

MONTREUX SUBDIVISION DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

This Declaration is made this ___ day of _____, 1996 by MONTREUX JOINT VENTURE, a Nevada general partnership, hereinafter referred to as "Declarant".

W I T N E S S E T H:

Whereas, except as provided in Article XII Declarant is the owner of certain real property in the County of Washoe ("County"), State of Nevada, as more particularly described in Exhibits "A" and "B", attached hereto and incorporated herein by this reference ("the Subdivision").

Now therefore, 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 XIII, apply to and bind the Golf Course (as hereinafter defined), as specified in Article VIII hereof. The Golf Course is more particularly described on Exhibit "C", attached hereto and incorporated herein. The boundary lines between the Golf Course and the Subdivision may be adjusted in the future on one or more occasions by mutual consent of Declarant and the owner of the Golf Course. No such adjustment shall affect the rights and obligations of any party hereto or any lot owner, and the "Subdivision" and the "Golf Course" shall mean the real property so defined herein, as adjusted by such boundary line adjustments.

The provisions of this Declaration are intended to create mutual equitable servitudes upon each of the lots and parcels in the Subdivision and the Golf Course (as applicable) in favor of each and all other lots and parcels; to create reciprocal rights between the respective owners of all such lots and parcels; to create a privity of contract and estate between the grantees of such lots and parcels, their heirs, successors and assigns; and shall, as to the owner of each lot or parcel, its heirs, successors or assigns operate as covenants running with the land for the benefit of each and all other lots and parcels in the Subdivision and Golf Course and their respective owners, present and future.

ARTICLE I

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 lot owner for assessments, as provided in Article III of this Declaration, commences. The Assessment Threshold for the Golf Course shall be as provided in Subsection 2(dd) of Section 2 of this Article, and 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 acquired by a bona fide third party is deeded to that third party by the final map developer; or
 2. for each lot for which a building permit for any improvement has been issued, the date of issuance.
- b. “Association” means Montreux Homeowners Association, the property owner’s association which is a Nevada nonprofit corporation.
- c. “Board” means the Board of Directors of the Association.
- d. “Builder” means any person who purchases one or more lots for the purpose of construction of improvements for later sale to consumers on parcels of land within the Subdivision, or for resale in the ordinary course of such person's business.
- e. “By-Laws” means the By-Laws of the Association and “Articles” means the Articles of Incorporation of the Association.
- f. “Committee” means the Montreux Design Review 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 (e.g., 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 perimeter fencing, recreational and community facilities, lakes, parks, paths, sidewalks, trails, open space, fences, gates, gatehouses, signs, entry ways, drainage ways and drainage facilities, private streets and curbs, and surface water retention areas. Common Area shall also include open space, in the form of greenbelts, along Galena Creek and Jones Creek within the Subdivision, which shall be connected where possible and used to preserve the natural setting, except that the Association shall have no obligation or responsibility for County public trails or parks within the greenbelts.
- h. “Declarant” means the Montreux Joint Venture, a Nevada general partnership.
- i. “Declaration” means this Declaration and any future amendments hereto.
- j. “Golf Course” means a golf course adjacent to the Subdivision. The Golf Course is not a part of the Subdivision, nor is any portion of the Golf Course also Common Area as defined herein. No right, title or interest whatsoever in the Golf Course is transferred to any lot, parcel or Common Area except through a separate and independent contract with the owner of the Golf Course. The Golf Course includes all facilities located or operated on Exhibit “C”, including without limitation the golf holes, driving range, cart paths, lakes and streams, clubhouse, restrooms, maintenance facilities, cart or caddy facilities, restaurants, parking lots, other recreational facilities, and nurseries. The allocated interest and voting power of the Golf Course shall be calculated and expressed as “equivalent lots”, as specified in Article VII, Section 2.
- k. “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, antenna/satellite dishes, walls, tennis courts, swimming pools and any other structures of any type or kind.
- l. “Lot” means any single family lot shown on a tentative map or final map, and intended for improvement with a single family residence.

- m. "Owner" or lot owner means:
 - 1. Any person or legal entity, including Declarant, who holds fee simple title to any lot, unit, or parcel within the Subdivision or, as applicable, the Golf Course; or
 - 2. Any person or legal entity who has contracted to purchase fee title to a lot pursuant to a written agreement recorded in the Washoe 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;
 - 3. The Golf Course owner, where applicable.
- n. "Owner" does not include the Association.
- o. "Montreux" means the Montreux Joint Venture, a Nevada general partnership.
- p. "Single Family Dwelling" means a residential structure, which dwelling is constructed on a lot designated in this Declaration as a single family residential lot.
- q. "Subdivision" means the real property described in Exhibit "A", development of which is regulated by Washoe County under Tentative Map Case No. TM1-1-96, as amended, under Chapter 278 of the Nevada Revised Statutes, the Washoe County Development Code and other applicable laws and regulations, as well as subsequent or amended tentative maps covering all or part of Exhibit "A" and any real estate added to this Declaration pursuant to a development right. References to tentative maps and final maps refer to maps under TM1-1-96, as amended, or said subsequent Washoe County approvals.

The following are other basic provisions:

- r. 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,.
- s. The name of the Subdivision shall be Montreux Subdivision and the name of the association formed under Article II hereof to own and manage Common Area shall be Montreux Homeowners Association ("Association"). The Subdivision is a planned community, as defined in NRS Chapter 116.

- t. The Subdivision is located entirely within Washoe County, Nevada.
- u. The real estate included in the Subdivision is described in Exhibit "A" and the Golf Course is described in Exhibit "C".
- v. The maximum number of units ("lots") that Declarant has created by tentative map is 558 lots for single family dwellings complying with applicable Washoe County land use categories, however, more lots may be created by tentative map, if Washoe County so approves, and additional lots may be created as specified in Article VIII, Section 6, or as otherwise specified herein.
- w. The current tentative map depiction of the boundaries of each lot created by the Declaration is described in Exhibit "B".
- x. Real estate that is or must become common elements is described in Exhibit "B".
- y. Real estate may be allocated subsequently as limited common elements within the area designated as "luxury patio homes" on Exhibit "B", or in other areas of the Subdivision. Limited common elements may include gatehouses and entryways; recreation areas such as pools, playgrounds, clubhouses; and other uses defined herein for common area.
- z. Declarant reserves all developmental rights and special declarant rights on real estate within the Subdivision, and on other real estate as provided below in this subsection, for a period of twenty (20) 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" which are not at this time subject to a recorded final map, 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 (z) to (dd) of this Section;

4. To maintain sales offices, management offices, signs advertising the Subdivision and models 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 common elements for the purpose of making improvements within the Subdivision on all Common Areas within Exhibit "A" or hereafter created, within the term of this Declaration;
 6. To make the Subdivision subject to a master association affecting all 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; and
 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), affecting all areas described on Exhibit "A".
 9. To add real estate, and to exercise any developmental right or special declarant right (all of which are hereby reserved), consisting of any real property adjacent to the Subdivision.
- aa. 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.
- bb. There are no other conditions or limitations under which the rights described in this subsection (z) may be exercised or will lapse.
- cc. Each of the 558 lots described in Exhibit "B" 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 which have reached the Assessment Threshold, less that portion of the common expenses allocated to the Golf Course for its equivalent lots pursuant to the provisions of Article VIII, if any. This allocation is established because during the phased construction of the Subdivision common expenses of the Association benefit fewer than all the lots (i.e., the lots which have dwellings capable of being occupied are benefited by the expenses) and should be assessed exclusively against the lots benefited; and
2. One vote in the Association, for a total of 558 votes plus one vote for each equivalent lot of the golf course allocated to lots. The withdrawal of lots by Declarant (election to create fewer than 558 lots) does not affect the liability for common expenses of each lot; however, the withdrawal of lots shall reduce the total number of votes in the Association by the number of lots withdrawn, thereby changing the proportional voting power of each lot accordingly.

dd. The Golf Course shall have the allocated interests in common expenses and voting power provided in Section 2 of Article VIII and its Assessment Threshold shall be the date on which a private street access to the Golf Course within the Subdivision is completed for public access.

ee. All restrictions on use and occupancy are stated in Articles IV, V and VI hereof.

ff. The recording data where easements and licenses are recorded are contained in the records of the Washoe County Recorder, State of Nevada.

