both of such express prior written approvals shall be void.

All amendments shall be Recorded. No action to challenge the validity of an amendment may be brought more than one year after the amendment is Recorded, unless the challenge is brought under Section 16.1(e), in which case the limitation period shall be five (5) years after the amendment is Recorded. If an Owner consents to any amendment, it will be conclusively presumed that such Owner has the authority to consent and no contrary provision in any Deed of Trust or contract between such Owner and any third party will affect the validity of such amendment.

16.2 Termination of Former Owner's Liability for Assessments. Upon the conveyance, sale, assignment, or other transfer of a Unit to a new Owner, the transferring Owner shall not be liable for any assessments levied, or non-delinquent installments of previously levied assessments, with respect to such Unit after notification of the Association of such transfer in the manner provided in Section 16.3 and the payment of a transfer fee as provided in Section 9.4. No person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration.

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

The Downs at Monte Vista Community Association
c/o []
[]
[]

All notices given by the Association to any Owner shall be provided in the manner required by the Act, or, in the absence of any such requirement, in any manner a notice required under the Act may be provided to such Owner. All notices to Eligible Mortgage Holders shall be sent by registered or certified mail, return receipt requested, at the address to which such Eligible

Mortgage Holder has last requested that notice be sent by notifying the Association in the manner provided in this Section. All notices shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

16.4 Approvals. Any consents or approvals by the Board or ARC shall be in writing.

16.5 Construction and Severability; Singular and Plural; Titles.

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

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

(c) **Singular Includes Plural.** The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter.

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

(e) **Interpretation.** The Association, acting through the Board, shall have sole right and authority to interpret any of the provisions of this Declaration, which interpretation shall, so long as the same is reasonable, be conclusive.

16.6 Grantee's Acceptance. Each grantee or purchaser of any Unit within the Property shall, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such Unit, accept such deed or contract upon and subject to each and all of the provisions of this Declaration and to the jurisdiction, rights, powers, privileges and immunities of Declarant and of the Association. By acceptance, such grantee or purchaser shall for himself (his heirs, personal representatives, successors and assigns) covenant, consent and agree to and with Declarant, and to and with the grantees and subsequent owners of each of the other Units in the Property, to keep, observe, comply with and perform all of the provisions of this Declaration and shall further agree to the continuation to completion of the Property and all parts and projected Units therein in substantially the manner heretofore approved by the County.

[Signatures and Acknowledgements on Following Pages]

