

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

*Santa Maria Ranch
Dayton, Nevada*

March 7th, 2005

WHEN RECORDED; RETURN TO:
Dayton Land Developers, LLC
c/o Lemons, Grundy & Eisenberg
6005 Plumas Street, Suite 300
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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

**SANTA MARIA RANCH
Dayton, Nevada**

March 7, 2005

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Santa Maria Ranch, Dayton, Nevada

This Declaration is made this 7th day of March 2005, by DAYTON LAND DEVELOPERS LLC, a Nevada limited liability company, ("Declarant").

Declarant is the master developer of certain real property in the County of Lyon, State of Nevada (A County @), as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Subdivision"). The Subdivision is a planned unit development known as "Santa Maria Ranch" approved by the County ("PUD") which includes a Development Standards Handbook, as amended from time to time, (the "Handbook") approved by the County and recorded against the Subdivision in the office of the Recorder of Lyon County, Nevada.

Declarant hereby declares that all of the real property in the Subdivision, together with any and all improvements thereon and appurtenances thereunto, shall be held, sold, and conveyed subject to the following covenants, conditions, and restrictions. These covenants, conditions and restrictions ("Declaration") are for the purpose of protecting the value and desirability of the real property in the Subdivision. This Declaration shall inure to the benefit and bind all parties having any right, title or interest in the real property or any part thereof, their heirs, executors, administrators, successors and assigns.

Portions of this Declaration, specifically Articles I to III and VII to VIII, apply to and bind the Non-residential Areas (as hereinafter defined), as specified in Article VII hereof. The Non-residential Areas are currently owned by Declarant and are more particularly shown on Exhibit "B," attached hereto and incorporated herein. The boundary lines between the Non-residential Areas and the Lots may be adjusted in the future on one or more occasions by mutual consent of the affected owners. No such adjustment shall affect the rights and obligations of any party hereto or any owner, and the "Subdivision," the "Lots" and the "Non-residential Areas," shall mean the real property so defined herein, as adjusted by such boundary fine adjustments.

As initially stated in Exhibit "A," the Subdivision does not include PUD Non-residential Areas, but rather consists of a portion of the Single Family Dwelling areas only. Additional PUD Lots, Non-residential Areas and Multi-Family Units are intended to be added by annexation as specified in Article I, Section 6, and provisions herein applicable to those annexed areas shall apply after said annexation. Nothing contained-herein, however, requires the annexation of said areas.

The provisions of this Declaration are intended to create mutual equitable servitudes upon each of the parcels in the Subdivision in favor of each and all other parcels; to create reciprocal rights between the respective owners of all such parcels; to create a privity of contract and estate between the grantees of such parcels, their heirs, successors and assigns;

and shall, as to the owner of each parcel, its heirs, successors or assigns, operate as covenants running with the land for the benefit of each and all other parcels in the Subdivision and their respective owners, present, and future.

**ARTICLE I.
GENERAL PROVISIONS/COMPLIANCE WITH NRS CHAPTER 116**

Section 1. Applicability.

This Declaration is made in compliance with the Uniform Common-Interest Ownership Act, Chapter 116 of the Nevada Revised Statutes (the "Act").

Section 2. Definitions and Other Basic Provisions.

The following terms as used in this Declaration are defined as follows:

- a. "Assessment Threshold" means the date on which the obligation of each Owner for assessments, as provided in Article III of this Declaration, commences. The Assessment Threshold for each Non-residential Area shall be the date of sale on the first Non-residential Unit in the Non-residential Area by Declarant to a bona fide third party purchaser. The Assessment Threshold for each Lot shall be the earlier of the following:
 - 1. For all Lots created by a particular final map within the Subdivision, the date the first Lot within the final map acquired by a bona fide third party is deeded to that third party by the final map developer; or,
 - 2. For each Lot not created by a final map (if any), the date of issuance of a building permit for the single family dwelling.
- b. "Association" means Santa Maria Ranch Home Owners Association, the property owners' association, which is a Nevada non-profit corporation.
- c. "Board" means the Board of Directors of the Association.
- d. "Builder" means any person who purchases one or more Lots (but less than five contiguous Lots in one transaction) for the purpose of construction of a single family dwelling and other improvements for later sale to homebuyers on parcels of land within the Subdivision. "Tract Builder" means any person who purchases five or more contiguous Lots in one transaction in order to construct dwellings thereon as a tract.
- e. "Bylaws" means the Bylaws of the Association and "Articles" means the Articles of Incorporation of the Association.

- f. "Committee" means the Santa Maria Ranch Architectural and Aesthetic Guideline Committee.
- g. "Common Area" or "common elements" means all of the real property designated as such in this Declaration or pursuant to final maps recorded within the Subdivision; and all real property interests (i.e. fee title or easements) acquired by the Association, whether from Declarant or otherwise, together in each instance with all improvements which may at any time be located or constructed thereon and owned by the Association; including, but not limited to the following types of improvements in the Common Area: fencing, recreational and community facilities, recreational vehicle parking area, lakes, parks, paths, sidewalks, trails, open space, fences, gates, gatehouses, signs (e.g., street signs, regulatory signs, traffic signs, monument and project signs, "for sale" and "for lease" signs), entry ways, drainage ways and drainage facilities, private streets and curbs, private security, lighting, snow removal and storage areas, landscaping, fire modification and fuel breaks, residential parking areas, surface water retention areas, wildlife buffer and management areas, and access roads.
- h. "Declaration" means this Declaration and any future amendments hereto.
- i. "Equivalent Lots" shall define the allocated interests in the Association (voting power, assessment obligations and other rights and responsibilities) of the Owners of Non-residential Areas, as specified in subsection (z) of this Section. Equivalent Lots are created on the date the Assessment Threshold for each is reached.
- j. "Improvements" means all buildings, outbuildings, garages, streets, roads, trails, pathways, driveways, parking areas, fences, retaining and other walls, decks, exterior air conditioning, signs, landscaping, light standards, antennae/satellite dishes, walls, tennis courts, swimming pools and any other structures of any type or kind.
- k. "Lot" means any residential lot created pursuant to a tentative map, parcel map or final map, and intended for improvement with a single family residence. The number and configuration of Lots may change pursuant to the process of approval of tentative maps and final maps by County, or as otherwise specified herein.
- l. "Non-residential Areas" when used herein shall mean collectively the business, industrial, office and commercial areas within the PUD which may be annexed hereto in the future, civic uses (e.g., parks, fire station, schools and other government-owned parcels) and Association Common Area.

The allocated interests and voting power of the Non-residential Areas Owners shall be calculated and expressed as Equivalent Lots, as specified in subsection (z) of this Section. Owners of the Non-residential Areas shall be referred to collectively as the "Non-residential Areas Owners" and individually for each applicable Non residential Area as the "Non-residential Area Owner."

m. "Owner" means:

1. Any person or legal entity, including Declarant, who holds fee simple title to any parcel within the Subdivision; or
2. Any person or legal entity who has contracted to purchase fee title to a parcel pursuant to a written agreement recorded in the Lyon County, Nevada Recorder's Office, in which the seller under said agreement has transferred possession of the real estate subject to the purchase agreement to the purchaser under said agreement.

"Owner" does not include the Association. The term "Lot Owner" when used herein shall mean specifically the Owners of Lots, and not other Owners. A lessee, renter or other occupant of a Lot (even if said lessee, renter or occupant has long term rights of possession and control of the Lot) is not an owner and has no rights or obligation of the Owner, except that an Owner may assign to a lessee, renter or occupant who actually occupies the Lot all rights of an Association member for that Lot by express, written assignment delivered to Association. All said assignments are revocable by the Owner at any time by express, written revocation delivered to Association. No Owner who has assigned the Owner's rights as a member as specified herein shall also be entitled to exercise membership rights for that Unit. At the time a lessee, renter or occupant ceases to occupy a Unit for which membership rights have been assigned, said assigned rights shall terminate. The Association Board, in its sole discretion, may refuse to recognize partial assignments of membership rights (except voting proxies).

n. "Single Family Dwelling" means a residential structure, which dwelling is constructed on a Lot.

o. "Subdivision" means the real property described in Exhibit AA, @ development of which is regulated by the County under the PUD and other development approvals (e.g., special use permits, tentative maps), and real estate added to this Declaration pursuant to a development right. References to parcel maps, tentative maps and final maps refer to such maps under the PUD, as amended, or said subsequent County approvals.

p. "Unit" means collectively all Lots and Non-residential Areas.

The following are other basic provisions:

- q. Except when not in conflict with a definition specified above in this Article, the terms used herein shall have the same meanings and definitions as are used in NRS Chapter 116.
- r. The name of the Subdivision shall be the Santa Maria Ranch and the name of the association formed under Article II hereof to own and manage Common Area shall be the Santa Maria Ranch Home Owners Association ("Association"). The Subdivision is a planned community, as defined in NRS Chapter 116.
- s. The maximum number of Lots within Exhibit "A" that Declarant has created is 568 Lots; however, Non-residential Units and additional lots may be created by special use permit, parcel map, amendment to the PUD or tentative map, if the County so approves, and additional units may be created by annexation of land or as otherwise specified herein. Units may also be reduced by withdrawal of real estate or as otherwise specified herein.
- t. The depiction of the boundaries of each Lot created by the Declaration is described in the Site Plan, Exhibit "C," as amended by tentative maps, final maps and parcel maps as development progresses. The location and boundaries of all Units are subject to change.
- u. Real estate that is or must become common elements is described in the PUD and this Declaration.
- v. Real estate may be allocated subsequently as limited common elements within areas of the Subdivision. Limited common elements are generally amenities which benefit a limited class of members, and may include gatehouses, gates and entryways; recreation areas such as pools, tennis courts, community centers, playgrounds, clubhouses; private streets; and other uses defined herein for Common Area.
- w. Declarant reserves all developmental rights and special declarant rights on real estate within the Subdivision, including real estate annexed to the Subdivision, and on other real estate as provided below in this subsection, for a period of thirty (30) years from the date hereof, including without limitation, the rights:
 - 1. To create Lots or common elements, subdivide Lots or convert Lots into common elements, or withdraw real estate within the Subdivision in all areas described on Exhibit "A," until said real estate is subject to a

building permit or recorded final map, and as otherwise specified herein, at any time within the term of this Declaration;

2. To complete improvements indicated on plats and plans or in this Declaration on all areas described on Exhibit "A" at any time within the term of this Declaration;
 3. To exercise as a special declarant's right any development right reserved in subsections (a) to (bb) of this subsection;
 4. To maintain sales offices, management offices, watchmen's quarters or security offices, construction offices, equipment and material storage areas, signs advertising the Subdivision, and to conduct other activities reasonably related to Subdivision development on all areas described on Exhibit "A" at any time within the term of this Declaration. The right of the Declarant to decide the number, size, location and relocation thereof, shall be exercised in its sole discretion;
 5. To use easements through the Subdivision, including common elements, for the purpose of making improvements within the Subdivision whether said easements exist now or are hereafter created, within the term of this Declaration;
 6. To make the Subdivision subject to a master association affecting all or any portion of areas of Exhibit "A" at any time within the term of this Declaration;
 7. To merge or consolidate the Subdivision with another common interest community on adjacent real property of the same form of ownership at any time within the term of this Declaration;
 8. To appoint or remove any officer of the Association or any member of its Executive Board during any period of Declarant's control (as hereinafter defined and as defined in the Act), affecting all areas described on Exhibit "A;"
 9. To add real estate, and to exercise any developmental right or special declarant right, to issue any variance, (all of which are hereby reserved), consisting of any real property adjacent to the Subdivision.
- x. As to any developmental right which may be exercised with regard to different parcels of real estate at different times:

