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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
FRONT STREET BUNGALOWS AT KILEY RANCH

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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
FRONT STREET BUNGALOWS AT KILEY RANCH

THIS DECLARATION ("Declaration") is made this 19th day of September, 2005, by the undersigned, herein referred to as "Declarant", with reference to the following facts and is as follows:

RECITALS:

A. Declarant is the owner of certain real property located in Washoe County, Nevada which is more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Property"), and Declarant is developing the Property as a single family residential subdivision in accordance with the applicable terms and provisions of Chapter 116 of the Nevada Revised Statutes (the "Act") as a planned community under the name of "Front Street Bungalows at Kiley Ranch".

B. This Declaration is designed to create equitable servitudes and covenants appurtenant to and running with the Property imposing further conditions, covenants and restrictions for the development, operation, protection and maintenance of the Property, because of the unique aspects of concern to Owners (below defined), with rights and powers reasonably necessary to control the operation and maintenance of the Property, including, without limitation, the right to assess the Owners for the cost of such operation and maintenance.

D. This Declaration is intended to secure the development of the Property as a high quality residential community.

E. Declarant is or may become the owner of certain other real property situate in Washoe County, Nevada, which is described in **Exhibit "B"** attached hereto and incorporated herein by this

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reference, all or a portion of which real property may become Annexed Property (as defined below). Declarant reserves the right to create a maximum of one hundred twenty-five (125) Lots within the Community (below defined).

DECLARATION:

NOW, THEREFORE, Declarant hereby declares that the Property, is and shall be held, conveyed, encumbered, leased, used, occupied, improved, and otherwise affected in any manner subject to the covenants, conditions, restrictions, easements and other provisions of this Declaration, all of which are hereby declared to be in furtherance of a general plan for the development, improvement, and sale of the Property, and are further declared to be for the purpose of enhancing, maintaining, and protecting the value and attractiveness of the Property. All provisions hereof shall be deemed to run with the land as covenants running with the land or as equitable servitudes, as the case may be, and shall constitute benefits and burdens to the Declarant and its assigns and to all persons hereafter acquiring or owning any interest in the Property, however such interest may be obtained.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the meanings set forth in this Article.

1.1 "Annexed Property" means any or all of the property described in **Exhibit "B"** hereto which is now owned or hereafter may be acquired by Declarant, with respect to which a Supplemental Declaration is recorded causing an annexation of such property pursuant to the provisions of **Article X** below.

1.2 "Architectural Committee" shall mean the committee responsible for implementing and enforcing the requirements and restrictions governing the construction and alteration of all Improvements on Lots, as more particularly set forth in **Article VIII** below.

1.3 "Articles" or "Articles of Incorporation" means the Articles of Incorporation of the Association.

1.4 "Association" means the Front Street Bungalows at Kiley Ranch Homeowners' Association, a Nevada non-profit corporation.

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1.15 "Lot" or "Parcel" means any portion of the Property designated as a lot or parcel on any recorded subdivision map or parcel map thereof and intended for improvement with a single family residence, whether or not the Lot or Parcel is so improved. The boundaries of each Lot/Parcel and the number identifying the Lot/Parcel are set forth on the Map.

1.16 "Map" means the Final Map of First Tee Unit No. 6 filed for record _____, 2005, as Document No. _____, Official Records, Washoe County, Nevada, and all other final recorded subdivision maps of Annexed Property which becomes a portion of the Community, together with any and all amendments thereto.

1.17 "Member" or "Association Member" means every person or entity including Declarant who holds a membership in the Association pursuant to the provisions of this Declaration, the Articles and the Bylaws.

1.18 "Owner" means any person or entity, including Declarant, holding a fee simple interest in a Lot or Parcel, or who is the buyer of a Lot or Parcel under a recorded contract of sale.

1.19 "Plan" means those items set forth in NRS 116.2109(4), including drawings of Improvements which are filed with agencies which issue permits for the Community, and all number and letter designations set forth thereon identifying Units, all of which are by this reference incorporated herein.

1.20 "Property" or "Community" means the Property and Annexed Property, together with all Improvements now or hereafter located thereon, and together with all easements, rights and appurtenances belonging thereto.

1.21 The phrase "visible from neighboring property" means, with respect to any given object, that such object is or would be visible to a person six feet (6') tall standing on an assumed floor elevation two feet (2') above the highest ground surface of any neighboring property.

1.22 "Special Declarant's Rights" means all rights reserved by Declarant for itself under this Declaration which are personal to Declarant and may be exercised only by Declarant, including, but not limited to, those set forth in Article X hereof.

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ARTICLE II

COMMON ELEMENTS AND EASEMENTS

2.1 Ownership of Common Elements. All of the Common Elements is or will be owned by the Association. The Common Elements shall remain private property of the Association unless dedicated to a public authority pursuant to the provisions hereof, and nothing contained herein shall be construed as a dedication to the public of the Common Elements or any portion thereof.

2.2 Encumbrances Against Common Elements. Title to the Common Elements is or may be subject to the following encumbrances ("Existing Encumbrances"):

- (a) The lien of real property taxes and assessments;
- (b) The obligations imposed, directly or indirectly, by virtue of any statute, law, ordinance, resolution, or regulation of the United States of America, the State of Nevada, County of Washoe, the City of Sparks, or any other political subdivision or public organization having jurisdiction over the Property, or by virtue of any organization or political body created pursuant to any such statute, law, ordinance, or regulation;
- (c) Any and all easements and other rights shown on the Map;
- (d) All easements and other rights and obligations created by the Master Declaration or this Declaration;
- (e) Any and all loans for the construction of Improvements to the Common Elements which loans shall be paid by Declarant as the same become due and payable; and
- (f) Any other lien, encumbrance, or defect of title of any kind whatsoever (other than of the type that would at any time or from time to time create a lien upon the Common Elements to secure an obligation to pay money) that would not materially and actually prejudice Owners in their use and enjoyment of their Lots and the Common Elements.

2.3 Owners' Easements of Enjoyment. Except as otherwise expressly provided elsewhere in this Declaration, each Owner shall have, and the Association hereby grants to each Owner, a non-exclusive easement of use and enjoyment in, to, and throughout the Common Elements (excluding the HOA Yard Maintenance Easements) and for ingress, egress, and support over and through the Common Elements. Each such easement shall be appurtenant to and pass with title to each Lot.

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2.4 Use of the Common Elements. Except as otherwise expressly provided in this Declaration, the Common Elements shall be used for open space, recreational activities and landscape areas, and no persons other than the Owners, their family members, guests and invitees or the Owner's tenants, their family members, guests and invitees shall be allowed to in any manner use or occupy the Common Elements. There shall be no parking or storage by Owners of any vehicles of any type or nature whatsoever within any Common Element; and only Owners' guests and invitees may park in designated Common Element "guest parking" spaces, and then only in full compliance with the applicable terms and provisions of this Declaration and the Rules and Regulations, if any. Each Owner shall at all times be responsible for any and all activities of his tenants, guests and invitees using the Common Elements. No Improvements within the Common Elements shall be altered or removed, except at the express direction of the Association.

2.5 Declarant's Common Elements Easement Rights; Dedication of Common Elements.

2.5.1 Reservation of Common Elements Easements In Favor of Declarant. Declarant hereby reserves unto itself such easements over, through and under the Common Elements as may be reasonably necessary to discharge Declarant's obligations or exercise any Special Declarant's Rights, whether arising under NRS Chapter 116 or reserved in this Declaration.