Section 3. Lot Boundary Relocations. Declarant may relocate boundaries:

- a. For lots owned by Declarant or owned by another, with his consent, and subject to a recorded final map, by amendment to the final map or boundary line adjustment pursuant to the procedures prescribed by Washoe County; or
- b. For lots owned by Declarant and not delineated on a final map, by recordation of a final map delineating the lots incorporating the boundary relocation.

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 558, 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.

ARTICLE II

MONTREUX HOMEOWNERS 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 the funding, operation and maintenance of the following common elements: perimeter fencing; recreational and community facilities; lakes; parks; paths; sidewalks; trails; open space; fences; gates; gatehouses; signs; entry ways; drainage ways and drainage facilities; private streets and curbs; private security and surface water retention areas.
- b. Provide after October 1, 1997, for removal of ice and snow from roads and parking areas owned by the Association at any time when such a condition may restrain access within the Subdivision or present a hazard. The Association shall either contract for snow and ice removal or acquire equipment and hire personnel to effect the provisions of this subsection. In the event that snow removal operations require exporting of snow or ice from roads or parking areas, said material may be exported outside the perimeter of the Subdivision to a suitable location. If a suitable location is not available, then material will be deposited within the perimeter of the development on an open green area or common area in such a manner as to not unreasonably restrict access or create a unreasonable hazard to any road, parking area or common walkway.
- c. Maintain after July 1, 1998 twenty-four hour security at the entrance gate unless the Board decides otherwise. Full time security need not be maintained, however, prior to the time thirty-five (35) living units within the Subdivision are occupied, during which time only such security as the Board may deem necessary or desirable shall be maintained.

d. Enforce and administer any provisions of this Declaration pertaining to Association's rights, obligations, powers and duties or required by Washoe County; including, at a minimum, the funding of the maintenance, replacement and perpetuation of the following Subdivision amenities:

- (1) Private roads within the Subdivision.
- (2) Common area landscaping and maintenance.
- (3) Entrance gates.
- (4) Snow removal and storage areas.
- (5) Streetscapes, including lighting and signs
- (6) Fire fuel breaks on open space.
- (7) Detention basins and the accumulated sediment.
- (8) Storm drainage system.
- (9) Private bicycle and pedestrian paths.

The Association may have other purposes than those specified herein, if allowed by law and not contrary to the provisions of this Declaration, the Association Articles Of Incorporation or the Bylaws.

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

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. Neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Subdivision, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system 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 covenants to inform its tenants that the Association, the Board and the Declarant, are not insurers or liable to persons living in or visiting the Subdivision for conduct resulting from acts of third parties.

Section 2. Formation And Management Under Article 3 of NRS Chapter 16. The Association shall be a nonprofit 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. 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.

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 lot owners, and shall set a date for a meeting of the lot 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 owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the owners must be continued until such time as the owners ratify a subsequent budget proposed by the Board (NRS 116.3103(3)).

Section 7. Title To Common Area. Within sixty (60) days of recordation of a final map for each phase of the Subdivision, Declarant 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, Declarant shall deed to Association all its right, title and interest in fee ownership of Common Area to be owned in fee by the Association. All land not within a lot in the Subdivision and not dedicated to a governmental entity shall be Common Area. No portion of the Golf Course shall be Common Area.

Section 8. Meetings. A meeting of lot 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 votes 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 the lot owner.

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 (NRS 116.3108).

Section 9. Quorums and Voting. Quorums and voting at meetings shall be as specified in NRS 116.3109 and 116.3110, and as provided in the Bylaws. Only owners of lots and the Course Owner (as hereinafter defined) have voting power. Lessees of lots may not, except by written proxy as specified in NRS 116.3110 or as specified in Subsection 2(m) of Article I, exercise owners' voting power.

Section 10. Transfer of Voting Power. Voting power in the Association is vested in each person or entity who owns a lot and the owner of the Golf Course, and shall be appurtenant to such real estate, 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 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. Any membership registers, financial and accounting records, and minutes of meetings of the Association, the Board, and committees of the Board, shall be made available for inspection and copying by any member, or his duly appointed representative, or any beneficiary of a deed of trust encumbering real estate in the Subdivision, at any reasonable time and for a purpose reasonably related to the affairs of the Association, at the office of the Association or at such other place as the Board prescribes. The Association may charge a reasonable fee for any copies made at a member'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 Association members.

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. All notices to any owner shall be hand delivered or sent prepaid by mail to the owner's lot or to such other address as may be designated by him 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 proved herein.

Section 14. Insurance. The insurance requirements and provisions of NRS 116.3113-116.31138 shall be complied with by the Association and shall be common expenses.

Section 15. Fines. The Association shall have the power to levy fines, 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 and V, including the violation of any rules or regulations promulgated by the Board or the Committee, and violations of Design Guidelines.

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.

ARTICLE III

ASSESSMENTS

Section 1. Agreement To Pay. Declarant, for each lot owned by it in the Subdivision that is expressly made subject to assessment as set forth in this Declaration, and each owner, by his acceptance of a deed for each lot 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 of a lot shall not be assessed unless the Assessment Threshold for the lot is reached. An owner of a lot for which the Assessment Threshold has not been reached shall nevertheless have all voting rights and other rights incident thereto as provided in this Declaration, the Articles and the Bylaws.

Section 2. Personal Obligations. Each assessment or installment, 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 of the lot subject to the assessment at the time such assessment or installment became due and payable. If more than one person or entity was the owner of a lot, the personal obligation to pay such assessment or installment respecting such lot shall be both joint and several. Subject to the provisions of Article VIII, Section 2, a purchaser of a lot shall be jointly and severally liable with the seller for all unpaid assessments against the lot 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 his lot.

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 fiscal year, and establishing the annual assessment for the forthcoming calendar year, subject to the power of disapproval of the lot owners, as specified in Section 6 of Article II; provided, however, the Board of Directors may not establish an annual assessment for any calendar year which is more than one hundred percent (100%) of the annual assessment 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 lot 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. 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 owner of a lot. Additionally, the Association shall have the power to incur expenses for maintenance and repair of the improvements on any lot, regarding fuel modification and firebreak areas, when conditions on the lot are not in accordance with applicable fire and safety codes, provided such maintenance and repair is necessary in the sole discretion and opinion of the Board, to protect the Subdivision, and provided the owner of such lot has failed or refused to perform such maintenance or repair within thirty (30) days after written notice of the necessity of such maintenance or repair has been delivered by the Board to such owner in the manner provided in Section 8 of this Article, or to commence such work of repair or maintenance 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 correct such deficiency. The Board shall levy a special assessment against the owner of any such lot to pay for the cost of such maintenance, repair and any other costs or expenses arising out of or incident to such maintenance and repair, and the assessment therefor.