1. Declarant makes no assurances regarding the boundaries of those parcels or the order in which those parcels may be subjected to the exercise of each development right; and,
 2. Any developmental right exercised in any portion of the real estate subject to that developmental right does not require the exercise of that developmental right in any other portion of the remainder of the real estate.
- y. There are no other conditions or limitations under which the rights described in subsection (w) of this Section 2 may be exercised or will lapse.
- z. Each of the Lots and Equivalent Lots within the Subdivision shall have the following allocated interests:
1. A fraction or percentage of the common expenses of the Association equal to 1 divided by the total number of Lots and Equivalent Lots which have reached the Assessment Threshold. This allocation is established because during the phased construction of the Subdivision when common expenses of the Association benefit fewer than all the Lots and Equivalent Lots (i.e. the Units which have dwellings or business as capable of being occupied are benefited by the expenses), and should be assessed exclusively against the Lots and Equivalent Lots benefited; and
 2. One vote in the Association for each Lot, for a total of 568 votes arising from Lots based on Exhibit "A," plus one vote for each Lot and Equivalent Lot annexed in the future and one vote for Equivalent Lots allocated to Non-residential Units. The withdrawal of Lots or other Units by Declarant (i.e., election to create fewer than 568 Lots within Exhibit "A" or withdrawal of Lots after annexation) or other reduction of Lots does not affect the liability for common expenses of each remaining Lot or Equivalent Lot and may increase the proportionate share of responsibility for common expenses of Lots and Equivalent Lots which have reached the Assessment Threshold; the withdrawal of real estate or reduction of Lots shall reduce the total number of votes in the Association by the number of Lots withdrawn or reduced, thereby changing the proportional voting power of each Lot and Equivalent Lot accordingly.
- aa. All restrictions on use and occupancy are stated in Articles IV, V and VI hereof.
- bb. The recording data where easements and licenses are recorded are contained in the records of the Lyon County Recorder, State of Nevada. Easements and

other recorded matters existing at the time of execution of this Declaration are specified in Exhibit "C."

Section 3. Lot Boundary Relocations.

Boundaries of Units may be relocated:

- a. For Lots owned by Declarant or owned by another, with the Owner's consent, and subject to a recorded final map, by amendment to the final map, by parcel map or by boundary line adjustment pursuant to the procedures prescribed by the County;
- b. For Units not delineated on a final map, by recordation of a final map or parcel map delineating the Units and incorporating the boundary relocation; or,
- c. For Lots delineated on a final map, if two or more adjacent Lots are purchased by a person or developed by Declarant with the intent of constructing only one single family dwelling on the Lots, then upon notice of said intent to Association, said Lots shall be considered as one Lot for the purpose of allocated interests in voting and assessments under subsection (z) of Section 2 of this Article.

Section 4. Lot Subdivision.

A Lot not delineated on a final map may be subdivided into two or more Lots by Declarant at the time it is delineated on a final map, so long as each Lot in the Subdivision contains the minimum square footage required by tentative map and the total Lots in the Subdivision do not exceed the maximum number allowed by law (or additional Lots as allowed herein), without following the procedure prescribed in NRS 116.2113 and without any approval by the Association.

Section 5. Modification.

The provisions of this Article I may not be modified, amended, terminated or abridged without the consent of Declarant.

Section 6. Annexation of Additional Real Estate.

The real property described in Exhibit "A-1" is intended to be added to the Subdivision and is hereby declared a part of the plan for annexation and expansion. Exhibit "A-1," in whole or in part, and other real property in the vicinity of the Subdivision are not subject to this Declaration at this time, but may be annexed to the Subdivision and become subject to this Declaration by a Notice of Annexation duly recorded in the office of the Lyon County Recorder, provided that the land so annexed is a part of the PUD or a tentative map approval, and Declarant approves said annexation, in Declarant's sole discretion. Any annexation shall expand the members and the voting power of the Association in an amount equal to the Units

allowed by the PUD or any tentative map. Any PUD or tentative map requirements of the County for annexed property, or other supplemental provisions which must be stated in the Declaration may be added to the Notice of Annexation, or may be provided by a supplemental, amended or restated Declaration applicable to the annexed land.

ARTICLE II
SANTA MARIA RANCH OWNERS ASSOCIATION

Section 1. Purpose.

The purpose of the Association shall be to:

- a. Own and maintain all easements and deeded real property for Common Area within the Subdivision; including without limitation the funding, operation and maintenance of the following common elements: recreational and community facilities; parks; paths; sidewalks; trails; open space; fences; landscaping; gates; gatehouses; signs; entry ways; drainage ways and drainage facilities; private streets and curbs; private security; recreational vehicle storage; snow removal (private streets only) and storage areas; landscaping; fire modification and fuel breaks; residential parking areas; lighting; surface water detention areas; wildlife habitat and buffer mitigation areas; and access roads.
- b. Perform wildlife management, regulation and enforcement pursuant to provisions of the Handbook and agreements with the Nevada Division of Wildlife.
- c. Create and enforce a landscape maintenance program to enhance rangeland fire protection by fuel modification and defensible space.
- d. Enforce and administer any provisions of this Declaration pertaining to Association's rights, obligations, powers and duties.
- e. Sponsor, organize and encourage community events, special events, or activities, either within the Subdivision or for members of the Association, which enhance the concept and feeling of community for Santa Maria Ranch or promote Santa Maria Ranch as an attractive living environment.
- f. Own, operate and contract for voice, video and data communications lines and facilities, and provide voice, video and data service to Owners, subject to Declarant approval.

The Association shall have no other purpose than those specified herein, and shall expressly be prohibited from representing the Owners and occupants of Units within the Subdivision on issues of land use, planning, municipal annexation, master plan amendments, growth, area development or similar matters.

The Association shall purchase or lease any and all equipment, materials and supplies necessary to undertake its duties imposed by this Declaration, its Articles and Bylaws. The Association may purchase or lease any equipment, materials and supplies from the Declarant provided the purchase price shall be the fair market value thereof.

The Association in the discretion of the Board may allow certain Common Areas to be used by the public, with or without a fee. For example, certain Common Area trails and open space may be open to the public without charge; or recreational facilities may allow paid memberships or rent space for use by persons other than Unit Owners.

The Association may, but shall not be obligated to, maintain or support certain activities within the Subdivision designed to make the Subdivision safer than it otherwise might be. However, each Owner and occupant of a Lot, and their respective guests, licensees and invitees, shall be responsible for their own personal safety and the security of their property in the Subdivision. The Association may, but shall not be obligated to, maintain or support certain activities within the Subdivision designed to enhance the level of safety or security for persons or property which each Owner or person provides. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Subdivision, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Subdivision or any limited common areas, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each person within the Subdivision assumes all risks of personal injury and loss or damage to property, including Lots, improvements to Lots and the contents of kept on any Lot, resulting from acts of third parties.

Section 2. Formation and Management Under Article 3 of NRS Chapter 116.

The Association shall be a non profit Nevada corporation formed under Chapter 82 of the Nevada Revised Statutes. The Association is not authorized to have and shall not issue any capital stock. Not later than the date of recordation of this Declaration, Declarant shall cause the Articles of Incorporation to be filed with the Nevada Secretary of State. The Association shall be charged with the duties and invested with the powers set forth in the Articles, Bylaws, and this Declaration.

Section 3. Association Powers and Membership.

The Association shall have all powers enumerated in NRS 116.3102 which do not conflict or are not inconsistent with the Section 1 of this Article. All Lot Owners in the Subdivision, and all owners of Equivalent Lots shall be members.

Section 4. Officers and Members of Board.

The governing body of the Association shall be called the Executive Board, the Board of Directors or the Board (all of which names shall refer to the same entity). The Board may act in all instances on behalf of the Association, subject to the provisions of this Declaration, the Association Articles, the Bylaws and the applicable provisions of Nevada law.

Section 5. Declarant Control.

Subject to the provisions of NRS 116.31032 and during the maximum time period stated in NRS 116.31032, Declarant shall control the Association. During this period, Declarant, or persons designated by it, may appoint or remove the officers and members of the Board.

Section 6. Budget.

The Board shall adopt a proposed budget for each calendar year based on the projected common expenses of the Association, which shall include a reasonable reserve. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. Unless at that meeting 75% of all voting power of Owners rejects 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.

Section 7. Title to Common Area.

Within one (1) year of recordation of a final map for each phase of the Subdivision, the developer of the final map shall deed to Association all its right, title and interest to the easements for the Common Area designated by the final map, if the final map does not itself create said easements. Within one (1) year of recordation of a final map for each phase of the Subdivision, the developer of the final map shall deed to Association all its right, title and interest in fee ownership of Common Area delineated within the final map to be owned in fee by the Association, fully improved with all improvements (if any) required by the PUD Handbook, final map, government conditions or guidelines (i.e., trails, rock walls, structures, underground irrigation systems and water rights there for, landscaping, vegetation, etc.). All land not within a Unit in the Subdivision and not dedicated to a public entity or utility purveyor shall be Common Area. Dedication of Common Area to the Association may be delayed if all improvements to be constructed on the Common Area have not been completed. No Common Area easements or deeds may be granted to the Association for dedication of Common Area unless the Association has accepted and approved the conveyance. The Association Board shall adopt policies and procedures for dedication of improved Common Area to verify and confirm that improvements have been constructed in a good and workmanlike manner; and the improved Common Area is of a type and nature intended by this Declaration to be dedicated to the Association for maintenance, use and ownership. In circumstances where the owner and developer of the proposed Common Area to be dedicated to the Association, by easement or deed, is a Tract Builder or other entity than Declarant, then Declarant must also approve the dedication to the Association, even if Declarant has assigned to the Tract Builder or other

entity its Declarant rights associated with the portion of the Subdivision in which the proposed Common Area to be dedicated is located.

After dedication of improved Common Area (e.g. recreational facilities), the continued operation, usage, fees and other policies related thereto shall be the sole responsibility of the Association and Declarant shall have no liability therefor.

Section 8. Meetings.

A meeting of Owners with voting power in the Association must be held at least once each year, or as otherwise specified by law. Special meetings of the Association may be called by the president, a majority of the Board or by Owners having twenty (20%) percent, or any lower percentage specified in the Bylaws, of the voting power in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by Owners. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to this Declaration or Bylaws, any budgetary changes and any proposal to remove an officer or member of the Executive Board.

Section 9. Quorums and Voting.

