

DOUGLAS COUNTY, NV

2022-990964

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FIRST CENTENNIAL - RENO (MAIN OFFICE)

KAREN ELLISON, RECORDER

APNS:

1420-05-310-001 through 040

1420-05-443-001 through 025 and 027

When recorded please mail to:

JC Valley Knolls, LLC

5400 Equity Avenue

Reno, NV 89502

RE-RECORD DOC #2022-981992

**THIS DOCUMENT IS BEING RE-RECORDED TO ATTACH
CORRECTED EXHIBIT "A" and CORRECTED EXHIBIT "B"**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND
RESERVATION OF EASEMENTS
FOR
VALLEY KNOLLS COMMUNITY ASSOCIATION**

The undersigned hereby affirms 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)



Signature

NICOLE GUBBELS, ESCROW COORDINATOR
Printed Name/Title

APNS:

1420-05-310-001 through 040

1420-05-443-001 through 025 and 027


WHEN RECORDED RETURN TO:

JC Valley Knolls, LLC
5400 Equity Avenue
Reno, NV 89502

DOUGLAS COUNTY, NV
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2022-981992
03/02/2022 04:00 PM
FIRST CENTENNIAL - RENO (MAIN OFFICE)
KAREN ELLISON, RECORDER

DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
VALLEY KNOLLS COMMUNITY ASSOCIATION

I, the undersigned, hereby affirm that this document submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.038)


Signature _____ Print Name Title
Brandi McCombs Dir. of Public Relationships

E-RECORDED simplifile

ID: 2022-981992

County: Douglas

Date: 3-2-2022 Time: 4:00

APNS:

1420-05-310-001 through 040

1420-05-443-001 through 025 and 027

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5400 Equity Avenue
Reno, NV 89502

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FOR
VALLEY KNOLLS COMMUNITY ASSOCIATION

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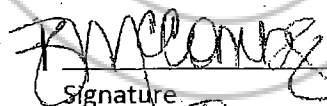
 Signature
Dir. of JC Relationships Print Name Title
Brandi McCombs

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND
RESERVATION OF EASEMENTS FOR VALLEY KNOLLS COMMUNITY ASSOCIATION**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATIONS OF EASEMENTS FOR VALLEY KNOLLS COMMUNITY ASSOCIATION is made as of this 2nd day of March, 2022, by JC Valley Knolls LLC and JC Valley Knolls 2 LLC, Nevada limited liability companies (collectively, "Declarant").

RECITALS

WHEREAS, Declarant is the owner of or may hereafter acquire that certain real property located in the County of Douglas, State of Nevada described in **Exhibit A** of this Declaration ("Initial Property"); and

WHEREAS, Declarant is the owner of or may hereafter acquire that certain real property located in the County of Douglas, State of Nevada described in **Exhibit B** of this Declaration ("Annexable Property"); and

WHEREAS, it is the desire and intention of Declarant to create a "planned community" as defined in NRS 116.075, consisting of up to a maximum of three hundred fifty three (353) Lots, as hereinafter defined, and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the Lots in the common-interest community created pursuant to the provisions of the Act, as hereinafter defined. There is no representation or warranty made or implied that all Lots will be developed, and this is merely a statement of the maximum number of Lots that is presently anticipated will be brought into the planned community, except that the foregoing shall not be interpreted as limiting any power of the Declarant or Association to annex additional real property and create additional Lots if and as may be permitted by the Act; and

NOW, THEREFORE, Declarant hereby declares that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the limitations, restrictions, reservations, rights, easements, conditions, and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the protection, maintenance, improvement, and sale of the Property and for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including, without limitation, the easements, uses, obligations, covenants, conditions, and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons, as hereinafter defined, having or acquiring any right, title, or interest in the Property, or any part thereof, and their successors in interest and assigns.

ARTICLE 1: DEFINITIONS

1.01 Act: "Act" shall mean and refer to the State of Nevada's Uniform Common Interest Ownership Act, codified in NRS Chapter 116, as it may be amended from time to time, or any portion or provision thereof.

1.02 Allocated Interests: "Allocated Interests" shall mean the fraction or percentage of the Common Expenses and ownership interest and the portion of the votes in the Association allocated to each Lot as set forth in this Declaration.

1.03 Annexable Property: "Annexable Property" is defined in the Recitals and described in Exhibit B.

1.04 Annexed Property: "Annexed Property" shall mean the Annexable Property with respect to which a Supplemental Declaration is Recorded, causing an annexation of such property into the Property.

1.05 Articles of Incorporation or Articles: "Articles of Incorporation" or "Articles" shall mean the articles of incorporation of the Association, as they may be amended from time to time.

1.06 Assessment: "Assessment" shall mean Capital Improvement Assessments, Annual Assessments, Enforcement Assessments and Special Assessments or other assessments that may be charged against each Owner and Owner's Lot in accordance with the provisions of this Declaration or the Act.

1.07 Assessment, Capital Improvement: "Capital Improvement Assessment" shall mean a charge against each Owner and the Owner's Lot representing a portion of the costs to the Association for installation or construction of any new Improvements on any portion of the Common Elements which the Association may from time to time authorize, pursuant to this Declaration.

1.08 Assessment, Annual: "Annual Assessment" shall mean the annual charge against each Owner and the Owner's Lot, representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Elements or any Improvements thereon or other Common Expenses, which are to be paid by each Owner to the Association as provided in this Declaration, or as otherwise authorized by the Act or the Governing Documents.

1.09 Assessment, Enforcement: "Enforcement Assessment" shall mean a charge against a particular Owner and the Owner's Lot, directly attributable to or reimbursable by the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration (including, if applicable, the amount of any deductible payable in connection with an insured loss), or levied by the Board as a reasonable fine or penalty for non-

compliance with the restrictions contained in this Declaration, plus interest and other charges imposed as authorized by the Act or this Declaration.

1.10 Assessment, Special: "Special Assessment" shall mean a charge assessed against all Owners or a subset of Owners for unforeseen or emergency expenditures, plus interest and other charges on such Special Assessment imposed as authorized by the Act or this Declaration.

1.11 Association: "Association" shall mean Valley Knolls Community Association, a Nevada nonprofit corporation, organized under NRS Chapter 82 as the association of Owners pursuant to the Act.

1.12 Association Maintenance Manual: "Association Maintenance Manual" refers to the manual which may be prepared by Declarant or its consultants and provided to the Association, specifying obligations for maintenance of the Common Elements and other areas to be maintained by the Association, as updated and amended from time to time.

1.13 Association Property: "Association Property" means all the real property owned from time-to-time, in fee title by the Association.

1.14 Board of Directors or Board: "Board of Directors" or "Board" shall mean the board of directors of the Association.

1.15 Budget: "Budget" shall mean the written, itemized budget for the daily operation of the Association and for the establishment of adequate reserves adopted by the Board on an annual basis.

1.16 Business Day: "Business Day" shall mean a Monday, Tuesday, Wednesday, Thursday, or Friday, on which banking institutions are open for business in Douglas County, Nevada.

1.17 Bylaws: "Bylaws" shall mean the Bylaws for Valley Knolls, as they may be amended from time to time.

1.18 Close of Escrow: "Close of Escrow" shall mean the date on which a deed is recorded conveying a Lot from the Declarant to a person other than the Declarant or from an Owner to a subsequent purchaser.

1.19 Commercial Vehicle: "Commercial Vehicle" shall mean any dump truck, cement mixer truck, delivery truck, oil or gas truck, or any other vehicle that meets at least two (2) of the following:

- (a) Such vehicle is designed, maintained or used primarily for the transportation or property or passengers in furtherance of any commercial purpose. For purposes of this Section, "commercial purpose" shall mean any task in furtherance of a business enterprise that is required to hold a business licenses issued by pertinent government authorities;

- (b) Such vehicle weighs over Eight Thousand Five Hundred (8,500) pounds gross when unloaded;
- (c) Such vehicle bears commercial insignia, names or other common indicia indicating that the vehicle is used for commercial purposes; or
- (d) Such vehicle is larger than a nineteen foot (19') foot van or a three-quarter (3/4) ton pickup truck.
- (e) As new vehicle types are produced, the Board shall have the authority to identify new vehicles as Commercial or Recreational Vehicles and the definition of such vehicles shall be so expanded.

1.20 Common Elements: "Common Elements" shall have the meaning ascribed to such term in NRS 116.017. The Common Elements include but are not limited to open space, walking paths, landscaped areas and storm water management facilities.

1.21 Common Expenses: "Common Expenses" shall have the meaning ascribed to such term in NRS 116.019 and shall include those expenses for which the Association is responsible under this Declaration, including, but not limited to, the actual and estimated costs of:

- (a) Expenses declared to be Common Expenses under the Governing Documents or the Act.
- (b) Expenses agreed upon as Common Expenses by the Members of the Association by majority vote of the Owners;
- (c) Allocation for reserves established by the Association for repair, replacement and restoration of the major components of the Common Elements pursuant to the Act;
- (d) Expenses, fees, and other charges imposed upon the Association by any governmental entity because the Property is a common interest community pursuant to the Act;
- (e) Costs of management and administration of the Association, including but not limited to compensation paid to managers, accountants, attorneys, agents and employees and the costs of operating and maintaining the Common Elements;
- (f) Costs of fire, casualty, and property insurance, liability insurance, crime insurance, workers compensation insurance, directors and officers insurance, and other insurance covering the Common Elements and/or Association operations, or as required by the Act;
- (g) Costs of bonding members of the Board;
- (h) Taxes paid by the Association;

- (i) Any unpaid Assessments or any unpaid share of Common Expenses extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure Amounts paid by the Association for the discharge of any lien or encumbrance against the Common Elements;
- (j) Any litigation or administrative procedure to which the Association is a party and any judgments against the Association;
- (k) Any commonly metered utilities or other charges and any master or bulk service contracts (if any);
- (l) Any lease payments required under leases for equipment, supplies, and the like, if the same are leased by the Association rather than being owned by it;
- (m) The costs of any other item or items incurred by Association in connection with the Common Elements, for the benefit of the Owners.

1.22 Community: "Community" shall mean The Valley Knolls community and the Property and Improvements thereupon as may be annexed and made part of the Property from time to time

1.23 County: "County" shall mean Douglas County, Nevada and its various departments, divisions, employees and representatives.

1.24 Declarant: "Declarant" shall mean JC Valley Knolls, LLC and JC Valley Knolls 2, LLC, Nevada limited liability companies, and any person or entity acquiring all or any portion of Declarant's interest in the Property (including all or any portion of Declarant's rights and obligations as created and established herein) pursuant to NRS 116.3104. A successor Declarant shall also be deemed to include the beneficiary under any deed of trust securing an obligation from a then existing Declarant encumbering all or any portion of the Property, which beneficiary has acquired any such Property by foreclosure, power of sale or deed in lieu of such foreclosure or sale.

1.25 Declarant Control Period: "Declarant Control Period" shall mean the period of time during which the Declarant is entitled to appoint a majority of the members of the Board of Directors as set forth more specifically in the Bylaws.

1.26 Declaration: "Declaration" shall mean this Declaration of Covenants, Conditions, and Restrictions and Reservations of Easements for Valley Knolls Community Association Recorded in the Office of the County Recorder, Douglas County, Nevada, as may be amended from time to time.

1.27 Design Review Committee: "Design Review Committee" or "DRC" shall mean the committee that is appointed or that may be appointed to review written requests from Owners pertaining to additions, alterations, or Improvements that Owner wishes to construct in the Property.

1.28 Design Review Guidelines: "Design Review Guidelines" shall mean the rules which initially may be provided by the Declarant and later amended and/or developed by the Design Review Committee and approved by the Board of Directors.

1.29 Developmental Rights: "Developmental Rights" shall mean those rights defined in the Act and reserved by Declarant in this Declaration.

1.30 Director: "Director" shall mean and refer to a member of the Board of Directors.

1.31 Eligible Insurer: "Eligible Insurer" shall mean an insurer or guarantor of a First Security Interest in a Lot, which has notified the Association in writing of its name and address and informed the Association that it has insured or guaranteed a First Security Interest in a Lot, has provided the Association with the Lot number and address of the Lot on which it is the insurer or guarantor of a Security Interest, and has requested that the Eligible Insurer be given the notices and other rights described in this Declaration.

1.32 Eligible Mortgagee: "Eligible Mortgagee" shall mean the holder of a First Security Interest in a Lot, which has notified the Association in writing of its name and address and that it holds a first Security Interest in a Lot, has provided the Association with the Lot number and address of the Lot on which it is the holder of a first Security Interest, and has requested that the Eligible Mortgagee be given the notices and other rights described in this Declaration.

1.33 Emergency: "Emergency" means any situation, condition or event which threatens substantial imminent damage or injury to person or property. Notwithstanding the foregoing, when used in the context of a Board or Membership meeting, the term "emergency" shall have the definition prescribed in the Act.

1.34 Family: "Family" shall mean one or more natural Persons related to each other by blood, marriage or adoption, or one or more natural Persons not all so related, but who maintain a common household in a Residence.

1.35 Final Map: "Final Map" shall mean the Final Map of Valley Knolls Phase 1, Recorded on December 20, 2021 as Document No. 2021-978635, Official Records Douglas County Nevada, or any other map pertaining to the Annexed Property, or any of them individually, as the context may require.

1.36 First Security Interest: "First Security Interest" means a Security Interest which has priority under the Laws over all other Security Interests encumbering a specific Lot.

1.37 Fiscal Year: "Fiscal Year" shall mean the twelve (12) month period used by the Association for preparing its annual financial reports. Unless otherwise specified by the Board of Directors, the Fiscal Year for the Association shall commence on January 1st and end on December 31st.

1.38 General Improvement District or GID: "General Improvement District" or "GID" shall mean and refer to an entity established pursuant to NRS 318 and granted the power to provide

certain services and/or infrastructure improvements to a specific geographic area known as a district and to levy and collect charges for such services and/or improvements upon the real property located within the district.

1.39 Governing Documents: "Governing Documents" shall mean this Declaration, the Articles, the Bylaws, any Rules, Design Review Guidelines or any other document governing the operation of the Association that may be adopted or approved by the Board, as they may be amended from time to time, including any exhibits, schedules or certifications attached thereto.

1.40 Homeowners Maintenance Manual: "Homeowners Maintenance Manual" refers to the manual which may be prepared by Declarant or its consultants and provided to each Owner, specifying obligations for maintenance of the Lots and Residences by the Owners.

1.41 Improvements: "Improvements" shall mean as applicable (i) all buildings and structures and appurtenances thereto of every type and kind, including without limitation, Residences and other buildings, outbuildings, walkways, trails, utility installations, swimming pools and other recreational facilities, garages, roads, sidewalks, walkways, driveways, parking areas, fences, screening walls, block walls, retaining walls, awnings, patio and balcony covers, stairs, decks, balconies, trellises, landscaping, irrigation systems, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, paintings, planted trees and shrubs, antennae, poles, signs, solar or wind powered energy systems or equipment, and water softener, heater or air conditioning and heating fixtures or equipment; (ii) the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and (iii) change or alteration of any previously installed improvement including any change of exterior appearance color or texture. None of the foregoing shall expressly or impliedly authorize the construction of any of the specified types of Improvements in the Community or constitute an express or implied representation that such Improvements shall exist or be constructed.

1.42 Initial Property: "Initial Property" is defined in the Recitals and described in Exhibit A.

1.43 Invitee: "Invitee" shall mean a tenant, guest, contractor, occupant, employee, family member, agent, or any other Person on the Property at the request of, with the consent or approval of, or for the benefit of Owner

1.44 Law: "Law" means any statutes, regulations, case law, and other legal authority to which the Property or any Person or Owner may be subject.

1.45 Lot: "Lot" shall mean the real property within the Property, excluding the Common Elements, shown on the Final Map as individual numbered separate legal parcels, and including any Residence and any other Improvements erected, constructed or located thereon. The boundaries of each Lot created by this Declaration are the lot lines depicted on the Final Map.

1.46 Manager: "Manager" shall mean a Person, firm or corporation possessing all pertinent licenses and certifications required to engage in management work on the Association's behalf, including all permits and/or certifications required by NRS 116A, as may be amended from time to time.

1.47 Member: "Member" shall mean a Person entitled to membership in the Association as provided in the Governing Documents.

1.48 Membership: "Membership" shall mean the Members of the Association.

1.49 Notice and Hearing: "Notice and Hearing" shall mean written notice and a hearing before the Board, at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner provided in the Act.

1.50 NRS: "NRS" shall mean the Nevada Revised Statutes, as it may be amended from time to time. Any reference to any particular section of the NRS shall be deemed to include that section of the NRS, as well as any amendment and any successor statute.

1.51 Owner: "Owner" shall mean the Declarant or other Person who owns a Lot, as evidenced by a deed, but does not include a Person merely having a Security Interest in a Lot.

1.52 Participating Builder: "Participating Builder" shall mean any Person which acquired or has entered into a purchase agreement to acquire from Declarant a portion of the Property for the purpose of improving such portion of the Property with Residences and conveying such Residences to purchasers.

1.53 Person: "Person" shall include a natural individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

1.54 Phase: "Phase" shall mean a portion of the Property made subject to this Declaration by annexation from time to time.

1.55 Property: "Property" shall refer to the Property as a whole, including the Lots and Common Elements, which may be annexed and made subject to this Declaration, as restricted by and marketed and sold to third parties in accordance with this Declaration.

1.56 Record, Recording, Recorded, or Recordation: "Record," "Recording," "Recorded," or "Recordation" (including any derivation or tense thereof), unless otherwise specifically provided, shall mean or signify to file or have filed with the Official Records, Douglas County, Nevada.