Section 6. Uniform Rate of Assessment. Except for assessments related to limited common elements, or as otherwise specifically provided in this Declaration or in the Act, including Section 5 of this Article, annual and special assessments of the Association must be fixed at a uniform rate for all lots subject to assessments; and the amount assessed to each lot shall be determined by dividing the total amount assessed by the total number of lots then within the Subdivision and subject to assessment.

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 in one installment unless the Board adopts some other basis for collection. However, the initial annual assessment for each lot shall be prorated for the calendar year in which the assessment becomes due and, if possible, shall be paid in escrow on the purchase of the residence.

Section 8. Notice of Assessments; Time for Payment. The Association may, in its discretion, give written notice of assessments to each lot 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 of any lot 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 lot owner or any beneficiary of a deed of trust, prospective beneficiary, or prospective purchaser of a lot, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such lot, the amount of the current periodic assessment, and the date that such assessment becomes or became due, credit for advanced payments or prepaid items, including, but not limited to, an owner's share of prepaid insurance premiums, 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 twenty (20) 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 of lots 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 NRS Chapter 116, 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 Section 2 of this Article shall be maintainable without first foreclosing against the lot subject to the lien for such assessment or waiving the lien rights granted hereby.

Section 11. Lien for Assessments; Priority. All sums assessed to any lot pursuant to this Article, together with interest, fees, charges, fines and other expenses allowed by law shall be secured by a lien on such lot in favor of the Association as provided in NRS Chapter 116.

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 authority or public utility; and
- (c) all lots not subject to assessments pursuant to Subsection 2.(a) of Article II

Section 13. Suspension. 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 all assessments and charges on an owner's real estate to which the owner and lot are subject have been brought current.

Section 14. Fiscal Year. The Board may adopt a fiscal year other than the calendar year.

Section 15. Transfer Fees. Each time a lot in the Subdivision transfers ownership, a transfer fee shall be charged to the transferee by the Association. The initial transfer fee for each lot shall be \$50.00, but the Board may set a different fee of uniform application to all lots. Those transfers exempted from transfer tax under Nevada Revised Statutes 375.090 shall also be exempt from the Association transfer fee. No transfer from or to the Declarant shall be subject to a transfer fee.

ARTICLE IV

PROPERTY USAGE

As more particularly specified in Article X, Sections 2 and 3, Declarant, Declarants' Contractors and the Golf Course are exempted from the provisions of this Article IV. Otherwise, all uses within the Subdivision shall comply with the conditions and restrictions of this Article IV.

Section 1. Single-Family Only. 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.

Section 2. Business Or Commercial Uses. All business, trade, commercial garage sale, moving sale, rummage sale, or similar activity is prohibited, except that a lot owner or lessee may conduct business activities on a lot so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the outside the lot; (b) the business activity conforms to all zoning requirements and other applicable laws for the Subdivision; (c) the business activity does not involve regular visitation of the lot by clients, customers, suppliers, or other business invitees, or door-to-door or telephone solicitation of residents of the Subdivision; and (d) the business activity is consistent with the residential character of the Subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision, as may be determined in the sole discretion of the Board.

Section 3. No Group Homes. 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, sanitarium, hospital, asylum, or institution of any kindred nature, or any use not permitted by local law.

Section 4. 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 sight-line limitations shall apply on any lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement.

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 5. No Interference With Drainage. Each owner of a lot 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 lots 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 6. Slope Stabilization. Each owner of a lot agrees that in the event any slopes located his lot have been planted to comply with local government or Committee requirements for stabilization of said slope or slopes, the owner shall adequately water and continuously maintain said slope or slopes.

Section 7. Maintenance Of Fences And Walls. Each owner of a lot upon which all or a portion of a wall or fence may be located, agrees at all times to maintain, paint or repair said wall or fence.

Section 8. New Structures Only. 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.

Section 9. Square Footage Minimums. No principal residential dwelling shall be constructed or maintained upon any parcel or lot which shall have a total floor area of less than 2,500 square feet, exclusive of porches, patios, attached and detached garages, outbuildings, breezeways or walks; and 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.

Section 10. 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" shall include one additional dwelling for servants' quarters and one additional dwelling for guest quarters, subject to approval of the Committee.

Section 11. 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 12. 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, and 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 pick-up time.

Section 13. 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 14. Nuisances. No use of any lot or structure subject to this Declaration shall annoy or adversely affect the use, value, occupation, and enjoyment of any adjoining lot or of residences in the Subdivision in general. No noxious, offensive or disturbing activity of any kind shall be permitted.

Section 15. 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 16. Paints And Finishes. The exterior portions of all houses, buildings, and structures erected or constructed on a lot shall be painted with a finish coat of varnish, stain or paint approved by the Committee within thirty (30) days after completion or 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.

Section 17. 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 18. Prohibition On Clothes Lines. No exterior clothes line shall be installed on any lot, or any portion of the lot, unless completely concealed from view.

Section 19. Sign 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 sign location approved by the Committee.

All residences shall have a designated lot number 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 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 owner, after which time period they may be destroyed.

Section 20. Garage Requirements. Every single family dwelling unit constructed shall have on the same lot enough enclosed automobile storage space for at least three (3) automobiles. Garage doors shall remain closed at all times except when entering or exiting the garage or cleaning the garage. Carports are prohibited

Section 21. 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 22. No Occupancy Without C of O. 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 23. 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 24. Fire Control Maintenance. Each owner of a lot 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.

Section 25. Weeds. 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 after commencement of a dwelling thereon.

Section 26. Subdividing And Land Use. Except as otherwise provided herein, regardless of any action of any governmental agency, no lot may be divided, subdivided or resubdivided to a size less than the size of the lot created by a final map except by Declarant. The zoning and use of any of the lots in the Subdivision may not be changed and amended to multiple residential use or commercial use.

Section 27. 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 within thirty (30) days of the completion of construction of the principal residence, such as asphalt, concrete, paving stones, bomanite, brick or other materials approved by the Committee. Gravel or loose rock is prohibited.

Section 28. Parking And Storage Of Vehicles. Trailers, campers, boats, recreational vehicles, machinery and motor vehicles, whether they are operative, under repair, junk, inoperative or unlicensed, and other similar type objects shall not be parked on streets, alleys or other public or private thoroughfares longer than 24 consecutive hours or 5 days within any 30 day period. Storage of trailers, campers, boats, recreational vehicles, machinery and motor vehicles, whether they are operative, under repair, junk, inoperative, or unlicensed, or other similar type objects, shall only be permitted on lots if kept in a fully enclosed garage or if completely screened from view, 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 on a lot and out of a garage. Parking on street, where permitted at all, is allowed only for non-residents.

Section 29. Irrigation Systems Required. Automatic sprinkler and irrigation systems shall be required for all landscaping.