Quorums and voting at meetings shall be as specified in NRS 116.3109 and 116.311, and as provided in the Bylaws. Only Owners of Lots have voting power. Lessees of Lots may not, except by written proxy as specified in NRS 116.311, exercise voting power.

Section 10. Transfer of Voting Power.

Voting power in the Association is vested in each person or entity who owns a Lot or Equivalent Lot, shall be appurtenant thereto, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such real estate, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest shall be operate automatically to transfer the appurtenant membership rights and obligations in the Association to the new Owner. Immediately after any transfer of title, either the transferring Owner or the acquiring Owner shall give notice to the Association of such transfer, including the name and address of the acquiring Owner and the date of transfer.

Section 11. Inspection of Association Books and Records.

Books, records and other papers of the Association shall be made available for inspection and copying by any Owner, or his duly appointed representative, or any beneficiary of a deed of trust encumbering real estate in the Subdivision for review as provided in NRS 116.31175 and 116.31177. The Association may charge a reasonable fee for any copies made at an Owner's request.

Section 12. Ownership of Common Area.

Owners and the Association shall make no attempt to divert or alter the platted configuration of any Common Area or change the equal voting power, as defined herein, of Owners, except as otherwise provided herein.

Section 13. Notices.

All notices hereunder to the Association or its Board shall be sent by registered or certified mail to the Board at such places as the Board may designate from time to time by notice in writing to all members. Except as provided otherwise in the Act, all notices to any Owner shall be hand delivered or sent prepaid by mail to Lots or to such other address as may be designated by an Owner from time to time, in writing, to the Board. All notices to other interested persons shall be mailed to such address as such person shall designate in writing to the Board. All notices shall be deemed to have been given when mailed or hand delivered except notices of change of address, which shall be deemed to have been given when received, unless as otherwise provided herein.

Section 14. Insurance.

The insurance requirements and provisions of NRS 116.3113 through 116.31138 shall be complied with by the Association and shall be common expenses.

Section 15. Fines.

Subject to provisions of the Act, the Association shall have the power to levy fines and other charges against Owners, as a monetary penalty and to reimburse the Association for the costs of enforcement of any provisions of this Declaration, for the violation of any provisions of Articles IV, V and VI, including the violation of any rules or regulations or other requirements promulgated by the Board or the Committee.

Section 16. Rules and Regulations.

The Board may promulgate rules and regulations which elaborate on or add to the provisions of Article IV without first obtaining membership approval or consent, unless prohibited by the Act.

Section 17. Other CC&Rs and Associations.

Nothing contained herein shall prohibit or impair the recordation of additional or supplemental covenants, conditions and restrictions (and the establishing of one or more owners associations related thereto) which apply to only a portion of the Subdivision, in order to (among other purposes) establish rights and obligations regarding limited common elements allowed pursuant to Subsection 2(z) of Article I; provided all Owners subject thereto and the Declarant consent, and provided further that any conflict between the provisions of additional or supplemental covenants, conditions and restrictions and this Declaration shall be governed by the provisions hereof.

Section 18. Limited Common Area Units.

Declarant anticipates that certain single family subdivision areas within the PUD may have some or all of the following features: private streets; gated, restricted access; extensive

landscaping; or Association maintenance of exterior walls and roofs, Lot landscaping, driveways and common walkways. These features will be limited Common Areas of the Association for which the Owners benefited by them will bear the assessment burden for them. The particular portion of the single family subdivision so benefited and burdened shall be referred to as a "Limited Common Area Unit".

Limited Common Area Units shall be created as follows, and have the following characteristics:

- a. Limited Common Area Units may be created only by the Declarant or with the consent of the Declarant. After recordation of the final map(s) or parcel maps, a Limited Common Area Unit may be created by recordation of a Supplemental Covenants And Easements against the Limited Common Area Unit establishing the limited common area easements, rights and obligations of the Association, rights and obligations of each Lot Owner, a Unit Class consisting of the Lot Owners of each Limited Common Area Unit, use restrictions (if applicable), and other matters related thereto.
- b. Each Limited Common Area Unit shall have separate assessment surcharges, a separate budget, and separate governance and control (as specified herein) by the Unit Class of that Limited Common Area Unit.
- c. A standing committee of the Association shall be established for each Limited Common Area Unit (generally referred to as "Unit Committees") upon recordation of the Supplemental Covenants and Easements creating the Unit. Each Unit Committee shall have three (3) members and all Unit Committee members shall be Lot Owners in their respective Limited Common Area Unit, except during the period of Declarant control, as specified below. The Board shall acknowledge and facilitate the organization of future Unit Committees as each new Unit is created.
- d. Members of a Unit Committee shall be elected annually only by its Unit Class in the same manner and using the same procedure as for the Board election by all Association members. The Declarant shall have the same right to appoint Unit Committee members (appointees need not be Unit Class members) and to control the Committee as the Declarant has for Board members, pursuant to Section S of Article II of this Declaration.
- e. Each Unit Committee shall be responsible for creating its annual Unit budget for limited Common Areas, and establishing Unit assessment surcharges for limited common expenses, both of which shall be proposed and ratified

annually by the Unit Class in the same manner, and using the same procedure as for the Association budget. Amendments to an approved budget or changes in approved assessment surcharges may be proposed by the Unit Committee, and are subject to Unit Class ratification. Each Unit Committee shall also be solely responsible for administering and enforcing the rights and obligations of the Association regarding repair and maintenance of limited Common Areas in its respective Unit and other duties specified in the Unit's Supplemental Covenants And Easements.

- f. Neither the Association membership nor the Board shall have the right to veto, overrule, control or govern the affairs delegated to a Unit Committee hereby to administer and enforce the Association activities for the limited Common Areas and limited common expenses in that Unit.
- g. Each Unit Class shall meet at least annually to elect Unit Committee members and ratify the Unit budget and assessment surcharges. Each Unit Committee shall meet as needed; but not less than once a year, to conduct its business. Notices of Unit Class meetings and Unit Committee meetings shall be given to all members of the Unit Class in the same manner, and using the same procedure as meetings of Association members and meetings of the Board, respectively. Vacancies in Unit Committee membership may be filled by mid-term elections or left vacant, in the discretion of the Unit Committee. Rules relating to proxies, quorums, conduct of meetings, agendas, notices and voting shall be the same as for the Board.
- h. All assessment surcharges for each Limited Common Area Unit shall be deposited in a separate Association bank account and shall not be co-mingled with general Association revenues. A separate Limited Common Area Unit reserve account shall also be established and used for repair of limited common elements necessary, and also shall not be co-mingled with general Association revenues or reserves.

The Association may have limited Common Areas and elements not designated Limited Common Area Units and not governed by Unit Committees, subject to compliance with the provisions of this Declaration and the Act that members benefitted by limited common elements shall bear the burden of assessment responsibility therefor. The provisions of this Section relating to Limited Common Area Units provide a nonexclusive approach to designation, governance, assessment, use and enjoyment of certain types of limited common elements and areas within the Subdivision.

ARTICLE III ASSESSMENTS

Section 1. Agreement to Pay.

Declarant, for each Lot owned by it in the Subdivision and each Equivalent Lot that is expressly made subject to assessments as set forth in this Declaration, and each Owner, by its acceptance of a deed for each Unit owned, covenants and agrees to pay to the Association such regular and special assessments as are established, made, and collected as provided in this Declaration. An Owner shall not be assessed for common expenses unless the Assessment Threshold for his real estate is reached. A Lot Owner shall nevertheless have all voting rights and other rights incident thereto as provided in this Declaration, the Articles and the Bylaws. Transfer fees, fines and all other sums charged or levied by the Association to an Owner pursuant to the provisions of this Declaration shall be deemed assessments for purposes of this Article.

Section 2. Personal Obligations.

Each assessment, together with any late charge, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the person or entity who was an Owner subject to the assessment at the time such assessment or instalment became due and payable. If more than one person or entity was the Owner, the personal obligation to pay such assessment or instalment respecting such real estate shall be both joint and several. Subject to the provisions of Article IX, Section 2, a purchaser of a Lot shall be jointly and severally liable with the seller for all unpaid assessments against the real estate without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such personal obligation by abandonment of its real estate.

Section 3. Purpose and Amount of Assessments.

The assessments levied by the Association shall be determined by the Board and shall be the amount estimated to be required, on an annual basis, and shall be used exclusively, to promote the Association purposes specified in Article II, Section 1 for the performance of the duties of the Association as set forth in this Declaration, and for the repair, maintenance and upkeep of Association property. Funds held by the Association shall be held, to the extent possible, in interest-bearing accounts.

Section 4. Annual Assessments.

Not less than sixty (60) days before the beginning of each calendar year of the Association, the Board shall meet for the purpose of preparing the proposed operating statement or budget for the forthcoming calendar year (the calendar year shall be the fiscal year unless the Board specifies otherwise), and establishing the annual assessment for the forthcoming calendar year, subject to the power of disapproval of the Lot and Equivalent Lot Owners, as specified in Section 6 of Article II; provided, however, the Board may not establish an annual assessment amount per Lot or Equivalent Lot for any calendar year which increases by more than fifteen (15) percent over the annual assessment per Lot or Equivalent Lot of the prior year (except the first such year if it should be less than twelve (12) months), without the approval by vote or written consent of Owners holding a majority of the voting rights.

Section 5. Special Assessments.

If the Board of Directors 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, delinquencies in the payment of assessments, then the Board shall determine the approximate amount necessary to defray such expenses; and if the amount is approved by a majority vote of the Board, it shall become a special assessment; provided, however, the Board may not approve one or more special assessments in any calendar year which in the aggregate exceed twenty-five (25) percent of the annual assessment per Unit for that calendar year, without the approval by vote or written consent of Owners holding a majority of the voting rights. 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 and Equivalent Lot Owner. Additionally, the Association shall have the power to incur expenses for maintenance and repair of the improvements on any Unit and for other costs of remedying violations of provisions of this Declaration, when an Owner is in violation of provisions of this Declaration, provided the Unit Owner has failed or refused to cure the violation within thirty (30) days after written notice of the necessity of such cure has been delivered by the Board to such Unit Owner, or to commence to cure the violation within such thirty (30) day period, and diligently pursue the same to completion within a reasonable time thereafter, if more than thirty (30) days is reasonably required to cure. The Board may levy a special assessment against an Owner to pay for all costs the Association incurs to enforce provisions of the Declaration caused by the conduct of an Owner in violation hereof.

Section 6. Uniform Rate of Assessment.

Except for assessments related to limited common elements, or as otherwise specifically provided in this Declaration, annual and special assessments of the Association must be fixed at a uniform rate for all real estate subject to assessments.

Section 7. Assessment Period.

The annual assessment period shall commence on January 1 of each year and shall terminate on December 31 of such year; and annual assessments shall be payable in advance monthly unless the Board adopts some other basis for collection. However, the initial annual assessment for each Lot or Equivalent Lot shall be prorated for the calendar year in which the assessment becomes due and, if possible, shall be paid from escrow on the purchase of the Unit.

Section 8. Notice of Assessments: Time for Payment.