2.5.2 Reservation of Right to Grant Additional Common Elements Easements and to Dedicate Common Elements. Declarant hereby reserves unto itself the right to grant easements and rights of way on, over, through and under the Common Elements for the purposes described below and for the benefit of the Owners, the Association, and the right to offer for dedication any portion of the Common Elements to any political subdivision, or any public or quasi-public entity or utility. Such grants of easement or dedications may be for any or all of the following described purposes: constructing, erecting, operating, or maintaining on the Common Elements, at any time: (i) roads, streets, trails, walks, driveways, vehicle parking areas, parkways, and park areas; (ii) poles, wires, or conduits for transmission of electricity, telephonic communication or cable or master antenna television for the Community and the necessary apparatus incident thereto; and (iii) public and private sewers, sewage disposal systems, storm drains, land drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any and all equipment and other apparatus relating thereto. The rights reserved by Declarant in this subsection 2.5.2 may be exercised at any time that Declarant owns any portion of the Property.

2.6 Rights of Association to Grant Easements Over Common Elements and to Dedicate Portions of Common Elements. At such time as the rights reserved by Declarant under subsection 2.5.2 have expired, the Association shall be entitled to exercise the rights reserved to Declarant under subsection 2.5.2, provided that at least sixty-seven percent (67%) of the voting power of the Association has approved such action.

2.7 Right of Association to Encumber Common Elements. The Association may encumber the Common Elements in connection with authorized obligations, but only upon the affirmative vote of not less than sixty-seven percent (67%) of the voting power of the Association.

2.8 HOA and Owner Yard Easements. Pursuant to Section 5.2.4 of this Declaration, the Association is charged with the responsibility of maintaining, repairing and, in some instances, replacing various landscaping Improvements located on the Lots, as more particularly set forth in such Section 5.2.4 (the "HOA Yard Maintenance Obligations"). Declarant hereby (i) reserves unto itself for its own benefit over the period of time Declarant exercises and discharges the HOA Yard Maintenance Obligations and (ii) grants to the Association, an easement on, over, across and through each Lot for the purpose of exercising and discharging the HOA Yard Maintenance Obligations (the "HOA Yard Maintenance Easements"). In addition, Declarant hereby reserves for the benefit of all Owners an easement over, across and through the "non-fenced" rear yard area of each Lot for pedestrian egress, ingress and general open space, but non-possessory, use (the "Owner Yard Use Easements"). Each conveyance of a Lot shall be deemed automatically to reserve to Declarant and grant to the Association such HOA Yard Maintenance Easement, and grant the Owner Yard Use Easement, affecting such Lot. Thereafter, as contemplated pursuant to the definition of Common Elements set forth in Section 1.8 above, the HOA Yard Maintenance Easements and the Owner Yard Use Easements shall be deemed a part of the Common Elements, and shall be treated for all purposes as Common Elements pursuant to the terms and provisions of this Declaration.

2.9 Declarant's Obligation to Convey. Except as set forth otherwise in Section 2.8 above with respect to HOA Yard Maintenance Easements, Declarant shall convey fee simple title to the Common Elements to the Association on or before Declarant's Control Termination Date (below defined), free and clear of all encumbrances and liens, except those matters described in Section 2.2 above.

2.10. Sideyard Easements. Declarant hereby reserves exclusive easements ("Sideyard Easements") over portions of Lots ("Adjoining Lots") for private yard purposes for the benefit of owners of certain abutting Lots ("Dominant Lots"), as shown and assigned on Exhibit "SE." Each portion of an Adjoining Lot which is burdened by a Sideyard Easement is a "Sideyard Easement Area." Declarant hereby reserves for the Owner of each Dominant Lot and each corresponding

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Adjoining Lot, a nonexclusive easement for reasonable access to and from the Sideyard Easement. Declarant hereby reserves for Owners (including Declarant) of Adjoining Lots easements appurtenant to such Adjoining Lots over the respective Sideyard Easement Areas located on such Adjoining Lots for purposes of accommodating (1) encroachment of overhanging eaves and other items as initially constructed on the Adjoining Lot or as reconstructed with Architectural Committee approval, and (2) drainage over the Sideyard Easement Areas in accordance with the established drainage pattern. Each Sideyard Easement shall be used and enjoyed subject to the following conditions. No use of a Sideyard Easement shall be made except as provided below:

2.10.1 Authorized Uses. The Sideyard Easement may be used for any general recreation and garden area purpose by the Owner of the Dominant Lot. Such use shall include the right of each Dominant lot Owner to plant vegetation and establish an irrigation system thereon, provided such irrigation system shall be first approved by the Architectural Committee; in no event, however, shall any use, landscaping or other activity interfere with, alter, impair or impede the drainage facility placed within the Sideyard Easement area by Declarant, unless based on plans and specifications provided by a licensed engineer and approved by the Architectural Committee. It shall be the ongoing responsibility of the Dominant Lot Owner to maintain, repair, replace and assure the continual good working order of such Sideyard Easement drainage facility at his cost and expense, so that it effectively and adequately provides pass-through drainage for surface water drainage from uphill portions of the Property as part of the overall and lot-specific drainage plan for the Community and particular Lots. The Sideyard Easement, including the fence or wall enclosing the Sideyard Easement and the drainage system, shall be maintained in good repair, and in a neat and orderly condition at all times by the Owner of the Dominant Lot.

2.10.2 Access by Adjoining Lot Owner. The Owner of the Adjoining Lot shall have the right, at reasonable times, upon reasonable notice (twenty-four (24) hours notice in regular situations, no notice in emergencies) to the Owner of the Dominant Lot and in a reasonable manner, to enter upon the Sideyard Easement and the Dominant Lot for the purposes of maintaining the Adjoining Lot residence, any gutter and downspout attached to the residence, the drainage system serving the Adjoining Lot, any fence or wall owned by the Owner of the Adjoining Lot, and for maintaining utilities serving the Adjoining Lot. However, the Adjoining Lot owner shall repair any damage caused by the exercise of these rights.

2.10.3 Restrictions. No storage, storage unit/building or other type structure is permitted in the Sideyard Easement; however, furniture, barbecue grills, and other actual use items in keeping with the uses authorized by Section 2.10.1 may remain in the Sideyard

Easement. No object shall be affixed to the Dwelling or fence on the Adjoining Lot without the prior written consent of the Owner of the Adjoining Lot. The grading in the Sideyard Easement shall not be modified to allow drainage to flow toward a residence. Nothing shall be done in a Sideyard Easement that totally or partially obscures windows of a residence.

2.10.4 Sideyard Drainage. No planting or other material or structure shall be constructed or permitted to remain in a Sideyard Easement which may change the direction of flow of the established drainage on the Adjoining Lot, which may damage or alter any drainage system serving the Adjoining Lot, or may obstruct, interfere or retard the flow of water through such system. The Owners of each Adjoining Lot shall have the right to use the drainage system established within the Sideyard Easement abutting their Lots for the purpose of draining their Lots, provided that such right shall not include the right to discharge noxious or offensive materials or substances.

2.10.5 Sideyard Disputes. The Association is not obligated to, but may, mediate, enforce or resolve disputes regarding a Sideyard Easement between the Owner of a Dominant Lot and the Owner of the Adjoining Lot.

2.11 Maintenance of Common Elements. Maintenance of the Common Elements and any and all Improvements thereon shall be the obligation of the Declarant solely until the initial Annual Assessment is levied and assessed ("Transfer Date"). From and after the Transfer Date the obligation to maintain the Common Elements and the Improvements thereon shall be the obligation of the Association. The Association shall maintain and manage the Common Elements and all Improvements thereon in a first class and husbandlike manner. The Association shall maintain all utility, water and sewer lines, equipment and other apparatus, streets, sidewalks and curbs within the Common Elements, unless such item of maintenance is the obligation of a utility company, the City of Sparks, Washoe County, or other governmental entity.