1.57 Recreational Vehicle: "Recreational Vehicle" shall mean any motorized scooter, camper unit, house car, motor home, motor coach, trailer, trailer coach or camp trailer, watercraft, jet ski, canoe, kayak or boat, four-wheel, animal trailer, toy hauler, all-terrain vehicle, dune buggy, or aircraft, or any other vehicle that is ordinarily used for purposes other than ordinary

commuting. As new vehicle types are produced, the Board shall have the authority to identify new vehicles as Recreational Vehicles and the definition of such vehicles shall be so expanded.

1.58 Residence: "Residence" shall mean a single family dwelling and related Improvements located upon a Lot.

1.59 Rules: "Rules" shall mean the rules and regulations adopted by the Board of Directors from time to time pursuant to this Declaration and the Bylaws.

1.60 Security Interest: "Security Interest" shall mean an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien on a Lot created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, or any other consensual lien or title retention contract intended as security for any obligation.

1.61 Special Declarant Rights: "Special Declarant Rights" shall mean those rights defined in NRS 116.089 and reserved for the benefit of Declarant as described in this Declaration.

1.62 Supplemental Declaration: "Supplemental Declaration" shall mean those certain declarations of covenants, conditions and restrictions, or similar instruments, which may be Recorded by Declarant without the consent of any Owner while Declarant owns any portion of the Property or any Annexable Property and thereafter by the Association or any Owner do any or all of the following: (a) annex all or a portion of the Additional Property and/or designate Lots as a phase of development; (b) identify areas referenced in this Declaration to be maintained by the Association and/or make modifications or supplements to any areas designated for maintenance by the Association or any Owner; (c) make such other complementary additions and/or modifications necessary to reflect the different character of the Additional Property, (d) impose additional covenants and restrictions on the Annexable Property; (e) conform this Declaration or any previously Recorded Supplemental Declarations to Law or any conditions of approval imposed by any governmental agency; or (f) make corrections to the provisions of this Declaration or previously Recorded Supplemental Declaration(s).

ARTICLE 2: THE ASSOCIATION; MEMBERSHIP RIGHTS AND OBLIGATIONS

2.01 Duties and Powers of the Association. The Association is charged with the duties and vested with all the powers prescribed by the Act and by Law, including the applicable non-profit corporation statute, and set forth in the Governing Documents. Except as specifically provided in the Act or this Declaration, the Board acts on behalf of the Association. None of the Governing Documents shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. The Association may assign its future income, including its right to receive Annual Assessments, upon the approval of a majority of Owners, and, as applicable, with Eligible Mortgagees' consent.

2.02 Professional Services. The Board of Directors, on behalf of the Association, may contract with one or more Managers, experts, and providers of professional services to advise the Board and/or conduct certain activities on behalf of the Association, as may be determined by the Board. Each contract with a Manager shall provide for the termination by the Association without cause and without payment of a termination fee upon at least thirty (30) days' written notice to the Manager.

2.03 Membership in the Association. Ownership of a Lot shall be the sole qualification for Membership in the Association. Every Owner, upon becoming the Owner of a Lot, shall automatically become a Member of the Association and shall remain a Member in the Association until such Person is no longer an Owner, at which time such Membership shall automatically cease. The rights, duties, privileges and obligations of all Owners shall be as provided in the Governing Documents

2.04 No Separate Conveyance. The interest of each Owner in the use and benefit of the Association Property shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the right to use the Association Property. Any conveyance of any Lot shall automatically transfer the interest in the Owner's right to use the Association Property as provided in this Declaration without the necessity of express reference in the instrument of conveyance.

2.05 Transfer of Membership. No Membership shall be transferred, pledged or alienated in any way, except upon the sale of a Lot, and then only to the Purchaser. A prohibited transfer is void and will not be reflected upon the books and records of the Association. Each Owner is responsible for notifying the Association in writing promptly upon Close of Escrow that he or she is no longer a Member. If the Owner fails or refuses to transfer Membership to the purchaser of the Lot upon Close of Escrow, the Board shall have the right to record the transfer upon the books of the Association. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser shall not be entitled to vote. The Association may levy a reasonable transfer fee against a purchaser and his or her Lot (which fee shall be added to the Annual Assessment chargeable to such purchaser) to reimburse the Association for the administrative cost of transferring the Membership to the purchaser on the records of the Association pursuant to the Act.

2.06 Notification of Sale of Lot: Concurrently with the consummation of the sale of any Lot under circumstances whereby the transferee becomes an Owner thereof, or within five (5) Business Days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth the name of the transferee and its Mortgagee and transferor, the common address of the Lot purchased by the transferee, the transferee's and the Mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the Manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor.

2.07 Delegation of Rights: An Owner who has entered into an executory contract to sell a Lot shall be entitled to delegate to the prospective purchaser the Membership rights in the Association to vote and use the Common Elements appurtenant to such Lot. Similarly, an Owner who leases his or her Residence may delegate the Owner's right to use and enjoy the Common Elements to his lessee. Any delegation of rights shall be in writing, signed by the Owner and specific as to the rights delegated. No delegation of rights shall be effective until received by the Board. However, such delegation of rights does not relieve the Owner of his or her responsibility to pay all Assessments, fines and other charges levied against the Lot or the Owner pursuant to this Declaration or the Act. Any Owner who has so delegated his rights shall not be entitled to the use and enjoyment of any Common Elements including any recreational facilities for so long as the delegation shall remain in effect other than such access rights as are directly related to the Owner's rights and duties as landlord.

2.08 Voting Rights: Owners shall be entitled to cast one (1) vote per Lot as more specifically set forth in the Bylaws.

2.09 Compliance with the Governing Documents: All Owners and Invitees of Lots shall comply with the Governing Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Lot constitutes agreement that the provisions of the Governing Documents are accepted and ratified by that Owner or Invitee. All provisions of the Governing Documents that are Recorded are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Lot.

2.10 Responsibility for Violations: An Owner is responsible for the actions and conduct of his or her Invitees. The Owner may be subject to Assessments, fines and penalties in accordance with the Act and the Governing Documents for violations committed by an Owner or his or her Invitees. By acceptance of a deed to the Lot, the Owner agrees to be so bound.

2.11 Ownership and Use of the Common Elements: The Common Elements shall be all the property owned by the Association in fee simple, and all the property over which the Association holds easement or other property rights. The Common Elements shall be held for the use, enjoyment, and convenience of the Owners and shall include all portions of the Property. Each Lot and its Owner(s) shall have an easement over all of the Common Elements, and such easement of use and enjoyment is hereby granted, transferred, and conveyed to all Owners by the Declarant for the benefit of the Lots, the Owners, and each of them, and for their respective Invitees, subject to certain restrictions:

- (a) The right of the Association to charge reasonable dues, use fees, and other fees for those facilities or amenities for which such fees are normally charged or assessed;
- (b) The right of the Association to limit the number of guests of Members that may use the Common Elements at any one time, and to limit the use of the Common Elements by Owners, who by leasing their Lot, have delegated their right to use the Common Elements to their lessee;

- (c) The right of the Association to suspend the rights of an Owner and/or an Owner's Invitees to use the Common Elements, excluding any vehicular or pedestrian ingress or egress to or from a Lot, and any area used for parking, for (1) any period during which any Assessment against the Owner's Lot remains past due and unpaid and (2) after Notice and Hearing for any violation of the Governing Documents for a period not to exceed thirty (30) days for each violation, provided however, that, if the violation is continuing, the suspension may continue until the violation is cured;
- (d) The right of the Association to require that security deposits be made and deposited with the Association to secure against damage to the Common Elements and all sums payable to the Association and to guarantee performance of all duties due and owing or to become due and owing to the Association;
- (e) Such rights to use and encumbrances with respect to the Common Elements as may have been granted by the Association to others or that may exist of record;
- (f) The right of the Association to establish reasonable Rules for the operation and use of the Common Elements and the conduct of Persons thereon, and to limit access to portions of the Common Elements for the benefit of, the health, safety and welfare of the Property or any Persons, or in order to comply with the requirements of Law;
- (g) The right of the Association to maintain, repair, refurbish, reconstruct, replace or modify Improvements located in the Common Elements, to remove without replacing trees or other vegetation which may be damaging either a Lot or Common Elements, and the right of the Association to close or limit the use of all or a portion of the Common Elements, while maintaining and repairing the same;
- (h) The right of the Association, upon (1) the adoption of a resolution by the Board that the present use of Common Elements or a facility thereon is no longer in the best interests of the Owners and (2) the approval of such resolution by a majority of the Members, to change the use thereof and in connection therewith to construct, reconstruct, alter or change the Improvement to accommodate the new use, provided that such new use is consistent with any deed restrictions, or governmental ordinances or regulations;
- (i) The right of the Association to establish with the City, County, or GID a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Association;
- (j) The right of the Association subject to the approval rights of Eligible Mortgagees to dedicate or transfer all or any part of the Common Element to any GID, public agency, authority or utility or other entity. No such dedication or transfer shall be effective unless an instrument signed by Members entitled to cast a majority of the voting power of the Membership has been recorded, agreeing to such dedication or transfer. The certificate

of the President and the Secretary of the Association attached to such instrument certifying that the Members signing such instrument represent a majority of the voting power of the Association shall be deemed conclusive proof thereof;

(k) The right of the Association to identify, and the identification under this Declaration of various areas of Common Elements as "no parking" or restricted parking areas;

(l) The right of the Association to grant easements and licenses over and upon the Common Elements; and

(m) The right of the Association to encumber its interest in the Common Elements.

ARTICLE 3: EASEMENTS AND LICENSES

3.01 Easements of Record: The Property is presently subject to all easements and licenses of Record, including open space and conservation easements, those shown on the Final Map, or otherwise contained herein, which may have some restricting effect on the use of the Common Elements within the Property. Known easements of this sort as of the date of Recordation of the Final Map are referenced on the same. In addition, the Property may be subject to other easements or licenses granted by Declarant or the Association created under this Declaration.

3.02 Encroachment Easement: The Property, and all portions thereof, shall be subject to an easement from the Lot's or Common Element's boundaries for the actual extent of encroachments created by construction as designed or constructed by Declarant and for settling, shifting, and movement of any portion of the Property, except that no such easement is created for an encroachment which is the result of willful conduct on the part of Declarant, an Owner, Owner's Invitee, the Association, or any other Person. A valid easement for said encroachments and for the maintenance thereof shall exist. Such encroachments shall not be considered to be encumbrances upon any part of the Property. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of Improvements constructed on any Lot, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any Improvements on the Property.

3.03 Easement of Support: Each Lot and the Improvements thereon shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Lots (to the Lots adjoin), and the Common Elements and any Improvement thereon. Likewise, the Common Elements and the Improvements thereon shall have an easement of support and of necessity in favor of all other Lots adjoining the Common Elements and any Improvements thereon.

3.04 Association Easement: The Association shall have an easement over the Common Elements for performing its duties and exercising its powers described in this Declaration. In addition, the Association shall have an easement over each Lot for the purpose of maintaining or

repairing the Common Elements, including any portion of the Common Elements that may encroach upon a Lot.

3.05 Member's Easement in the Common Elements: Subject to the provisions of this Declaration, including Section 2.11 above, every Owner shall have a non-exclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Element.

3.06 Easement for Drainage and Runoff: Each Lot shall have an easement for drainage through the established drainage pipes and facilities and an easement for runoff of surface water on, over, through and across the other Lots and the Common Elements. No planting or other material or structure (including patios or other hardscape) shall be constructed, altered, placed or permitted to remain upon a Lot which may change the direction or flow of the established drainage on the Lot or which may damage or alter any drainage system installed by Declarant and serving the Lot or which may obstruct, interfere or retard the flow of water through such system, except as may be approved by the Board or Design Review Committee.

3.07 Utility Easements: Easements are reserved and additional easements may be granted by the Association under, through and over the Property as may be required from time to time for utility, cable television, communications and monitoring systems, digital or other satellite systems, broadband communications and other services (collectively "utility") provided that the Association shall not grant a utility easement under, through or over a Lot which unreasonably interferes with the Owner's use of the Lot. An Owner shall do nothing within or outside its Lot that interferes with or impairs, or may interfere with or impair, the provision of such utility or the use of these easements.

3.08 No Easement for Light, Air or View. No Owner shall have an easement for light, air or view over the Lot of another Owner or over the Common Element and no diminution of light, air or view by any Improvement now existing or hereafter erected shall entitle the Owner or any Invitee to claim any easement for light, air or view within the Property or any damages for the loss of light, air or view.

ARTICLE 4: MAINTENANCE

4.01 Duty to Maintain Includes Duty to Repair, Replace and Restore. Unless otherwise specified in this Declaration, the duty to maintain includes the duty to repair, replace and restore.

4.02 Common Elements. The Association shall maintain all of the Common Elements and other areas for which Association is responsible, including as set forth in a Supplemental Declaration. Notwithstanding the foregoing, the Association shall have no obligation to clear snow or ice from the walking paths and Owners and Invitees are advised to use the paths at their own risk and to take suitable precautions when using the walking paths during the winter season. All maintenance shall be performed in accordance with the standard established by the Board which shall be comparable to first class communities of similar type. Such duty to maintain includes, but is not limited to, the following:

- (a) Inspections and/or preventative maintenance to preserve warranties and as otherwise necessary to extend the useful life of the Common Elements and its Improvements;
- (b) Grounds maintenance on the Common Elements including maintaining defensible space against fire;
- (c) Grounds maintenance of the islands located in the public streets within the Community.
- (d) Replacement of injured or diseased shrubbery, trees or other vegetation located on or comprising part of the Common Elements or removal without replacement to the extent that the Board, in its sole and absolute discretion, deems necessary for safety, the conservation of water and soil, or for aesthetic purposes;
- (e) Maintenance of any drainage facilities for which the Association is responsible including after any major storm event;
- (f) Maintenance of any Improvements such as walking paths and signage located on the Common Elements;
- (g) Removal of all papers, debris, and refuse from the Common Elements; and
- (h) Compliance with any other maintenance obligations for which Association is responsible.

4.03 Lot and Residence. Each Owner shall, at Owner's sole cost and expense and subject to the limitations set forth in this Declaration, maintain the Residence and any landscaping and Improvements located on the Owner's Lot, and comply with any maintenance obligations for which an Owner is responsible hereunder. The Lot includes the sidewalk and the "mow strip" between the sidewalk and the curb, including the street tree and any other landscaping or ground cover installed in this location. Furthermore, each Owner shall keep the Lot, Residence, and Improvements in a neat, sanitary, and attractive condition and in accordance with all restrictions contained in this Declaration. The Owner shall remove snow and ice from the sidewalk on his/her Lot as necessary. If any Owner permits the Residence, and any Improvements on the Lot or the Lot itself to fall into disrepair or to become unsafe, unsightly or unattractive as determined by the Board in its sole and absolute discretion, or permits any Residence, Improvements or Lot to otherwise violate the restrictions contained in this Declaration, the Association shall have the right to seek any remedies at law or in equity it may have. In addition, and without limitation, the Board shall have the right, but not the obligation, if such unacceptable maintenance is not corrected after Notice and Hearing to enter upon Owner's Lot (but not within a Residence) and make such repairs and perform such maintenance and charge the costs thereof to Owner. The foregoing restrictions shall not be interpreted as creating any right or obligation of Association to enter into or perform any maintenance or inspection whatsoever of the interior of any

Residence, or contrary to the provisions of any Law. Such costs shall be enforced, including penalty fees and costs, as an Enforcement Assessment on the Lot.

4.04 Maintenance of Walls or Fences:

(a) Association Maintenance Obligations. The Association shall maintain in a good condition any wall or fence situated exclusively on the Common Elements.

(b) Owner Maintenance Obligations. Each Owner shall maintain in a good condition any wall or fence situated on an Owner's Lot.

(c) Party Wall or Fence. For any wall or fence situated on the property line separating two (2) or more Lots, each affected Owner shall have the obligation to maintain the interior of the wall or fence and the affected Owners shall share, on an equitable basis, the cost of replacing such wall or fence, or portion thereof. The Owner of each affected portion of the Property upon which a party wall or fence is located shall have a reciprocal non-exclusive easement to the Property immediately adjacent to the interior wall or fence for the limited purpose of maintaining the party wall or fence.

(d) Wall or Fence Between Lots and Common Element. If any interior wall or fence separates a Lot from Common Element, the Owner shall maintain both sides of the fence or wall and shall have the obligation to repair and replace the wall or fence. Notwithstanding the foregoing, the Association shall stain/paint the side of the fence facing the Common Element as a Common Expense so as to maintain a uniform appearance throughout the Community.

(e) Wall or Fence Between Lot and Other Community. For any wall or fence which separates any Lot from any property located outside of the Community, each affected Owner shall have the obligation to maintain the interior of the wall or fence and the affected Owners shall share, on an equitable basis, the cost of replacing such wall or fence as a party wall under applicable law. The affected Owner shall have the sole obligation to negotiate with and resolve any dispute with the neighboring property owner(s).

(f) Failure to Maintain Walls or Fences. If an Owner fails to maintain any wall or fence for which such Owner is responsible, after Notice and Hearing, the Association may enter upon Owner's Lot (but not within a Residence) and make such repairs and perform such maintenance and charge the costs thereof to the Owner. However, in the event that an Owner's failure to maintain a wall or fence creates an Emergency, the requirement for Notice and Hearing shall be excused. Without limiting the generality of the foregoing, failure of any Owner to maintain any wall or fence that results in or is of a nature to result in a failure to properly secure any swimming pool or swimming pool area, spa, water feature, or similar improvement, or that results in or is of a nature to result in a failure to secure any dog or other animal that reasonably poses a threat of injury or death to any Person, is presumed to be of an Emergency nature. In the event that a wall or fence is

damaged or destroyed through the negligent or willful act or omission of the adjoining Owner or Owner's Invitees, the adjoining Owner shall rebuild and repair the party wall or fence at the adjoining Owner's sole expense. In the event of any proposed modification or rebuilding of a wall or fence, the Owner shall obtain the prior written approval of the Board or DRC.