The Association may, in its discretion, give written notice of assessments to each Owner, which notice shall specify the amount of the assessment and the date or dates of payment of the same. No payment shall be due fewer than fifteen (15) days after such written notice has been given. Each delinquent assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due together with a late charge of TWENTY-FIVE DOLLARS AND NO/100 (\$25.00) for each delinquent installment. An assessment payment is delinquent if not paid within thirty (30) days after its due date. Failure

of the Association to give notice of the assessment shall not affect the liability of the Owner for such assessment, but the date when payment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given.

Section 9. Statement of Account.

Upon payment of a reasonable fee, and upon written request of any Owner or any beneficiary of a deed of trust, prospective beneficiary, or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such real estate, the amount of the current periodic assessment, transfer fees, and the date that such assessment becomes or became due, which statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within thirty (30) days, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a deed of trust of the requesting beneficiary which acquired its interest subsequent to requesting such statement.

Section 10. Collection of Assessments.

The right to collect and enforce assessments is vested in the Board acting for and on behalf of the Association. The Board of Directors or its authorized representative, including any manager, can enforce the obligations of the Owners to pay assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may enforce assessments by judicial proceedings or, to the extent permitted by the Act, through the exercise of the power of sale granted to the Board. Suit to recover a money judgment against an Owner for unpaid assessments together with all other amounts allowed by law or described in this Article shall be maintainable without first foreclosing against the real estate subject to the lien for such assessment or waiving the lien rights granted hereby.

Section 11. Lien for Assessments; Priority.

All sums assessed for each Unit pursuant to this Article, together with interest, fees, charges, fines and other expenses allowed by law shall be secured by a lien on that Unit in favor of the Association as provided in the Act.

Section 12. Exempt Property. The following property shall be exempt from payment of assessments:

- a. all Common Areas;
- b. any property dedicated to and accepted by any government entity or public utility (including easements); and,
- c. all Units not subject to assessments pursuant to the provisions of the Declaration because the Assessment Threshold there for has not been reached.

Section 13. Suspension of Owner's Rights.

Subject to the provisions of Article XII, Section 2, the Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of membership, including voting rights, to any Owner or to any person claiming under said Owner unless or until: (i) all assessments due on an Owner's real estate for which the Owner is liable have been brought current; and (ii) the Owner has cured any continuing violation of this Declaration found to exist by the Board.

Section 14. Fiscal Year.

The Board may adopt a fiscal year other than the calendar year.

Section 15. Transfer Fees.

Initially after a Unit which has reached its Assessment Threshold, or when a transfer of ownership occurs, a transfer fee shall be charged to said initial transferee by the Association. The initial transfer fee for each Unit shall be \$400.00. After the initial transfer, all subsequent transfers of a Unit e. a. resales) shall cause a transfer fee of \$650.00 to be charged to the transferee by the Association. The Board may set different transfer fees of uniform application to all Units. Those transfers exempted from transfer tax under Nevada Revised Statutes 375.090 shall also be exempt from all Association transfer fees; and bulk transfers of five (5) or more lots at one time to a single entity shall also be exempt from all transfer fees.

**ARTICLE IV
PROPERTY USAGE**

As more particularly specified in Article X, Section 2 and Article VII, Section 1, Declarant and the Owners of Non-residential Areas are exempted from the provisions of this Article IV. All uses by Lot Owners other than Declarant shall comply with the conditions and restrictions of this Article IV.

Section 1. Single Family Only/ Restriction On Rentals.

Except as provided in Section 2 of this Article, only single-family dwelling units used solely for residential purposes, including private garages used in connection with said residences, together with guest or servants' quarters and other outbuildings, only as expressly provided hereinafter, shall be permitted. For purposes of this restriction, a single family shall be defined as any number of persons related by blood, adoption, or marriage living with not more than two persons who are not so related as a single household unit, or no more than three persons who are not so related living together as a single household unit, and the household employees of either such household unit. Leasing of all or part of a single family dwelling is allowed, provided that no rental agreement shall have a duration of less than six (6) months.

Section 2. No Group Homes.

Unless prohibited by law, no residence in the Subdivision may be used for a public boarding house, home for a group of unrelated persons operated or financed by a public or

private institution, sanatorium, hospital, asylum, or institution of any kindred nature, or any other use not permitted by local law.

Section 3. Corner Lot View Obstruction.

No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between 2 and 8 feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a round property corner from the intersection of the street property lines extended. The same sightline limitations shall apply on any Lot within 10 feet from the intersection of a street property line with the edge of a driveway. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 4. No Interference with Drainage.

Each Lot Owner agrees that he will accept the burden of, and not in any way interfere with, the established drainage pattern over his Lot from adjoining or other Units in the Subdivision, or, in the event it is necessary to change the established drainage, that he will make adequate provisions for proper drainage over his Lot. No structure or other material shall be placed or permitted to remain which may damage, interfere with, obstruct, or retard the flow of water through drainage channels, or which may change the direction of flow of such channels. For the purposes hereof, "established" drainage is defined as the drainage which occurred at the time the overall grading of a Lot, including, if applicable, the landscaping of each Lot.

Section 5. Yard Objects.

Art, statuary, decorations and other objects continuously used, placed or displayed in front, side or rear yards are prohibited unless approved as part of a landscaping plan, or otherwise approved in writing by the Committee.

Section 6. Fences and Walls.

Each Lot Owner upon which all or a portion of a wall or fence may be located, agrees at all times to maintain, said wall or fence, unless the Association has assumed responsibility for maintenance as provided in Subsection 1(b) of Article VIII. Each Lot Owner agrees to pay 50% of the initial cost of construction of the common side-yard fencing of each lot.

Section 7. New Structures Only/No Prefabricated Housing.

No existing, used, constructed, or partially constructed structure of any type or nature shall be moved from another place to the Subdivision for any purpose whatsoever. No prefabricated dwelling structures of any end, including without limitation, manufactured homes, mobile homes and modular homes shall be installed in the Subdivision. Prefabricated sheds, garages, and other prefabricated non-dwelling structures are prohibited unless approved by the Committee.

Section 8. Square Footage and Garage Minimums.

Each principal residential dwelling constructed or maintained upon any Lot shall comply with the following requirements for minimum total floor area, exclusive of porches, patios, attached and detached garages, outbuildings, breezeways or walks and shall have garages of sufficient size to totally enclose a minimum of three private passenger automobiles:

- a. Parcel 1: Fire Station
 - b. Parcel 2: 2,700 square feet 3-car garage
- Lots facing Winters Parkway are 2,700 sq. ft. minimum except by variance based on lot size.
- c. Parcel 3: 2,000 square feet 3-car garage
 - d. Parcel 4 2,500 square feet 3-car garage
 - e. Parcel 5 2,000 square feet 3-car garage
 - f. Parcel 6 4,000 square feet 3-car garage
 - g. Parcel 7 2,200 square feet 3-car garage
 - h. Parcel 8 2,400 square feet 3-car garage
 - 1. S.of River (riverfront) 4,000 square feet 3-car garage
(all parcels adjacent to the primary entry road must be 3500 square feet min.)
 - 10. S.of River (interior) 2,800 square feet 3-car garage

Detached servants' quarters and guest quarters, as defined below, shall have a ground floor area of not more than 1,500 square feet, and such servants' quarters and guest quarters cannot be occupied until the principal residential dwelling is completed and occupied, unless approved by variance.

Section 9. Restriction on Number of Dwellings.

No building, structure or improvements shall be constructed, erected, altered, placed or permitted to remain on any Lot other than one (1) dwelling designed for principal residential occupation for not more than one (1) family, together with such related outbuildings and facilities pertinent to said single family residential use. The words "related outbuildings and facilities" may include one additional dwelling if used primarily for servants' quarters and one additional dwelling if used primarily for guest quarters, subject to approval of the Committee.

Section 10. No Water Pollution.

No use on any of the property described herein shall be allowed which in any manner or for any purpose would result in the drainage or dumping of any refuse, sewage or other material which might tend to pollute surface or subterranean waters.

Section 11. No Garbage/Trash Receptacles.

No garbage, refuse, rubbish or obnoxious or offensive material shall be permitted to accumulate, be dumped or buried on any Lots. Lot Owners shall cause garbage and other like material to be disposed of by and in accordance with accepted sanitary practice. Trash receptacles shall be kept hidden from public view at all times, except when placed out for collection. Trash for

collection may be placed on the street right of way line for a period not to exceed twelve (12) hours prior and subsequent to the collection service pickup time.

Section 12. Repair of Damaged Structures.

No building or garage damaged by fire or otherwise damaged so that it becomes unsightly shall be permitted to remain on any Lot. Such structures shall either be promptly rebuilt, refinished, or torn down and removed, and in no case shall the unsightly damage remain longer than three (3) months. Any tear down or removal must have Committee approval.

Section 13. Excavation Restrictions.

No excavating or drilling for minerals, stone, gravel, oil or other hydrocarbons, or earth shall be made upon any Lot other than excavation for necessary construction purposes relating to dwelling units, retaining and perimeter walls, landscaping, outbuildings and pools, contouring, shaping, fencing or generally improving any Lot.

Section 14. Paints and Finishes.

The exterior portions of all houses, buildings, and structures erected or constructed on a Lot shall be stucco or painted with a finish coat of varnish, stain or paint approved by the Committee within thirty (30) days after completion and before occupancy. At no time will the exterior of any houses, building structures and fences be allowed to approach a state of aesthetic deterioration such that they become a visual nuisance. Repainting or re-staining exterior surfaces with the same color as stucco, paint or stain shall not require approval of the Committee. Repainting or re-staining exterior surfaces with another color, or stain other than the original color, shall require the approval of the Committee.

Section 15. Storage Restrictions.

The storage of tools, household effects, inoperable vehicles, machinery and machinery parts, empty or filled containers of trash or other materials, boxes or bags, trash, materials, or other items that shall in appearance detract from the aesthetic values of the property shall be so placed and stored to be concealed from public view.

Section 16. Prohibition of Clothes Lines.

No exterior clothes line shall be installed on any Lot, or any portion of the Lot.

Section 17. Sign and Flag Restrictions.

No sign or billboard of any kind shall be displayed to the public view on any portion of any Lot, except a sign and flag location approved by the Committee, and provided further that one U. S. and one state flag no larger than 3' by 5' each may be displayed on each Lot without approval of the Committee. All residences shall have a designated street address that is easily viewable from the road, of such design that is consistent with the community and approved by the Committee.

Signs not meeting the standards of size, color and other specifications set forth by the Committee, or signs and flags not approved by the Committee may be removed by the Association from the premises where displayed. Removed signs will be held for fourteen (14) days in the

administrative office of the Association to be claimed by the Lot Owner, after which time period they may be destroyed.

Section 18. Garage Requirements.

Every single family dwelling unit constructed shall have on the same Lot enough enclosed automobile storage space for at least the number of automobiles set forth in Section 8 of this Article IV. Carports are prohibited, unless a garage is also provided in accordance with these CC&R's, and the carport is approved by the Committee specifically. All garages shall be minimum three car garages. All garages facing the street shall have a minimum of a two foot jog between the two car Garage and the third car Garage. Garage doors shall be closed at all times except when entering or exiting the garage or cleaning the garage. Garages shall not be converted to living space or used exclusively for storage.