2.12 No-Build Zones. There shall be no improvement, modification, alteration or addition to the exterior portion of any Dwelling along or into the side yards of Lots. The City of Sparks is an expressly intended third party beneficiary of this Section 2.12.

ARTICLE III

USE RESTRICTIONS; OWNER'S MAINTENANCE AND REPAIR OBLIGATIONS

A. PROHIBITIVE AND MANDATORY USE RESTRICTIONS

3.1 Single Family Residences. Each Lot shall be used as a residence for a single family and for no other purpose. An Owner may rent his Lot to a single family; provided, however, that any lease or rental agreement shall be in writing and must specify that failure to abide by the provisions of this Declaration, the Articles, the Bylaws, and the Rules and Regulations shall be a default under the lease or rental agreement, and the initial term of each such lease shall not be less than thirty (30) days. Whether or not the written leases or rental agreement so provides, all tenants of Lots are subject to and are required to abide by the provisions of this Declaration, the Articles, the Bylaws and the Rules and Regulations. No Owner shall rent or lease his Lot for transient or hotel purposes, nor shall any Lot be time shared.

3.2 Parking and Vehicular Restrictions. No Owner shall park, store or keep within the Property any inoperable or commercial type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck) unless said inoperable or commercial vehicle can be stored in the garage of the Lot with the garage door closed. No Owner shall park, store or keep on his Lot any recreational vehicle (including, but not limited to, any camper unit, house/car or motor home); any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home; or any other similar vehicle. The above excludes camper trucks and similar vehicles up to and including one (1) ton when used for everyday-type transportation, but subject, nevertheless, to approval by the Board. In addition, no Owner shall park, store, or keep anywhere within the Property any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board. The Board shall have the power to enforce all parking and vehicle use restrictions applicable to the Property, including the power to remove violating vehicles from any of the Property to the extent permitted by applicable law.

3.3 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Property, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, or offensive. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be offensive or detrimental to any other Lot in the Property or to its occupants. Without limiting the generality of any of the foregoing provisions, no speakers, horns, whistles, bells

or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or residents or their guests shall be located, used or placed on any portion of the Property without the prior written approval of the Board. Alarm devices used exclusively to protect the security of a Lot and its contents shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

3.4 Signs. No sign, poster, billboard, advertising device or other display of any kind shall be displayed without the approval of the Board, except the Owner or resident may place one (1) customary 18" x 24" for sale sign on the Lot. "For lease" signs are prohibited. Any other signage shall require Board approval. Nothing herein contained shall restrict the right of Declarant or its successors to place and the Association to maintain street signs, Community monument signs and other Community sale signs in the Common Elements; nor shall any limitation set forth in this Section 3.4 restrict in any manner Declarant's Special and Developmental Rights set forth in Article X.

3.5 Antennae, Solar Panels. No pole, flagpole, mast, solar panel, satellite dish, receiver, or other outdoor antenna or related device shall be allowed on any Lot without the prior written consent of the Architectural Committee; provided, however, that any Owner is entitled to display the flag of the United States, in a manner that is consistent with the Federal Flag Code, from or on:

- (i) A flagpole or staff which is located on exterior property within the boundaries of a Sideyard Easement area benefiting such Owner.
- (ii) A window, ledge, sill, railing, patio or terrace of his or her Lot or an exterior limited common element that forms a part of the boundaries of his or her Lot, whether or not the flag is displayed from a flagpole or staff.

As used in this Section 3.5: "Federal Flag Code" means the rules and customs pertaining to the display and use of the flag of the United States which are codified in 4 U.S.C. §§ 5 to 10, inclusive, as altered, modified or repealed by the President of the United States pursuant to 4 U.S.C. § 10, and any additional rules pertaining to the display and use of the flag of the United States which are prescribed by the President pursuant to 4 U.S.C. § 10; and "Flag of the United States" does not include a depiction or emblem of the flag of the United States that is made of balloons, flora,

lights, paint, paving materials, roofing, siding or any other similar building, decorative or landscaping component or material.

The Association may adopt rules that: (i) Prohibit the display of the flag of the United States in a manner that is inconsistent with the Federal Flag Code; (ii) prohibit the display of the flag of the United States if the flag exceeds four feet (4') in its vertical dimension or six feet (6') in its horizontal dimension (the horizontal dimension of the flag is the dimension that is parallel with the horizontal stripes of the flag, regardless of the position in which the flag is displayed); (iii) establish a maximum number of flags of the United States that may be displayed from, on or around the exterior of a unit (the maximum number is one); (iv) prohibit the display of the flag of the United States from a flagpole or staff that exceeds twenty-five feet (25') in height; (v) prohibit the display of the flag of the United States in a manner that poses a real and substantial danger to health or safety and (vi) allow displays of the Nevada State flag on official State of Nevada holidays; subject, however, to the same (or more restrictive conditions as adopted by the Board) conditions and limitations as set forth for the United States flag in this Section 3.5.

Furthermore, outside television antennas, aerials, satellite dishes or similar devices for the transmission or reception of television, radio, satellite, of other signals or any kind are prohibited, except:

(i) The Declarant and the Association shall have the right, without obligation, to erect, place or install and maintain any such apparatus for the benefit of all or a portion of the Community.

(ii) Antennas or satellite dishes with a diameter or diagonal measurement not greater than the minimum size protected by applicable law, and which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "Permitted Devices") may be erected, placed or installed on a Lot, provided that:

(A) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is either not visible from neighboring property or is screened from the view from streets of any neighboring Lot or Common Area.

(B) Reasonable restrictions which do not significantly increase the cost of installation of a Permitted Device or significantly decrease its

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efficiency or performance, including, without limitation, screening material, location or complimentary-color painting of the Permitted Device, may be imposed by the Architectural Committee.

3.6 Unsightly Articles. No unsightly articles, including, but not limited to, clotheslines, shall be permitted to remain on any Lot so as to be visible from neighboring property. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers in the garage of the dwelling on the Lot or enclosed areas designed for such purpose. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles designed therefor, such that they do not create a fire hazard and except as specifically authorized otherwise in writing by the Board (and subject to applicable ordinances and fire regulations).

3.7 Animals. No animals, fowls, reptiles, poultry, fish or insects of any kind ("animals") shall be raised, bred or kept within the Property, except that a reasonable number of dogs, cats or other household pets may be kept within a residence, provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable quantities nor in violation of any applicable local ordinance or any other provision of this Declaration and such limitations as may be set forth in the Rules and Regulations. As used in this Declaration "unreasonable quantities" shall ordinarily mean more than two (2) pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to other Owners in the Property. Animals belonging to Owners, residents, or their guests within the Property must be either kept within an enclosure or on a leash or other restraint being held by a person capable of controlling the animal, and who then has in his possession a proper or adequate utensil or other means of cleaning up immediately all feces of such animal. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners, residents, their families and guests, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or resident or by members of their family or guests; and it shall be the absolute duty and responsibility of each such Owner to clean up immediately after such animals which have used any portion of the Common Elements.

3.8 Business or Commercial Activity. No part of the Property shall ever be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated in any way or receives any form of

efficiency or performance, including, without limitation, screening material, location or complimentary-color painting of the Permitted Device, may be imposed by the Architectural Committee.

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consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except Declarant, its successors and assigns may use any portion of the Property for model home sites and displays, and sales and construction offices in accordance with Article X hereof. The provisions of this Section 3.8 shall not preclude any of the above-described activities which are conducted without external evidence thereof provided that all of the following conditions are fulfilled: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not routinely or in significant numbers visit the Lot or park automobiles or other vehicles within the Property; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the residence on such Lot; (d) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (e) such activities are consistent with the residential character of the Property and otherwise conform with the provisions of this Declaration.