4.05 Trees: The owner of the real property on which a tree trunk is located is the owner of the tree. The street trees are located on the Owner's Lot and are the Owner's responsibility to maintain. In order to minimize damage to the Common Elements and Lots, each Owner shall have the following responsibilities regarding the selection, installation, and maintenance of trees planted on the Owner's Lot:

- (a) Selection. The Board or DRC may publish a list of trees and plant materials with growth characteristics that do not have the potential to create root, branch or other intrusion problems. Owners shall select trees from such list for planting on the Owner's Lot. All landscaping plans submitted to the DRC for approval shall indicate the mature size of trees and shrubbery.
- (b) Installation. All trees shall be planted in locations and at such a distance from the Residence, walls, fences and other Improvements so as to minimize the risk of branch and root intrusion when the tree is at mature size. Root barriers may be required as a deterrent to root infiltration.
- (c) Maintenance. Each Owner shall establish and adhere to a regular schedule of pruning and other maintenance of trees and other plant materials to ensure the health of such landscaping material and to minimize root, branch and other growth intrusion. Owners shall maintain mature street trees so as to have a minimum vertical clearance of eight (8) feet above the sidewalk or as otherwise required by the County. The Lot's water service provides water to the street trees and other landscaping in the mow strip. Water to this area shall not be disconnected or discontinued. Owners shall maintain the irrigation system serving this area in good repair. Diseased and dead trees shall be promptly removed and stumps ground to below surface level. Damaged branches shall be promptly removed. No tree shall be considered a nuisance simply because it drops leaves, needles or fruit onto another Owner's Lot. Each Owner shall be responsible for picking up leaves, needles and fruit accumulating on his or her Lot from whatever source.
- (d) Damage Caused by Trees Located on the Common Elements. Each Owner shall inspect such Owner's Lot for branches, surface roots and root intrusion from trees located on the Common Elements and report such conditions to the Association for corrective action. The Association may remove problem trees without replacing them. No Owner may remove, trim, prune, or harm any tree located on the Common Element except that an Owner may prune at the Owner's expense, any limbs which overhang the Owner's Lot to the property line. The Association shall be responsible for repairing any damage to the

Owner's Lot or Residence proximately caused by trees located on the Common Elements provided that the Owner has timely reported the damage.

- (e) Damage Caused by Trees Located on an Owner's Lot. Each Owner is responsible, at such Owner's expense, to repair or replace damage from root and other intrusion from trees planted on his or her Lot. This responsibility to repair or replace includes the sidewalk if sections are lifted or damaged by street tree roots on the Owner's Lot. With respect to any such intrusion onto an Owner's Lot from any neighboring Lot, the affected Owners shall coordinate repairs.

4.06 Preventative Maintenance Requirements: Each Owner, by acceptance of a deed to a Lot, acknowledges and agrees that such Owner is responsible to properly maintain such Owner's Lot and Residence (including all Manufactured Products therein) in accordance with the requirements of this Declaration and any Owner's maintenance. In addition, to the extent that Declarant, the Association, or any manufacturer of any Manufactured Product(s) provides the Owner with any maintenance obligations, schedules, and/or practices, including the Owner's maintenance manual, (collectively, "Maintenance Requirements"), the Owner shall comply with same. Each Owner, by acceptance of a deed to a Lot, acknowledges that such Maintenance Requirements may be set forth in the Home Builder's Limited Warranty and/or any Owner's maintenance manual, operating instructions, and/or other owner's manual(s) provided by Declarant, the Association, and/or any manufacturer(s) of any Manufactured Product(s). Accepted preventative maintenance practices in this region may include, but are not limited to, draining water lines (including irrigation water lines) and ensuring that the Residence remains heated at a level sufficient to prevent pipes from freezing and breaking; inspecting the irrigation system for leaks and promptly repairing any leaks; and inspecting backflow preventers on an annual basis. Each Owner acknowledges and agrees that any damage which results to the Common Elements or another Lot or Residence as a result of such Owner's failure to timely or properly perform preventative maintenance shall be considered a grossly negligent act and the costs of repair shall be levied as an Enforcement Assessment against the Owner's Lot even if the Association maintains insurance which would cover such damage.

4.07 Right of Access: In addition to all other easements reserved or granted herein, the Association shall have an easement across each Lot (but not within a Residence) as is necessary to permit a reasonable right of entry onto each Lot (but not within any Residence) for the purpose of performing Emergency repairs (without first providing Notice or Hearing) or to correct any unacceptable maintenance on a Lot where the Owner has not timely completed such work after Notice and Hearing or as reasonably necessary for the proper maintenance of the Property, or any other work that the Association is authorized to perform pursuant to this Declaration, or any visual inspection or observation pertaining thereto.

4.08 Repairs Resulting From Negligence: To the greatest extent permitted by the Act, each Owner will reimburse the Association for any damages to any other Lot or to any Common Elements caused intentionally, negligently or by the Owner's or the Owner's Invitee's failure to

properly maintain his or her Lot or any property. If such damage is caused by misconduct, it will be imposed as an Enforcement Assessment to the Association account of the Owner deemed to be responsible for such misconduct, following Notice and Hearing, and may include attorneys' fees and costs.

ARTICLE 5: USE RESTRICTIONS

5.01 Applicability: The following use restrictions shall apply to the Property and to any Persons thereon.

5.02 Additions, Alterations, and Improvements: No Owner may make add, alter, change, remove, install or construct any Improvement on the Common Elements or on a Lot and/or the exterior of the Residence thereon without the prior written approval of the Board or the DRC.

5.03 Animals. Only domestic animals that are kept as household pets and are not kept, bred, or raised for commercial purposes are permitted to be maintained within the Lots. Domestic reptiles, birds, rodents, and fish shall be permitted so long as such animals are kept in the interior of a Residence. The Board may adopt Rules that further define "household pets" provided that such definition shall include at least the following types of animals: a domesticated bird, cat, dog or aquatic animal kept within an aquarium. Notwithstanding the foregoing, the Association Rules may further limit or restrict the keeping of animals provided that no Rule may prohibit an Owner from keeping at least one household pet. No animal shall be prohibited because of breed or perceived breed. However, the Board shall have the power to prohibit the keeping or maintenance of any animal, which, in the sole discretion of the Board, after Notice and Hearing, is deemed by the Board to constitute a nuisance, to be dangerous or vicious as those terms are defined in NRS 202.500, or to have injured any Owner or other Owner's pet in the sole and absolute opinion of the Board. Each person bringing or keeping an animal within the Community shall be absolutely liable to other Owners and their Invitees for any damage to persons or property caused by any animal brought upon or kept upon the Community by such person or any Invitee of such person. Each Owner shall clean up after such animals that have deposited droppings or otherwise used any portion of the Community. All animals must be housed indoors. When outside the confines of the Lot, animals belonging to Owners or Invitees of any Owner must be kept on a leash held by a person capable of controlling the animal. Nothing contained herein shall constitute a restriction on service animals. The Community is in an area frequented by wildlife, including but not limited to coyotes, bobcat, deer, and bears. Animal owners are solely responsible for the safety of their household pets. No Person shall feed feral or wild animals anywhere within the Community; nor shall any Person store or leave food for human or animal consumption outside on the Lot.

5.04 Antenna Restrictions: An Owner shall not install any antenna, satellite dish, or other over-the-air receiving device ("Antenna") (i) on any real property which such Owner is not entitled to exclusively use or control, as provided in Title 47 U.S.C. §§ 1 et seq., 47 CFR § 1.4000 and any other Applicable Laws, rules and decisions promulgated thereunder (collectively "Antenna Laws"), (ii) in a particular location if, in the Board's opinion, the installation, location or

maintenance of such Antenna unreasonably affects the safety of the Owners or any other Person, or for any other safety-related reason established by the Board, or (iii) that is of a size larger than is permitted under the Antenna Laws. If an Owner is entitled to install an Antenna under the foregoing requirements, such Owner shall provide the Board with written notice that such Owner has installed or is about to install the Antenna. If an Owner desires to install an Antenna, other than as described in (i) through (ii) above, such Owner may do so only upon the prior approval by DRC in accordance with this Declaration. Association shall not impose or enforce any restrictions upon Antennae that are inconsistent with the Antenna Laws. Notwithstanding any provision hereof, this Section shall be interpreted to comply with state and federal laws applicable to antennas in effect at the time of enforcement of this Section. In that regard, this Section shall not be interpreted or enforced in a manner which would (i) unreasonably delay or prevent installation, maintenance or use of such Authorized Antenna, (ii) unreasonably increase the cost of installation, maintenance or use, or (iii) preclude reception of an acceptable quality signal. The Board may adopt Design Review Guidelines specifying preferred locations for Antenna installation.

5.05 Drainage and Slope Control, Use and Maintenance: Each Owner shall keep, maintain, water, plant and replant all slopes located on such Owner's Lot, so as to prevent erosion, flooding, sliding, or similar problems, and to create an attractive appearance. It shall be the duty of all Owners to conduct all construction and installation of Improvements on such slopes in accordance with any guidelines or rules adopted by the Board for maintenance of such slopes. Thereafter each Owner shall keep, maintain, water, and replant all in such a manner as to protect the integrity of such Owner's Lot and all adjoining Lots and the Improvements thereon. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken on such slopes that may damage or interfere with established slope ratios, create erosion, flooding, or sliding problems, or that may change the direction of flow of drainage channels or obstruct or retard the flow of water through drainage channels. Each Owner shall maintain all drainage channels and systems located within the Owner's Lot so that the free flow of water is not obstructed or retarded. No Owner shall install or construct any Improvement which alters or impedes the established drainage on a Lot.

5.06 Exterior Lighting: Any exterior electrical, gas or other artificial lighting installed on a Lot shall be positioned, screened, or otherwise directed or situated and of such controlled focus and intensity so as to fall on the same property on which such lighting is located in accordance with Law and the Design Review Guidelines. Further rules regarding exterior lighting may be promulgated by the Board or DRC.

5.07 Fireworks, Open Burning, and Weapons. No fireworks are permitted within the Community. No open burning is permitted on any Lot or Common Elements including but not limited to the open burning of rubbish, garbage, vegetation or yard debris. No weapons including but not limited to explosive or incendiary devices or firearms may be discharged within the Community.

5.08 Garbage and Recycling: Every Owner shall contract for weekly service with the applicable City, County or GID franchisee for solid waste management services. No rubbish, trash, garbage, recycling or other waste shall be kept on any Lot except in sanitary containers with lids. No rubbish, trash, garbage, recycling or other waste shall be permitted to accumulate on any Lot in a manner which may permit the spread of fire, odors, seepage or encourage bears or vermin. All equipment for the storage or disposal of waste materials and recycling shall be kept in a clean and sanitary condition and shall be stored so as not to be visible from any street, any other Lot, or the Common Elements. Consistent with the Act, the Board may adopt Rules that reasonably restrict garbage and recycling storage and collection.

5.09 Laws and Insurance Requirements: Nothing shall be done to or kept on any Lot that might increase the rate of, or cause the cancellation of, insurance for the Property, or any portion of the Property, without the prior written consent of the Board. No Owner shall permit anything to be done or kept in that Owner's Lot that violates any of the restrictions contained in this Declaration or any Laws.

5.10 Leasing: An Owner shall be entitled to lease or rent the Residence subject to the following restrictions:

- (a) Each and every rental or lease agreement shall be in writing (including assignments, extensions and renewals) and shall list all Persons occupying the Residence. The requirement for a written lease shall apply without regard to whether the tenant pays rent or other remuneration to the Owner. A copy of the rental or lease agreement shall, upon request, be provided to the Association prior to the tenant commencing occupancy.
- (b) No Owner may lease less than the entire Residence.
- (c) All leases shall be for a minimum term of six (6) months and no Residence may be leased or rented more than twice in any consecutive twelve (12) month period.
- (d) Transient commercial use of a Lot and Residence, as defined by the Act, is NOT permitted.
- (e) Each lease shall provide that the lease is subject to the Governing Documents and shall provide that any failure to comply with any provisions of the Governing Documents, shall be a default under the terms of the rental or lease agreement. The Owner shall, at all times, be responsible for his or her compliance with all of the provisions of this Declaration pursuant to the occupancy and use of the Residence.
- (f) A tenant shall have no obligation to the Association to pay assessments imposed by the Association nor shall any tenant have any voting rights in the Association.
- (g) Regardless of whether or not expressed in any lease or rental agreement, an Owner shall be jointly and severally liable with the tenants of any Lot to the Association

for any amount which is required by the Association to effect repairs to the Common Elements or to pay any claim for any injury or damage to property caused by the negligence or the acts or omissions of such tenant which constitute a violation of or noncompliance with, the provisions of Governing Documents.

5.11 Mineral Exploration: No Property within the Community shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind. No well for the production of, or from which there is produced, water, oil or gas shall be operated within the Property, nor shall any machinery, appliance or structure be placed, operated or maintained thereon for use in connection with any trading, manufacturing or repairing business. No slant drilling shall be permitted.

5.12 No Further Merger or Subdivision. No Lot may be further subdivided. No Lot may be merged with another Lot, without the prior written approval of the Board. In the event that the Board approves a merger of Lots, such merger shall not change the Allocated Interests as existed prior to the merger. The Owner shall be responsible for all costs associated with a merger including but not limited to the cost of recording any amendments to this Declaration and the Final Map, which is part of the Declaration.

5.13 Nuisance. No noxious, offensive, dangerous or unsafe activity shall be conducted anywhere in the Property, nor shall anything be done, either willfully or negligently, which may, in the sole discretion of the Board, be or become an annoyance or nuisance to, or poses a threat to the health, safety, and/or welfare of the other Owners or Invitees of Lots. No Owner or Invitee of a Lot shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, quiet use and enjoyment of other Owners or Invitees. No use that is reasonably deemed immoral, improper, offensive or unlawful by the Board of Directors may be made of the Property or any portion thereof. Owners shall comply with and conform to all applicable Laws. The violating Owner shall hold harmless the Association and other Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance.

5.14 Occupancy: A Lot owned by an individual, corporation, limited liability company, partnership, trust or other fiduciary may only be occupied by the following Persons, and such Persons' Families: (i) the individual Unit Owner, (ii) a member, manager, employee or designee of such limited liability company, (iii) an officer, director, stockholder, employee or designee of such corporation, (iv) a partner, employee or designee of such partnership, (v) the fiduciary or beneficiary of such trust, or (vi) permitted occupants under an approved lease of a Residence, as the case may be. Occupants of an approved leased Residence must consist of the following Persons, and such Persons' Families who reside with them: (A) an individual lessee, (B) an officer, director, stockholder, employee or designee of a corporate lessee, (C) a partner, employee or designee of such partnership lessee, or (D) the fiduciary or beneficiary of a fiduciary lessee. Under no circumstances may more than one Family reside in a Residence at one time. The Board shall have the power to authorize the occupancy by Persons in addition to those set forth above.

Unless otherwise determined by the Board, a Person(s) occupying a Residence for more than one (1) month without the Lot Owner or the Lot Owner's Family being present shall not be deemed a guest, but, rather, shall be deemed a lessee for the purposes of this Declaration (regardless of whether a lease exists or rent is paid) and shall be subject to the provision of this Declaration which apply to lessees. The purpose of the preceding sentence is to prohibit the circumvention of the provisions and intent of this Section, and the Board shall enforce, and the Lot Owners shall comply with, same with due regard for such purpose.

5.15 Parking and Vehicles.

(a) Use of Garages and Driveways. No garage may be converted to living space or used for any purpose which would preclude the garage from holding the number of vehicles it was designed to park. Except when loading or unloading vehicles or for periodic cleaning, garage doors shall be kept closed. Residents shall park vehicles first in the garage and on the driveway before parking on the Streets. Except as provided in Subsection (c), no vehicle may be parked on any portion of the Lot other than on a driveway or in a garage.

(b) Repair Work; Unregistered, Inoperable or Junk Vehicles. Unregistered, inoperable or junk vehicles shall be parked only in a garage. Other than immediate emergency repairs such as changing a flat tire or dead battery, no repairs or restorations of any vehicle may take place on any portion of any Common Element or Lot, except wholly within the garage; provided, however, that such activity within garage may not be undertaken as a business, and provided further that such activity may be prohibited entirely if it is determined by the Board to be a nuisance.

(c) Commercial Vehicle and RV Parking: No Recreational Vehicle or Commercial Vehicle or similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired within the Property except as follows: (i) the Owner of a Lot with RV access may park an RV behind the RV access gate on a pad installed for that purpose; (ii) any Owner may park his/her RV on the driveway of the Lot or street in front of their property for a period of not more than seven (7) days within any thirty (30) day period for the purpose of loading, unloading or cleaning during that time; or (iii) temporary construction trailers or facilities and related Commercial Vehicles maintained during, and used exclusively in conjunction with, the construction of any Improvement approved by the DRC. This Section shall not be interpreted to prohibit the parking of emergency services or utility service vehicles in compliance with NRS 116.350.

5.16 Signs and Flag Displays. In addition to those political signs and flags which may be exhibited pursuant to the Act, an Owner may post one "For Sale" or "For Lease" sign on the Lot or Residence. No Owner may post any signs or exhibit any flags on the Common Elements. The Board may permit, in its sole discretion, the display of other signs and may adopt Rules further regulating signs and flag displays which are not inconsistent with the Act.

5.17 Single Family Residence: The use of each Lot and Residence is restricted to that of a single-family Residence and accessory uses as permitted herein. No industry, business, trade or commercial activities shall be conducted, maintained or permitted on a Lot. The provisions of this Section shall not preclude any of the above-described activities so long as such activities cannot be observed from the Common Elements and provided that all of the following conditions are fulfilled: Such activities are conducted in conformance with all applicable Law;

- (a) The patrons or clientele of such activities do not park automobiles or other vehicles within the Property, except during brief and limited drop-off and pick-up periods and within areas specified for that purpose;
- (b) No such activity increases the liability or casualty insurance obligation or premium of the Association;
- (c) Such activities are consistent with the residential character of the Property and conform with all provisions of the Governing Documents; and
- (d) There shall be no externally visible evidence of the carrying on of a business, including but not limited to the existence of any external commercial signage or similar Improvements.
- (e) The intent of the foregoing, in all respects, is that the Property must retain its residential character and appearance, and the provisions above shall be interpreted toward those ends.