Section 19. Separation of Ownerships.

No Lot may be subject to a deed, conveyance, agreement or other document which would effect or cause a separation into different ownerships of surface and subsurface rights, or any portion thereof. Nothing herein shall prevent the dedication or conveyance of all or a portion of any Lot for use by the public utilities or as a street, in which event the remaining portion of said Lot shall for the purpose of this provision be treated as a whole Lot.

Section 20. No Occupancy without Certificate of Occupancy.

No building, any part of which is designed for dwelling purposes, shall be in any manner occupied while in the course of original construction or until it is completed and the building has received a certificate of occupancy from the applicable government agency.

Section 21. No Violation of Law.

Nothing shall be permitted to occur on a Lot which violates any law, ordinance, statute, rule or regulation of any local, county, state or federal entity.

Section 22. Fire Control Maintenance.

Each Lot Owner shall be responsible for the maintenance of any fire fuel modification areas and firebreak areas located on the Lot, such as removal of certain trees, dead limbs and other dead vegetation. All barbeque appliances must be lidded. Minimum defensible space requirements of applicable governmental entities shall be maintained.

Section 23. Weeds.

Subject to the provisions of Section 30 of this Article, no weeds, uncultivated, diseased or infected vegetation of any kind or character shall be placed or permitted to grow upon any Lot or portion thereof. Such vegetation growing naturally on a Lot must be cut or otherwise removed.

Section 24. Subdividing and Land Use.

Except as otherwise provided herein, regardless of any action of any governmental agency, no Lot may be divided or subdivided to a size less than the size of the Lot created by a final map. The zoning and use of any of the Lots in the Subdivision subject to a final map may not be changed and amended to multiple residential use or commercial use.

Section 25. Paved Surface Requirements.

All driveways, walkways, parking areas and other areas of similar nature shall be paved with a suitable "all-weather" material approved by the Committee, such as asphalt, concrete, paving stones, bomanite, brick or other materials approved by the Committee, within thirty (30) days of the completion of construction of the principal residence. Gravel or loose rock is prohibited. All said surfaces shall be repaired and maintained to a high standard of care and safety.

Section 26. Parking and Storage of Vehicles.

Trailers, campers, boats, recreational vehicles, machinery, motor vehicles (except as specified below), whether they are operative, under repair, junk, inoperative, licensed or unlicensed, or other similar type objects, shall not be placed, stored or parked on streets and shall only be permitted to be parked or stored on Lots if kept in a fully enclosed garage; except that this provision does not preclude operable, licensed passenger vehicles or trucks of up to one (1) ton in capacity which are routinely in use from being parked in private driveways. The intent of this Section is to allow only for the loading and unloading of trailers, campers, boats and recreational vehicles in public view on a Lot and out of a garage. Parking of any passenger vehicle or truck of up to one (1) ton capacity on a street for a period of more than three (3) days without moving the vehicle is prohibited. All vehicles parked in driveways or streets must be in continuous use (i.e., daily, or only short periods when not used). No more than one (1) commercial vehicle of any kind may be parked in a street or driveway at one time.

Section 27. Water Usage/Landscaping Restrictions.

In order to conserve water usage within the Subdivision, the Committee may promulgate restrictions on the nature and extent of irrigated landscaping, and the Association may promulgate use restrictions (e.g., allowed watering days, length of time watering occurs, etc.) on outdoor water use. No Lot Owner shall use more water on an annual basis than the amount of water dedicated to the water utility purveyor for use on that Lot. Any overage of use in excess of the amount of water so dedicated shall be solely the responsibility of the person actually using said excess water.

Section 28. Completion of Construction.

Construction of any improvement, once commenced, shall be pursued diligently to completion. Improvements not so completed or upon which construction has ceased for ninety (90) consecutive days, or which have been partially or totally destroyed and not rebuilt within a reasonable period, shall be deemed nuisances. Declarant or the Association may remove any such nuisance or repair or complete the same at the cost of the Owner provided the Lot Owner has not commenced required work within fourteen (14) days from the date the Association or the Declarant posts a notice to commence such work upon the property and mails a copy of such notice to the Lot Owner at the address appearing on the books of the Association. Such notice shall state the steps to be taken to eliminate the nuisance. Costs of the work shall be added to and become part of the assessments to which the Lot is subject. The Association and Declarant, or any of their agents, employees or contractors, shall not be liable for any damage which may result from any work performed, nor shall

the Association or Declarant, or any of their agents or employees, be liable for any failure to exercise the right to so perform such work on any parcel or Lot.

Section 29. Maintenance of Lots.

All Lots, whether vacant or improved, occupied or unoccupied, shall be maintained in such a manner as to be in compliance with the provisions of this Article and to prevent their becoming unsightly, unsanitary or a hazard to health. If not so maintained, the Association or the Declarant shall have the right, after giving ten (10) days written notice in like manner as above set forth in Section 30 above, through their agents and employees, to undertake such work as may be necessary and desirable to remedy the violation of this Article or the unsightly, unsanitary or hazardous condition, the cost of which shall be added to and become a part of assessment to which such Lot is subject. The Board and the Declarant have sole discretion to determine what is unsightly, unsanitary or hazardous. Neither the Association nor the Declarant, nor any of their agents, employees or contractors, shall be liable for any damage which may result from any maintenance work so performed nor shall the Association or the Declarant, nor any of their agents or employees be liable for any failure to exercise the right to so maintain any Lot.

Section 30. Dead Vegetation and Dead Limbs.

Except as provided in Section 23 of this Article, within thirty (30) days of completion of the main single family dwelling, each Lot Owner shall remove all dead trees, dead limbs and any dead vegetation that remain on a Lot, unless the Committee decides some or all of the removal is not necessary.

Section 31: Disposal of Sanitary Waste.

All permanent plumbing fixtures, including dishwashers, toilets or garbage disposal systems shall be connected to the sanitary sewer system, or, where permitted, an approved septic system, maintained in good condition.

Section 32. Fences and Obstructions.

All fencing allowed on the lots, shall consist of a sand vinyl material or other material as determined by the Committee and at locations approved by the Committee. All privacy fencing around lots shall be 6 feet in height with a 1 foot lattice top. The sand vinyl privacy fence is required on all side-yards to at least the edge of the house closest to the backyard. Lots abutting open space, river walks, parks or walking trails may transition to a two or three rail sand vinyl fence from the edge of the sand vinyl privacy fence for the remaining side yard fence as well as the back yard fence. All other lots are required to have a sand vinyl privacy fence on the side yards and back yard property lines, excepting the 1 acre or larger lots which must have sand vinyl rail fence on the property lines beyond the side-yards of the house on the building pad. The lots located on the south side of the Carson River may apply to the Architectural Control Committee for a variance from this standard providing the variance requested is a higher standard than reflected in this subsection. Any lots that suffer from grade conditions making this standard not practical may apply to the Architectural Committee for a variance. The Declarant may construct a Subdivision boundary fence or Lot boundary fence around all or any part of the Subdivision. This perimeter fence shall not be removed, replaced or changed in any way by Lot Owners. Nothing herein contained shall prevent necessary erection of retaining walls required by topography and approved by the Committee. No fence, wall, hedge, tree, plant, shrub, lawn, or foliage shall be planted, kept or maintained by the Lot

Section 33. Animals/Equestrian Traffic.

Livestock and other animals that are otherwise prohibited by county ordinance or zoning restrictions will not be allowed. Any owner may otherwise keep pets or horses to the extent allowed by county ordinances and zoning restrictions, provided that:

- a. The permitted pets shall be kept, bred, or raised solely as household pets for private use and not for commercial purposes.
- b. No animal or fowl shall be allowed to make an unreasonably loud noises or shall otherwise be allowed to be a nuisance.
- c. No animal shall be permitted out of a structure on a Lot unless in a white vinyl fenced enclosure, nor permitted off a Lot unless such animal is under the control of a person by means of a leash or other reasonable physical restraint.
- d. No pets shall be kept upon a Lot until such time as a certificate of occupancy has been issued for the dwelling on the Lot and adequate provisions approved by the Committee have been made for confining such pets to the Lot.
- e. No dog houses or dog runs are allowed on any Lot, unless such dog houses or dog runs are screened from view by landscaping or fencing and approved by the Committee. Upon request of a Lot Owner, the Committee, in its sole discretion, shall determine for the purposes of this Section whether a particular animal or fowl shall be considered as a permitted pet, whether it is a nuisance, or whether the number of animals or fowl on any Lot is reasonable.

Section 34. Antennae/Exterior Or Roof-Mounted Equipment.

Television antennae and satellite dishes over 18 inches in diameter, and antennae for shortwave or ham radio installations, will not be installed or permitted on any Lot unless screened from public view from all neighboring Lots and Common Areas, and approved by the Committee. No air conditioning units, ducting or other equipment (except antennae and satellite dishes as allowed under this Section) shall be mounted on any roof, or on the front exterior wall or windows of a dwelling; provided that any such equipment mounted on side or rear exterior walls or windows may be allowed if screened from view and approved by the Committee. Any conflict between the provisions of this Section and federal-laws or regulations shall be governed by federal laws and regulations.

Section 35. Pools, Sports and Play Equipment.

No above-grade swimming or wading pools, trampolines, other sports apparatus, swing sets, or children's play equipment may be permanently placed, installed, erected, or attached to any

structure in the Subdivision unless such apparatus is approved by the Committee. In addition, bicycles, toys and children's play equipment, sports apparatus and equipment, motorcycles, ATV's, snowmobiles, and similar vehicles must be garaged or stored in an enclosure or fenced in a manner to be hidden from public view when not in use.

Section 36. Defacing of Common Area.

No tree, shrub, other landscaping or improvement within a Common Area shall be damaged, defaced or removed except at the express direction of the Association.

Section 37. Limited Lot Access.

There shall be no access to or from any Subdivision Lot on the perimeter of the Subdivision or through Common Area except from designated streets or roads as shown on recorded final maps of the Subdivision, unless prior written approval is obtained from the Association.

Section 38. No Access.

Except as otherwise expressly provided in this Declaration, all access to the Nonresidential Areas, Association recreational facilities (except by approved members), from any Lot or the Common Area is prohibited for any purpose, whether it be jogging, walking, bicycling or otherwise, without the consent of an affected property owner or as approved in the conditions of the recorded map.

Section 39. Operation of Motor Vehicles.

Except for authorized maintenance vehicles, no motor vehicle shall be operated in any area within the Subdivision except on a street or driveway. All speed limit and other traffic control signs erected within the Subdivision shall be observed at all times. Motorized vehicles except authorized maintenance vehicles or emergency vehicles are specifically prohibited on all open space, paths, trails, walkways or Common Areas (except streets or parking areas), unless on an access road subject to an access easement for public or private travel.

Section 40. Landscaping/Parkways/Sidewalks.