3.9 No Further Subdivision. No Lot may be further subdivided without the prior written approval of the Board; provided, however, that nothing in this Section shall be deemed to prevent an Owner from, or require the approval of the Board for: (1) selling a Lot; or (2) transferring or selling any Lot to more than one (1) person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (3) the leasing or renting by any Owner of all of his Lot, provided that any such lease or rental shall be subject to this Declaration.

3.10 Drainage. There shall be no interference with the established drainage in the Property unless an adequate alternative provision designed by a licensed engineer and previously approved in writing by the Architectural Committee, is made for proper drainage. For the purpose hereof, "established" drainage is defined as the drainage patterns, directions, improvements, appurtenances, facilities, etc., which exist at the time a Lot is conveyed to an Owner by Declarant, or later grading changes which are shown on plans designed by a licensed engineer and approved by the Architectural Committee.

3.11 View Obstructions. No vegetation, Improvement or other obstruction shall be planted, constructed, or maintained on any Lot in such location or of such height as to unreasonably obstruct the view from any other Lot. Each Owner or resident of a Lot shall be responsible for periodic trimming, pruning and thinning of all hedges, shrubs and trees located on that portion of his Lot which is subject to his control or maintenance, so as to not unreasonably obstruct the view of other Owners or residents. If an Owner or resident fails to perform necessary trimming, pruning or thinning, the Association shall have the right, after

ten (10) days prior notice requesting such work be done and the Owner or resident not having done so, to enter upon such Lot for purposes of performing such work. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

Declarant makes no representations or warranty with respect to the presence or absence of any view from any portion of any Lot. Any existing view may change or be blocked or impaired depending upon construction, landscaping or other activities undertaken on remaining land located within the Community or on land located outside the boundaries of the Community. Each Owner, by accepting title to a Lot in the Community, hereby acknowledges that construction, landscaping or other installation of Improvements by Declarant, or others outside the Community may impair the view from any Lot in the Community, and the Owners hereby consent to such view impairment.

3.12 Lot and Landscaping Alterations. Subject to provisions of applicable law and Article VIII of this Declaration, each Owner shall have the right to modify the Dwelling on his Lot at his sole cost and expense, so long as (a) such modifications do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Property; and (b) such modifications do not change the appearance of the Common Elements or the exterior of any Improvements located on such Lot or any other portion of the Property without the prior written approval of the Architectural Committee. There shall be no alteration whatsoever by any Owner of any landscaping or landscaping feature included within the HOA Yard Maintenance Easement area of any Lot; but such alterations may be made by the Association.

3.13 Maintenance and Repair. Except as provided in Section 5.2.4, the Owner of each Lot shall maintain such property in a clean and orderly manner, in a good condition and state of repair, and adequately painted or otherwise finished, all at such Owner's sole cost and expense. No building, structure, or other Improvement within the Community shall be permitted to fall into disrepair. No Owner shall do any act or work that will impair the structural soundness or safety of any Improvement located in the Community. If any Improvements are damaged or destroyed by fire or other calamity, the insurance proceeds shall be paid to the Owner or the mortgagees thereof, as their respective interests may appear; and such Owner or mortgagee shall, within a reasonable time period, rebuild or repair the damage or restore the Lot to the same state that existed for such Improvements prior to such damage or destruction in full compliance with the terms and provisions of Article VIII of this Declaration.

3.14 Utility Service. No lines, wires, or devices for transmission of electric current or telephone, television, or radio signals shall be constructed, placed, or maintained anywhere within any Lot unless the same shall be contained in conduits or cables placed and maintained underground or concealed in or under buildings or approved structures. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incidental to the construction of Improvements.

3.15 Fences and Yards. No fences, hedges, or walls shall be erected or maintained on any Lot, except as initially installed on Lots or Common Area by the Declarant as reflected by fence/wall detail, typical location, dimension and material in documents provided by Declarant, which documents shall be a part of the Association's permanent records. Except for landscaping provided by Declarant for each Lot, Dominant Owners shall landscape fully their respective courtyard and Sideyard Easement area on the Adjoining Lot as follows: (1) for each Lot purchased during the months of March through August, no later than one hundred twenty (120) days after the close of escrow of the sale of such Lot by Declarant to the first (1st) third party Owner thereof, and (2) for each Lot purchased during the months of September through February, no later than two hundred seventy (270) days. All landscaping shall be subject to the approval of the Architectural Committee, for the purpose only of assuring that such landscaping complies with Sections 2.10.1 and 3.10 concerning drainage. The failure of any such Owner to landscape his/her or its Lot as above provided shall entitle Declarant and/or the Association the right to seek a mandatory injunction to compel such Owner to undertake and complete such landscaping, or, in the alternative, to cause such landscaping to be provided by Declarant or the Association. In the event of the latter alternative, Declarant or the Association, as applicable, shall have the right to levy a Violation Assessment against the Owner of such Lot for the cost of such landscaping, and the Owner of such Lot shall be deemed to have given an easement over, across, under and through such Lot for the purpose of causing such landscaping to be done.

3.16 Diseases and Insects. No Owner shall permit any thing or condition to exist upon his Lot that shall induce, breed, or harbor infectious plant or tree diseases or noxious insects.

3.17 Mineral Exploration. No portion of the Community shall be used in any manner to explore for or to remove any oil or other hydrocarbons, minerals of any kind, gravel, or earth substance. No drilling, exploration, refining, quarrying, or mining operations of any kind shall be conducted or permitted to be conducted thereon; nor shall wells, tanks, tunnels, mineral excavations, shafts, derricks, or pumps used to mine or drill for any substances be located on the Community.

3.18 Use of Garages. Garages may be used only by the Owner or the occupants of the Lot to which such garage unit is appurtenant. Garages may be used for storage only to the extent such storage does not preclude vehicles from being parked in the garage with the garage door closed. Garage doors must remain closed at all times, except for reasonable periods during which the garage is actively being used.

3.19 Pools. No swimming pool shall be permitted on any Lot whatsoever, provided, however, that such restriction does not apply to "hot tubs", which may be placed in Sideyard Easement areas.

3.20 Perimeter Walls. Walls and/or fences, if any, around the exterior boundary of the Community ("perimeter walls") constructed or to be constructed by Declarant are Improvements, all portions of which are located, or conclusively deemed to be located, within the boundaries of individual Lots; and are hereby deemed to be included within the HOA Yard Maintenance Obligations and located within the HOA Yard Maintenance Easements.

3.21 Window Coverings. All drapes, window shades or other window coverings installed in the windows of any Improvement, and which are visible from the exterior of the Improvement, shall be white, off-white, beige or other neutral color. Window coverings must be installed on all windows visible from the streets serving the Community within ninety (90) days after conveyance of title to the Lot by Declarant, unless rules adopted by the Board provide otherwise.

3.22 Sports Equipment. No basketball standard, fixed sports apparatus or similar equipment shall be erected, constructed or placed within any Lot where visible from adjacent Lots or the streets serving the Community without the prior approval of the Board. Portable or movable basketball equipment or other movable sports apparatus may not remain overnight on any Lot where visible from adjacent Lots or the streets serving the Community without the prior approval of the Board.