5.18 Time Sharing: A Lot may not be divided or conveyed on a time increment basis (commonly referred to as "time sharing") of measurable chronological periods. The term "time sharing" as used herein shall be defined to include, but shall not be limited to, any agreement, plan, program or arrangement under which the right to use, occupy or possess the Lot or any portion thereof in the Community rotates among various persons, either corporate partnership, individual or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time sixty (60) consecutive calendar days or less.

5.19 Unsightly Appearance: Nothing shall be done, kept or maintained on a Lot which, in the sole discretion of the Board, would create an unsightly appearance on the Lot or the exterior of a Residence including, but not limited to the following:

- (a) Outside Drying and Laundering: No exterior clothesline shall be erected or maintained within the Community and there shall be no exterior drying or laundering of clothes on any Lot. No clothing or other material shall be dried or aired over a deck, balcony, porch or fence so as to be visible from the Common Elements.

(b) Outdoor Furniture. No sofas, chairs or other furniture intended for indoor use shall be kept or used in place of outdoor furniture on the Lot.

(c) Recreational Equipment: Recreational and sport equipment, toys shall be kept in the backyard behind the fence when not in active use.

(d) Storage. The roof, patio, porch, balcony, deck or similar structures on a Residence shall not be used for storage of personal property other than reasonable amounts and typical types of outdoor furniture, firewood and similar items; nor shall personal property be stored in the front yard of a Lot.

(e) Swamp Coolers and Window Air Conditioning Units. Swamp coolers and window air conditioning units are not permitted.

(f) Window Coverings. Each window shall have a well-maintained window covering such as drapes, curtains, shades, or blinds. When viewed from the Common Elements or another Lot, the visible portion of the window covering shall be a solid white, beige, grey or wood-tone in color. No cardboard, plywood, foil, film, sheets, paper or other similar material may be used as a window covering. Window coverings which otherwise comply with this Section but are ripped or torn, bent or mangled, missing slats or components, or otherwise visibly damaged are considered unsightly.

5.20 Not Binding on Declarant: The restrictions set forth in this Article shall not apply to Declarant so long as Declarant is exercising any rights or powers or easements reserved to Declarant under this Declaration

ARTICLE 6: DESIGN REVIEW

6.01 Requisite Approvals and Procedures for Owner Alteration: No Owner may add, alter, remove, install or construct any Improvement to the Lot ("Work"), including the landscaping or the exterior of his or her Residence including painting or repainting the exterior of the Residence or any other structures on the Lot, without the prior written approval of the Board or the DRC. If no DRC has been established, the Board shall serve as the DRC.

(a) Prior to commencing any Work, the Owner shall submit a written request for approval to the DRC, as applicable, in a form acceptable to the DRC, along with a reasonable fee, if any, established by the Board for the review and processing of design review requests. Any such request shall be reviewed in accordance with any Design Review Guidelines then in effect, and this Declaration. The DRC shall answer any written request for approval within sixty (60) days after the Owner has submitted a complete request. The sixty-day (60) day time period shall begin to run on the date that the DRC receives a complete written request. If the DRC fails to answer any written request within this time frame, the request shall be considered denied.

(b) The DRC shall have the authority to deny, approve, or approve with modifications any written request that is in accordance with the Design Review Guidelines then in effect and this Declaration. If the Board has appointed a DRC, then any Owner aggrieved by a decision of the DRC may appeal such decision to the Board. If the Board is performing the functions of the DRC, the decision of the Board is final.

(c) If the Board has appointed a DRC, any request for a variance from the Guidelines shall be submitted to the Board accompanied by a recommendation from the DRC. The Board may deny, approve, or approve with modifications, any request for a variance provided that any approval is not contrary to the Declaration.

(d) Any member or authorized consultant of the DRC, or any authorized officer, employee or agent of the Association may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect any Work constructed or under construction on the Lot to determine whether the work has been or is being built in compliance with the plans and specifications approved by the DRC. Notwithstanding the foregoing, the Association shall not have the right or obligation to enter into any Residence or to perform any inspection contrary to Law.

(e) All additions, alterations and Improvements to the Lots and Common Elements shall not, except pursuant to prior approval by the Board of Directors, cause any increase in the premiums of any insurance policies carried by the Association or by the Owners of any Lots other than those affected by such change.

(f) The DRC shall have the power to impose the requirement that the requesting Owner and his or her successors and assigns assume responsibility for the maintenance, repair, restoration and replacement of any Work which would otherwise be an Association maintenance responsibility as a condition of approving such Work. Such conditions shall be codified in a writing signed by the Owner and the Board and Recorded in the Office of the Recorder, Douglas County, Nevada.

6.02 Fees and Deposits. The Board, by resolution, may establish a fee or a range of fees for review and subsequent inspection of design review requests, which may include review and/or inspection by professionals such as architects and engineers. In addition, the Board, by resolution, may require a reasonable deposit from the Owner against damage to the Common Element resulting from Owner work under this Article.

6.03 Construction Timelines: Once approved, Work must be diligently pursued to completion. Upon approval by the DRC of a request submitted by an Owner, the Owner shall have a specified number of days one (1) year from the date that he or she receives the written approval from the DRC within which to commence and/or complete the approved Work, unless the Board agrees in writing to extend the time period.

6.04 Protection of the Common Elements and Other Lots From Damage. When undertaking Work, the Owner shall be responsible for taking such action as may be reasonably necessary to prevent any runoff onto the Common Elements or any other Lot. Materials must be properly contained to prevent runoff/spillover from the Owner's Lot. Should runoff/ spillover occur, such material must be swept and containerized. Materials shall not be washed into the storm water curb drain inlets. In the event there is runoff/spillover, the Owner shall be responsible for the cost of any resulting maintenance, repair or restoration. Equipment, tools, landscaping and construction materials, including roll-off waste containers, must be stored only upon the Owner's Lot. Temporary erosion or sediment control devices may have been installed by Declarant during construction of the Property. Owners shall not remove any temporary erosion or sediment control devices installed by Declarant until Owner's Lot is landscaped and the plantings are established. Owner is responsible for preventing sediment leaving Owner's Lot. Each Owner shall be liable to Declarant for any damage resulting from failure to prevent sediment from leaving the Owner's Lot, shall indemnify, protect, defend and hold Declarant and Association entirely free and harmless from any and all liability, actions, penalties or damages arising from or attributable to any such runoff or construction activities.

6.05 Members of the Committee: The Board may constitute and later dissolve a DRC, provided that if there is no DRC, the Board shall perform the functions of the DRC. DRC shall consist of at least three (3) members, all of whom shall first be appointed by Declarant. There shall also be two (2) alternate members of the DRC who shall be designated by the regular members of the DRC to act as substitutes on the DRC in the event of absence or disability of any member. Each member of the DRC shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein. Members of the DRC may be removed at any time without cause. Until the end of the Declarant Control Period, the Declarant shall have the sole power to appoint and remove the members of the DRC. Thereafter, the Board shall have the power to appoint and remove all members of the DRC. Members of the DRC need not be Members of the Association. If constituted, the DRC shall consist of at least three (3) members. Each member of the DRC shall hold office until such time as (a) he or she has resigned, (b) he or she has been removed, or (c) his or her successor has been appointed, as provided herein. The Board shall have the power to appoint and remove all members of the DRC. Members of the DRC may be removed at any time without cause.

6.06 Meetings of the DRC: The DRC shall meet from time to time as necessary to perform its duties hereunder, but such meetings shall be held at least annually. The vote of a majority of all of the members of the DRC or the written consent of a majority of all of the members of the DRC taken without a meeting shall constitute an act of the DRC.

6.07 Limitation on Liability of Design Review Committee: Provided that the DRC or a particular member of the DRC has acted in good faith on the basis of the information as may be possessed by the DRC or the member, as the case may be, then neither the DRC nor any member thereof shall be liable to the Association, to any Owner, or any other Person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans,

drawings, and specifications, whether or not defective; (b) the construction or performance of any Work, whether or not pursuant to approved plans, drawings, and specifications; or (c) the development of any property subject to this Declaration. Without limiting the generality of the foregoing, the DRC and any member thereof may, with the approval of the Board, consult with knowledgeable third parties with respect to any plans, drawings, specifications, or any other proposal submitted to the DRC.

6.08 Design Review Guidelines: Unless provided by the Declarant, the DRC shall prepare and recommend Design Review Guidelines and review procedures to the Board for approval. If there is no DRC, the Board shall prepare and adopt Guidelines and procedures (collectively "Guidelines"). After the Declarant Control Period has ended, the Guidelines may be amended by the DRC and the Board as provided above, provided that the Association may not adopt or rescind a Guideline which would result in the Guidelines being inconsistent with this Declaration or with any development agreement or conditions of approval imposed by any governmental or quasi-governmental entity having control over the Property. The Board shall have the authority to approve the Guidelines as recommended, approve with amendments or reject the Guidelines entirely. The Guidelines may provide for reasonable fees for the review of plans, application and appeal procedures, and other properly related matters. The Association shall make copies of the Guidelines available to Owners.

6.09 Board of Directors and Design Review Committee Discretion: Except as may be expressly provided in this Declaration, any consent or approval of the Board of Directors, DRC or Association that is required under the provisions hereof may be granted or withheld in the sole and absolute discretion of the Board of Directors or DRC, as applicable. In that regard, the granting or withholding of such consent or approval shall not be subject to any objective standards of "reasonableness" or otherwise; provided, however, that the decision of the Board of Directors or DRC shall be consistent with the Governing Documents, including the Design Review Guidelines, as may be in effect at the time of such granting or withholding of consent or approval. Furthermore, the approval of or consent to any matter shall not be deemed to be a waiver of the right to disapprove the same or similar matters in subsequent requests for consents or approvals from the same or other parties.

6.10 No Applicability to Construction by Declarant or its Successors: The provisions of this Article shall not apply to construction by Declarant or its successors in ownership of the Property or assigns, and neither the Board of Directors nor any DRC appointed by the Board of Directors shall have any authority or right to approve or disapprove or take any other action in connection with regard to any previous or future construction by Declarant or its successors in ownership to the Property.

6.11 No Applicability to Board of Directors: Subject to the express limitations in this Declaration or the Act, the Board may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary, and the provisions of this Article shall not apply to such work.

6.12 Rear Yard Installation: Notwithstanding any provision to the contrary, not later than a specified number of days after the sale of a Lot to an Owner other than Declarant or any Participating Builder, the then-Owner shall submit all materials and plans, and pay all fees necessary for DRC approval for the initial installation and construction of rear yard Improvements with respect to the Lot. This shall include, but without limitation, all rocks, desert landscaping, xeriscape, turf, sidewalk, plants, bushes, trees, and other Improvements consistent with the Rules, the Design Review Guidelines, and this Declaration. Not later than the date that is a specified number of days after the sale of such Lot to such Owner, the then-Owner shall cause to be completed all initial construction of all rear yard Improvements consistent with approved plans. Upon good cause shown, the DRC may grant variance requests on a case by case basis in its discretion with respect to this timing. The references contained above to "specified number of days" means such days that the DRC shall determine and specify in the Design Review Guidelines from time to time.

ARTICLE 7: ASSESSMENTS, BUDGETS, AND COLLECTION

7.01 Purpose of Assessments: The Assessments levied by the Association shall be used: (a) to promote the recreation and welfare of the Owners; (b) for the administration and governance of the Association, including continuing education in and advocacy for issues affecting common interest communities; (c) for the operation, maintenance, repair, replacement, restoration and enhancement of the Common Elements, and (d) to discharge any other obligations of the Association under the Governing Documents.

7.02 Personal Liability of Owners: The Owner of a Lot, at the time an Assessment or portion thereof is due and payable, is personally liable for the Assessment. Additionally, the Owner of a Lot, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or such other instrument, is deemed to covenant and agree to pay to the Association all Assessments as provided in this Declaration or the Act, such Assessments to be established and collected as herein provided. All Assessments, together with interest, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which such Assessment is made. Personal liability for the Assessment shall not pass to a successor in title to the Lot unless the successor agrees to assume the obligation. The successor in title shall be personally liable for any Assessments thereafter due.

7.03 No Waiver of Liability for Common Expenses: No Owner may be exempt from the personal liability for any Assessments described in this Declaration, nor release the Lot owned by the Owner from the liens and charges thereof by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Owner's Lot.

7.04 Liability for Common Expenses: The percentage of liability for Common Expenses allocated to each Lot (except as otherwise set forth herein, including without limitation) is a fraction, the numerator being one (1) and the denominator being the total number of Lots within

the Property. Nothing contained in this Section shall prohibit certain Common Expenses from being apportioned to particular Lots under this Declaration.

7.05 Common Expenses Attributable to Fewer than all Lots; Exempt Property

- (a) Any Common Expense associated with the maintenance, repair, restoration or replacement of a Limited Common Element must be assessed against the Lots to which that Limited Common Element is assigned.
- (b) Any Common Expense or portion thereof benefiting fewer than all of the Lots shall be assessed exclusively against the Lots benefited.
- (c) The costs of insurance shall be assessed equally amongst all Lots.
- (d) The cost of any commonly billed utilities shall be assessed equally amongst all Lots.
- (e) An Assessment to pay a judgment against the Association may be made only against the Lots in the Property at the time the judgment was entered, in proportion to the respective Liability for Common Expense.
- (f) If a Common Expense is caused by the misconduct of an Owner, the Association may assess that expense exclusively against that Owner's Lot.
- (g) If the Liability for Common Expenses is reallocated, Common Expenses Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

7.06 Commencement of Assessments: The Assessments provided for herein shall begin as to a Lot subject to this Declaration on the first day of the month following the conveyance of the Lot to an Owner other than Declarant or a Participating Builder. The first Assessment shall be adjusted according to the number of months remaining in the calendar year. If a Subsidy Agreement is in effect, Assessments as to all unsold Lots owned by Declarant shall commence at the end of the Declarant Control Period.

7.07 Model Lots: Assessments shall not commence on any Lot being used as a model home, sales office, design center, construction office or other similar purpose even though the Lot has been sold to an Owner other than the Declarant or Participating Builder until the first day of the month following the date on which seventy-five percent (75%) of the Lots within the Community which may be built have been conveyed to an Owner other than the Declarant or a Participating Builder.

7.08 Budget Adoption and Ratification: Prior to the commencement of each Fiscal Year, the Board shall determine the Budget for the Association for such Fiscal Year in the following manner:

(a) The Board shall, not less than thirty (30) days nor more than sixty (60) days before the beginning of each Fiscal Year of the Association, prepare and distribute to each Owner a copy of the budget for the daily operation of the Association (the "Operating Budget"). The Operating Budget must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve fund established by this Article VIII. In lieu of distributing copies of the Operating Budget, the Board may distribute summaries of the Operating Budget, accompanied by a written notice that the Operating Budget is available for review at the business office of the Association or other suitable location and that copies of the Operating Budget will be provided upon request.

(b) The Association shall also establish adequate reserves, funded upon a reasonable basis, for the repair, replacement, and restoration of the major components of the Common Elements. The reserve funds may be used only for those purposes and not for daily maintenance. Money in the reserve accounts may not be withdrawn without the signatures of at least two (2) members of the Board or the signatures of at least one (1) member of the Board and one (1) officer of the Association who is not a member of the Board.

(c) The Board shall, not less than thirty (30) days or more than sixty (60) days before the beginning of the Fiscal Year of the Association prepare and distribute to each Owner a copy of the reserve budget ("Reserve Budget"). In lieu of distributing copies of the Reserve Budget, the Board may distribute summaries of the Reserve Budget, accompanied by a written notice that the Reserve Budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

(i) The Reserve Budget must include, without limitation: (a) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Elements; (b) as of the end of the Fiscal Year for which the Reserve Budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace, or restore the major components of the Common Elements; (c) a statement as to whether the Board has determined or anticipates that the levy of one or more Assessments will be required to repair, replace, or restore any major component of the Common Elements or to provide adequate reserves for that purpose; and (d) a general statement describing the procedures used for the estimation and accumulation of cash reserves, including, without limitation, the qualifications of the Person responsible for the preparation of the reserve study required under this Section.

(ii) The Board shall cause to be conducted at least once every five (5) years, a study of the reserves required to be maintained by this Section, review the results

of that study at least annually to determine if those reserves are sufficient, and make any adjustments it deems necessary to maintain the required reserves. The reserve study must be conducted by a Person licensed to conduct such a study (as determined pursuant to the Act). The study must include, without limitation: (i) a summary of an inspection of the major components of the Common Elements that the Association is obligated to repair, replace, or restore; (ii) an identification of the major components of the Common Elements that the Association is obligated to repair, replace, or restore which have a remaining useful life of less than thirty (30) years; (iii) an estimate of the remaining useful life of each major component so identified; (iv) an estimate of the cost of repair, replacement, or restoration of each major component so identified; (v) an estimate of the total Annual Assessments that may be required to cover the cost of repair, replacement, or restoration of the major components so identified after subtracting the reserves of the Association as of the date of the study; and (vi) an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves. As used herein, "major component" shall mean any component of the Common Elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of the Association.

(iii) In the event a reserve study shows a deficiency in the reserve account for the Association, the Association may establish a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the Common Elements over a period of years; provided the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the Common Elements are necessary.

