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AUTHORITY

WHEREAS, The Montreux Subdivision Declaration of Covenants, Conditions and Restrictions (the "CC&R's") was duly made and recorded on August 21, 1996 as Document No. 2022868 in book 4651 and page 0789 of the official records of Washoe County, Nevada and

WHEREAS, said document provides that the Montreux Design Review Committee ("Committee") may establish written rules and regulations of general application governing the procedures and standards for construction within the Subdivision in their sole discretion.

NOW, THEREFORE, The COMMITTEE has adopted the regulations pursuant to Article VI Section 7 of the Montreux Subdivision Declaration of Covenants, Conditions and Restrictions ("Declaration")

OBJECTIVE

In order to ensure that the natural landscape of each lot is preserved and the nuisances inherent to any construction process are kept to a minimum, the following regulations will be enforced during the construction period of all improvements (e.g., structures erected; altered, renovations, remodels, alterations placed or assembled, including garages, walks, fences, dog runs, landscaping, ditches and walls) at Montreux.

Any violation of these regulations by an owner's agent, representative, builder, contractor or subcontractor will be treated as a violation by the owner. Any person violating these regulations may temporarily or permanently be prohibited from participating in construction activities within Montreux, by the Montreux Design Review Committee ("COMMITTEE").

Owners and Contractors must sign agreement to comply with these rules and regulations.
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OPERATION

Before commencing any building operations all owners and contractors are advised to read these regulations thoroughly in order to understand the overall intent of the regulation to avoid infractions.

All property owners within the Montreux Subdivision shall, as a condition precedent to obtaining approval of plans, execute an agreement, which shall require compliance with these regulations, and a copy of the Contractor Rules and Regulations shall be attached as an Exhibit to such contract. All such contracts shall be signed by the owners' contractors evidencing notice of the document and agreement to comply with it terms.

All owners of property within the Montreux Subdivision who are constructing improvements in accordance with approved plans shall follow such plans without deviation, unless changes are approved in writing by COMMITTEE.

ACTIVITY ON LOT

The area to be disturbed on the lot is the limit of development on each lot, is also the area within which all activities related to the improvements to be constructed must be confined.

PAYMENTS FOR CONSTRUCTION IMPACTS

A \$2,000 payment to the Association is required prior to approval of plans, \$1,000 of which defrays the additional costs of security personnel related to construction, and \$1,000 of which is deposited in the Association reserve account for street repair and replacement due to construction traffic, particularly heavy trucks.

All owners submitting plans for approval shall pay the sum of Three Thousand Dollars (\$3,000) at the time of plan approval, which sum shall constitute a Compliance Deposit by the owner to insure compliance with the contractor rules and regulations.

COMPLIANCE DEPOSIT

To assure the owner's and contractor's compliance with these regulations and their agreement to build all structures, landscaping, and other improvements in complete conformance with approved plans, the owner shall deliver to the COMMITTEE a Compliance Deposit in the amount of three thousand dollars (\$3,000). This deposit must be delivered prior approval of plans and will be held until the final release as outlined in the Design Guidelines has been issued by the COMMITTEE.

If the owner or contractor fails to comply in any way with these Construction Rules and Regulations, the CC&Rs, the Design Guidelines, or with approved plans, then the funds held in the compliance deposit may be used to pay penalties assessed, the costs of damages, compliance or correction of such failure. Any funds remaining in such deposit after the final release has been issued will be promptly returned to the owner. No interest shall be due owner on the deposit. If charges imposed by the Committee exceed the amount of the deposit, the owner shall be liable for the excess, and said excess may be charged against the Owner's site as a special assessment per the CC&Rs. After charges are made against the Deposit, the Committee may require the Owner to restore the amount of the Deposit to \$3,000.

The Compliance Deposit will be refunded on final completion of all improvements including landscaping to the satisfaction of the COMMITTEE and in compliance with all conditions of the COMMITTEE approval

Contractors building for speculation should be aware that the \$3,000 Compliance Deposit will not be refunded until all the requirements of the CC&Rs including landscaping are completed. Therefore, if the contractor sells the house before all the requirements have been completed, the contractor must make arrangements with the prospective house buyer for the return of this deposit.

COMPLIANCE NOTIFICATION

The COMMITTEE upon discovering a violation of the Construction Rules and Regulations shall provide a written notice of noncompliance to the owner, including a reasonable time limit within which to correct the violation, unless the violation poses an imminent threat to health or safety.