Each Owner shall be responsible to properly and attractively landscape his Lot pursuant to approved landscape plans in a manner suitable to the character and quality of the Subdivision, and all landscaping shall be maintained to harmonize with and sustain the attractiveness of the Subdivision. Each Lot Owner must establish and maintain landscaping on the Lot to the applicable fire protection districts requirements for minimum defensible space, and all such landscaping shall be continually maintained consistent with the standards of the development, good maintenance practices and the applicable fire protection districts requirements.

Sidewalks located on Lots shall be maintained and repaired by Lot Owners, including snow and ice removal.

Section 41. Disturbing Activities.

Activities which materially disturb or destroy the vegetation, wildlife, or air quality within the Subdivision or which use excessive amounts of water or which result in unreasonable levels of sound or light are prohibited.

Section 42. Discharge of Weapons.

The discharge or use of firearms or other weapons within the Subdivision is prohibited. The terms "firearms and weapons" includes without limitation "B-B" guns, pellet guns, bows and arrows, pistols, rifles, shotguns, sling shots and other firearms and weapons of all types, regardless of size. Nothing in this Section shall be construed to prohibit or limit the ownership or possession of firearms or other weapons within the Subdivision, or the safe use of such weapons in open, unoccupied areas.

Section 43. No Temporary Structures.

No temporary structure of any form type, including self-contained camper trailer units, shall be permitted as a dwelling unit on any Lot or parcel. No garage or outbuilding shall be constructed before commencing construction of the main dwelling unit. No trailer, garage, basement, outbuilding or other structure other than the completed main dwelling unit shall be used for temporary or permanent living quarters, except as provided herein. No covering or tent, if visible from any roadway, is permitted on any Lot for a period longer than 24 hours. Temporary construction-related structures on a Lot for office, storage and other construction uses shall be allowed, subject to approval of the Committee, but only during the period of initial construction of the main dwelling unit on the Lot until issuance of a certificate of occupancy.

Section 44. Prohibition of Noxious Activities.

No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot or Common Area nor shall anything be done within the properties which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. All pertinent provisions of federal state and county law are specifically incorporated into this section. Without limiting the foregoing, no Owner shall permit excessive light, strong odors and smells (e.g., dog feces, compost pile), and noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or resident's enjoyment of his or her Lot or the Common Area, excepting approved construction activities.

Section 45. Business Activities.

No business or commercial activities of any kind whatsoever shall be conducted in any residence or structure on any Lot or on any portion of any Lot without the prior written approval of the Board, provided that the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities, or to the activities of Declarant during the development and sale of the properties. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from maintaining a home office used only by Owner or tenant and to which no employees come, or leasing or renting his or her residence, or conducting any other activities otherwise compatible with a residential use.

Section 46. Machinery and Equipment.

No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private residence or appurtenant structures within the properties, or is associated with a hobby (but not a business) of a Lot resident, provided that no such machinery or equipment may exceed 6 feet in height, weigh more than one ton or be visible from adjacent residences or Common Areas.

Section 47. Disease and Pests.

No Owner shall permit any condition to exist on his or her Lot which may reasonably induce, breed, or harbor infectious plant or animal diseases, rodents or noxious insects.

Section 48. Children.

Each Owner and resident shall be accountable to the remaining Owners, residents, their families, visitors, guests and invitees, for the conduct and behavior of their children and any children temporarily residing in or visiting the Owner/resident and for any property damage caused by such children.

Section 49. Activities Affecting Insurance.

Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance on any policy maintained by the Association without the prior written consent of the Association and no Owner shall permit anything to be done or kept on his or her Lot or within the Common Area which would cause any improvements to be uninsurable against loss by fire or causally or result in the cancellation of insurance covering any Lot or any part of the Common Area.

Section 50. Window Coverings.

Except within 90 days of issuance of a certificate of occupancy, no windows visible from a public street or a Common Area in a house shall be covered, in whole or in part, by materials not manufactured or made to be window coverings. Such inappropriate materials include, but are not limited to, blankets, sheets, newspaper, tarps, towels, rugs and flags.

Section 51. Rear and Side Yard Access.

There shall be no rear or side yard access permitted from any Lots with rear or side yards adjoining a full collector or arterial street, and there shall be a wall or fence constructed and maintained on or near each Lot boundary line on these streets.

Section 52. Slope Stabilization.

Each Owner of a Lot agrees that in the event any slopes or disturbed areas located on the Lot have been planted to comply with local government or Committee requirements for stabilization, the slopes or areas must be revegetated with native vegetation, the Owner shall adequately water the area until vegetation is established and continuously maintain said slopes or disturbed areas.

Section 53. Variances.

The Committee may, in its sole discretion, grant variances to the provisions of this Article IV over which it exercises the power of approval, and the Board may grant variances to any other provisions of this Article IV. Variances may be granted under circumstances where in the opinion and sole discretion of the Committee or Board (as the case may be) the literal application of the

- must be at least 26.57 degrees (6/12 pitch), excepting as allowed for by variance, by the Committee for structures that must be 2 story due to irregular lot size or shape.
4. Exterior walls shall be structurally constructed out of 2x6 wood studs, metal studs, insulated concrete block forms, or wood trusses or structural insulated panels.
 5. The front-yard of each lot shall be landscaped with a minimum of three (3) trees and six (6) shrubs.
 6. The fences of side-yards and back-yard of each lot, north of the river, shall be constructed of sand color vinyl, six feet (6) in height, per the specifications in the CC&R's or as, approved by the Committee. The River front lots South of the River shall be held to a higher standard and approved on a case by case basis.
 7. Each home shall include structural wiring as part of the construction of the home, for home theaters, security cameras, telecommunications and networking of computers. Each home shall comply with Class 1 requirements as established by ANSI/TIA/EIA 570-B Residential Cabling Standard. Each home shall include a structures media enclosure, equal to or better, Channel Vision's C-0012, a 12" enclosure. From the enclosure, home run Cat-5E and RG-6 cables go to each bedroom, kitchen and family room; home theater rooms and home offices, depending on floor plans. Cables are to be terminated in a 2-port multi-media faceplate (G-2GW), Cat-5E to a RJ-45 jack (G-C5AW) and RG-6 to an "F" coupler (G-IFC-W).

Section 4. Views.

No representation or warranties, covenants or agreements are made by Declarant or Association or their agents, with respect to the presence or absence of any current or future view, scene or location advantage from any portion of a Lot within the Subdivision. The view, scene or location advantage may be adversely affected currently or in the future by construction or changes to the following, including, without limitation, residential homes or other structures and facilities, utility facilities, trees and other landscaping, Common Areas, public facilities, streets, neighborhood amenities and other activities, development or occurrences whether on other land or on adjacent and nearby Lots. No representations, warranties, covenants or agreements are made by Declarant, Association or their agents concerning the preservation or permanence of any view, scene or location advantage for the Lot. Association and Declarant are not responsible or liable for any impairment of such view, scene or location advantage for any perceived or actual loss of value of the Lot resulting from such impairment. Lot Owners are solely responsible for analyzing and determining all risks concerning the current and future value of any view, scene or location advantage and the potential or existing impairment thereof and the risks of preserving the view, scene or location advantage.

Section 5. No Drainage Into Common Area.

No alteration of the natural flows of surface water drainage shall be allowed to occur into Common Area, except in designated drainage channels, basins or other drainage facilities designed to accommodate said drainage, unless expressly approved in writing by the Association, in the sole discretion of its Board of Directors.

Section 7. Rules and Regulations.

The Committee may from time to time adopt written rules and regulations of general application governing its procedures and approval criteria, whether as a portion of the Design Guidelines or as separate provisions, which may include, among other things, provisions for the form and content of application; required number of copies of plans and specifications; additional architectural guidelines; construction rules and conduct; provisions for notice of approval or disapproval, and various approval criteria.

Section 8. No Inspection Required.

No inspection of construction for which plans and specifications have been or should be approved by the Committee shall be required of the Committee, although all Committee members shall have the right to inspect all improvements to ascertain compliance with the provisions of Articles V and VI. Any member of the Committee also has the right at all reasonable times and places to enter on a Lot and inspect any structure for purposes of compliance with approved plans and specifications provided such right of entry shall not include the right to enter a completed occupied dwelling without the consent of the occupant.

Section 9. Conformance to Plans Required.

After any plans and specifications and other data submitted have been approved by the Committee, no structure, landscaping or feature approved by the Committee of any kind shall be erected, constructed, placed, altered, or maintained upon a Lot unless the same shall be erected, constructed, or altered in conformity with the plans and specifications, color scheme, and plot plan approved by the Committee. If any structure of any kind shall be erected, constructed, placed, altered, or maintained on a Lot other than in accordance with the plans and specifications, color scheme and plot plan theretofore approved by the Committee, such erection, construction, placing, alterations and maintenance shall be deemed to have been undertaken without the approval of the Committee ever having been obtained.

Section 10. Variances.

The Committee may grant reasonable variances or adjustments from the provisions in this Article where literal application thereof results in unnecessary inconvenience and if the granting thereof in the opinion and sole discretion of the Committee will not be materially detrimental or injurious to other Lot Owners.

Section 11. Certification of Compliance.

At any time prior to completion of construction of an improvement, the Committee may require a certification upon such form as it shall furnish from the Builder, contractor, Lot Owner or a licensed surveyor that such improvement does not violate any height restriction, envelope or set-back rule, Design Guidelines, ordinance or statute, nor encroach upon any easement or right-of-way of record and/or that all construction is in strict compliance with plans approved by the Committee.

Section 12. Compensation and Filing Fee.

Members of the Committee may be compensated by reasonable fees charged for Committee services to those requesting actions by the Committee, if said fees are approved by the Board. As a means of defraying its expenses, the Committee shall require a filing fee set by the Committee to

accompany the submission of plans and specifications for a new single family home and a filing fee for submitting plans for landscaping, remodeling or additions or exterior redecorating color scheme.

Section 13. Liability.

Notwithstanding the approval by the Committee of plans and specifications, neither it, the Declarant, the Association nor any person acting in behalf of any of them shall be responsible in any way for any defects in any plans or specifications or other material submitted to the Committee, nor for any defects in any work done pursuant thereto. Each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof and the adequacy of improvements constructed pursuant thereto. No member of the Committee shall be held liable to any person, whether a Lot Owner or not, on account of any action or decision of the Committee or failure of the Committee to take any action or make any decision.

Section 14. Enforcement.

In the event any improvement shall be commenced without Committee approval as herein required, or in the event any improvement is constructed not in conformance with plans therefor approved by the Committee, or not in conformance with this Declaration, the same shall constitute a violation of this Declaration. In addition to the remedies for violation of any portions of this Declaration set forth herein, the Committee shall also have the power and authority to institute arbitration, legal or other appropriate proceedings to enjoin or otherwise prevent a violation of the provisions of this Declaration, and to recommend fines for levy by the Board. All costs of dispute resolution, including attorney's fees, shall be charged to and paid by the Lot Owner as assessments if the Association prevails.

**ARTICLE VII
PROVISIONS FOR NONRESIDENTIAL AREAS USES**

Section 1. Applicability of Declaration.