B. OWNER'S OBLIGATION OF MAINTENANCE AND REPAIR.

3.23 Maintenance of Lot, Residence, Other Improvements and Utility Lines. Except for those matters which expressly are the responsibility of the Association pursuant to the terms and provisions of this Declaration or which are the responsibility of an applicable governmental authority, each Owner shall repair and maintain in a good, clean and orderly

condition, at such Owner's sole cost and expense, the following described areas and Improvements, which maintenance and repair shall be conducted in accordance with the provisions of this Declaration:

(a) The residence and other Improvements on such Owner's Lot including, but not limited to the following: gutters, downspouts, glass and other exterior building surfaces;

(b) All sewer lines, water lines, electrical lines, gas lines, and other utility lines which provide service to such Owner's residence and which are not maintained by the City of Sparks or any utility company (collectively "utility lines") to the extent such utility lines are located on such Owner's Lot; and

(c) Each Dominant Owner shall maintain and repair all landscaping within the boundaries of the Sideyard Easement benefiting such Dominant Owner's Lot, which landscaping shall be neatly trimmed, properly cultivated and irrigated, and kept free from unsightly weeds and dry foliage which could create a fire hazard. Each Owner shall keep his Lot free from trash or other unsightly material.

3.24 Easement for Repair of Dwellings.

3.24.1 Right of Access. Dwellings are constructed in pairs, side by side, on their respective sides of mutual Lot boundary lines (in each instance, a "Common Boundary Line"). Each Owner sharing with other Owner(s) a Common Boundary Line shall allow such other Owner(s) reasonable access to such Owner's Lot at reasonable times and upon reasonable notice as the circumstances warrant, for the purpose of making necessary repairs, alterations or replacements to that area of such Owner's Dwelling which is situated immediately adjacent to the Dwelling on the other side of the Common Boundary Line.

3.24.2 Restoration. In the event any work performed by an Owner pursuant to this Article III B. involves entry upon another Owner's Lot or Dwelling, then the Owner(s) responsible for the repairs shall be liable for the cost of restoring any damaged or altered area to substantially its condition prior to the event necessitating the repair. In the event the Owners responsible for the damage fail to so repair the damaged or altered area, then the Owner suffering such damage or alteration may file an Owner Complaint with the Board against such Owners as set forth in Section

3.26.1 hereof, or the Association may issue a Maintenance Violation as provided in Section 3.26.1.

3.24.3 Performance of Work by Licensed Contractor. Any and all work performed pursuant to this Article III B. shall be performed by a licensed contractor and shall be performed in accordance with the provisions of this Declaration and City building, health, fire and safety codes.

3.25 Owner's Obligation to Rebuild After Damage or Destruction. Each Owner shall carry casualty insurance insuring the residence on such Owner's Lot with coverage for all hazards, except earthquakes and floods and other acts of God which are normally excluded from standard form coverage policies ("Excluded Hazard"), which insurance shall be maintained in an amount equal to the full replacement cost of such residence. The Association shall have no duty to enforce the foregoing provision of this Declaration; provided, however, that if a residence is damaged or destroyed and the event causing the damage or destruction was not an Excluded Hazard, then the Owner(s) of the residence shall be jointly and severally liable to the Association to rebuild the residence to substantially its condition immediately prior to the event causing the damage or destruction, regardless of whether or not insurance proceeds are available for such reconstruction.

In the event the Owner(s) of the damaged or destroyed residence fail to commence repair or reconstruction of the residence within the longer of one hundred twenty (120) days after the event causing the damage or destruction, then the failure to commence repair or reconstruction shall be deemed to be a Maintenance Violation as set forth in Section 3.26.1 below.

3.26 Maintenance Violations.

3.26.1 Maintenance Violation Notice. If any Owner allows, permits, or causes any condition to exist on or within such Owner's Lot or any of the Common Elements, as the case may be, or the Improvements thereon, which violates the provisions of Article III of this Declaration or, in the sole reasonable discretion of the Board, is unsightly, unsanitary, or hazardous (including, but not limited to, a condition which causes dust to carry to another Lot) (herein collectively "Maintenance Violation"), then, except as otherwise provided in Section 3.26.6, hereof, (in the case of an emergency), the Association shall give the Owner written notice ("Maintenance Violation Notice"), specifying the nature of the Maintenance Violation and a reasonable time period within which the Owner(s) must correct such

Maintenance Violation, as the Board determines is reasonably required, which cure period shall be no less than thirty (30) days. In the event that the Board fails to give a Maintenance Violation Notice to a Owner who has defaulted in its maintenance obligation hereunder, then upon the filing with the Board of a meritorious written complaint (herein "Owner Complaint") executed by the Owners of any two (2) Lots within the Community, the Board shall have the obligation to give such Maintenance Violation Notice.

3.26.2 Owner's Right to File an Objection; Hearing Panel; Arbitration. The Owner to whom a Maintenance Violation Notice is given shall have the right to file a written objection thereto with the Secretary of the Association within ten (10) days after such Owner is deemed to have received such Maintenance Violation Notice. In the event such an objection is filed, and within thirty (30) days after the objection is filed, the Board may elect either (i) to convene a Hearing Panel (defined below), or (ii) submit the matter to binding arbitration pursuant to the provisions of Chapter 38 of the Nevada Revised Statutes. By acceptance of his deed or other instrument of conveyance, each Owner shall be deemed to have agreed to binding arbitration pursuant to the provisions of NRS 38.300, *et seq.*, or any successor statute, if such matter goes to arbitration.

3.26.3 Hearing Panel. In the event the Board elects pursuant to Section 3.26.2 above, to convene a Hearing Panel, then the President of the Association shall appoint, within thirty (30) days after receipt of the Owner's objection, a panel of three (3) Board Members or three (3) members of any committee of the Board established by the Board pursuant to the Bylaws (the "Hearing Panel"), at least one (1) of whom shall be an Owner of a Lot within the same type as the Lot which is the subject of the Violation Notice. The Hearing Panel shall convene no later than fifteen (15) days after its appointment for the purpose of conducting a hearing on the disputed Maintenance Violation. Notice of such hearing, and time and place thereof, shall be given to the Owner to whom the Maintenance Violation Notice is given and any other Owners who have filed Owner Complaints at least five (5) business days prior to the date set for such hearing. The Hearing Panel shall give written notice of its decision to the Owner against whom the Maintenance Violation Notice was given as to whether or not a Maintenance Violation exists and the nature of such violation. Copies of such decision shall be mailed to all persons who filed an Owner Complaint. The decision of the Hearing Panel shall be nonbinding and appealable as set forth in NRS 38.300, *et seq.*, or any successor statute. Appeals must be initiated within fifteen (15) days after the Hearing Panel renders its decision. The notice

period within which a Maintenance Violation must be cured shall be tolled from the date of filing such objection until the date the Hearing Panel notifies the Owner in writing of its decision and if an appeal is filed, during the pendency of the appeal.

3.26.4 Association's Right to Correct Maintenance Violation. If a binding decision is rendered that a Maintenance Violation exists and the Owner fails to correct a Maintenance Violation within the period specified in such decision, or, if no time is specified, within a reasonable time ("cure period"), then the Association, acting through the Board, shall have the right, but not the obligation, to correct the Maintenance Violation in accordance with the procedures set forth below.

3.26.5 Procedure for Association's Correction of Maintenance Violation.

(a) Bids. In the event the Association elects to correct a Maintenance Violation, then prior to commencement of work to correct the Maintenance Violation and promptly after the expiration of the cure period afforded a defaulting Owner, the Board shall obtain three (3) written bids to perform the required work and shall mail the bids to the Owner. The Owner shall have the right to select the bid by notifying the Board in writing within fourteen (14) days after the bids are mailed by the Board to the Owner. In the event the Owner fails to select a bid within such time period, the Board shall select the bid.