FAILURE TO COMPLY

If upon receipt of such notification the Owner fails to remedy such non-compliance within the designated time period given by the COMMITTEE, the COMMITTEE may in its discretion issue a \$100.00 penalty, refer the violation to the Board for further action and/or issue a stop work notice to the owner. Said expense shall be the sole responsibility of the Owner and may be charged back against the Compliance Deposit and/or to the owners as a special assessment, secured by a lien upon such site enforceable in accordance with the CC&Rs. The Compliance Deposit may be used to satisfy, in whole or in part, the obligation of the owner to pay such expense.

IF the COMMITTEE refers the matter to the Board the COMMITTEE shall notify the Board of Directors in writing of such failure to comply with the regulations.

The Board then shall set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after the date on which the COMMITTEE gives notice of the non-compliance to the Board. The Board shall give notice of the hearing date at least ten (10) days in advance thereof to the Owner, the COMMITTEE and, at the discretion of the Board, to any other interested party. The owner has a right to be heard at the Board hearing.

PENALTY FOR VIOLATING CONTRACTOR RULES

Each time the COMMITTEE writes a notice of violation for non-compliance of a construction rule, that notice shall constitute a separate violation.

If the violation is not cured within the time period as may be established by the COMMITTEE pursuant to its notice of violation, the violation shall be deemed a continuing violation. Thereafter, additional fines may be imposed in the discretion of the Committee for the violation

for each 3-day period of permitted construction activity or portion thereof that the violation is not cured.

The Montreux Design Review Committee's failure to enforce the Restrictions does not waive the right to enforce the same thereafter.

EXCESSIVE VIOLATIONS

Unless excused by the COMMITTEE, any contractor who has more than four (4) violation notices in any twelve (12) consecutive month period may be prohibited from working as a contractor on any new job within the Montreux Subdivision for a period of one (1) year after completion of the job on which that contractor is working at the time he receives the fifth violation notice. Any agreement containing the name of such contractor during the prohibition will not be accepted or approved by the COMMITTEE.

ADDITIONAL FINES AND COSTS

Any violation of Contractor Rules and Regulations, CC&Rs or the Design Guidelines constitutes a violation of the CC&Rs. In addition to the remedies for violation as set forth in this document, the Board has the power and authority to institute arbitration, legal or other appropriate proceedings to enjoin or otherwise prevent a violation, and the Committee may recommend fines for levy by the Board. All costs of dispute resolution, including attorney's fees, shall be charged to and paid by the Owner if the Association prevails.

CONSERVATION OF NATIVE LANDSCAPE

Trees, which are to be preserved, must be marked and protected by flagging, fencing or barriers. The COMMITTEE shall also have the right to flag or require flagging of major terrain features or plants which are to be fenced for protection. Any trees or branches removed during construction must be promptly cleaned up and removed from the construction site. Any trees killed or damaged during construction must be brought to the attention of the Committee, and at the discretion of the Committee, the owner may be required to replace said trees.

The Association has a pine bark beetle policy with which all Owners and Contractors should be familiar. During construction trees may become stressed or damaged, causing a beetle infestation. Infested trees may be required to be removed.

The native trees in Montreux typically have root systems that extend laterally to the width of their canopy. Construction activity such as: soil compaction from large equipment, trenching and fill can compromise or eliminate a tree's ability to assimilate nutrients and maintain stability. In order to reduce the impact to the tree roots, construction activity should be limited to outside the dripline of trees.

Trees within the construction activity zone must be protected at all times. This can be achieved by four foot high green fencing placed along the driplines of each tree or trees. Trees that are too close to the home will require fencing on as many sides of the dripline as possible and dimensional lumber strapped (not nailed) to the trunk. The remaining areas of soil under the canopy that are exposed to construction activity must be protected from equipment traffic by use of a bridging system that allows air and water to reach the soil. Soil protection may be achieved by placing pine needle mulch, wood chips or by building a berm with a minimum depth of 6 inches. It is imperative that the trees are provided with additional water. This can be achieved by the use of a soaker hose at the base of the trees twice a month.

Should the proposed grade level change near existing trees, the level of the ground inside the tree's dripline should not be disturbed. Excavation or fill may not occur within the dripline of a tree without additional precautions taken. When these situations occur, a certified arborist or tree specialist should be consulted.

CONSTRUCTION ACCESS

The approved access drive will be the only construction access to any lot.

There shall be no construction activity on Sunday

CONSTRUCTION HOURS

Construction hours including materials delivery are Monday through Friday, 7:00 a.m. to 7:00 p.m. and Saturday, 8:00 a.m. to 6:00 p.m. only.

The construction gate opens at 6:45 a.m. and no vehicles are allowed to arrive and wait in front of the gate early.

CONSTRUCTION TRAILERS

Upon commencement of construction, a construction trailer or portable field office approved by the Committee may be allowed on the building site within the building envelope, clear of all setbacks. A representative of the COMMITTEE during the pre-construction conference must approve the type, size and color of any trailer or portable office. The temporary structure may not be placed on-site earlier than two-weeks prior to the actual commencement of continuous construction activity.