(d) Upon determination of the Budget for a Fiscal Year, the Board shall furnish a copy of the Budget to each Owner as herein provided (which Budget shall separately identify amounts attributable to the Operating Budget and the Reserve Budget) together with a written statement of the amount of the Annual Assessment to be assessed against the Owner's Residence for the applicable Fiscal Year. The Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after the mailing of the budget. Unless at that meeting a majority of all Owners reject the Budget, the Budget is ratified, whether or not a quorum is present. If the proposed Budget is rejected, the periodic Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

(e) The amount to be raised by Annual Assessments during a Fiscal Year shall be equal to (a) the Operating Budget for such period, plus (b) the Reserve Budget to be set aside for said period.

(f) The Board may elect to use any surplus funds from prior years to: (1) pre-pay reserves or Common Expenses; (2) establish a reasonable contingency fund for unanticipated expenses; (3) reduce future Assessments; or (4) rebate to the current Owners in proportion to the Owner's liability for Common Expenses.

(g) If the Board fails to determine or cause to be determined the total amount to be raised by Annual Assessments in any Fiscal Year and/or fails to notify the Owners of the amount of such Annual Assessments for any Fiscal Year, then the amounts of Annual Assessments shall be deemed to be the amounts assessed in the previous Fiscal Year.

(h) Except as emergencies may require, the Association shall make no commitments or expenditures in excess of the funds reasonably expected to be available to the Association.

7.09 Annual Assessments: Annual Assessments for Common Expenses are based on the Budget adopted by the Board on an annual basis and ratified by the Members.

7.10 Special Assessments: If the Association determines that the estimated total amount of funds necessary to defray the Common Expenses of the Association for a given Fiscal Year is or will become inadequate to meet expenses for any reason, including but not limited to, unanticipated delinquencies, claims not covered by insurance, governmental requirements, or extraordinary snow removal expenses, the Board may levy a Special Assessment. The Board may, in its discretion, prorate such Special Assessment over the remaining months of the Fiscal Year or levy the Assessment immediately against each Lot.

7.11 Capital Improvement Assessments: If the Board of Directors intends to consider a vote to levy a Capital Improvement Assessment, the Owners shall be provided with written notice of a meeting at which the Capital Improvement Assessment is to be considered or action is to be taken on such Assessment at least twenty-one (21) days before the date of the meeting. A Capital Improvement is defined the installation or construction of a new, additional major component of or upon the Common Elements. Membership approval is only required if the Capital Improvement is reasonably anticipated to cost in excess of five percent (5%) or more of the Association's budgeted gross expenses for that Fiscal Year.

7.12 Enforcement Assessments: The Association may levy an Enforcement Assessment against any Owner for bringing an Owner or the Owner's Lot into compliance with the provisions of the Governing Documents. Subject to the Act, the Enforcement Assessment may include any other charge designated an Enforcement Assessment in the Governing Documents, together with attorneys' fees, interest and other charges related thereto as provided in this Declaration. If the Association undertakes to provide materials or services which benefit individual Owners, then

such Owners in accepting such materials or services agree that the costs thereof shall be an Enforcement Assessment.

7.13 Reserve Assessments. To establish adequate reserves, including, without limitation, to establish or carry out a funding plan, Board may levy a reserve assessment as authorized by the Act without seeking or obtaining the approval of the Owners. Such reserve assessment shall be due on a schedule established by the Board.

7.14 Limitations on Assessments. Special Assessments and Capital Improvement Assessments shall not be imposed that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year, without the consent of the Members, constituting a quorum and casting a majority of the votes at a vote of the Members in accordance with the Law and Governing Documents.

7.15 Assessment Due Dates: Subject to Board decision, all Annual Assessments assessed under this Declaration shall be due and payable on the first day of each month, at 1/12th of the annual total (in cases where an annual total is applicable). Other Assessments are due on the date established by the Board or as approved by the Members.

7.16 Acceleration of Annual Assessments and Imposition of Late Fee: In the event of default in which any Owner does not make the payment of any Assessment levied against his or her Lot within fifteen (15) days after the date due, the Board of Directors shall have the right to declare all unpaid Assessments for the pertinent Fiscal Year immediately due and payable. A late fee and other charges along with assessment and collection procedures, which shall be established by the Board through resolution, will be imposed against the Owner's account if an Assessment, other than an Enforcement Assessment, is not received by 5:00 PM on the fifteenth (15th) calendar day of the month. Past due Assessments for Common Expenses shall bear interest as provided in the Act.

7.17 Collection of Unpaid Assessments:

- (a) The Association has a lien on a Lot for any Assessment levied against the Lot and construction penalty or fines imposed against its Owner from the time the Assessment or fine becomes due. Fees, charges, late charges, fines, attorneys' fees, and interest charged pursuant to the Act and the Governing Documents and any costs of collection charged pursuant to the Act are enforceable as Assessments under this Section; provided, however, that unless otherwise permitted by law, the Association may not foreclose upon a lien for unpaid Assessments which is comprised solely of fines levied against an Owner for violation of the Governing Documents unless the violation is of a type that poses an imminent threat of causing a substantial adverse effect on the health, safety and/or welfare of the Owners or Invitees of the Property. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment becomes due.

(b) Except to the extent permitted under the Act, a lien under this Section is prior to all other liens and encumbrances on a Lot except: (1) liens and encumbrances Recorded before the Recordation of this Declaration; (2) a first Security Interest on the Lot Recorded before the date on which the Assessment sought to be enforced became delinquent, except that a lien under this Section is prior to all such Security Interests as set for in the Act; (3) liens for real estate taxes and other governmental assessments or charges against the Lot; and (4) liens for fees or charges levied pursuant to NRS 444.520(1). This subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other Assessments made by the Association.

(c) Recording of the Declaration constitutes Record notice and perfection of the lien. Further Recording of a claim of lien for Assessment under this Section is not required.

(d) A lien for an unpaid Assessment is extinguished unless a notice of default and election to sell is recorded or judicial proceedings to enforce the line are instituted within three (3) years after the full amount of the Assessment becomes due, except that if an Owner of a Lot subject to a lien under this section files a petition for relief under the United States Bankruptcy Code ("Bankruptcy Code"), the time period for instituting proceedings to enforce the Association's lien shall be tolled until the later of the time period allowed hereunder or thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(e) This section does not prohibit an action to recover sums for which subsection (a) of this section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

(f) A judgment or decree in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party.

(g) The Association's lien may be foreclosed by the same procedure set forth in the Act, including NRS 116.31162 through NRS 116.31168.

(h) In any action by the Association to collect Assessments or to foreclose a lien for unpaid Assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due to that Owner from third parties prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Annual Assessments, based on a periodic Budget adopted by the Association.

(i) If a holder of a First Security Interest in a Lot forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid Assessments against that Lot which became due before the sale, other than the Assessments which are prior to that Security Interest under Subsection (b) of this section of this Declaration and as provided

in the Act. Any unpaid Assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Owners, including the purchaser.

(j) Any payments received by the Association in the discharge of an Owner's obligation may be applied to the oldest balance due; provided, however, that the Association may not apply any Assessment, fee or other charge that is paid by an Owner toward a fine imposed against the Owner by the Association unless otherwise directed by the Owner or as permitted by Law.

7.18 Certificate of Payment of Annual Assessments: The Association, upon written request, shall furnish an Owner with a statement, in Recordable form, setting out the amount of unpaid Assessments against the Lot. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board of Directors and each Owner.

7.19 Capitalization of Association: A working capital fund is to be established. A mandatory contribution to the working capital fund in the amount of at least two (2) months' worth of ordinary Annual Assessments then applicable as to each Lot shall be collected from the Owner of each Lot upon the time of Closing of the sale of that Lot by Declarant to Owner. Similarly, upon the closing of any subsequent sale or conveyance of the Lot by the then-Owner to any new Owner shall also trigger a mandatory contribution to the working capital fund, payable upon closing of that subsequent transaction, in the amount of at least two (2) months' worth of ordinary Annual Assessments then applicable to each Lot. Such amounts may be increased or adjusted as to initial Owners by Declarant providing notice to same from time to time in conjunction with their purchase. Any transaction or series of transactions having the practical effect of transferring ownership or beneficial use of a Lot from one person to another shall trigger this requirement, including by way of illustration but not of limitation, any transfer of equitable interests or control in any business or corporate entity holding Record title a Lot. Notwithstanding the foregoing, a transfer of property by a trust settler into a revocable trust for estate planning purposes shall not, in and of itself, trigger the payment requirement. Any amounts paid into the working capital fund shall not be considered as advance payment of Assessments. Each Lot's share of the working capital fund may be collected and then contributed to the Association by Declarant, as to each initial sale to an Owner, or at the time the sale of the Lot is closed as to each subsequent change in ownership. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Annual Assessment, with a lien on Declarant's unsold Lots pursuant to the Act. Until termination of the Declarant Control Period, the working capital fund shall be deposited without interest in a segregated fund. During the Declarant Control Period, Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up budget deficits. Each capital contribution owing upon a subsequent sale shall be due and payable immediately to the Association, and until paid shall be a lien upon the Lot to which the capital contribution payment relates.

7.20 Subsidy Agreements: The Association is specifically authorized and empowered to enter into a Subsidy Agreement or other similar agreement with the Declarant whereby Assessments otherwise payable by the Declarant on Lots owned by the Declarant are suspended in exchange for the payment by the Declarant of shortfalls in the Association's operating expenses or the provision of maintenance of the Common Elements and/or the performance of certain other services which are Common Expenses of the Association. Any such agreement shall automatically terminate at the end of the Declarant Control Period.

ARTICLE 8: INSURANCE, REPAIR OR RESTORATION OF DAMAGED OR DESTROYED PROPERTY

8.01 Coverage: To the extent reasonably available and subject to reasonable deductibles, the Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Board determines that any insurance described in this Article will not be maintained, the Board shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners and Eligible Mortgagees at their respective last known addresses at which time each Owner shall become responsible for obtaining and maintaining such insurance coverage. The Board shall review its insurance coverage on an annual basis.

8.02 Property Insurance Coverage:

- (a) Coverage. Property insurance will cover:
 - (i) The Common Elements, and Improvements thereon, insuring against all risks of direct physical loss commonly insured against. Property insurance coverage specifically excludes the Lots for which an Owner is required to obtain insurance.
 - (ii) All personal property owned by the Association.
- (b) Amounts. The insurance will be for an amount (after application of any deductions) equal to one hundred percent (100%) of the actual replacement value of the covered items at the time the insurance is purchased and at each renewal date, excluding the cost of land, foundations, or excavations. The Board shall 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 "all risks" of direct physical loss commonly insured.
- (d) Other Provisions. Insurance policies required by this Section and to the extent available shall provide that:

- (i) Each Owner is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.
- (ii) The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner.
- (iii) 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.
- (iv) 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.
- (v) Losses must be adjusted with the Association.
- (vi) 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.
- (vii) The insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Owner and to each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.
- (viii) The name of the insured shall be the name of the Association for the use and benefit of the individual Owners.
- (ix) Such policy of insurance shall contain a standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Property is located.
- (x) Such policy of insurance shall be unacceptable where: (a) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC; (b) by the terms of the carrier's charter, loss payments are contingent on action by the carrier's board of directors, policy holders, or members; or (c) the policy includes any limiting clauses (other than insurance conditions) that could prevent FNMA, FHLMC or the borrowers from collecting insurance proceeds.
- (xi) Such policy of insurance shall include "agreed amount endorsements" and, if available, an "inflation guard endorsement."

(xii) Such policy of insurance shall include coverage for losses or perils by fire or other perils covered by the standard extended coverage endorsement.

8.03 Liability Insurance: Liability insurance, including medical payments insurance, will be maintained as determined by the Board of Directors. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association. Insurance policies carried pursuant to this Section shall provide that:

- (a) Each Owner is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;
- (b) The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner.
- (c) An act or omission by an Owner or the Association will not void the policy or be a condition to recovery under the policy.
- (d) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.
- (e) Losses must be adjusted with the Association.
- (f) 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.
- (g) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.
- (h) Legal fees may be outside the limits.

8.04 Crime Insurance: The Board shall maintain crime insurance which includes coverage for dishonest acts by Board Members and the officers, employees, agents, directors, and volunteers of the Association and which extends coverage to any business entity that acts as Manager of the Association and the employees of that entity. Such insurance may not contain a conviction requirement, and the minimum amount of the policy must not be less than an amount equal to three (3) months of aggregate assessments on all Lots plus reserve funds or \$5,000,000, whichever is less.

8.05 Directors' and Officers' Liability Insurance: To the extent reasonably available and subject to reasonable deductibles, the Board of Directors shall obtain and maintain directors' and

officers' liability insurance in a minimum aggregate amount of not less than \$1,000,000 naming the Association as the owner and the named insured. The coverage shall extend to the directors and officers, employees, agents and volunteers of the Association (including committee members), and to the Manager and any employees of the Manager while acting as agents.

8.06 Flood Insurance: If the Property or portions thereof are identified as being within a flood hazard area and if flood hazard insurance is available under the National Flood Insurance Program, the Association shall be required to acquire such insurance, as a Common Expense, in an amount not less than: (a) the maximum coverage available; or (b) one hundred percent (100%) of the replacement costs of all buildings and other property.

8.07 Workers' Compensation Insurance: The Board of Directors shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Nevada.

8.08 Other Insurance: The Association may carry other insurance, such as cyber theft liability, which the Board of Directors considers appropriate to protect the Association and/or the Owners, and any insurance necessary to comply with minimum HUD requirements.

8.09 Premiums and Deductibles: Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense. Any policy to be maintained hereunder may be subject to reasonable deductibles. To the extent permitted under the Act, the deductible shall be an expense of the affected Lots.

8.10 Compliance with Federal Regulations: Notwithstanding any other provisions contained herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the minimum insurance and fidelity bond requirements established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"), or any successor to those entities, if any, so long as any of the above is a Mortgagee or an Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA, and FHLMC as applicable. If the FNMA or FHLMC requirements conflict, the more stringent requirements shall be met.

8.11 Owner Policies: An Owner is required to obtain a separate insurance policy to provide coverage for the Owner's Lot. The amount of insurance coverage obtained must be sufficient to repair or replace any Residence or Improvements located on the Lot. Owner shall be obligated to obtain adequate coverage for such items and for any damage which may occur to the Common Elements or Limited Common Elements resulting from an occurrence within such Owner's Lot. Each Owner must arrange individual insurance to supplement the Association's policy to provide for coverage for losses not covered by the Association's policies. It is also not the intent of the Association's blanket policy of insurance to provide coverage for losses of a minor nature, maintenance items, or occurrences which fall below the deductible. It is the responsibility of each Owner to properly review such Owner's individual insurance to augment the coverage provided by the Association. Each Owner acknowledges that the Owner is ultimately responsible

for damage to such Owner's Lot and Residence if such damage is not covered by the Owner's insurance policy. The Association may require each Owner to provide proof of coverage on an annual basis or to name the Association as an interested party on the Owner's property insurance. **NEITHER DECLARANT NOR THE ASSOCIATION REPRESENTS OR WARRANTS THAT SUCH COVERAGE IS APPROPRIATE OR SUFFICIENT FOR EACH LOT OWNER, IT BEING THE RESPONSIBILITY OF EACH OWNER TO PROPERLY REVIEW SUCH OWNER'S INDIVIDUAL INSURANCE TO AUGMENT THE COVERAGE PROVIDED BY THE ASSOCIATION AND TO SUPPLEMENT THE ASSOCIATION'S POLICY AND/OR THE ADEQUATE COVERAGE REQUIRED BY THIS ARTICLE TO PROVIDE FOR COVERAGE FOR LOSSES NOT COVERED BY THE ASSOCIATION'S POLICY. EACH OWNER ACKNOWLEDGES THAT THE OWNER IS ULTIMATELY RESPONSIBLE FOR DAMAGE TO SUCH OWNER'S LOT AND/OR RESIDENCE IF SUCH DAMAGE IS NOT COVERED BY THE OWNER'S INSURANCE POLICY.**

8.12 Damage or Destruction of Common Elements. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Elements, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to this Declaration for reconstruction or repair of the Common Elements shall be used for such purpose, unless (i) the common interest community is terminated; (ii) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety; or (iii) Owners holding at least eighty percent (80%) of the voting interest in the Association vote not to rebuild. The Common Elements shall be reconstructed or rebuilt substantially in accordance with the Final Map and the original construction plans, if they are available, unless a majority of Owners have voted in favor of changes recommended by the Board and the estimated cost of such changes; provided that no vote of the Members shall be required for any changes required to comply with current building codes or development guidelines. The Board shall be authorized to prepare and execute the necessary documents to effect such reconstruction as promptly as practical. In addition to insurance proceeds, reserves may be used to fund repair and restoration. In the event that insurance proceeds and available reserve funding are insufficient to complete the repairs and restoration, the Board shall levy a reserve assessment in sufficient amount to adequately fund reserves and, if the Owners voted in favor of certain changes, shall levy a Capital Improvement Assessment to provide the necessary funds for such reconstruction. If the Common Elements are not repaired or replaced, then the proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Property. Thereafter, insurance proceeds shall be distributed as required by the Act.

8.13 Damage or Destruction of Common Elements Caused by Owner or Invitee. In the event any portion of the Common Elements is damaged or destroyed by an Owner or by Owner's Invitee(s), the Board may repair said damaged area. In the event the Board determines to repair said damage, the amount necessary for such repairs shall be paid by the Owner or Owner's Invitee, upon demand, to the Board. If said amounts are not immediately paid, they shall be

deemed to be Assessments, and the Board may enforce collection of same in the same manner as provided in this Declaration.

8.14 Damage or Destruction of Lot and/or Residence and Other Improvements. If any Lot or Improvement thereon is damaged or destroyed, the Lot Owner shall repair and restore the Lot and Residence as promptly as practical in accordance with the original plans and previously approved modifications. If such repair and restoration cannot be commenced promptly, the Owner shall clear the Lot of the damaged components, restore the damaged area to a condition compatible with the remainder of the Property and the secure the Lot from trespassers. Restoration and repair of any damage to any Lot shall be made by and at the individual expense of the Owner of the Lot so damaged, except to the extent such damage is covered by insurance maintained by the Association. In the event that the Owner desires to repair or restore the Lot or Residence other than in accordance with the original plans or approved modifications, the Owner shall obtain the prior written approval of the DRC as provided in Article 6.