Section 30. 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 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 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 31. Maintenance of Lots. All lots whether vacant or improved, occupied or unoccupied, shall be maintained in such a manner as 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 thirty (30) 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 unsightly, unsanitary or hazardous condition, the cost of which shall be added to and become a part of the annual assessment to which such lot is subject. The Board and the Declarant have sole discretion to determine what is unsightly or unsanitary. 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 32. Stumps and Dead Limbs. Except as provided in Section 24 of this Article within six (6) months of completion of the main single family dwelling, each lot owner shall remove all dead trees, dead limbs and any tree stumps that remain on a lot, unless the Committee decides some or all of the removal is not necessary.

Section 33. Disposal of Sanitary Waste. All permanent plumbing fixtures, including dishwashers, toilets or garbage disposal systems shall be connected to the sanitary sewer system in the Subdivision, unless a lot or fixture is situated in a location which precludes the economic extension of a sanitary sewer lateral to the lot or fixture and the Washoe County Health District approves the use of an individual septic disposal system, in which case the owner is required:

- a. to properly abandon individual septic disposal system and to connect to community sewer when required by the County;
- b. to install the plumbing to facilitate easy connection to the community sewer system;
- c. to waive protest of inclusion into a sewer district; and
- d. to pay future sewer user fees and connection fees.

Section 34. Fences And Obstructions. The following general fencing guidelines shall apply. All front yard property lines from single family dwellings to the street shall be kept free and open, except courtyards may be allowed at the discretion of the Committee. Any fencing allowed shall consist of materials determined by the Committee and at locations approved by the Committee. The Declarant may construct a Subdivision boundary fence around all or any part of the Subdivision or the Golf Course. 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 owner in such a manner as to create a potential hazard or any aesthetically unsatisfactory appearance on the lot, as determined by the Committee.

No fence, structural improvement, wall, hedge, tree, shrub, planting or other obstruction to vision shall be more than three feet higher than curb level within thirty feet of the intersection of any two (2) streets on any corner lot.

Section 35. Animals/Equestrian Traffic. No animals (excluding fish) or fowl, including without limitation, horses, cows, sheep, goats, pigs, chickens, and exotic pets, except for no more than four (4) usual household pets (e.g., dogs, cats, small birds, hamsters, turtles, frogs, lizards, gerbils, nonpoisonous snakes) shall be allowed or maintained on any lot. The permitted pets shall be kept, bred, or raised solely as household pets for private use and not for commercial purposes. No animal or fowl shall be allowed to make an unreasonably loud noises or shall otherwise be

allowed to be a nuisance. No animal shall be permitted out of a structure on a lot unless in a 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. 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. 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. Equestrian traffic shall be allowed on County public trails along Galena Creek and Jones Creek within the Subdivision.

Section 36. No Antennas. Television antennas and satellite dishes over 18 inches in height in diameter, and antennas for shortwave or ham radio installations will not be installed or permitted on any lot unless totally screened from public view from all neighboring lots, Common Areas or the Golf Course.

Section 37. Pools, Sports and Play Equipment. No above-grade swimming or wading pools, trampolines, other sports apparatus, swingsets, or childrens' play equipment may be placed, installed, erected, or attached to any structure in the Subdivision unless such apparatus is approved by the Committee. In addition, bicycles, toys and childrens' play equipment, motorcycles, ATV's, snowmobiles, and similar vehicles must be garaged or parked in an enclosure or fenced in a manner to be hidden from public view when not in use.

Section 38. Defacing of Common Area. No tree, shrub, other landscaping or improvement within a Common Area shall be defaced or removed except at the express direction of the Association.

Section 39. Limited Access. There shall be no access to any lot or parcel on the perimeter of the Subdivision 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 40. No Golf Course Access. Except as otherwise expressly provided in this Declaration, all access to the Golf Course from any lot or the Common Area is prohibited for any purpose, whether it be jogging, walking, playing golf or otherwise, without the consent of the Golf Course owner.

Section 41. 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).

Section 42. Landscaping. 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 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 husbandry practices and the applicable fire protection districts requirements.

Section 43. No Commercial Leasing. No owner of any lot shall participate in any plan or scheme for the rental of the improvements on such lot, nor shall any such lot be operated as a commercial venture. Nothing in this paragraph shall prevent an owner of a lot from renting the lot and improvements thereon for residential use during periods of such owner's absence.

Section 44. Use of Water Features. Active use of lakes, ponds, streams or other bodies of water within the Subdivision is prohibited, except that the owner of the Golf Course, and its agents, successors and assigns shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas which are within range of golf balls hit from the Golf Course. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams or other bodies of water within or adjacent to the Subdivision.

Section 45. Impairment Of Wildlife. Capturing, trapping or killing wildlife within the Subdivision is prohibited, except common rodents on a lot (e.g., rats, mice, moles, marmots, gophers).

Section 46. 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 47. 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.

Section 48. No Temporary Structures. No temporary structure of any form or 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, and further, 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.

Section 49. 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. No variance granted shall constitute a waiver or restrict enforcement of any other provision hereof, or constitute a precedent for granting another variance.

ARTICLE V

ARCHITECTURAL STANDARDS

As more particularly specified in Article X, Sections 2 and 3, Declarant and Declarant's Contractors are exempt from provisions of this Article V and compliance with Design Guidelines. Otherwise, all Builders, lot owners and construction within the Subdivision shall comply with the standards specified in this Article V.

Section 1. Building Envelope. The Committee shall establish a building envelope and recommended point of access for each lot pursuant to the approved site plan required of each lot by the County at the time of final map recordation. This envelope will be based upon the topography of the lot, its relationship to neighboring lots, and any unique feature that the lot may have, such as trees, meadows, rock outcroppings, etc.. The size and shape of the building envelope may vary from lot to lot. If, in the opinion of the Committee certain lots do not warrant the establishment of a specially designated envelope, the envelope for those lots shall be set according to the normal setbacks of the governing local agency for that type of lot. In general, all building construction shall be confined to the building envelope area. If, in the opinion of the Committee, the building envelope shall cause the lot owner undue hardship in locating his home or accessory improvements, variances may be permitted by the Committee.

Section 2. Design Guidelines. The Committee shall adopt by a majority vote Design Guidelines establishing the architectural standards for construction and uses on all lots within the Subdivision. Once adopted the Design Guidelines may be amended by a majority vote from time to time, in the Committee's sole discretion.

Copies of the Design Guidelines shall be available to each lot owner at the time of close of escrow and shall be maintained at the office of the Committee. Design Guidelines are intended to be minimum requirements. The Committee may, on a case-by-case basis, adopt or impose more stringent design requirements.

Section 3. 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, 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.

ARTICLE VI

ARCHITECTURAL CONTROLS AND DESIGN REVIEW COMMITTEE

Section 1. Committee Establishment and Membership. The Montreux Design Review Committee of the Association is hereby established. Each Committee member shall have an indefinite term and serve at the discretion of the Board and, during the period of Declarant Control specified in Article II, Section 5 of this Declaration or for a period of twenty (20) years, whichever is later,, shall be subject to approval by Declarant, which approval may be withheld or withdrawn at any time at Declarant's sole discretion.