EXHIBIT "A"
Legal Description of the Property

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

16726461_v1

16726461_v3

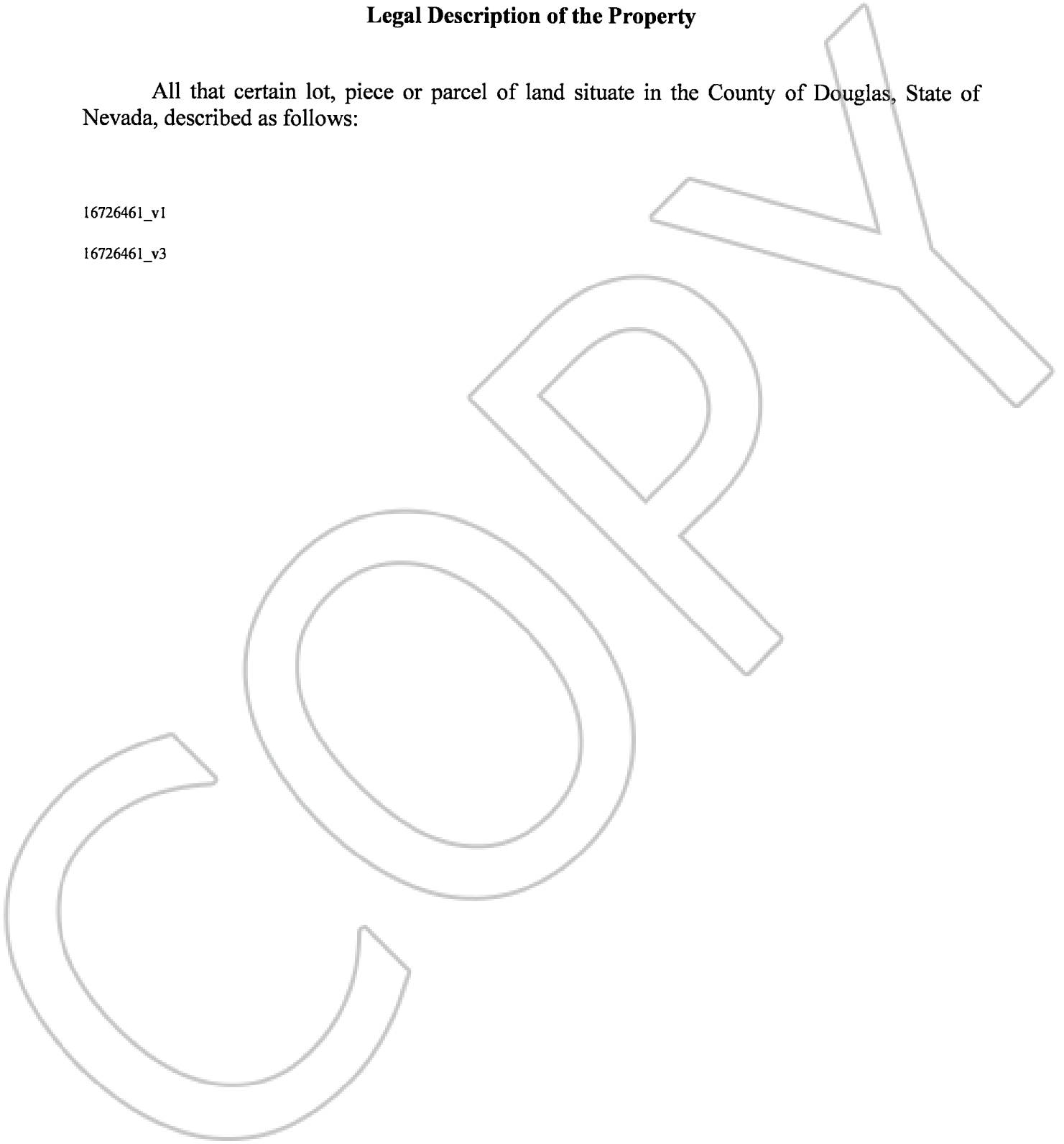


EXHIBIT "A"
(A.P.N. 1320-30-702-031)

2255-007
12/14/21

All that real property situate in the County of Douglas, State of Nevada, described as follows:

A parcel of land located within a portion of Section 30, Township 13 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

COMMENCING at the south corner of Parcel 2 as shown on the Record of Survey to support a Boundary Line Adjustment for Nevada Northwest, LLC filed for record June 29, 2007 in the office of Recorder, Douglas County, Nevada as Document No. 704201, said point falling on the easterly right-of-way line of U.S. Highway 395, a found 5/8" rebar with plastic cap PLS 6899;

thence North 43°06'17" East, 199.12 feet to a found 5/8" rebar with plastic cap, PLS 6899, the **POINT OF BEGINNING**;

thence continuing North 43°06'17" East, 44.10 feet;

thence North 48°12'20" West, 34.12 feet;

thence North 45°42'28" East, 119.81 feet;

thence North 00°15'04" West, 45.69 feet;

thence North 26°12'39" West, 62.16 feet;

thence North 02°25'35" West, 77.43 feet;

thence along the arc of a curve to the right, non-tangent to the preceding course, having a radius of 670.00 feet, central angle of 29°17'45", arc length of 342.58 feet and chord bearing and distance of South 78°03'53" East, 338.86 feet;

thence South 63°25'00" East, 253.63 feet;

thence South 26°35'00" West, 228.01 feet;

thence South 04°43'03" East, 71.15 feet;

thence South 63°24'18" East, 103.04 feet;

thence South 26°35'00" West, 85.57 feet;

thence South 17°38'15" East, 37.32 feet;

thence North 67°15'29" West, 137.85 feet to a found 3/4" iron pipe with plug, PLS 3519;

thence North 61°51'29" West, 521.34 feet to the **POINT OF BEGINNING**, containing 5.06 acres, more or less.

The Basis of Bearing of this description is South 63°25'00" East, being the southerly right-of-way line of Ironwood Drive as shown on the Record of Survey to support a Boundary Line Adjustment for Nevada Northwest, LLC, filed for record June 29, 2007 in said office of Recorder, as Document No. 704201.

Prepared By: R.O. ANDERSON ENGINEERING, INC.
Cory J. Kleine, PLS 21988
P.O. Box 2229
Minden, Nevada 89423