All provisions of this Declaration shall apply to the Nonresidential Areas and are binding on their Owners, except the provisions of Articles IV, V and VI. All references to real estate and to Owners in this Declaration shall also refer to the Nonresidential Areas and their Owners, respectively, when the context so applies, unless expressly so stated.

Section 2. Membership in Association and Voting Power.

Each Owner of a Nonresidential Area shall not be a member of the Association and shall have no voting power.

**ARTICLE VIII
OTHER EASEMENTS**

Section 1. Reservation.

The following easements (also constituting irrevocable licenses) over each Lot and all Common Areas, and the right of ingress and egress to the extent reasonably necessary to exercise

such easements, are reserved to Declarant and are granted for the benefit of the utility purveyors, Association and the Declarant:

- a. **Utilities.** Such easements for the installation, maintenance and operation of all utilities as shown on recorded final maps of the Subdivision or otherwise specified in this Section, together with the right to extend all utility services within such easements to other areas being developed within the Subdivision and the right to cut, trim or remove structures, trees and plantings wherever necessary in connection with such installation, maintenance and operation. Utilities for purpose of this Section shall include without limitation water, sewer, gas, electric power, cable TV, telephone and communications. Utilities shall also include telecommunications and electronic communication lines and facilities of Declarant
- b. **Fencing Facing Common Area.** An easement on all applicable Lots to install or maintain (including repair and reconstruction) Lot fencing which faces Common Area or Nonresidential Areas. The Association shall decide for each specific Lot, in the Association's sole discretion, whether any said fencing shall be installed or maintained, in order to enhance or preserve the general appearance of the Subdivision. The Association shall have the right, but not the obligation to do so. Any said fencing located on a Lot not so maintained by the Association shall be maintained by the Lot Owner. The Association may elect to maintain, in its sole discretion, only the side of said fencing facing away from the Lot, in which case the Lot Owner shall maintain the remainder of the fence. In the event the Association elects to maintain a Lot Owner's fence as specified in this subsection, the Lot Owner shall not be charged the expense therefor other than as part of the Lot Owner's pro rata assessment for all Association costs.
- c. **Common Areas.** An easement on, over and under all Common Areas in the Subdivision for the purpose of installing, maintaining and operating utilities to serve any portion of the Subdivision; for purposes of drainage control; for access to any Lot; for the purpose of construction or maintenance of Common Area improvements or Subdivision improvements; and for providing access to undeveloped portions of the Subdivision for any and all purposes at any and all times, including, but not by way of limitation, the right to use said Common Areas during construction of improvements on undeveloped portions of the Subdivision. Utility easements granted by this Subsection are assignable to any utility purveyor requiring use of the easement.
- d. **Signs.** An easement within ten (10) feet of a street or other Common Area for the installation of street signs, regulatory signs, wildlife signs and traffic signs (or other signs reasonably related to the regulation or enforcement of provisions of this Declaration) on all Subdivision Lots, together with the right to cut, trim or remove trees and plantings wherever necessary in connection with such installation, maintenance, repair and reconstruction.

- e. **Snow Plowing and Snow Placement.** An easement within ten (10) feet of any street or other Common Area upon all Subdivision Lots for the placement of snow plowed from that adjacent street or Common Area, provided that this easement is not intended to create a snow storage or dumping area on any Subdivision Lot, but only to allow the berming and placement of snow plowed from a street or other Common Area immediately adjacent to a Lot in order to clear the street of snow for the safe passage of vehicles and pedestrians on the street or other Common Area.

- f. **Right of Entry.** The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons or to perform maintenance allowed or required of Association pursuant to provisions of this Declaration or pursuant to County requirements, as well as for the purpose of insuring or enforcing compliance with this Declaration, which right may be exercised by any member of the Board or the Committee, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation or as provided in Article VI, Section 8, entry shall only be during reasonable hours and after notice to the Lot Owner. This right of entry shall include the right of the Association to enter upon any Lot to cure any condition which may increase the possibility of a fire or other hazard in the event a Lot Owner fails or refuses to cure the condition within a reasonable time after request by the Board. However, the right granted by this Subsection shall not authorize entry into any occupied single family dwelling without permission of the occupant, except by emergency personnel acting in accordance with law in their official capacities.

Section 2. Construction Impacts Easement.

During development of the Subdivision the construction of streets, utilities, homes, structures and other improvements (generally, the "Construction") will produce substantial dust, noise, light (during nighttime hours) and other adverse impacts ("Impacts") within the Subdivision to Owners and their guests, invitees and licensees which may be alleged in the future to constitute a nuisance or otherwise impair the use and enjoyment of the Lots. The term "Impacts" is intended to be construed liberally to include all adverse consequences of Construction activity which might be an annoyance or nuisance, particularly without limitation dust and noise. An easement is hereby granted to all homebuilders, developers, contractors and others (including the Owners for whom they are agents, and their employees, representatives, officers, directors, subcontractors, consultants and agents) creating Impacts during Construction in the Subdivision to cause Impacts to occur. The easement granted in this Section is also a negative covenant running with the land and burdening all Lots. The Easement rights granted herein do not allow or provide a defense against violations of state, federal or local laws, the Aesthetic Guidelines, the Handbook or any rules, regulations or policies of the Committee or Association regarding conduct and activities of construction contractors or their agents.

Section 3. Transfer of Easements.

A conveyance of Common Area to the Association shall also transfer to the Association all easements herein reserved to Declarant which are necessary or convenient to the obligation of the Association to carry out its duties prescribed herein, which transfer shall not diminish the rights in

and to said easements herein reserved to Declarant. Nothing set forth herein shall be construed to impose on Declarant any duty or obligation of maintenance of Common Areas or improvements thereon after conveyance of the Common Areas to the Association.

Section 4. Use or Maintenance by Owners.

The areas of any Lot affected by the easements reserved in this Article shall not be improved with structures placed or permitted to remain (or other activities undertaken) thereon which may damage or interfere with the use of said easements for the purposes herein set forth.

Section 5. Liability for Use of Easement.

No Owner shall have any claim or cause of action against the Declarant, the Association, or the Nonresidential Areas Owners arising out of the use or nonuse by any person of any easement reserved or created by this Declaration.

Section 6. Modification.

None of the easements and rights granted under this Article VIII may be modified, terminated or abridged without the written consent of the persons in whose favor such easements run.

**ARTICLE IX
PROTECTION OF LENDERS**

Section 1. Encumbrance of Lots Permitted.

Any Unit may be encumbered with a deed of trust.

Section 2. Breach of Covenants.

A breach by an Owner of any of the provisions of this Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value; provided, however, the provisions of this Declaration shall be binding upon the Owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

Section 3. Notice of Default.

Upon written request to the Association, the beneficiary of a first deed of trust encumbering real estate subject to this Declaration shall be entitled to written notification from the Association of any default by the Owner of that real estate in the performance of such Owner's obligations under this Declaration that is not cured within ninety (90) days.

Section 4. Insurance Proceeds and Condemnation Awards.

No provision of this Declaration or the Association Articles shall give an Owner, or any other party, priority over any rights of a first deed of trust beneficiary in the case of a distribution to the Owner of insurance proceeds or condemnation awards.

Section 5. Appearance at Meetings.

Because of its financial interest in the Subdivision, any beneficiary of a first deed of trust may appear (but cannot vote) at meetings of the members and the Association Executive Board.

Section 6. Examination of Records.

Beneficiaries of first deeds of trust shall have the right to examine the books and records of the Association and can require the submission of financial data concerning the Association, including annual reports, audits and operating statements as and when furnished to the Owners.

**ARTICLE X
LIMITATION ON RESTRICTIONS**

Section I. General/Assignment.

Declarant and any Successor Declarant may be undertaking the work of constructing improvements to the Subdivision or on Lots. The completion of such construction and the sale or other disposal of the Lots is essential to the establishment and welfare of the Subdivision as a residential community. The rights granted to Declarant which are contained in this Article are personal to Declarant and any Successor Declarant, and may only be transferred by a written, express assignment duly recorded from the Declarant to a Successor Declarant, or from Successor Declarant to another Successor Declarant, and are not assigned merely by the conveyance of title to Units, without such an express assignment. Declarant may assign its rights as to a portion of the Subdivision by express, recorded assignment to a Tract Builder, who shall then be the Successor Declarant as to those Lots subject to the assignment. Such a partial assignment may provide for limitations or qualifications of a Successor Declarant's rights, in the sole discretion of Declarant.

Section 2. Limitations on Restrictions.

Nothing in this Declaration shall be understood or construed to:

- a. Prevent Declarant, its contractors or subcontractors from doing work on the Subdivision or on any Lot whatever is reasonably necessary or advisable in connection with the commencement or completion of the work described in Section 1 of this Article;
- b. Prevent Declarant or its representatives from erecting, constructing, and maintaining on any part of the Subdivision such structures as may be reasonably necessary for the conduct of its business of completing the work, establishing the Subdivision as a mixed use community, and disposing of the Lots by sale, lease, or otherwise;
- c. Prevent Declarant from maintaining such signs on any part of the Subdivision owned by Declarant or by the Association as maybe necessary for the sale, lease, or disposition of Units;
- d. Prevent Declarant from utilizing prefabricated structures or temporary structures as sales offices or for construction activities; and
- e. Allow any Owners or Association to enforce any provision of Articles IV, V and VI against Declarant, it being the intent of this subsection to exempt Declarant completely from compliance with the provisions of Articles IV, V and VI regarding Declarant's activities and Lots owned by Declarant.

**ARTICLE XII
MISCELLANEOUS GENERAL PROVISIONS**

Section 1. Enforcement.

Except as expressly limited herein, Association, Declarant and any Owner shall have the right to enforce the provisions of this Declaration now or hereafter imposed by arbitration as prescribed by Nevada Revised Statutes 38.300-360, or by any proceeding at law or in equity. Failure by the Association, Declarant or by any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter. The Association may establish and impose administrative procedures for resolving claims or disputes arising from the interpretation, application or enforcement of any provisions stated herein or specified in the Articles, Bylaws or rules and regulations adopted by the Association or the Committee.

Section 2. Suspension of Privileges.

The Board may, anything herein to the contrary notwithstanding, suspend all voting rights, other membership rights and all rights to use the Association's Common Areas of any Owner for any period during which any continuing violation of the provisions of this Declaration by such Owner after the existence thereof has been declared by the Board, including a violation by virtue of the failure of a member to comply with the rules and regulations of the Association. The foregoing notwithstanding, during any period in which assessments of any kind on an Owner's Unit are delinquent, all voting rights, ~~other membership rights~~, and all rights to use the Association's Common Areas shall be suspended.