The Committee shall be composed of not less than three (3) nor more than seven (7) members, to be appointed by the Board, at least one of whom shall be a qualified member of one of the allied physical design professions (i.e., civil engineer, architect, land planner, etc.), with the first Committee to consist of Sam S. Jaksick, Jr., Stan Jaksick, Rob Nichols, Gail Richie, A.I.A., Gary Hull, Landscape Designer, Steve Sederquist, A.I.A., and Don Wilkerson, Real Estate Appraiser. Committee members shall be subject to removal by the Board, and any vacancies from time to time existing shall be filled by appointment of the Board, except that the Committee need have no more than three (3) members.

A quorum of the Committee shall consist of the lesser of a majority of committee members or three (3) persons. A decision may be rendered by a majority of committee members at a meeting at which a quorum is present.

Section 2. Written Approval of Plans. Before commencing any building operations, written approval must be obtained from the Committee covering building and plot plans for all structures erected, altered, renovated, remodeled, placed, assembled, or permitted to remain on any lot in the Subdivision, including garages, walks, fences, dog runs, landscaping, ditches and walls; except, however, that approval of the Committee shall not be required for building operations conducted by Declarant, its successors and assigns. The approval of said Committee shall include style, design, appearance, harmony of external design, building materials, location of the proposed structure with respect to topography, finish grade elevation and the street frontage. No approval shall be construed as modifying, altering, or waiving any of the provisions herein set out unless a variance is issued by the Committee.

Committee approval shall be granted only after written application has been made to the Committee in the manner and form prescribed by it. In the event a lot owner desires to redecorate the exterior of any existing structure, it shall only be necessary to submit the new proposed color

scheme to the Committee for its approval. Remodeling or adding to existing structures or making structural or architectural changes shall require the lot owner to submit complete plans therefor to the Committee, as in the case of erecting new structures.

Each lot owner shall be responsible to properly and attractively landscape his lot, and maintain such landscaping. A landscape plan is to be a part of the house plans and is to be submitted to the Committee for approval. Landscaping must be completed as specified in the landscape plan within 90 days of obtaining a certificate of occupancy of the main dwelling on a lot, subject to extensions granted by the Committee.

Section 3. Committee Powers. The Committee shall have the power to adopt Design Guidelines as well as rules and regulations, and to render decisions on such matters as are subject to approval, review, or consideration of the Committee under this Declaration, or as may be referred to the Committee by the Association, in accordance with such rules Design Guidelines and regulations as may from time to time be adopted by the Committee. Committee comments with respect to any application shall be strictly followed. If requested by the Committee, applications must be resubmitted to the Committee.

Section 4. Time of Decision. The decision of a majority of the Committee, acting in good faith in its sole discretion, upon any matters submitted or referred to it, shall be final. It is further provided that if no rejection shall have been sent by the Committee to an applicant within 45 days from the date of receipt of a submittal or as otherwise provided in the Design Guidelines such inaction shall be deemed approval. Any decision or approval by the Committee shall not relieve an applicant or owner from complying with any requirement of a public authority having jurisdiction, and shall not constitute any representation or guaranty by the Committee or a member thereof of compliance of the submitted matter with any statute, ordinance, or regulation pertaining thereto.

Section 5. No Improvements Without Approval. No building, garage, shed, walkway, satellite dish, fence, wall, retaining wall, dog run, drainage ditch or system, or any other structure shall be commenced, erected, placed or altered on any lot in the Subdivision until the building plans and specifications thereof, have been submitted to and approved in writing as to conformity and harmony of external design with the existing structures or general scheme in the Subdivision, and as to location of the building with respect to topography and finished ground elevation, by the Committee.

Section 6. Grounds for Disapproval. The Committee may disapprove any application for any of the following reasons:

1. If such application does not comply with this Declaration, or any rules or regulations promulgated by the Association or the Committee;
2. Because of the dissatisfaction of the Committee, in the Committee's sole discretion, with grading plans, location of the proposed improvement on a lot, finished ground elevation, color scheme, exterior finish, design, proportions,

architecture, shape, height or style of the proposed improvement, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, or for purely aesthetic reasons.

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; provisions for notice of approval or disapproval, and various approval criteria. Copies of such rules shall, if adopted, be available to each owner of a lot or parcel within the Subdivision at the time of close of escrow and shall be maintained at the office of the Committee.

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 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 hardship and if the granting thereof in the opinion of the Committee will not be materially detrimental or injurious to owners of other lots.

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, owner or a licensed surveyor that such improvement does not violate any height restriction, set-back rule, 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 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 an owner of a lot or parcel within the Subdivision 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. Principal Office. The principal office of the Committee shall be at 2500 Spinnaker Drive, Reno, Nevada 89509, or at such other address as the Committee shall notify the Association of in writing from time to time.

Section 15. 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 in 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 if the Association prevails. Such charges shall constitute a lien on such owner's lot as provided in Article III hereof from the date of entry of the judgment therefor in the judgment docket. In the event the Association is not successful, each party shall pay its own costs and attorney's fees.

ARTICLE VII

GOLF COURSE PROVISIONS

Section 1. Applicability of Declaration. While the Golf Course is not a portion of the Subdivision, the owner of the Golf Course, Montreux Golf Club, Ltd., hereby joins in and executes this Declaration for the purpose of obtaining the benefits and bearing the burdens hereof. All provisions of this Declaration shall apply to the Golf Course and be binding on the owner of the

Golf Course (“Course Owner”), except the provisions of Articles IV, V and VI. All references to real property and lot owners in this Declaration shall also refer to the Golf Course and the Course Owner, respectively, when the context so applies.

Section 2. Membership In Association and Voting Power. The Course Owner shall be a member of the Association, with an allocated interest and commensurate voting power expressed in terms of “equivalent lots”, established each year (prior to the time of voting at the annual meeting when a budget is adopted) in accordance with the burden the Golf Course places on the Common Area streets in the Subdivision, as determined by the following formula:

- a. The average daily vehicle miles traveled for the Golf Course, as determined by the traffic generating statistics finally adopted by the Regional Transportation Commission (“RTC”) for the Golf Course for purposes of assessing the Regional Road Impact Fee in accordance with the applicable Washoe County ordinance and RTC General Administrative Manual (“Manual”), shall be divided by the daily vehicle miles traveled for a single family dwelling pursuant to the Manual.
- b. The product of the calculation made pursuant to Subsection (a) above shall be multiplied by the percentage of the annual assessment per lot represented by the following Association expenses: all annual costs of repair, maintenance and reserves for Bordeaux Drive (including Common Area landscaping); the main entry gatehouse, fence and landscaping; security personnel and other security costs; indirect Association costs (e.g., insurance, office supplies, management fees, rent, office or management employees compensation, accounting and legal fees, and utilities); and other costs of the Association which reasonably provide a direct benefit to the Golf Course.
- c. The product of the calculation made pursuant to Subsection (b) above shall then be multiplied by the percentage of the Subdivision lot owners who are not also members of the Golf Course.
- d. The product of the calculation made pursuant to Subsection (b) above shall be the equivalent lots for the Golf Course. Voting power and assessments for the Golf Course shall be based on the equivalent lots.