Except for the temporary loading and unloading of heavy equipment, there shall be no equipment trailers on any construction site, unless first approved in writing by the COMMITTEE. Any equipment trailers otherwise allowed by the COMMITTEE must be well maintained and must be parked on the construction site in a location approved by the COMMITTEE.

CONTROLLED SUBSTANCES

Consumption or possession of any controlled substance or alcoholic beverages by construction crew personnel on any construction site or common area within Montreux is prohibited at all times.

Institute adequate dust control measures to prevent air pollution and damage to improvements within the development.
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DUST CONTROL

The contractor shall be responsible for controlling dust from the construction site, including immediate removal of dirt and mud from public or private roads that is the result of construction activity on the site and compliance with all federal, state and local air emissions requirements. The COMMITTEE shall approve dust control measures.

FENCING

In order to discourage destruction of native vegetation and neighboring property construction sites the COMMITTEE may require the construction site to be roped or fenced off to COMMITTEE specifications. Any required roping or fencing shall be completed prior to the commencement of any construction and shall be strictly maintained during all phases of construction. If the construction fence or rope is not in place prior to commencement of construction, the COMMITTEE may install the appropriate construction fence or rope and may issue a fine.

Construction fencing is generally defined as green or brown 4-ft. safety fencing around the perimeter of the lot; however the COMMITTEE shall prescribe the nature, type and extent of construction fencing at its sole discretion. The preferred construction fence is a Green Diamond Link Fence made from extruded polypropylene.

FIRES AND FLAMMABLE MATERIALS

Careless disposition of cigarettes and other flammable materials, as well as the build-up of potentially flammable materials constituting a fire hazard, is prohibited. At least two 20-pound ABC-Rated Dry Chemical Fire Extinguishers shall be present and available in a conspicuous place on the construction site at all times.

INDEMNIFICATION

All contractors and the site Owner shall be responsible for damage or liability claims of all kinds and types caused by employees, subcontractors, supplies, and other agents of contractors and site Owners. All contractors and site Owners agree to indemnify, defend and hold harmless the COMMITTEE, Montreux Development Group, LLC, Montreux Golf Club Ltd., and Montreux

Homeowners Association, their employees, agents and representatives from any damage or claim of liability caused by contractors or site Owners.

LANDSCAPING

All existing trees, rock outcroppings and other significant natural features will be preserved as much as possible and enhanced by judicious limbing, trimming and cleaning. Native grasses, trees and shrubs will be added. Introduction of non-compatible plant and tree species is prohibited.

No tree over 6" in diameter (measured 4' above natural ground level) may be removed without the approval of the COMMITTEE. During construction, tagging of trees that are to remain and temporary fencing should be used to assure that no grading takes place within the dripline of trees to be preserved. Exposing roots or filling over roots shall be avoided whenever possible.

Significant rock outcroppings are a unique feature of the land at Montreux. They should be carefully preserved and featured in all planning for structures and landscaping. During construction, special care must be taken to avoid damage to these rock elements and the lichens growing on their surfaces. Heavy machinery, chemicals or other irritants which cause damage shall be avoided.

All landscaping work must be completed within 90 days of receipt of a Certificate of Occupancy for the residence. Extensions may be granted by the COMMITTEE for weather condition, which prevent or impair installation of plant materials or other landscaping improvements.

MAILBOXES

Due to service restrictions and guidelines of the U.S. Postal Service, mail delivery to individual mailboxes for each home is no longer available for new construction. Montreux Development Group, LLC will develop a mail service plan acceptable to the Postal Service, establishing a single approved design for the structures on which mailboxes shall be mounted, and will construct each structure prior to issuance of a Certificate of Occupancy on any residence which will use that structure. Unless supplied by the master developers, the Owner shall pay their pro rata share of the cost of construction of the mailbox structure on or in which the box is located, and may not construct any other facility on the lot for this use. Joint use of structures is required.

Mailboxes must be of a consistent design and color as approved by COMMITTEE.

MATERIAL DELIVERIES

All building materials, equipment and machinery required to construct a residence on any lot at Montreux must be delivered to and remain within the area to be disturbed on each lot. This includes earth-moving equipment, trailers, generators, and mixers, cranes and any other

equipment or machinery that will remain at Montreux overnight. Material delivery vehicles may not drive across adjacent lots or tracts to access a construction site.

All construction materials (including excavation material) shall be neatly and properly stored on the construction site. No construction materials may be stored on adjoining property or in the street.

NOISE CONTROL

There shall be no excessive noise on the site and volumes of radios or other audio equipment shall be kept low so as not to bother neighboring property owners. Appropriate volumes shall be determined at the sole discretion of the COMMITTEE.