(b) Violation Assessment. When the bid has been selected as set forth in subsection (a), above, the Board shall levy a Violation Assessment pursuant to Section 6.7 hereof against the Owner in the amount of the cost of correcting the Maintenance Violation and the costs and expenses, including attorneys' fees, incurred by the Association incident thereto.

(c) Performance of Corrective Work By Association. The Board may, at its sole option and discretion, elect to cause the corrective work to be commenced promptly after the Violation Assessment has been levied against the Owner, or elect to postpone the corrective work until after the amount of the Violation Assessment has been collected partially or in full. Neither the Association, the Board, nor any of the Association's agents, or employees shall be liable for any damage which may result from any work performed by the Association to cure a Maintenance Violation.

3.26.6 Emergencies. In the event any officer of the Association believes, in his or her sole reasonable discretion, that an emergency situation exists within a Lot (including within any Improvement thereon) or within any Common Element and that immediate repairs are necessary to prevent or mitigate damages, then such officer or the Association's authorized agent shall have the right to exercise the Association's right of entry without notice. If after gaining entry, any officer or agent of the Association still believes in his or her sole reasonable discretion, that immediate repairs are necessary to prevent or mitigate damages, then the Association shall have the right to make such repairs without notice to the Owner and without a hearing, and without obtaining competitive bids as provided above. The Association shall levy a Violation Assessment against the Owner in the amount of the cost of the corrective work and all costs and expenses, including attorneys' fees, incurred by the Association incident thereto. Neither the Association, the Board, nor any of the Association's agents or employees, nor any person hired by the Association to perform the corrective work, shall be liable for any damage which may result from any work so performed on behalf of the Association.

3.26.7 Entry by Court Order. In the event a Owner prevents an officer of the Association or authorized agent of the Association from gaining access to such Owner's Lot (including within any Improvement thereon) or Common Element for the purpose of correcting a Maintenance Violation or for the purpose of attending to an emergency situation, then the Owner(s) shall be jointly and severally liable to the Association for attorneys' fees, court costs and incidental expenses incurred by the Association for the purpose of gaining such entry and all other costs and expenses incident thereto (collectively "Entry Costs"), and such Entry Costs shall be assessed to the Owner as a Violation Assessment pursuant to Section 6.7 hereof.

3.27 Consideration of Impacts on Neighboring Properties. No Owner or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course without making adequate provisions with respect to neighboring Lots and Common Elements. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the Architectural Committee. Any Owner or Resident who changes the existing grading or drainage shall be strictly liable for all costs and expenses of repairing such changes, and any costs, liabilities, damages or causes of action arising out of such changes.

ARTICLE IV

THE ASSOCIATION

4.1 Formation. The Association is a nonprofit corporation formed or to be formed under the laws of the State of Nevada. Prior to the conveyance of the first Lot to an Owner other than Declarant, Declarant shall cause the Articles of Incorporation to be filed with the Secretary of State of the State of Nevada. The Association shall be charged with the duties and invested with the powers set forth in the Articles, Bylaws, and this Declaration. The Association is not authorized to have and shall not issue any capital stock.

4.2 Association Action; Board of Directors and Officers; Members' Approval. Except as to matters requiring the approval of members as set forth in the Articles, Bylaws, this Declaration, or Chapter 82 and 116 of the Nevada Revised Statutes, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with this Declaration or the Bylaws, or their amendments. Except for the Members of the Board appointed by Declarant in accordance with this Declaration, the Articles and the Bylaws and the members of the first Board named in the Articles, the Board shall be composed of Members only. All members of the Board must be at least eighteen (18) years of age. The members of the first Board of the Association named in the Articles shall serve until the first meeting of the Members of the Association which is called for the purpose of electing their successors. The annual meeting of the Members of the Association shall be held on the first (1st) day of March of each calendar year, or such other date as is designated by the Board; provided, the Association shall meet at least once in each calendar year, and not more than one (1) full calendar year shall elapse between each Annual meeting of the Members of the Association. Such meeting shall be called, noticed and conducted in accordance with the Articles and the Bylaws. Except as otherwise provided in the Articles, Bylaws, this Declaration, or Chapters 82 or 116 of the Nevada Revised Statutes, all matters requiring the approval of Members shall be deemed approved if Members holding a majority of the total voting power assent to them by written consent as provided in the Bylaws or if approved by a majority vote of a quorum of Members at any regular or special meeting held in accordance with the Bylaws.

4.3 Membership.

4.3.1 Membership Qualifications. The Members of the Association shall be the Owners of the Lots. The Owner(s) of each Lot shall have one (1) membership in the Association. The number of memberships in the Association shall be equal to the number of Lots within the Property.

4.3.2 Members' Rights and Duties. As used in this Declaration, the term "Member" shall refer to the Owner of a Lot if there is one Owner, or collectively to all of the Owners of a Lot if there is more than one Owner. Each Member shall have the rights, duties, and obligations set forth in this Declaration, the Articles, Bylaws, and Rules and Regulations, as the same may from time to time be amended. Except as otherwise provided in subsections (b) and (c) of Section 4.3.3 below, the respective interests of each of the Members shall be equal.

4.3.3 Voting.

(a) General. Except as otherwise provided in subsections (b) and (c) of this Section 4.3.3, each Member shall be entitled to one vote for each Lot owned by such Member; provided, however, that the Association may not cast any vote otherwise allocated to it for any Lot it may own.

(b) Appointment and Removal of Members of Board and Officers of Association. Subject to the provisions of subsection (c) of this Section 4.3.3, Declarant reserves the right to appoint and remove all of the members of the Board and all of the officers of the Association until the earlier of the following events:

(i) Sixty (60) days after conveyance of seventy-five percent (75%) of the Lots which may be created in the Property or any Annexed Property to Owners other than Declarant (herein "Purchasers"); or

(ii) Five (5) years after Declarant has ceased to offer for sale in the ordinary course of business any Lots within the Property or any Annexed Property.

Declarant shall have the right to designate a person or persons who are entitled to exercise the rights reserved to Declarant under this subsection (b). The date on which the rights reserved by Declarant under this subsection (b) terminate is herein called "the Declarant's control Termination Date". From and after the Declarant's Control Termination Date, the Board of Directors and the officers of the Association shall be elected and appointed as provided in the Articles and Bylaws.

(c) Composition of Board of Directors. Notwithstanding anything to the contrary set forth in subparagraph (b) above, not later than sixty (60) days after Declarant's conveyance of Lots equal to twenty-five percent (25%) of the total

number of Lots which may be created within the Property or any Annexed Property to Owners other than Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots which may be created within the Property or any Annexed Property to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board shall be elected by Owners other than the Declarant. Not later than on the Declarant's Control Termination Date, the Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Owners.

(d) Persons Entitled to Serve on the Board. Except for the members of the Board appointed by Declarant in accordance with the Declaration, the Articles and the Bylaws, and the members of the first Board named in the Articles, all members of the Board shall be Members of the Association. Each Board member shall meet the eligibility requirements further set forth in the Bylaws. In all events where the person serving or offering to serve as an officer of the Association or member of the Board is not the record Owner, such person shall file proof of his or her authority in the records of the Association.

4.3.4 Exercise of Voting Rights. In the case of a Lot owned by two (2) or more persons or entities, the voting power shall be exercised by only one of them. Such voting member must be designated in writing to the Board by all Owners of such Lot, and the Association may preclude the vote for any such Lot by any Owner other than such designated Owner. If there is no such designation then such Lot shall have no vote until such designation is made.