For example, if Course Owner constructs 18 holes and the RTC determines pursuant to the Manual that the daily vehicle miles traveled is 38.99 per hole for the Golf Course, the daily vehicle miles traveled for 18 holes would be 701.82. If the daily vehicle miles traveled for one single family dwelling in the Subdivision is 14.96, the product of the calculation made pursuant to Subsection (a) would be:

$$38.99 \times 18 \div 14.96 = 41.91$$

If the percentage of Association annual assessments per lot comprised of the expenses specified in Subsection (b) were 50%, then the product of the calculation made pursuant to Subsection (b) would be:

$$41.91 \times .50 = 20.955$$

If the percentage of Subdivision lot owners who are not also members of the Golf Course were 60%, then equivalent lots establishing the allocated interest of the Golf Course for assessments and voting power would be:

$$20.955 \times .60 = 12.573 \text{ equivalent lots}$$

If phased expansion, renovation or other changes on the Golf Course result in determinations by the RTC of additional daily vehicle miles traveled, then the allocated interest and voting power of the Golf Course shall increase accordingly. The Course Owner shall be the only member of the Association representing the Golf Course. No members of the Golf Course shall be deemed members of the Association solely by virtue of their Golf Course membership, nor have voting power or liability for assessments.

Section 3. Declarant Easements to Golf Course. Declarant hereby grants to Course Owner for the benefit of the Golf Course the following easements:

- a. a nonexclusive easement permitting golf balls unintentionally to come upon any portion of the Subdivision. The existence of this easement shall not relieve golfers of any liability for damage caused by errant golf balls.
- b. a non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary, with or without the use of maintenance vehicles and equipment, for the operation, maintenance and repair of the Golf Course.
- c. a non-exclusive easement for overspray of water from any irrigation system serving the Golf Course.
- d. a non-exclusive easement of access over all Common Area roadways, located or to be located within the Subdivision for the Course Owner, its agents, successors and assigns, as well as guests, invitees, licensees, patrons, members, employees, and authorized users of the Golf Course, reasonably necessary to travel to and from the Golf Course, and the right to park vehicles on the streets within the Subdivision at reasonable times and places in conjunction with special events, golf tournaments and other similar functions held at the Golf Course.

- e. a non-exclusive easement, to the extent reasonably necessary, over the Subdivision for the installation, operation, maintenance, repair, replacement, monitoring and controlling of irrigation systems and equipment; including, without limitation, wells, pumps and pipelines, serving all or portions of the Golf Course.
- f. a non-exclusive easement, to the extent reasonably necessary, over the Subdivision for the installation, maintenance, repair, operation, replacement and monitoring of utility lines, wire, drainage pipelines and other utility facilities serving the Golf Course.
- g. a nonexclusive easement over the Subdivision for natural drainage of storm water runoff from the Golf Course.
- h. an easement for the construction, maintenance and repair of golf cart paths serving the Golf Course in reasonable locations to be mutually agreed by Declarant and the Course Owner.

Section 4. Liability For Use of Certain Easements. Declarant, Association and Course Owner shall not be liable for damage or injury caused by errant golf balls, overspray of Golf Course irrigation or other use of the Golf Course easements granted by the provisions of this Article.

Section 5. Ownership and Operation Of Golf Course. Declarant, Association and Course Owner make no representations or warranties with regard to the continuing existence, ownership or operation of the Golf Course, if any, and no purported representation or warranty in such regard by any person, either written or oral, shall be effective without an amendment to this Declaration executed or joined into by the Course Owner. Further, the ownership and operation of the Golf Course may change at any time and from time to time by virtue of (but without limitation) the creation or conversion of the ownership or operating structure of the Golf Course to an "equity" club or similar arrangement whereby the Golf Course or the rights to operate it are transferred to an entity which is owned or controlled by its members. No consent of the Association or any lot owner shall be required to effectuate such transfer or conversion.

Section 6. No Right to Use. Neither membership in the Association nor ownership or occupancy of a lot or parcel in the Subdivision shall confer any ownership interest in or right to use the Golf Course. The Course Owner shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Golf Course, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the provisions of any outstanding membership documents.

Section 7. Golf Course View Impairment. In addition to Section 3 of Article V, neither the Declarant, the Association nor the Course Owner guarantee or represent that any view over and across the Golf Course from Subdivision lots or parcels will be preserved without impairment. The Course Owner shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course from time to time.

In addition, the Course Owner may, in its sole and absolute discretion, change the location, configuration, size and elevation of the trees, bunkers, fairways and greens, or holes on the Golf Course from time to time. Any such additions or changes to the Golf Course may diminish or obstruct any view from the lots or parcels in the Subdivision and any expressed or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed by Declarant, Association and Course Owner.

Section 8. Limitation on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the Course Owner, no amendment to this Article may be made without the written approval of the Course Owner.

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 where applicable are granted for the benefit of the Association and the Declarant:

- a. Utilities. Such easements for the installation, maintenance and operation of all utilities as shown on recorded final maps of Subdivision lots, together with the right to extend all utility services within such easements to other areas being developed within the Subdivision (including street lights) and the right to cut, trim or remove trees and plantings wherever necessary in connection with such installation, maintenance and operation.
- b. Perimeter Fence. An easement for the installation, maintenance, repair and reconstruction of a perimeter fence within fifteen (15) feet of the exterior Subdivision boundary, together with the right to cut, trim or remove trees and plantings wherever necessary in connection with the such installation, maintenance, repair and reconstruction.
- 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.
- d. Signs. An easement within ten (10) feet of a street or other Common Area for the installation of street 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. 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 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 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 15, 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, this right shall not authorize entry into any occupied single family dwelling without permission of the occupant, except by emergency personnel acting in their official capacities.

Section 2. Transfer of Easements. A conveyance of an 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, except that Declarant shall nevertheless maintain such improvements until October 1, 1996.

Section 3. 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 4. Liability for Use of Easement. No owner shall have any claim or cause of action against the Declarant, the Association, or the Course Owner arising out of the use or nonuse by any person of any easement reserved or created by this Declaration.

Section 5. 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.

Section 6. Access Easement For Certain Parcels. An access easement to use the private streets within the Subdivision is hereby granted to the owners of the following parcels ("Parcel Owners") (as shown on Sheet 12 of tentative map described in Exhibit "B"), their successors, assigns, guests, invitees and licensees:

- a. Cunningham (APN 47-170-08, a 1.70 acre parcel);
- b. Nesler (APN 47-170-06, a 6.03 acre parcel); and
- c. Callahan (APN 47-170-05, a 1 acre parcel).

This access easement is granted in order to acknowledge or to settle disputes regarding prescriptive or disputed access easement rights of the Parcel Owners to travel across Subdivision land, which disputed rights have arisen prior to the date of this Declaration. This access easement is for the sole purpose of access to each respective parcel from the main entrance of the Subdivision on Bordeaux Drive. No charge or assessment shall be required by the Association for the use of this access easement, provided each parcel is improved by only one (1) single family dwelling.

This access easement for each of the three (3) parcels stated above shall accommodate access only to one single family dwelling on each parcel. Any additional single family dwelling on any parcel shall constitute a surcharge on the easement and shall not be allowed unless: (i) the owner of the lot on which the additional single family dwelling(s) is located agrees to allow this Declaration to be recorded against the lot prior to the commencement of construction of a dwelling thereon; and (ii) the Association Board approves the addition of the lot(s) to the Subdivision, in which case said lot owner shall have all rights and obligations of a Subdivision lot owner hereunder.

The easement shall run from the main Subdivision gate along Bordeaux Drive to the south side of the bridge across Galena Creek, then from Bordeaux Drive the alignment of the easement shall extend west to Philoree Lane, and the width of the alignment between Bordeaux Drive and Philoree Lane shall be twenty (20) feet.