NUISANCES

No use of any lot or structure subject to the CC&Rs 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.

PETS

Construction crews may bring pets onto the property only if they are contained in the work area or until such time as they are deemed a nuisance by the COMMITTEE. Pets must remain on a leash at all times.

PRESERVATION OF PROPERTY

The use of or transit over any other lot, common area or land, including the golf course, is prohibited. The use of or transit over the native area or setbacks outside any lot is prohibited. Construction personnel are prohibited from parking, eating, or depositing rubbish or scrap materials on any neighboring lot, common area, right-of-way or other property.

RESTORATION OF PROPERTY

Upon completion of construction, each Owner or contractor shall clean the construction site and repair all property which has been damaged, including but not limited to, restoring grades, planting shrubs and trees as approved or required by the COMMITTEE, and repair of streets, curbs, driveways, pathways, drains, culverts, ditches, signs, lighting and fencing. The committee shall be contacted upon completion of construction and a Committee representative may perform an inspection of the lot to ascertain any damage and arrange for repairs.

In addition, the Owner and contractor shall be held financially responsible for site restorations revegetation and refuse removal necessitated on any properties as a result of trespass or other conduct by their employees or subcontracted agents.

SANITARY FACILITIES

Each Owner or contractor shall be responsible for providing adequate sanitary facilities for construction workers. Portable toilets must be located on the lot.

SIGNAGE

Individual signs identifying contractors, tradesmen, or suppliers are prohibited unless approved by COMMITTEE. Identification of licensed tradesmen, when required by state or county statutes shall be confined to the posting location of the building permit. Attachment of signs or similar material to trees is prohibited. All signs during construction shall first be approved by the COMMITTEE and shall conform to the standards as required by the COMMITTEE.

Unauthorized signs may be removed by the Committee from the premises where displayed. Removed signs will be held for fourteen days in the administrative office of the Association to be claimed by the owner, after which time period they may be destroyed.

The construction site shall be maintained in a neat and orderly condition with provision for regular disposal of construction debris, to the satisfaction of the COMMITTEE.

TRASH RECEPTACLES AND DEBRIS REMOVAL

Owners or Contractors shall clean up all trash and debris at the end of each day. An approved trash receptacle must remain on the site at all times after commencement of construction for this purpose and to contain all lightweight materials or packaging.

The receptacle must be positioned on the site alongside the access drive, clear of side and rear setbacks, adjacent road right(s)-of-way and neighboring properties. Trash receptacles must be emptied on a timely basis to avoid overflow of refuse. Disposal shall be at a suitable off-site facility. Owners and contractors are prohibited from dumping, burying, or burning trash anywhere on the site or elsewhere in Montreux. Heavy debris, such as broken stone, wood scrap, and the like must be removed from the site immediately upon completion of the work of each trade that has generated the debris.

All concrete washouts from both trucks and mixers must occur within the building envelope of the lot in a location where it will be ultimately removed, concealed by structure or covered by backfill. Washout in road rights-of-way, setbacks or on adjacent properties is prohibited.

During the construction period, each construction site shall be kept neat and shall be properly policed to prevent it from becoming a public eyesore or detriment to other lots or open space. Any clean-up costs incurred by COMMITTEE or the Association in enforcing these requirements shall be payable by the owner. The COMMITTEE may use the Compliance Deposit to pay any costs it may incur in this connection.

VEHICLES AND PARKING AREAS

All vehicles shall be parked on the lot, unless during very busy construction periods involving multiple trades. If all construction vehicles cannot be confined to the site as required, the overflow vehicles may be temporarily parked along the street only on the side of the street on which the lot is located. During these limited occurrences, vehicles must allow continual unrestricted access by normal traffic and emergency vehicles, including fire trucks. Changing oil or other vehicle maintenance anywhere in Montreux is prohibited. Construction employees may be required to carpool.

If any concrete, dirt, debris, or spillage from concrete trucks or other construction trucks occurs on the streets or any other common area within Montreux, the Owner and contractor shall be responsible for discovering it and cleaning it up on the day on which it occurs.

VEHICULAR ACCESS TO MONTREUX

Prior to the start of construction activity at Montreux, each Owner or general contractor shall meet with security staff and prepare a contractors' vehicle pass list and the supporting information relating to the description and identification of construction/employee vehicles. No person or vehicle will be allowed past the guardhouse until the requisite documents are on file and the appropriate passes have been issued. The COMMITTEE or the security staff may require proof of acceptable insurance as a condition of entry.

Contractors and Subcontractors must comply with all speed limits in the development. Erratic or careless driving is prohibited, and may be subject to fines.