4.4 Transfer of Membership. The Association membership of the Owner(s) of a Lot shall be appurtenant to such Lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such Lot, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to a Lot shall operate automatically to transfer the appurtenant membership rights in the Association to the new owner(s). Prior to any transfer of title to a Lot (including the sale of a Lot under a recorded contract of sale), either the transferring owner or the acquiring owner shall give notice to the Board of such transfer, including the name and address of the acquiring owner and the anticipated date of transfer. The Association shall have the right to charge a reasonable transfer fee payable to the Association on the date of transfer of title to the Lot, which transfer fee shall be assessed against the Lot as a Violation Assessment if not paid when due.

ARTICLE V

POWERS AND DUTIES OF THE ASSOCIATION

5.1 Powers. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to Chapters 82 and 116 of the Nevada Revised Statutes, subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation, the following:

5.1.1 Assessments. The Association shall have the power to establish, fix, and levy assessments as set forth in Sections 6.4 and 6.5 hereof (herein collectively "Assessments") and to enforce payment of such Assessments in accordance with the provisions of this Declaration.

5.1.2 Rules and Regulations. The Board shall have the power to adopt, amend, and repeal the rules and regulations regulating the use of the Common Elements and for such other purposes as are expressly allowed by this Declaration or allowed pursuant to the Act (the "Rules and Regulations"). In addition, the Board is hereby authorized and empowered to adopt, enact and enforce further Rules and Regulations relative to the prohibitive and mandatory use restrictions set forth in **Article III** above in order to protect and enhance the value of the Property and the orderly functioning of the Community, and to adapt and respond to changing circumstances and times; provided, however, that no Rule or Regulation adopted or enacted by the Board may be less restrictive or more mandatory in its scope or effect without the consent of not less than fifty-one percent (51%) of the voting power of the Association. The power of the Board to enact and adopt such Rules and Regulations shall in no way be limited by the treatment or the specificity of treatment of a subject matter in **Article III** above. A copy of the Rules and Regulations as adopted, amended, or repealed, shall be mailed or otherwise delivered to each Member. In case of any conflict between any provision of the Rules and Regulations and any provisions of this Declaration, the Articles, or Bylaws, the conflicting provision of the Rules and Regulations shall be superseded by the provisions of this Declaration, the Articles, or the Bylaws.

5.1.3 Right of Enforcement.

(a) General. The Association in its own name and on its own behalf, or on behalf of the Owners of two (2) or more Lots who consent, any Member on its own behalf, and Declarant on its own behalf, shall have the power and authority to commence and maintain actions for damages, or to restrain and enjoin any actual or threatened breach of any provision of this Declaration, the Articles, Bylaws, Rules and Regulations, or any resolutions of the Board, to enforce by mandatory injunction, or otherwise, all of these provisions, to intervene in litigation or administrative proceedings on matters affecting the Community. The Court in any such action may award the successful party reasonable expenses in prosecuting such action, including reasonable attorneys' fees.

(b) Suspension of Voting Rights; Fines. The Association shall have the power and authority to suspend the voting rights, suspend an Owner's right to use any recreational amenities comprising the Common Elements, and can assess monetary penalties, fines and late charges, all as allowed pursuant to the Act, against any Owner of a Lot or other person entitled to exercise such Owner's rights or privileges for any violation of this Declaration, the Articles, Bylaws or Rules and Regulations. The Association does not have the power or authority to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of such Owner's Lot if the Owner does not comply with provisions of this Declaration or of the Articles, Bylaws, or Rules and Regulations, except when the loss or forfeiture is the result of a court judgment, arbitration decision, or a foreclosure or sale under a power of sale based on failure of the Owner to pay assessments levied by the Association. If the Association adopts a policy imposing a fine on Owners for violations of the Rules and Regulations, the secretary or other officer specified in the Bylaws shall prepare and cause 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's Owner, a schedule of the fines that may be imposed for those violations. The right of the Association to impose fines pursuant to this Section 5.1.3(b) is in addition to, and shall not limit, the Association's right to levy a Violation Assessment resulting from a Maintenance Violation. The Association shall be entitled to benefit from and enforce such rights, be they lesser or greater than set forth in this Section 5.1.3(b), as are afforded from time to time by Nevada State law for the levy and enforcement of fines and such other enforcement remedies as are afforded for the enforcement of Owners' obligations under and pursuant to this Declaration.

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5.1.4 Delegation of Powers; Professional Management; Other Services. The Association, acting by and through the Board, can delegate its powers, duties, and responsibilities to committees of Members, employees, agents and independent contractors, including a professional managing agent. The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with the operation of the Community and the enforcement of this Declaration.

5.1.5 Personal Property. The Association may acquire and hold for the use and benefit of all the Owners tangible and intangible personal property, and may dispose of the same by sale or otherwise.

5.1.6 Other Services and Properties. The Association shall have the power to obtain or pay for, as the case may be, any other property, services, taxes, or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of this Declaration, the Articles, or Bylaws, including security services for the Community generally, or which, in its opinion, shall be necessary or proper for the operation of the Association, and to incur liabilities and make contracts respecting the same.

5.2 Duties of the Association. In addition to the duties delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Board, or persons or entities described in Section 5.1.3, has the obligation to conduct all business affairs of common interest to all Members and to perform each of the following duties:

5.2.1 Professional Management; Delegation of Landscape Maintenance. The Association may engage the services of a professional manager to manage the Community. In addition, the Association may delegate to the City of Sparks certain landscaping and landscape maintenance and repair obligations on such reasonable terms as the Board and the City of Sparks agree from time to time, if at all.

5.2.2 Taxes and Assessments. Except for those portions of the Common Elements and Association Property which are owned in fee by an Owner or by the City of Sparks, the Association shall pay all taxes and assessments levied against all Association Property or against the Association. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

5.2.3 Insurance. The Association shall obtain and maintain, from reputable insurance companies, the insurance described in Article VII.

5.2.4 Operation and Maintenance of Association Property.

(a) General. The Association shall operate, maintain, and otherwise manage or provide for the operation, maintenance, and management of any and all Association Property, including, but not limited to, any Common Elements in which the Association has a vested present interest, and all its facilities, improvements, and landscaping, including, but not limited to, any and all private streets, and any other property acquired by the Association, including personal property. Such operations and management shall be conducted in a first-class manner, and the Association Property shall be maintained in a good state of repair. In this connection, the Association may enter into contracts for services or materials for the benefit of the Association Property including contracts with Declarant.

(b) Yard Maintenance. Without limiting the effect of paragraph 5.2.4(a) above with respect to the operation and maintenance of Association Property generally, the Association shall be responsible for the maintenance, repair, irrigation and replacement of the yard and landscaping Improvements on each Lot not located within the fenced/walled area of such Lot as shown on **Exhibit "SE"** attached hereto, which area shall be maintained by the Lot Owners. A schematic drawing of a typical Lot and the yard areas to be maintained by the Association and the Lot Owner, respectively, is and shall be maintained as a part of the Association's records. Irrigation water and the cost thereof will be provided by the Association in providing landscape maintenance, etc., to such Lot. No fence or wall initially constructed on a Lot by Declarant may be relocated, and shall be installed, replaced and maintained at all times in its original location as placed on the Lot by Declarant.

Notwithstanding the foregoing to the contrary, the Association shall have no such responsibility with respect to damage or loss occasioned by flood, wind or other acts of God, or the negligent act or omission or intentional misconduct of a Lot Owner, it being the intent that the Association have responsibility for yard landscaping only on a routine maintenance, repair and replacement basis.

5.2.5 Other. The Association shall carry out the other duties of the Association set forth in the Declaration, Articles, and Bylaws.