Said alignment may be relocated so long as reasonably similar access is provided. If any portion of this easement is paved as part of the private street system within the Subdivision, Association shall have the sole responsibility for maintenance and repair of the improvements. Any portion of the easement not a part of the private Subdivision street system shall be improved or maintained solely by the Parcel Owners. Declarant or Association may install one or more gates at any location(s) along the easement, so long as reasonable access through the gates is provided to the Parcel Owners.

This easement shall also include the right to connect and construct laterals for utility lines (water, gas, sewer, storm drain, electric, cable TV and telephone) in or near Bordeaux Drive to Philoree Lane without charge or assessment by Declarant or Association. Any such utility laterals shall be constructed at Parcel Owner's sole cost and expense. Parcel Owners shall also have the right to utilize garbage collection, postal service mailboxes and other public services provided for Subdivision lot owners.

The provisions of this Article VIII are not intended to alter or terminate any prior written agreements between Declarant and any of the Parcel Owners, but rather to perform Declarant's obligations thereunder. If any provisions of said prior agreements conflict with the provisions of this Article VIII, the provisions of the prior agreements shall govern and the rights granted to Parcel Owners therein shall also be granted to Parcel Owners hereby.

ARTICLE IX

PROTECTION OF LENDERS

Section 1. Encumbrance of Lots Permitted. Any lot may be encumbered with a deed of trust.

Section 2. Non-Liability for Unpaid Assessments. Any beneficiary of a first deed of trust who acquires title to a lot pursuant to the judicial or non-judicial foreclosure remedies provided in the deed of trust shall take the lot free of any claims for unpaid assessments or Association charges (as specified in Articles II and III) against the encumbered lot that accrue prior to the time such beneficiary so acquires ownership; provided, however, after the foreclosure of any such deed of trust, or after a conveyance of any lot to such beneficiary by deed in lieu of foreclosure, such lot shall remain subject to the provisions of this Declaration; and the amount of all regular and special assessments, to the extent they relate to expenses incurred subsequent to such foreclosure sale or to the recordation of the deed in lieu of foreclosure, shall be assessed hereunder to the grantee or purchaser thereunder.

Section 3. 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 4. Notice of Default. Upon written request to the Association (as defined below), the beneficiary of a first deed of trust encumbering a lot shall be entitled to written notification from the Association of any default by the owner of the lot in the performance of such owner's obligations under this Declaration or the Association Articles or Bylaws that is not cured within ninety (90) days.

Section 5. Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the Association Articles shall give a lot owner, or any other party, priority over any rights of a first deed of trust beneficiary in the case of a distribution to owners of insurance proceeds or condemnation awards.

Section 6. 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 7. 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 audit reports and operating statements as and when furnished to the owners.

ARTICLE X

LIMITATION OF RESTRICTIONS

Section 1. General. 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 assignment duly recorded from the Declarant to a Successor Declarant, or from Successor Declarant to another Successor 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 on the Subdivision or on any lot whatever is reasonably necessary or advisable in connection with the commencement or completion of the above described work;
- 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 residential 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 may be necessary for the sale, lease, or disposition of lots;
- d. Prevent Declarant from utilizing mobile homes or temporary structures as sales offices or for construction activities; and
- e. Allow any lot 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.

Section 3. Declarant's Contractor. Declarant intends to sell lots and build improvements in association with other contractors. Any construction or other activity by these contractors or a contractor with a similar relationship to Declarant, shall be deemed the construction or activity of Declarant for purposes of this Declaration.

Section 4. Modification. The provisions of this Article may not be amended, terminated or abridged without the written consent of the Declarant.

ARTICLE XI

COMPLIANCE WITH COUNTY CONDITIONS

Section 1. Perpetual Funding. The provisions of Article III are intended to establish perpetual funding in interest-bearing accounts for the maintenance of all common area.

Section 2. Enforcement of Special Assessment and Lien Provisions by County. In the event the Association fails to enforce any of the following described provisions of this Declaration:

- a. the obligation of the Association to properly maintain all Common Areas in the Subdivision; or
- b. the obligation of the Association to pay prior to delinquency all County taxes and assessments levied against Association property or against the Association, then County shall be entitled to commence an action to enforce such provisions by any means allowed in law or equity, including the levy of a special assessment against all of the owners of the lots, which special assessment shall be secured by a lien against all of the lots in the manner provided in Article III hereof.

Notwithstanding the foregoing, the County shall be entitled to commence such action only after:

- a. the County has given reasonable notice (which shall be not less than thirty (30) days) to the Association, describing such violation, or if no Association is in existence, by publication of reasonable notice in a newspaper of general circulation in Washoe County; and
- b. the Association or the owners of the lots shall have failed to cure such violation within a reasonable time thereafter to the reasonable satisfaction of Washoe County.

Section 3. Disclaimer of County Responsibility. WASHOE COUNTY WILL NOT ASSUME RESPONSIBILITY FOR MAINTENANCE OF THE PRIVATE STREET SYSTEM NOR ACCEPT THE STREETS FOR DEDICATION TO WASHOE COUNTY UNLESS THE STREETS MEET THOSE WASHOE COUNTY STANDARDS IN EFFECT AT THE TIME OF OFFER FOR DEDICATION.

Section 4. Piney Creek Road. Lots abutting the future right-of-way of Piney Creek Road shall be clearly identified on the final maps and prominently noted on at least one sales document signed by a prospective buyer of such a lot. Pursuant to County Condition 42 of TM1-1-96, ALL LOT OWNERS ABUTTING THIS RIGHT OF WAY OR ABUTTING OPEN SPACE WHICH ABUTS THIS RIGHT OF WAY ARE HEREBY GIVEN NOTICE OF THIS POTENTIAL STREET.

Section 5. County as Third Party Beneficiary. The County or other political subdivision in which the property may be located, is hereby expressly made a third party beneficiary to this Article of this Declaration, and to the following provisions of other Articles:

- a. Article II, Section 1.b, c and d; and
- b. Article III.

Section 6. Common Open Space Area Plan. In compliance with Condition 14 of TM1-1-96, either Declarant or Association (as the case may be) as the owner of Common Area which is designated open space pursuant to County requirements, shall monitor and maintain Common Area open space. The maintenance plan for Common Area open space shall consist of the following, at a minimum:

- a. Vegetation Management. Open space may be planted or landscaped to enhance it, or to improve it as wildlife habitat. Destruction or disturbance of native vegetation during Subdivision construction or by authorized use shall be avoided when possible, in order to preserve and maintain existing vegetation.

b. Debris And Litter Removal. Debris and litter shall be removed on a regular basis, and a regular schedule of inspection and removal shall be established and adhered to, in order to keep the open space in a clean and sanitary condition.

c. Fire Access and Suppression. Access for purposes of fire suppression shall be maintained at all times. Fuel modification and fire breaks required by County or the Nevada Division of Forestry shall be constructed and maintained in a good and proper manner.

d. Maintenance Of Public Access And Limitations To Public Access. While Declarant owns all or any part of the open space, Declarant reserves the right to limit and exclude public access (except on public trails). All open space owned by Association as Common Area shall be subject to public access rules and limitations which may be promulgated from time to time on a case-by-case basis for each open space area. In order to preserve vegetation and avoid disturbance of open space, the Association may limit access on all or any part of the open space. In general, the provisions of Article IV, Sections 43 and 44 apply to all open space, except in a designated area for such vehicle travel, if any.