8.15 Board as Trustee. The Association, through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies shall be paid to the Board as trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. The Association, Owners and lien holders 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, or unless the Association is terminated. In the event of a surplus after the Property has been completely repaired or restored, the proceeds shall be distributed to the Owners or the Eligible Mortgagees as their interests appear and in proportion to the liabilities of all the Lots for Common Expenses. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers.

8.16 Certificates by Board of Directors/Trustee: 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.

8.17 Certificates by Title Insurance Companies: If payments are to be made to Owners or mortgagees, 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 Office of the County Recorder, Clark County, Nevada, from the date of the Recording of the original Declaration, stating the names of the Owners and the mortgagees.

ARTICLE 9: EMINENT DOMAIN

If part or all of the Property, whether a Lot or Common Element, is taken by any Person or entity having the authority of eminent domain, the provisions of NRS 116.1107 shall apply. The Association shall represent the Owners in any proceeding or negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements, and each Owner appoints the Association as attorney-in-fact for such purpose. The Association may appoint a trustee to act on behalf of the Association to carry out the Associations functions under this Article. Except as otherwise provided herein, in the event of a taking or acquisition of part or all of the Common Elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, to be held in trust for the Owners and their first mortgage holders, as their interests may appear.

ARTICLE 10: MORTGAGEE PROTECTIONS

10.01 Introduction: This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, and not a substitution for, any other provisions of the Governing Documents, but in the case of conflict, this Article shall control.

10.02 Percentage of Eligible Mortgagees: Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees which in the aggregate have allocated to them that specified percentage of votes as compared to the total votes allocated to all Lots in the Association then subject to Security Interests held by all Eligible Mortgagees. Such vote or approval shall be determined based upon one (1) vote for each Lot encumbered by each such Eligible Mortgagee.

10.03 Notice of Actions: The Association shall give prompt written notice to each Eligible Mortgagee of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Property or any Lot in which there is a First Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;
- (b) Any delinquency in the payment of Annual Assessments owed by an Owner which remains uncured for a period of sixty (60) days and whose Lot is subject to a First Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action which would require the approval of a specified percentage of Eligible Mortgagees as specified in Section 10.04 below.

10.04 Approval Required:

(a) Document Changes: Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of this Declaration by the Association or Owners described in this Section may be effective without notice to all Eligible Mortgagees, as required by Section 10.03 above, without the affirmative vote of at least the majority of Owners and without approval by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Developmental Right. A change to or attempted addition of any of the following would be considered material:

- (i) Any provision of this Declaration pertaining to voting rights;
- (ii) Any provision of this Declaration pertaining to Assessments, assessment liens or priority of assessment liens;
- (iii) Any provision of this Declaration pertaining to reserves for maintenance, repair and replacement of Common Elements;
- (iv) Any provision of this Declaration pertaining to responsibility for maintenance and repairs;
- (v) Any provision of this Declaration pertaining to expansion or contraction of the Property, the addition, annexation or withdrawal of property to or from the Property, or the allocation of interests in the Property;
- (vi) Any provision of this Declaration pertaining to the amount or type of insurance or fidelity bonds to be maintained;
- (vii) Any provision of this Declaration pertaining to leasing of Lots;
- (viii) Any provision of this Declaration conditioning or limiting rights to use the Common Elements;
- (ix) Any provision of this Declaration that expressly benefits holders, insurers or guarantors of Security Interests;
- (x) Any provision of this Declaration pertaining to the convertibility of Lots into Common Elements or Common Elements into Lots;
- (xi) Any provision of this Declaration pertaining to the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey the Owner's Lot;

- (xii) Any provision of this Declaration pertaining to the establishment of self-management where professional management has previously been required;
- (xiii) Any changes to the boundaries of any Lot;
- (xiv) Any provision of this Declaration pertaining to the restoration or repair of the Property;
- (xv) Any provision regarding the termination of the Property;
- (xvi) Any provision requiring a holder of a Security Interest who acquires a Lot through foreclosure to pay more than its proportionate share of any unpaid Assessments accruing after foreclosure;
- (xvii) Any provision which could result in a mortgage being canceled by forfeiture or in a Lot not being assessed separately for tax purposes; or
- (xviii) Any provision which could result in a partition or subdivision in a manner not consistent with this Declaration.

(b) **Actions.** Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to Declarant as Special Declarant Rights, without notice to all Eligible Mortgagees, and approval of at least a majority (or the indicated percentage, if higher) of the Eligible Mortgagees:

- (i) Any restoration or repair of any part of the Property after partial condemnation or damage due to an insurable hazard in a manner not in substantial compliance with this Declaration and the original Subdivision Map;
- (ii) Any election to terminate the Property after occurrence of substantial destruction or condemnation;
- (iii) Any reallocation of Allocated Interests resulting from partial destruction or condemnation; or
- (iv) The termination of the Property, for which approval of at least sixty-seven percent (67%) of Eligible Mortgagees is required.

(c) **Implied Approval.** The failure of an Eligible Mortgagee or Insurer to respond within sixty (60) days to any written request for approval of an addition or amendment to the Document wherever Eligible Mortgagee or Insurer approval is required, or any other matter pursuant to this Declaration, when such request is delivered by certified or registered mail, return receipt requested, shall conclusively constitute an implied approval of the action, addition or amendment. If any holder, insurer or guarantor of any

First Security Interest has not requested, in writing, notice of any proposed amendment or matter, the approval of such holder, insurer or guarantor shall be deemed given.

10.05 Rights of Eligible Mortgagees: All Eligible Mortgagees shall have the right to:

- (a) Examine current copies of the Association's books, records and financial statements and the Governing Documents during normal business hours and subject to the provisions of the Act.
- (b) Receive a copy of a financial statement, prepared in accordance with the requirements of the Act. The financial statement shall be for the preceding Fiscal Year and will be provided within a reasonable amount of time to any Eligible Mortgagee or Eligible Insurer upon written request to the Association.
- (c) Request to receive written notice of all meetings of Owners and designate in writing a representative to attend such meetings.

10.06 Enforcement: The provisions of this Article are for the benefit of Eligible Mortgagees and their successors and may be enforced by any of them by any available means, at law or in equity.

ARTICLE 11: AMENDMENT

11.01 Amendment: Except in cases of amendments that may be executed: (a) by Declarant under Article 13 of this Declaration or otherwise in the exercise of its Developmental Rights; (b) by Declarant as authorized under any provision of the Act, or (c) by certain Owners under the Act, this Declaration, including the Final Map, may be amended only by vote or agreement of a majority of Owners. The procedure for amendment must follow the procedures set forth in NRS 116.2117. In addition, certain amendments require the consent of Eligible Mortgagees as provided in Article 10.

- (a) Amendments to Add, Remove, Revert, Merge or Subdivide Lots: Any amendment to add, remove, revert to acreage, merge or subdivide Lots shall require a Recorded amendment to this Declaration including the Final Map to the extent as necessary to conform to the requirements of Law or the Act.
- (b) Unanimous Consent: Except to the extent expressly permitted or required by other provisions of this Declaration or the Act, no amendment may change the boundaries of any Lot or the Allocated Interests of a Lot in the absence of unanimous consent of those Owners affected and consent of a majority of Owners of the remaining Lots.
- (c) Execution of Amendments: An amendment to this Declaration required by the Act to be Recorded by the Association, which has been adopted in accordance with this Declaration and the Act, must be prepared, executed, Recorded and certified on behalf

of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

(d) **Recordation of Amendments:** Each amendment to this Declaration must be Recorded and the amendment is effective only upon being Recorded.

(e) **Challenges:** An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one (1) year after the amendment is Recorded.

11.02 Declarant Rights Pertaining to Amendments: Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of Declarant until such time as all Special Declarant Rights have expired or the Declarant has relinquished its rights in a written document delivered to the Association, whichever occurs first. For so long as Declarant owns any Lot, and to the fullest extent permitted by Law, no amendment to this Declaration shall be permitted without the prior written consent of Declarant.

ARTICLE 12: MISCELLANEOUS

12.01 Captions: The captions contained in this Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision thereof.

12.02 Conflict: This Declaration is intended to comply with the requirements of the Act applicable to common-interest communities and the Declaration shall be interpreted, if at all possible, so as to be consistent with the Act. If there is any conflict between this Declaration and the provisions of the Act, the provisions of the Act shall control, without any requirement express or implied to amend or modify this Declaration (though amendment by Declarant consistent with the Act and for purposes of making the Declaration match the Act is not hereby limited or prohibited). In the event of any conflict between this Declaration and any of the Governing Documents, this Declaration shall control. The hierarchy of the Governing Documents shall be the following order: Declaration, Articles, Bylaws and then Rules, Design Guidelines, resolutions and policies.

12.03 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Property does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Property, or any portion thereof.

12.04 Enforcement: The Association or an Owner, including Declarant, shall have the right to enforce by any proceedings at law or in equity, each covenant, condition, restriction and reservation now or hereafter imposed by the provisions of the Governing Documents. Failure by

the Association or an Owner to enforce any covenant, condition, restriction or reservation contained herein shall not be deemed a waiver or the right to do so thereafter.

(a) In the event the Association or Owner shall commence litigation or arbitration to enforce any of the covenants, conditions, restrictions or reservations contained in the Governing Documents, the prevailing party in such litigation or arbitration shall be entitled to costs of suit and such attorney's fees as the Court or arbitrator may adjudge reasonable and proper.

(b) In accordance with the Act, in the event that the Association does not institute litigation or arbitration proceedings for the enforcement of the Governing Documents but retains counsel or otherwise incurs expenses to enforce a violation of the Governing Documents, any attorneys' fees incurred by the Association for such enforcement shall be paid for by the Person responsible for the claimed violation of the Governing Documents.

12.05 Gender: Use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of this Declaration so requires.

12.06 Indemnification: When liability is sought to be imposed on a member of the Board, an officer, committee member, employee or agent of the Association, the Association shall indemnify him or her for his or her losses or claims, and undertake all costs of defense, unless and until it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense due to the willful or wanton misfeasance or gross negligence of such Person indemnified by the Association, the Association may recover indemnification costs expended from the individual who so acted. Punitive damages may not be recovered against the Association.

12.07 Invalidity: The invalidity of any provision of this Declaration does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of this Declaration shall continue in full force and effect.

12.08 Notices: Any notice permitted or required to be given under the provisions of this Declaration shall be in writing and may be delivered by any method permitted for such notice by the Act. If delivery is made by mail, it shall be deemed to have been delivered on the third (3rd) day (other than a Sunday or a legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Association for the purpose of service of notices, or to the Lot address of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

12.09 Term: This Declaration, including all of the covenants, conditions and restrictions hereof, shall run with and bind the Property for a term of fifty (50) years from the date this Declaration

is recorded. After such time, the covenants, conditions and restrictions contained herein, shall be automatically extended for successive periods of ten (10) years, unless an instrument is signed by the Owner(s) of at least eighty percent (80%) of the total number of Residences in the Property and recorded in the Office of the County Recorder, Douglas County, Nevada, within the year preceding the beginning of each successive period of ten (10) years, agreeing to change the terms of this Declaration, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

12.10 Termination. Termination of the Property may be accomplished upon the approval of the Owners of Eighty Percent (80%) of the total number of Lots within the Property, and then in accordance with the provisions of the Act. Additionally, if substantially all of the Lots in the Association have been destroyed or are uninhabitable, the Board or any person holding an interest in Property or any portion thereof may commence an appropriate action in the Nevada State District Court seeking to terminate the Community, pursuant to the requirements of Nevada law.

12.11 Waiver: No provision contained in this Declaration is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE 13: DECLARANT MATTERS

13.01 Declarant Conveyance of Common Elements: Declarant hereby covenants for itself, its successors, and assigns, that no later than the time that Declarant has no further right to appoint any member of the Board of Directors under the Act and the Bylaws, that it will convey title to the Common Elements to the Association (but only to the extent Declarant owns or holds title to such Common Elements and has the power to convey the same as of such date) free and clear of all encumbrances and liens, except utility easements, covenants, conditions, and reservations and other matters then of Record, including, without limitation, those set forth in this Declaration and the Final Map. Declarant may, at its election, and from time to time, convey such Common Elements to the Association prior to the point in time it is required to do so hereunder if it so elects, and the Association agrees to accept the same. It is anticipated, but not represented or warranted, that certain Common Elements physically associated with Lots becoming Annexed Property from time to time, will likewise become Annexed Property and will from time to time be conveyed to the Association.

13.02 Easement to Declarant: Declarant shall have and hereby expressly reserves the easements necessary for Declarant and its agents, employees and independent contractors, to exercise Declarant's rights and to perform its obligations under any warranty provided by Declarant to an Owner and/or to exercise any repair rights. In addition to the foregoing, Declarant hereby reserves an easement for maintenance purposes on, over through and across the Association Property, as may be necessary to satisfy any Laws related to Declarant's maintenance responsibilities.

13.03 Disclosures, Disclaimers and Releases. WITHOUT LIMITING ANY OTHER PROVISION IN THIS DECLARATION, THE ASSOCIATION AND, BY ACCEPTANCE OF A DEED OR ACQUIRING TITLE TO A UNIT, OR BY POSSESSION OR OCCUPANCY OF A LOT, EACH OWNER FOR ITSELF AND ITS INVITEES, SHALL CONCLUSIVELY BE DEEMED TO UNDERSTAND, AND TO HAVE ACKNOWLEDGED AND AGREED TO, ALL OF THE FOLLOWING:

(a) No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by the Declarant or its agents or employees in connection with the Project or any portion thereof, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a project, except as specifically and expressly set forth in this Declaration and except as may be filed by the Declarant from time to time with any governmental authority.

(b) Security Not Guaranteed. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it might otherwise be. NEITHER THE ASSOCIATION NOR THE DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY, AND NEITHER THE ASSOCIATION NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND INVITEES, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND THE BOARD, THE DECLARANT OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY SECURITY SYSTEM DESIGNATED OR INSTALLED ACCORDING TO THE GUIDELINES ESTABLISHED BY THE DECLARANT OR THE ASSOCIATION MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, OR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER OR INVITEE, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD AND COMMITTEES, THE DECLARANT, OR ANY OTHER SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND INVITEE OF ANY LOT ASSUMES ALL RISK FOR LOSS OR DAMAGE TO PERSONS, LOTS, RESIDENCES AND THE CONTENTS OF RESIDENCES AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD AND COMMITTEES, THE DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, INVITEE OR AGENT RELIED UPON ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

(c) No Protected View. Each Owner acknowledges that (i) there are no protected views in the Property, and no Lot is assured the existence or unobstructed continuation of any particular view, and (ii) any construction, landscaping or other installation of improvements by the Declarant, other Owners or owners of other property in the vicinity of the Property, which may impair the view from any Lot and the direction and amount of natural light entering such Lot, and each Owner consents to such view and light impairment.

(d) Neighboring Developments. Certain portions of land (the "*Neighboring Developments*") outside, abutting and/or near the Property have not yet been developed or may be subject to redevelopment. Each Owner acknowledges the practical reality that these Neighboring Developments, whether undeveloped or currently developed, will be developed by third parties over whom Declarant has no control. The Association has no jurisdiction over the future Neighboring Developments, and accordingly, there is no representation as to the nature, use or architecture of any future development or improvements on Neighboring Developments; and such use, development and/or construction on Neighboring Developments may result in noise, dust, view and light impairment or other "*nuisance*" to the Property or Owners. Each Owner acknowledges that both new development and re-development efforts in Neighboring Developments will continue and hereby releases Declarant and any owner of any Neighboring Development from any claims relating to the development, anticipated use and actual use of any such Neighboring Development.

(e) Power Lines. There are high energy electrical transmission line facility and distribution facilities within the vicinity of the Property, and there may in the future be other major electrical power system components (high voltage transmission or distribution lines, transformers, etc.) from time to time located nearby the Property, which generate certain electric and magnetic fields ("*EMF*") around them; and each Owner hereby releases the Declarant from any and all claims arising from or relating to EMF.

(f) Air Traffic. The Lots and other portions of the Property from time to time are or may be located within or nearby certain airplane flight patterns, and/or subject to significant levels of airplane traffic and noise; and each Owner hereby releases the Declarant from any and all claims arising from or relating to airplane flight patterns, and/or airplane noise.

(g) Roads and Traffic. The Lots and the Property are located near a multi-lane freeways and adjacent to nearby major roads, all of which may, but need not necessarily, be constructed, reconstructed, or expanded in the future (all collectively, "*roadways*"), and subject to high levels of traffic, noise, construction, maintenance, repair, dust, and other nuisance from such roadways; and each Owner hereby releases the Declarant from

any and all claims arising from or relating to roadways and/or noise, dust, and other nuisances related thereto.

(h) Facilities. The Lots and other portions of the Property are now or hereafter may be located adjacent to or nearby power generators, major water facilities and major water and drainage channel(s) and/or washes (all, collectively, "Facilities"), the ownership, use, regulation, operation, maintenance, improvement and repair of which are not within Declarant's control, and over which Declarant does not necessarily have jurisdiction or authority, and, in connection therewith, each Owner acknowledges by acceptance of a deed to a Lot: (1) the Facilities may be an attractive nuisance to children; (2) maintenance and use of the Facilities may involve various operations and applications, including (but not necessarily limited to) noisy electric, gasoline or other power driven vehicles and/or equipment used by Facilities maintenance and repair personnel during various times of the day, including, without limitation, early morning and/or late evening hours; and (3) the possibility of damage to Improvements and property on the Property, particularly in the event of overflow of water or other substances from or related to the Facilities, as the result of nonfunction, malfunction, or overtaxing of the Facilities or any other reason; and (4) any or all of the foregoing may cause inconvenience and disturbance to an Owner and other persons in or near Common Elements, and possible injury to person and/or damage to property.