Section 3. Carson River Mercury Site. 50

All Some of the lots located within Santa Maria Ranch are located within the Carson River Mercury Site, which encompasses a 100-mile stretch of the Carson River beginning near Carson City, Nevada, and extending downstream, through the Lahontan Reservoir. Buyer is referred to the following documents which provide additional information regarding this issue, which are available from the Association: (a) the letter to North Tahoe Investment Group, LLC, from the Division of Environmental Protection, Department of Conservation and Natural Resources of the State of Nevada, dated March 1, 2004; (b) the letter to North Tahoe Investment Group, LLC from Western Engineering & Surveying Services, dated February 27, 2004; (c) the Phase One Environmental Site Assessment by Kleinfelder (engineers) dated December 10, 2002; and, (d) the report of Converse Consultants to Dale Denio and North Tahoe Investment Group, LLC dated February 29, 2004; (e) the Soils Sampling Report of Pezonella Associates, Inc. dated March 28, 2003, and (f) the letter dated March __, 2005 from the Nevada ^{Division} Department of Environmental Protection, all of which report upon these conditions. Buyer should be aware of these conditions and take care should any excavation for swimming pools or other in-ground improvements be undertaken which are more than two feet deep.

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Section 4. Severability.

Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Amendment.

This Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time it shall be automatically extended for successive periods of ten (10) years, unless more than fifty percent (50%) of the Owners with voting power agree to terminate this Declaration, effective at the end of the then current term or ten (10) year extension period, in which case a notice signed by said Owners must be executed and recorded. Subject to the provisions of Article I, Section 5, Article VIII, Section 6, and Article X, Section 3, this Declaration may be amended by an instrument signed by more than fifty percent (50%) of the Owners with voting power. Any amendment must be recorded or it has no effect. For purposes of this Section, the signature of one of the Owners, for a Lot or other Unit with more than one Owner, shall be deemed sufficient. During the period of Declarant control as described in Article II, Section 5, if any amendment to this Declaration is not approved by the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, including any successor thereto, if such agency purchases any note, or guarantees or insures the payment of any note, secured by a first deed of trust on any Lot in the Subdivision, then the amendment shall be valid but nevertheless shall have no force and effect on the rights of said agencies regarding any said secured Lot.

Section 6. Declarant Consent To Withdrawal Of Real Estate.

Notwithstanding an assignment by Declarant to a Successor Declarant of all or part of Declarant's rights, no said Successor Declarant shall have the right to withdraw real estate unless the prior written consent of the Declarant, in Declarant's sole discretion, is granted and recorded concurrently with the recorded notice of withdrawal.

Section 7. Approval Or Consent of Declarant.

In all circumstances described herein in which Declarant has the right of approval or consent, said approval or consent and any request for approval shall be in writing. Declarant shall have a minimum of thirty (30) days after a request to approve or deny. If Declarant has not issued its written approval or denial within said thirty (30) days, the request shall be deemed approved. Any partial assignment of Declarant rights to a Tract Builder or other person relating to a specified portion of the Subdivision acquired by that Tract Builder or person shall not include any rights of approval or consent granted by this Declaration to Declarant. Declarant reserves all said rights.

Section 8. Liability.

Declarant shall have no liability for repairs or maintenance of roads, or other improvements, including utility lines, located within the Common Areas of the Subdivision from and after the date of conveyance of such Common Areas to the Association. Neither Declarant, County, the Committee, Association, nor any Owner shall be deemed liable in any manner whatsoever to any other Owner in the Subdivision or third party for any claim, cause of action or alleged damages resulting from:

- a. design concepts, aesthetics, latent or patent errors or defects in design or construction relating to improvements constructed on Lots, whether shown or omitted on any plans and specifications which may be approved by the Committee, or any buildings or structures erected therefrom; and

Section 6. Examination of Records.

Beneficiaries of first deeds of trust shall have the right to examine the books and records of the Association and can require the submission of financial data concerning the Association, including annual reports, audits and operating statements as and when furnished to the Owners.

**ARTICLE X
LIMITATION ON RESTRICTIONS**

Section I. General/Assignment.

Declarant and any Successor Declarant may be undertaking the work of constructing improvements to the Subdivision or on Lots. The completion of such construction and the sale or other disposal of the Lots is essential to the establishment and welfare of the Subdivision as a residential community. The rights granted to Declarant which are contained in this Article are personal to Declarant and any Successor Declarant, and may only be transferred by a written, express assignment duly recorded from the Declarant to a Successor Declarant, or from Successor Declarant to another Successor Declarant, and are not assigned merely by the conveyance of title to Units, without such an express assignment. Declarant may assign its rights as to a portion of the Subdivision by express, recorded assignment to a Tract Builder, who shall then be the Successor Declarant as to those Lots subject to the assignment. Such a partial assignment may provide for limitations or qualifications of a Successor Declarant's rights, in the sole discretion of Declarant.

Section 2. Limitations on Restrictions.

Nothing in this Declaration shall be understood or construed to:

- a. Prevent Declarant, its contractors or subcontractors from doing work on the Subdivision or on any Lot whatever is reasonably necessary or advisable in connection with the commencement or completion of the work described in Section 1 of this Article;
- b. Prevent Declarant or its representatives from erecting, constructing, and maintaining on any part of the Subdivision such structures as may be reasonably necessary for the conduct of its business of completing the work, establishing the Subdivision as a mixed use community, and disposing of the Lots by sale, lease, or otherwise;
- c. Prevent Declarant from maintaining such signs on any part of the Subdivision owned by Declarant or by the Association as maybe necessary for the sale, lease, or disposition of Units;
- d. Prevent Declarant from utilizing prefabricated structures or temporary structures as sales offices or for construction activities; and
- e. Allow any Owners or Association to enforce any provision of Articles IV, V and VI against Declarant, it being the intent of this subsection to exempt Declarant completely from compliance with the provisions of Articles IV, V and VI regarding Declarant's activities and Lots owned by Declarant.

**ARTICLE XII
MISCELLANEOUS GENERAL PROVISIONS**

Section 1. Enforcement.

Except as expressly limited herein, Association, Declarant and any Owner shall have the right to enforce the provisions of this Declaration now or hereafter imposed by arbitration as prescribed by Nevada Revised Statutes 38.300-360, or by any proceeding at law or in equity. Failure by the Association, Declarant or by any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter. The Association may establish and impose administrative procedures for resolving claims or disputes arising from the interpretation, application or enforcement of any provisions stated herein or specified in the Articles, Bylaws or rules and regulations adopted by the Association or the Committee.

Section 2. Suspension of Privileges.

The Board may, anything herein to the contrary notwithstanding, suspend all voting rights, other membership rights and all rights to use the Association's Common Areas of any Owner for any period during which any continuing violation of the provisions of this Declaration by such Owner after the existence thereof has been declared by the Board, including a violation by virtue of the failure of a member to comply with the rules and regulations of the Association. The foregoing notwithstanding, during any period in which assessments of any kind on an Owner's Unit are delinquent, all voting rights, ~~other membership rights~~, and all rights to use the Association's Common Areas shall be suspended.

Section 3. Carson River Mercury Site. 50

All Some of the lots located within Santa Maria Ranch are located within the Carson River Mercury Site, which encompasses a 100-mile stretch of the Carson River beginning near Carson City, Nevada, and extending downstream, through the Lahontan Reservoir. Buyer is referred to the following documents which provide additional information regarding this issue, which are available from the Association: (a) the letter to North Tahoe Investment Group, LLC, from the Division of Environmental Protection, Department of Conservation and Natural Resources of the State of Nevada, dated March 1, 2004; (b) the letter to North Tahoe Investment Group, LLC from Western Engineering & Surveying Services, dated February 27, 2004; (c) the Phase One Environmental Site Assessment by Kleinfelder (engineers) dated December 10, 2002; and, (d) the report of Converse Consultants to Dale Denio and North Tahoe Investment Group, LLC dated February 29, 2004; (e) the Soils Sampling Report of Pezonella Associates, Inc. dated March 28, 2003, and (f) the letter dated March __, 2005 from the Nevada ^{Division} Department of Environmental Protection, all of which report upon these conditions. Buyer should be aware of these conditions and take care should any excavation for swimming pools or other in-ground improvements be undertaken which are more than two feet deep.

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Section 4. Severability.

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Section 5. Amendment.

- b. any waiver of or failure to enforce a provision hereof, or failure to inspect or certify compliance with approved plans and specifications.

Section 9. Attorneys Fees and Costs.

In any action to enforce or administer the provisions hereof, the prevailing party shall be entitled to reasonable attorneys fees and costs.

Section 10. Cumulative Rights/Waiver.

Remedies specified herein are cumulative and any specification of them herein shall not be taken to preclude an aggrieved party's resort to any other remedy at law or in equity. No delay or failure on the part of any aggrieved party to invoke an available remedy in respect of a violation of any provision of this Declaration shall be held to be a waiver by that party of any right available to him upon the recurrence or continuance of said violation or the occurrence of a different violation.

Section 11. Grantee's Acceptance.

Each grantee or purchaser of real estate subject to this Declaration shall, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent Owner, accept such deed or contract upon and subject to each and all of the provisions of this Declaration and to the jurisdiction, rights, powers, privileges and immunities of Declarant and of the Association. By acceptance such grantee or purchaser shall for himself (his heirs, personal representatives, successors and assigns) covenant, consent and agree to and with Declarant, and to and with the grantees and subsequent Owners to keep, observe, comply with and perform all of the provisions of this Declaration and shall further agree to the continuation and completion of the Subdivision and all parts and projected Lots therein.

Section 12. Captions.

Paragraph captions in this Declaration are for convenience only and do not in any way limit or amplify the terms or provisions hereof.

Section 13: Use of the Words "Santa Maria Ranch."

No person shall use the word "Santa Maria Ranch," or Santa Maria Ranch logo, or any derivative of either, or any other term which Declarant may select to name or identify the Subdivision or any component thereof, in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the words "Santa Maria Ranch" in printed or promotional matter solely to specify that particular property is located within the Subdivision, and the Association shall be entitled to use the words "Santa Maria Ranch" in its name and in the normal conduct of its business.

Section 14. Interpretation.

The Association shall have the sole right and authority to interpret any of the provisions of this Declaration, which interpretation shall, so long as the same is reasonable, be conclusive.

Section 15. Choice Of Law; Venue.

This Declaration shall be construed and enforced in accordance with the laws of the State of Nevada, and venue for any action arising from this Declaration shall be in Lyon County, Nevada.

Section 16. Gender And Number.

Unless the contract otherwise requires, when used herein, the singular includes the plural and vice versa, and the masculine includes the feminine and neuter and vice versa.

Section 16. Conflicts.

In all circumstances of conflicts in provisions, the provisions of the Act shall govern over the provisions of the Articles of Incorporation, Association Bylaws or this Declaration; the provisions of the Association Articles of Incorporation shall govern over the provisions of the Association Bylaws or this Declaration; and the provisions of this Declaration shall govern over the provisions of the Association Bylaws.

THE UNDERSIGNED, being the Declarant, has set his hand this ____ day of _____, 2004.

**DAYTON LAND DEVELOPERS
LLC, a Nevada limited liability company**

By _____
DALE DENIO, MANAGER

By _____
GARY HILL, MANAGER

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2005 by Dale Denio and Gary Hill, as managing members of Dayton Land Developers, LLC, a Nevada limited liability company.

Notary Public