Section 7. Limitation on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the County, no amendment to this Article may be made without the written approval of the County.

ARTICLE XII

INCLUSION OF REIMERS AND JASMINE PARCELS

Section 1. Inclusion of Parcels. Certain parcels of real property owned by Kenneth Reimers and Bonnie L. Reimers ("Reimers"), and by Dannie L. Jasmine and Lynn C. Jasmine ("Jasmine") are described in Exhibit "D" but shall not be included in the Subdivision unless the Reimers or the Jasmynes execute and record a Notice of Annexation for the Reimers parcel or the Jasmine parcel, as the case may be, in which case the provisions of Sections 2 and 3 of this Article XII shall apply to either parcel so annexed.

Section 2. Application of Declaration. If annexed, the Reimers parcel and the Jasmine parcel and the parcel owners are subject to all applicable provisions of this Declaration. For purpose of this Declaration, the Reimers parcel and the Jasmine parcel shall be considered to be "lots" within the definitions herein, and the Reimers and Jasmynes shall be considered "lot owners". Under no circumstance shall the Reimers or Jasmynes be deemed "Declarants" within the meaning of this Declaration or NRS Chapter 116, and no Declarant rights or obligations shall be assumed by them. If either the Reimers parcel or the Jasmine parcel is not annexed as provided above, then the lots described on Exhibit B attributable to a parcel which is not annexed shall be deleted from the maximum lot count described in Subsections (v) and (cc) of Section 2, Article 2.

Section 3. Limitation On Application. The provisions of Articles IV, V and VI shall not apply to any lot on the Reimers parcel or the Jasmine parcel on which a dwelling currently is located,

but shall apply to new lots created or improved by final Subdivision maps in the future. The Assessment Threshold for lots on the Reimers parcel and the Jasmine parcel on which a dwelling currently is located shall be the date specified in Article I, Section 2.a.(1) for the final map which extends Subdivision improvements for lots created by that final map within the Reimers and Jasmine parcel.

ARTICLE XIII

MISCELLANEOUS GENERAL PROVISIONS

Section 1. Enforcement. Except as expressly limited herein, Association, Declarant or any Subdivision lot 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 lot 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 and all rights to use the Association's Common Areas of any owner for any period during which any Association assessment against such owner's property remains unpaid, or during the period of 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.

Section 3. 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 4. 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 at least the owners of not less than a majority of the lots and, in the case of the Course Owner, equivalent lots, agree to terminate this Declaration, effective at the end of the then current ten (10) year extension period, in which case a notice signed by the lot owners must be executed and recorded. Subject to the provisions of Article I, Section 5, Article VII, Section 8, Article VIII, Section 5, Article X, Section 4 and Article XI, Section 7, this Declaration may be amended by an instrument signed by at least the owners of not less than a majority of the lots, and, in the case of the Course Owner, equivalent lots. 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 with more than one owner, shall be deemed sufficient.

Section 5. Assignment. Declarant may assign all or part of its rights hereunder only by a written assignment, properly recorded in the office of the Washoe County Recorder.

Section 6. Approval of Declarant. In all circumstances described herein in which Declarant has the right of approval, said approval 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.

Section 7. Liability. Declarant disclaims any 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 lot owner shall be deemed liable in any manner whatsoever to any other lot 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, whether shown or omitted on any plans and specifications which may be approved, or any buildings or structures erected therefrom; and
- b. Any waiver of or failure to enforce a provision hereof, or failure to inspect or certify compliance with approved plans and specifications.

Section 8. 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 9. 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 10. Grantee's Acceptance. Each grantee or purchaser of any lot or parcel within the Subdivision shall, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such lot or parcel, accept such deed or contract upon and subject to each and all of the provisions of this Declaration and to the jurisdiction, rights, powers, privileges and immunities of Declarant and of the Association. By acceptance such grantee or purchaser shall for himself (his heirs, personal representatives, successors and assigns) covenant, consent and agree to and with Declarant, and to and with the grantees and subsequent owners of each of the other lots or parcels in the Subdivision to keep, observe, comply with and perform all of the provisions of this Declaration and shall further agree to the continuation to completion of the Subdivision and all parts and projected units therein in substantially the manner heretofore approved by the County.

Section 11. 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 12. Use Of The Word "Montreux". No person shall use the words "Montreux" or any derivative, 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, lot owners may use the words "Montreux" 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 "Montreux" in its name.

Section 13. Interpretation. The Association shall have sole right and authority to interpret any of the provisions of this Declaration, which interpretation shall, so long as the same is reasonable, be conclusive.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand.

DECLARANT:

GOLF COURSE OWNER:

MONTREUX JOINT VENTURE,
a Nevada general partnership

MONTREUX GOLF CLUB, LTD.,
a Nevada limited liability company

By: _____

By: _____

Sam S. Jaksick, Jr., President
Toiyabe Investment Company, a
Nevada corporation, as
Managing Joint Venture Partner

SAM S. JAKSICK, JR., Member

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 1996 by Sam S. Jaksick, Jr., as President of Toiyabe Investment Company, a Nevada corporation, the Managing Partner of MONTREUX JOINT VENTURE, a Nevada general partnership.

NOTARY: _____
My Commission Expires: _____

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 1996 by Sam S. Jaksick, Jr., as a Member of MONTREUX GOLF CLUB, LTD., a Nevada limited liability company.

NOTARY: _____
My Commission Expires: _____

EXHIBIT "B"

All tentative map plans for Montreux Subdivision (Washoe County Case No. TM1-1-96) on file with the Washoe County Department of Development Review, including Sheets 1-17 of the tentative map drafted and certified by Jeff Codega Planning/Design, Inc., as independent professional engineers, dated January 1996.

The plans shall be amended and modified as to each phase of the Subdivision as provided in each final map recorded.

EXHIBIT "D"

REIMERS PARCEL

Situate in the County of Washoe, State of Nevada and commencing at the south corner of Section 3, Township 17 North, Range 19 East, M.D.B.&M. and proceeding S 89E 33' E, a distance of 2258.09 feet along line common to Sections 3 and 10 to the true point of beginning; thence N 0E 27' E, 665.00 feet; thence S 89E 33' E, 399.07 feet; thence S 0E 41' 53" W, 665.01 feet; thence N 89E 33' W, 396.19 feet to the true point of beginning containing 6.07035 acres, more or less.

JASMINE PARCEL

Situate in the County of Washoe, State of Nevada and commencing at the south quarter corner of Section 3, Township 17 North, Range 19 East; M.D.B.&M. and proceeding S 89E 33' E, a distance of 1860.46 feet along line common to Sections 3 and 10 to the true point of beginning; thence N 0E 27' E, 665.00 feet; thence S 89E 33' E, 397.63 feet; thence S 0E 27' W, 665.00 feet; thence N 89E 33' W, 397.63 feet to the true point of beginning containing 6.07035 acres, more or less.

WHEN RECORDED, RETURN TO:

Montreux Joint Venture
2500 Spinnaker Drive
Reno, NV 89509

MONTREUX SUBDIVISION

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS

MONTREUX SUBDIVISION

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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EXHIBITS

- “A”Subdivision Property Description
- “B”Tentative Map Description
- “C”Golf Course Property Description
- “D”Reimers And Jasmine Parcel