(i) Natural Gas Lines. The Lots and other portions of the Community are or may be near major underground natural gas transmission pipelines. Each Owner hereby releases Declarant and the Association from any and all claims arising from or relating to gas transmission lines.

(j) Expected Minor Flaws. Construction is an industry inherently subject to variations and imperfections, and items which do not materially affect safety or structural integrity shall be deemed "*expected minor flaws*" (including, but not limited to: reasonable wear, tear or deterioration; shrinkage, swelling, expansion or settlement; squeaking, peeling, chipping, cracking or fading; touch-up painting; minor flaws or corrective work; and like items) and not constructional defects. Each Owner hereby releases the Declarant from any and all claims arising from or relating to such expected minor flaws.

The finished construction of each Unit and the Common Elements while within the standards of the industry in Douglas County, Nevada, and while in substantial compliance with the plans and specifications, will be subject to variations and imperfections and expected minor flaws; and each Owner hereby releases the Declarant from any and all claims arising from or relating to such variations, imperfections and flaws.

Even with a "*slip sheet*" underneath, certain hard surface flooring may still be subject to hairline cracks, and grout may crack and/or deteriorate, and furthermore, cracks in the walls may result from normal settlement and shifting around doors, windows, walls and ceilings; and each Owner shall be solely responsible for any such cracking or deterioration.

Indoor air quality of the Units may be affected in a manner and to a degree found in new construction within industry standards, including, without limitation, by particulates or volatiles emanating or evaporating from new carpeting or other building materials, fresh paint or other sealants or finishes, and similar products.

If any portions of the Community are still under construction or are re-modeled, the Community will be subject to periods of extra noise, light, traffic, earth vibration and dust, as well as reconfiguration of landscaping and other portions of the Common Elements or Lots during such construction and re-modeling.

(k) Access Control. Installation and maintenance of any security or traffic access device, operation, or method, shall not create any presumption or duty whatsoever of the Declarant or the Association (or their respective officers, directors, managers, employees, agents, and/or contractors) with regard to security or protection of persons or property within or adjacent to the Property; and each Owner, by acceptance of a deed to a Lot, whether or not so stated in the deed, shall be deemed to have agreed to take any and all protective and security measures and precautions which such Owner would have taken if the Property had been located within public areas and not gated.

(l) Earthquakes. The area contains a number of earthquake faults, and the Property or portions thereof may be located on or nearby an identified or yet to be identified seismic fault line; and each Owner hereby releases the Declarant and the Association from any and all claims arising from or relating to earthquakes or seismic activities.

(m) Wildlife. The Lots and other portions of the Property from time to time may, but need not necessarily, experience problems with bears, coyotes, bobcats, deer, scorpions, bees, ants, spiders, termites, pigeons, snakes, rats, and/or other insect, rodent or pest problems (collectively, "pests"); and Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to any pest, and each Owner must make its own independent determination regarding the existence or non-existence of any pest(s) which may be associated with the Lot or other portions of the Property.

(n) Drought. The area currently is undergoing severe drought conditions, and relevant water districts and authorities have announced certain water conservation measures and restrictions on outdoor watering and/or outdoor water features. It is possible that these drought conditions may continue or worsen, and/or that the relevant water districts and authorities may announce further water conservation measures and restrictions, including restrictions on indoor water use, which may affect Lots and the Common Elements, landscaping and water features, and the appearance and/or use of same. Each Owner must make its own independent determination regarding such matters, and hereby releases Declarant and/or Association from any and all claims arising from or relating to drought or water conservation measures or restrictions, and/or the effects respectively thereof.

(o) Other. Other matters, limitations, and restrictions, uniquely applicable to this Property, are set forth in the Declaration, and may be supplemented from time to time by the Rules and Regulations.

13.04 Releases THE ASSOCIATION AND, BY ACCEPTANCE OF A DEED OR OTHERWISE ACQUIRING TITLE TO A UNIT, EACH OWNER, FOR ITSELF AND ALL PERSONS CLAIMING UNDER SUCH OWNER, SHALL CONCLUSIVELY BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED TO RELEASE THE DECLARANT AND ITS AFFILIATES, AND ALL OF THEIR RESPECTIVE OFFICERS, MANAGERS, AGENTS, EMPLOYEES, SUPPLIERS, AND CONTRACTORS FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, LOSS, DAMAGE OR LIABILITY (INCLUDING, BUT NOT LIMITED TO, ANY CLAIM FOR NUISANCE OR HEALTH HAZARD, PROPERTY DAMAGE, BODILY INJURY, AND/OR DEATH) ARISING FROM OR RELATED TO ALL AND/OR ANY ONE OR MORE OF THE CONDITIONS, ACTIVITIES, OCCURRENCES, OR OTHER MATTERS DESCRIBED IN THE FOREGOING ARTICLE.

13.05 Warranties.

(a) Manufactured Products: Each Owner, by acceptance of a deed to a Lot, acknowledges and understands that (1) there are certain appliances and other equipment included in or exclusively benefiting the Owner's Residence which are manufactured by third parties (e.g., the dishwasher, heating, ventilation and air conditioning equipment, etc.) ("Manufactured Products"); (2) the only warranties for such Manufactured Products are those provided by the manufacturer; and (3) the Owner shall be responsible for activating any and all manufacturer's warranties, including, without limitation, by completing and submitting to the applicable manufacturers any registration cards included with the manufacturer's materials. Owner shall also be responsible for performing any and all manufacturer maintenance requirements and/or recommendations.

(b) Home Builder's Limited Warranty; No Additional Representation or Warranties: It is recognized that Declarant, as part of the sale of a Lot, will include an express limited warranty known as and referred to herein as the "Home Builder's Limited Warranty." The Association and each Owner of a Lot developed by Declarant have agreed and/or hereby agree to register for and be bound by the terms of the Home Builder's Limited Warranty. Nothing herein is intended, nor shall be applied to limit the Association's or an Owner's right to enforce the terms of such Home Builder's Limited Warranty. Except for the Home Builder's Limited Warranty, no representations or warranties of any kind, express or implied, have been given or made by Declarant, or its agents or employees in connection with the Property and Lot, or any portion thereof, its physical condition, zoning, compliance with Laws, fitness for intended use or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a residential project, except as specifically and expressly set forth in this Declaration.

13.06 Reservation of Developmental Rights: Declarant reserves the following Developmental Rights:

(a) Improvements. The right, but not the obligation, to construct Improvements on the Common Elements and complete the Lots and Residences and associated Improvements.

(b) Utilities. The right, but not the obligation, to construct underground utility lines, pipes, wires, ducts, conduits and other facilities upon the real property in the Property, for the purpose of furnishing utility and other services to buildings and Improvements to be constructed in the Property. Declarant also reserves the right to withdraw and grant easements to public utility companies and to convey improvements within those easements anywhere in the Property not occupied by buildings, for the purposes mentioned above. If Declarant grants any such easements, the Final Map will be amended to include reference to the Recorded easement.

(c) Amendment. The right, but not the obligation, to unilaterally amend this Declaration at any time prior to the close of the first sale of a Lot and to further amend thereafter pursuant to this Declaration.

(d) Annexation. The right, but not the obligation, to add additional property to the Property and create Common Elements as follows:

(i) Property Subject to Annexation: Declarant hereby reserves unto itself for a period of twelve (12) years after this Declaration has been Recorded (or to the extent it is less, for such period that may be permitted under Law), the right to cause to be annexed to this Declaration as part of the Property from time to time all or a portion of the Annexable Property, provided that, if required by Law, a subdivision map shall have been Recorded for the real property to be annexed. No assurances are made by Declarant prior to the annexation of any Annexable Property as to the size or configurations of such portion, or the order in which any such portion may be annexed. If any portion of the Annexable Property is annexed to the Property, there are no assurances that any other portion or all of such Annexable Property will be annexed.

(ii) Manner of Annexation: The Annexable Property shall be annexed by Recording a Supplemental Declaration executed by Declarant describing the real property to be so annexed and declaring that such property shall thereafter be deemed to be Annexed Property as defined in this Declaration and declaring that such Annexed Property shall be held, conveyed, sold, encumbered, leased, rented, used, occupied, improved or otherwise affected in any manner subject to the provisions of this Declaration. Such Supplemental Declaration may set forth any additional restrictions or covenants which may be applicable to such Annexed Property, provided that such additional restrictions shall not be in any manner inconsistent with the provisions of this Declaration.

(iii) Effect of Annexation: Upon Recordation of any Supplemental Declaration, the real property described in the Supplemental Declaration shall become Annexed Property as defined herein and shall be subject to all of the provisions of this Declaration.

(e) De-annexation. The right to de-annex all or a portion of the Annexable Property by Recordation of a de-annexation Declaration executed by Declarant, describing the real property to be annexed and declaring that such property shall no longer be a part of the Property and no longer subject to the provisions of this Declaration.

(f) Other. The right to exercise any other Developmental Rights set forth in NRS 116.039.

13.07 Special Declarant Rights: Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by Law, which may be exercised, where applicable, anywhere within the Property and Additional Property:

(a) Complete Improvements. The right to complete any Improvements indicated on the Final Map, including the Lots, Residences, and any Improvements;

(b) Developmental Rights. The right to exercise any Developmental Right reserved in this Declaration or allowed by the Act;

(c) Sales Offices. The right to maintain sales offices, management offices, signs advertising the Property and models which are reasonably necessary to market the Residences or any other real property owned by Declarant regardless of whether such real property is part of the Property or Additional Property;

(d) Easements. The right to use easements through the Common Elements for the purpose of making Improvements within the Property or any other real property owned by Declarant regardless of whether such real property is part of the Property;

(e) Appointment. Subject to the limitations in the Governing Documents, the right to appoint or remove any officer of the Association or a Board of Directors member during the Declarant Control Period;

(f) Specified Rights. The right to exercise rights identified in this Declaration; and

(g) Other. The right to exercise any other Special Declarant Rights set forth or contemplated in NRS 116.089.

13.08 Models, Sales Offices and Management Offices: For so long as Declarant is an Owner, Declarant, its duly authorized agents, representatives and employees reserve the right to use a portion of any Lot, including but not limited to any model Lot, for sales offices and/or management offices for Lots in the Property or other properties. Declarant further reserves the

right to maintain any Lot owned by Declarant or any portion of the Common Elements as a model, sales office, construction or management office.

13.09 Signs and Marketing: For so long as Declarant is an Owner, Declarant reserves the right to post signs and displays and related items (e.g., banners, balloons, flyers) in the Common Elements in order to promote sales of Lots or of any Property. Declarant also reserves the right to conduct general sales activities in a manner which Declarant reasonably determines will not unreasonably disturb the rights of Owners.

13.10 Declarant's Personal Property: Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Property that has not been represented in this Declaration as becoming property of the Association. Declarant reserves the right to remove from the Property (promptly after the sale and close of escrow of the last Lot) any and all such goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

13.11 Limitations on Special Declarant Rights: Unless terminated earlier by an amendment to this Declaration executed by Declarant, and subject to applicable Law, any Special Declarant Right, including any exercise of a Developmental Right, may be exercised by Declarant so long as any of the following conditions are satisfied: Declarant holds a Developmental Right to create additional Lots or Common Elements; Declarant owns any Lot; or Declarant holds any Security Interest in any Lot.

13.12 Interference with Special Declarant Rights: Neither the Association nor any Owner may take any action or adopt any rule, or enforce any restriction contained herein in such manner that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant. While any Special Declarant Right remains unexercised, this Article cannot be amended without the written consent of Declarant.

13.13 Priority of Declarant's Rights and Reservations: 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 Supplemental Declaration or annexation amendment, in each conveyance of property by Declarant in each deed or other instrument by which any property encumbered hereby is conveyed by Declarant, 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 and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

13.14 Assignment of Declarant's Rights: Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person as defined in this

Declaration, who will assume any or all of the duties of Declarant hereunder, if any, and upon any such Person evidencing his consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, if any, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein, if any. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations, and duties hereunder, if any. The foregoing shall be subject to NRS 116.3104 and NRS 116.31043.

IN WITNESS WHEREOF, Declarant has caused this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements to be executed as of the date first above-written:

JC VALLEY KNOLLS, LLC
A Nevada limited liability company

By: [Signature]
Name: Kenneth Hendrix
Its: Manager

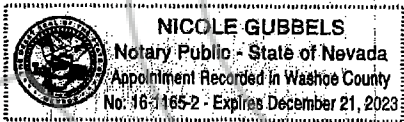
JC VALLEY KNOLLS 2, LLC
A Nevada limited liability company

By: [Signature]
Name: Kenneth Hendrix
Its: Manager

STATE OF NEVADA)
) ss.

COUNTY OF WASHOE)

This instrument was acknowledged before me on MARCH 2, 2022 by KENNETH HENDRIX as MANAGER of JC Valley Knolls, LLC, a Nevada limited liability company.



[Signature]
NOTARY PUBLIC
My Commission Expires: 12/21/23

STATE OF NEVADA)
) ss.

COUNTY OF WASHOE)

This instrument was acknowledged before me on MARCH 2, 2022 by KENNETH HENDRIX as MANAGER of JC Valley Knolls 2, LLC, a Nevada limited liability company.



[Signature]
NOTARY PUBLIC
My Commission Expires: 12/21/23

**EXHIBIT "A"
INITIAL PROPERTY**

OMIT

The certain Lots and Parcel, situated within the Southwest One-Quarter (SW1/4) of Section 5 and the Northwest One-Quarter (NW1/4) of Section 8, Township 14 North, Range 20 East, Mount Diablo Meridian, being more particularly described as follows:

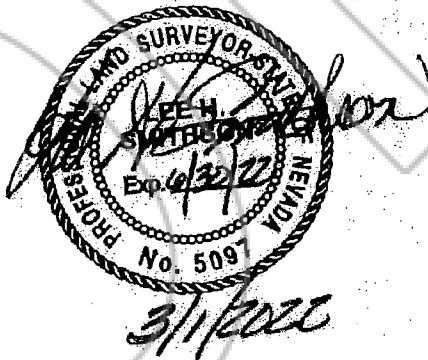
Being Lots 114 through and including Lot 174, also including Common Areas "A", "B", "C", "D" and "E", as shown on the "Merger & Re-subdivision LDA 17-028 for Valley Knolls Phase 1, filed December 20, 2021, as File No. 2021-978635, in the Official Records of Douglas County, Nevada.

Basis of Bearings: Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1927 (NAD 27) determined using Real Time Kinematic GPS (RTK GPS) observations of Nevada Department of Transportation (NDOT) Control Monuments 158220X, and NGS Control Monument U316 Reset. The bearing between said points taken as North 01°23'24" East.

Surveyor's Certificate: I hereby certify that the attached description was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson
Nevada PLS 5097
For and on behalf of

 **Manhard**
CONSULTING
241 Ridge Street, Suite 400
Reno, Nevada 89501
(775) 887-5222



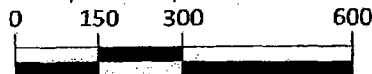
OMIT

EXHIBIT A-1

**VALLEY KNOLLS
PHASE 1
TRACT MAP
2021-978635**

N. SUNRIDGE DR.

SOLARIS LN.



SCALE: 1"=300'

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241 Ridge Street, Suite 400, Reno, NV 89501 ph:775.746.3500 fx:775.746.3520 manhard.com
Civil Engineers | Surveyors | Water Resource Engineers | Water & Waste Water Engineers
Construction Managers | Environmental Scientists | Landscape Architects | Planners

EXHIBIT A-1	
INITIAL PROPERTY	
DOUGLAS COUNTY	
PM: LHS	SHEET
DRAWN: ACP	1 OF 1
DATE: MAR/2022	KDHDCNV01
SCALE: 1"=300'	

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EXHIBIT "B"
ANNEXABLE PROPERTY

DMIT

The certain Lots and Parcel, situated within a portion of Section 5 and the Northwest One-Quarter (NW1/4) of Section 8, Township 14 North, Range 20 East, Mount Diablo Meridian, being more particularly described as follows:

Parcel "A-1", as shown on the "Merger & Re-subdivision LDA 17-028 for Valley Knolls Phase 1", filed December 20, 2021, as File No. 2021-978635, in the Official Records of Douglas County, Nevada.

TOGETHER WITH:

Parcel D, as shown on the "Parcel Map for JC Valley Knolls LLC, filed June 10, 2020, as File No. 2020-947430, in the Official Records of Douglas County, Nevada.

TOGETHER WITH:

Parcels 1 and 2, as shown on the "Map of Division into Large Parcels LDA 09-010 for Big George Ventures, LLC, filed June 20, 2020, as Document No. 744835 in the Official Records of Douglas County, Nevada.

Basis of Bearings: Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1927 (NAD 27) determined using Real Time Kinematic GPS (RTK GPS) observations of Nevada Department of Transportation (NDOT) Control Monuments 158220X, and NGS Control Monument U316 Reset. The bearing between said points taken as North 01°23'22" East.

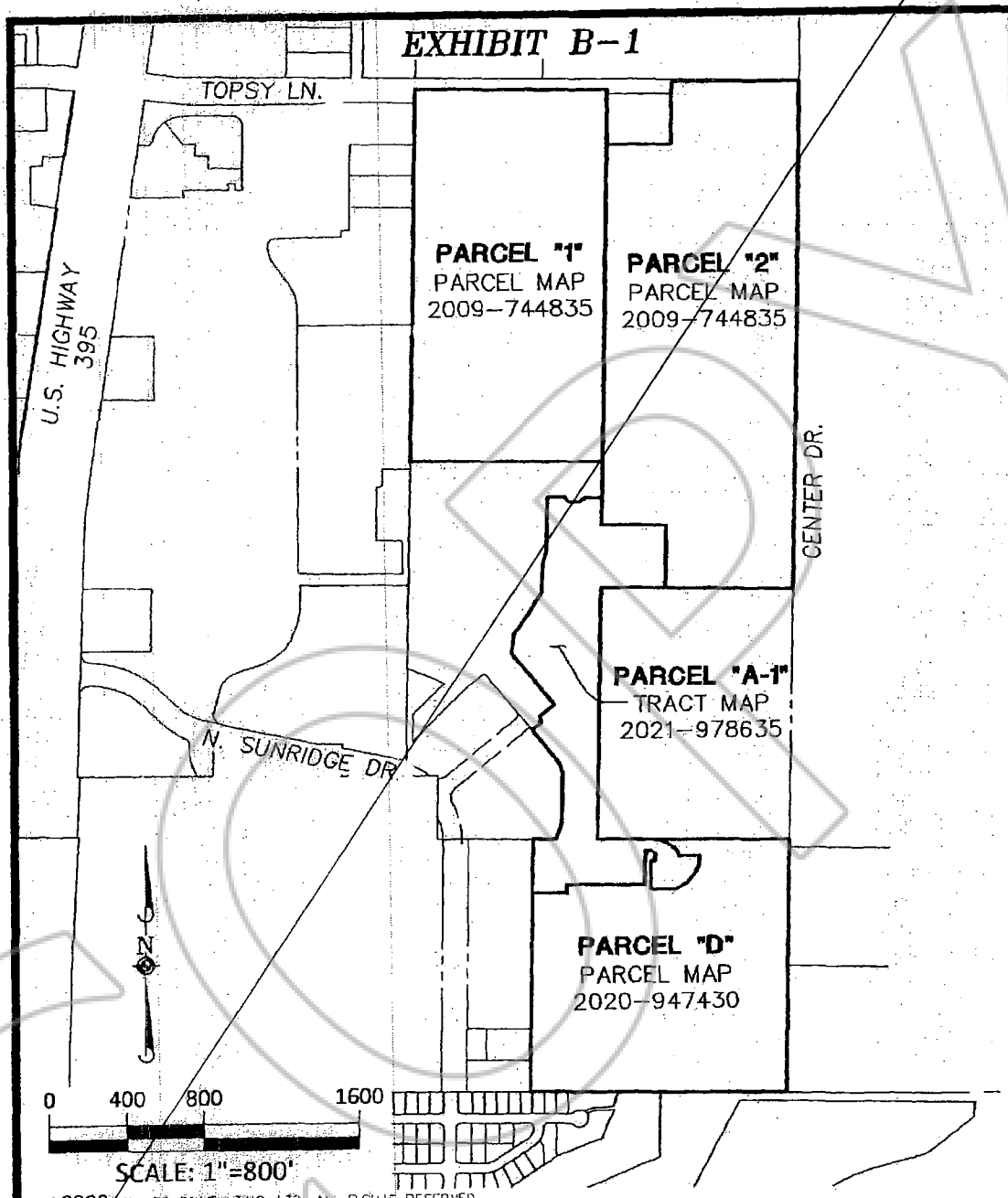
Surveyor's Certificate: I hereby certify that the attached description was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson
Nevada PLS 5097
For and on behalf of



241 Ridge Street, Suite 400
Reno, Nevada 89501
(775) 887-5222

OMIT



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EXHIBIT B-1	
ANNEXABLE PROPERTY	
DOUGLAS COUNTY	
PM: LHS	SHEET
DRAWN: ACP	1 OF 1
DATE: MAR/2022	
SCALE: 1"=800'	KDHDCNV01

2022 Dwg Name: P:\kdhdcnv01\dwg\Surv\Final Drawings\Exhibits\Exhibits Sur\2022.03.01_ANNEX-EXHIBITS\VALLEY KNOLLS_ANNEX-EXHIBIT.dwg Updated By: APerez

EXHIBIT "A"
INITIAL PROPERTY

The certain Lots and Parcel, situated within the Southwest One-Quarter (SW1/4) of Section 5 and the Northwest One-Quarter (NW1/4) of Section 8, Township 14 North, Range 20 East, Mount Diablo Meridian, being more particularly described as follows:

Being Lots 114 through and including Lot 174, also including Common Areas "A", "B", "C", "D" and "E", as shown on the "Merger & Re-subdivision LDA 17-028 for Valley Knolls Phase 1, filed December 20, 2021, as File No. 2021-978635, in the Official Records of Douglas County, Nevada.

TOGETHER WITH:

Parcel "A-1", as shown on the "Merger & Re-subdivision LDA 17-028 for Valley Knolls Phase 1", filed December 20, 2021, as File No. 2021-978635, in the Official Records of Douglas County, Nevada.

ALSO TOGETHER WITH:

Parcel D, as shown on the "Parcel Map for JC Valley Knolls LLC, filed June 10, 2020, as File No. 2020-947430, in the Official Records of Douglas County, Nevada.

Basis of Bearings: Grid North, Modified Nevada State Plane Coordinate System, West Zone, North American Datum of 1927 (NAD 27) determined using Real Time Kinematic GPS (RTK GPS) observations of Nevada Department of Transportation (NDOT) Control Monuments 158220X, and NGS Control Monument U316 Reset. The bearing between said points taken as North 01°23'24" East.

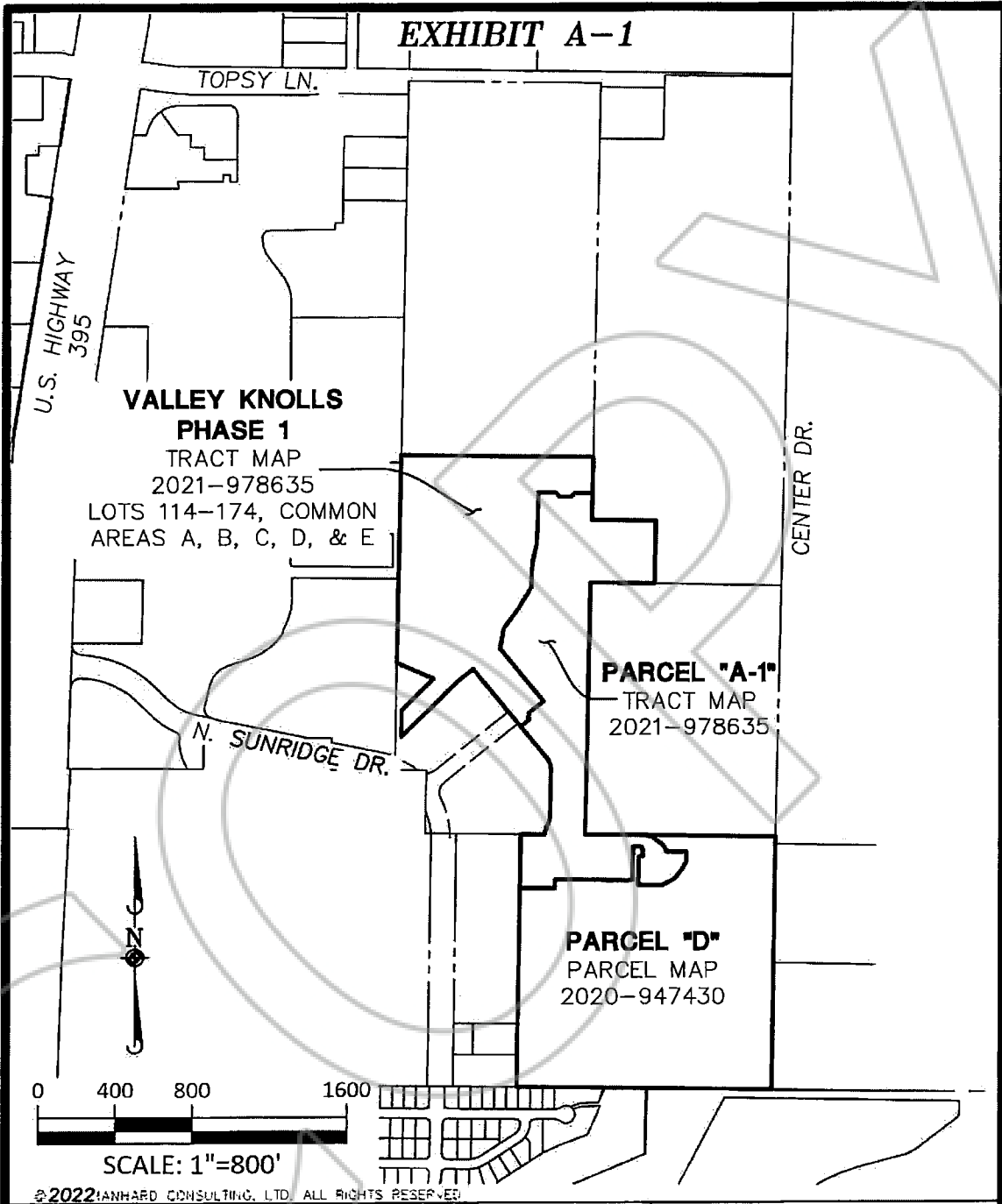
Surveyor's Certificate: I hereby certify that the attached description was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson
Nevada PLS 5097
For and on behalf of

 **Manhard**
CONSULTING
241 Ridge Street, Suite 400
Reno, Nevada 89501
(775) 887-5222



EXHIBIT A-1



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EXHIBIT A-1	
ANNEXED PROPERTY	
DOUGLAS COUNTY	
PM: LHS	SHEET
DRAWN: ACP/MHF	1 OF 1
DATE: SEPT 2022	KDHDCNV01
SCALE: 1"=800'	

2022 Dwg Name: P:\K\kdhrcnv01.dwg\Surv\Find Drawings\Exhibits Surv\2022 03.01_ANNEX-EXHIBITS\VALLEY KNOLLS-ANNEX-EXHIBIT.dwg Updated By: L.Smithson

EXHIBIT "B"

SINGLE FAMILY PARCEL TO BE ANNEXED – 84.84 AC.±

A parcel of land situate within the West 1/2 (W1/2) of Section 5, Township 14 North, Range 20 East, Mount Diablo Meridian, being Parcel S, as shown on the "Record of Survey in Support of a Boundary Line Adjustment for Big George Ventures, LLC", as Document No. 2020-957850, filed December 9, 2020 and as described in the Boundary and Quitclaim Deed for Big George Ventures, LLC, as Document No. 2020-957851, filed December 9, 2020, both filed in the Official Records of Douglas County, Nevada, being more particularly described as follows:

BEGINNING at the Southwest corner of the above-described Parcel S;

THENCE, along the westerly lines of said Parcel S, the following eleven (10) courses:

- 1) North 01°03'12" East, 662.18 feet;
- 2) North 00°55'03" East, 347.90 feet;
- 3) South 89°08'50" East, 449.99 feet;
- 4) northeasterly, 151.21 feet along the arc of a curve to the left having a radius of 150.00 feet and through a central angle of 57°45'31";
- 5) North 33°05'39" East, 129.14 feet;
- 6) northerly, a distance of 85.40 feet along the arc of a curve to the left having a radius of 150.00 feet and through a central angle of 32°37'18";
- 7) North 00°28'21" East, 99.74 feet;
- 8) northerly, a distance of 203.53 feet along the arc of a curve to the right having a radius of 350.00 feet and through a central angle of 33°19'06";
- 9) North 33°47'27" East, 192.75 feet;
- 10) Northerly, a distance of 94.61 feet along the arc of a curve to the left having a radius of 160.00 feet and through a central angle of 33°52'47";
- 11) North 00°05'20" West, 175.25 feet, to the North line of said Parcel S;

THENCE, along the northerly line of said Parcel S the following five (5) courses:

- 1) South 89°33'38" East, 144.05 feet;
- 2) South 00°46'54" West, 331.57 feet;
- 3) South 89°31'39" East, 332.00 feet;

4) North 00°47'25" East, 331.76 feet;

5) South 89°33'38" East, 664.17 feet, to the Northeast corner of said Parcel S;

THENCE, along the East line of said Parcel S, South 00°45'54" West, 1,329.54 feet;

THENCE, continuing along the East line of said Parcel S, South 01°08'36" West, 1,323.56 feet, to the Southeast corner of said Parcel S;

THENCE, along the southerly line of said Parcel S the following five (5) courses:

1) North 89°20'12" West, 664.00 feet;

2) North 01°06'20" East, 330.95 feet;

3) North 89°19'59" West, 332.08 feet;

4) North 01°04'40" East, 330.94 feet;

5) North 89°19'18" West, 997.05 feet to the **POINT OF BEGINNING**.

Containing 84.84 acres, more or

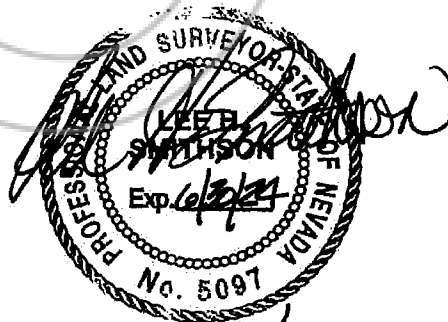
See Exhibit map to accompany description attached hereto and made a part hereof.

Basis of Bearings: Grid North, Nevada State Plane Coordinate System, West Zone, North American Datum of 1983 (NAD 83) determined using Real Time Kinematic GPS (RTK GPS) observations of Nevada Department of Transportation (NDOT) Control Monuments 158220X, and NGS Control Monument U316 Reset. The bearing between said points taken as North 01°23'24" East.

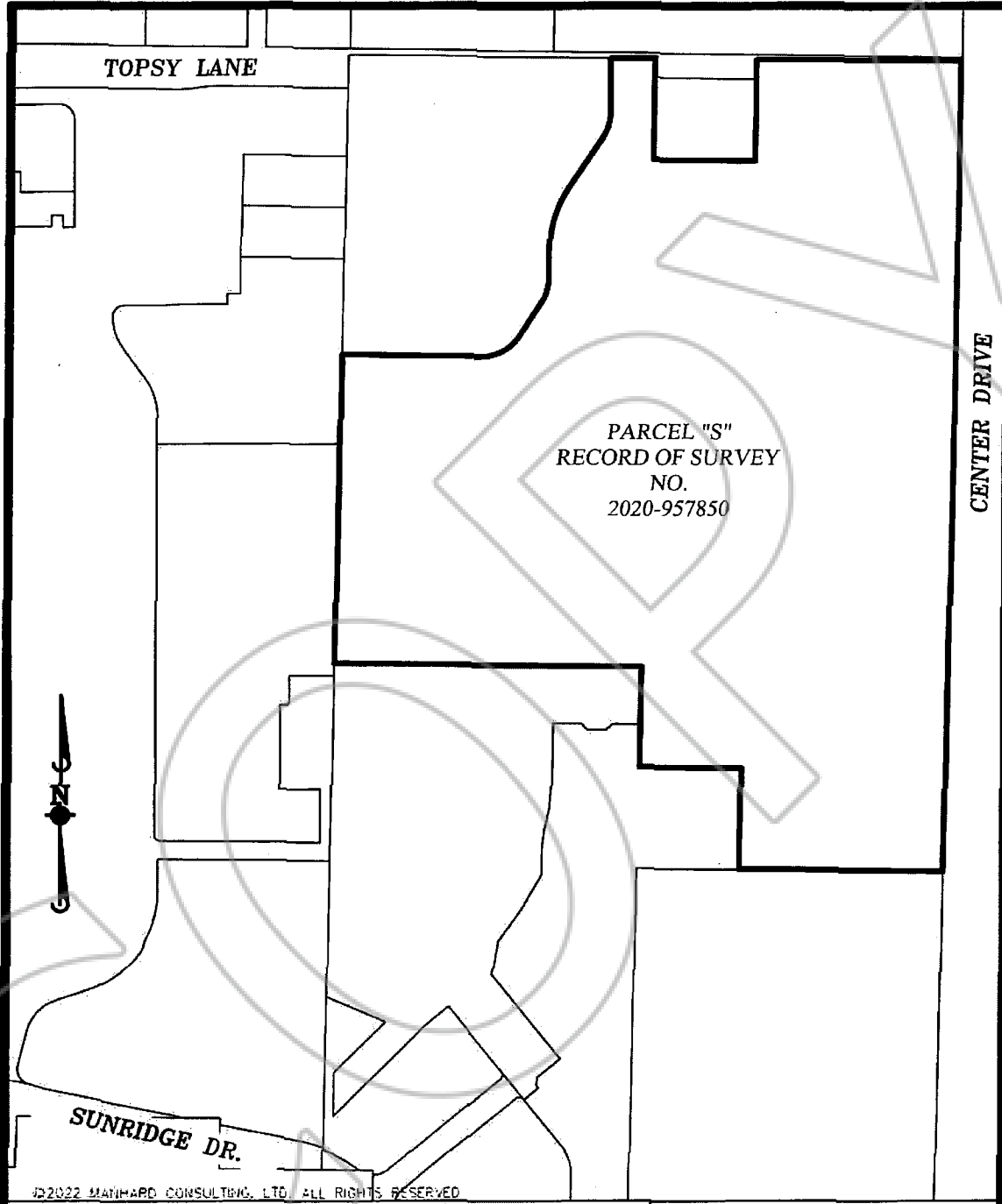
Surveyor's Certificate: I hereby certify that the attached description was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

Lee H. Smithson
Nevada PLS 5097
For and on behalf of

 **Manhard**
CONSULTING
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Reno, Nevada 89501
(775) 887-5222



9/28/2022



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EXHIBIT B-1	
ANNEXABLE PROPERTY	
DOUGLAS COUNTY	
PM: LHS	SHEET
DRAWN: HHF	1 OF 1
DATE: MAR/2022	
SCALE: 1"=500'	KDHDCNV01

2022 Dwg Name: P:\Kdhdcnv01\dwg\Surv\final Drawings\Exhibits\Surv\2022 03 01 _ANNE X- EXHIBITS\ANNEXABLE _PROPERTY _EXHIBIT.dwg Updated By: HFowler