5.3 Limitations on Authority of Board. Except with the vote or written consent of Members of the Association holding fifty-one percent (51%) of the voting rights and a majority of

the voting rights allocated to Lots not owned by Declarant, the Board shall not take any of the following actions:

5.3.1 Sell during any fiscal year Association Property having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

5.3.2 Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

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

5.5 Meetings of Members. Meetings of Members shall be noticed and held as provided in the Articles, Bylaws, and this Declaration.

5.6 Association Books and Records and Association Property.

5.6.1 Right of Inspection. All membership registers, accounting records, and minutes of meetings of the Members, the Board, and committees of the Board, and all other books, documents and records of the Association, and the physical properties of the Association, shall be made available for inspection by any Member of the Association, or his, her or its duly appointed representative, or any mortgagee, during the regular working hours of the Association, at the office of the Association or at such other place as the Board prescribes. The right of inspection shall include the right to make copies of documents. The Board shall establish by resolution reasonable rules with respect to (a) notice to be given to the custodian of the records of the Association by the Member representative, or mortgagee desiring to make an inspection, and (b) payment of the actual cost (not to exceed .25 cents per page or such higher amount as allowed pursuant to the Act) of reproducing copies of documents requested by a Member or by a representative or mortgagee. The provisions of this Section 5.6.1 do not apply to the personnel records of the Association or the records of the Association relating to another Owner. In addition to the foregoing, the Board shall

maintain and make available for review at the business office of the Association or other suitable location:

- (a) The financial statement of the Association;
- (b) The Budgets of the Association; and
- (c) The study of the reserves of the Association required to be conducted pursuant to Section 6.4.2 below.

The Board shall provide a copy of any of the records required to be maintained pursuant to subsections (a), (b) and (c) immediately preceding to an Owner within fourteen (14) days after receiving a written request therefor.

5.6.2 Declarant's Obligation to Deliver Association Property and Records to Board.

Within thirty (30) days after the Declarant's Control Termination Date, the Declarant shall deliver to the Association all property of the Owners and of the Association held by or controlled by Declarant, including:

- (a) The original or a certified copy of the Declaration, the Articles, the Bylaws, minute books and other books and records of the Association and any Rules and Regulations which may have been adopted;
- (b) An accounting for money of the Association and financial statements from the date the Association received money to the Declarant's Control Termination Date. The financial statements shall fairly and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles;
- (c) The Association's money or control thereof;
- (d) All of the tangible personal property that has been represented by the Declarant to be Association Property or, all tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the Common Elements, and inventories of those properties; unless Declarant has disclosed in a public offering statement that such personal property will remain the property of Declarant;

(e) All insurance policies then in force, in which the Owners, the Association, or its directors or officers are named as insured persons;

(f) Any permits and approvals issued by governmental bodies applicable to the Community which are in force or which were issued within one (1) year before the Declarant's Control Termination Date;

(g) Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective;

(h) A roster of Owners and mortgagees of Lots, if known, and their addresses and telephone numbers, if known, as shown on Declarant's records;

(i) Contracts of employment in which the Association is a contracting party;

(j) Any contract for service in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services;

(k) A complete study of the reserves of the Association, conducted by a person qualified by training and experience to conduct such a study;

(l) A reserve account that contains the Declarant's share of the amounts then due, and control of the account;

(m) A disclosure, in writing, of the amount by which Declarant has subsidized the Annual Assessments on a per Lot basis;

(n) A copy of any plans and specifications used in the construction of any Improvements which were completed within two (2) years before the Declaration was recorded; and

(o) Copies of any certificates of occupancy that may have been issued with respect to any Improvements in and to the Common Elements.

ARTICLE VI

ASSESSMENTS

6.1 Agreement to Pay. Declarant, for each Lot owned by it, and each Owner for each Lot owned by such Owner, hereby covenants and agrees to pay to the Association such Assessments as are made pursuant to this Article VI.

6.2 Personal Obligations. Each Assessment or installment thereof, together with any late charges, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the person or entity who is the Owner of the Lot at the time such Assessment (or installment) became due and payable. If more than one person or entity is the Owner of the Lot, the personal obligation to pay such Assessment (or installment) respecting such Lot shall be both joint and several. Subject to the provisions of Section 9.3 hereof, a purchaser of a Lot shall be jointly and severally liable with the seller for all unpaid Assessments against the Lot, up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such Assessments. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosure or waiver of the lien securing the same. No Owner may avoid or diminish such personal obligation by non-use or abandonment of his Lot.

6.3 Purpose and Amount of Assessments. The Assessments levied by the Association shall be the amount estimated to be required, and shall be used exclusively, to promote the health, safety, and welfare of the Members of the Association, for the performance of the duties of the Association as set forth in this Declaration, and for the repair, maintenance and upkeep of the Common Elements and any other Association Property.

6.4 Budget and Reserve Requirements.

6.4.1 Definitions. As used herein, "Annual Assessment" shall mean the amount of the Association budget ("Budget") for each fiscal year to pay the Common Expenses (defined below) as established pursuant to the provisions of this Article. The Budget must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve account of the Association. As used herein, "Common Expenses" means the expenditures made by the Association in the performance of its obligations hereunder, and the financial liabilities of the Association during the applicable fiscal year, including the costs and expenses of the daily operation of the Association and an allocation for reserves. Common Expenses include, but are not limited to, expenditures for the following purposes: (i) to operate, manage, maintain and repair the Common Elements

and other Association Property, and to administer the operation of the Association; (ii) to provide for reasonable reserves consistent with sound business practice for the repair, replacement and restoration of Improvements to the Common Elements and any Association Property and for such other purposes as are consistent with good business practice, and otherwise as required by NRS 116.3115(2)(b) and Section 6.4.2 of this Declaration; and (iii) to provide for the possibility that some Assessments may not be paid on a current basis. Without limiting the generality of the foregoing, Common Expenses shall include: all charges, costs, and expenses whatsoever incurred by the Association for or in connection with the Association administration, including, but not limited to, the maintenance of the Common Elements; any taxes and assessments assessed against Association Property, any taxes assessed against the Association itself, insurance premiums, including fire and other casualty insurance, liability insurance, workman's compensation insurance, and other insurance obtained pursuant to this Declaration; payment of any liability of the Association whatsoever for loss or damage arising out of or in connection with the Common Elements or any fire, accident, or nuisance occurring within the Common Elements; the cost of repair, rebuilding and replacement of the Improvements to the Common Elements; the cost of all utility services to the Common Elements, including water, electricity, refuse removal, landscape maintenance services, and any other similar service attributable to the Common Elements; the unpaid share of any Assessment levied during the previous fiscal year against any Owner who has defaulted in payment thereof to the extent that the same becomes uncollectible; accounting and legal fees, management fees, and cleaning, janitorial and lawn care fees, and other necessary expenses of upkeep, maintenance, management and operation incurred with respect to the Common Elements and the Improvements thereon.

6.4.2 Reserve Requirements. That portion of the Budget specific to the reserve required by NRS 116.3115(2)(b) must include, without limitation:

- (a) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the Common Elements;
- (b) As of the end of the fiscal year for which the Budget is prepared, the current estimate of the amount of cash reserves that are necessary and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the Common Elements;
- (c) A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or

restore any major component of the Common Elements or to provide adequate reserves for that purpose; and

(d) A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subsection (b) immediately above, including, without limitation, the qualifications of the person responsible for the preparation of the study required below in this Section.

In addition to the foregoing, the Board shall:

(1) Cause to be conducted at least once every five (5) years, a study of the reserves required to repair, replace and restore the major components of the Common Elements;

(2) Review the results of that study at least annually to determine if those reserves are sufficient; and

(3) Make any adjustments it deems necessary to maintain the required reserves.

The study required by subparagraph (1) immediately above must be conducted by a person qualified by training and experience to conduct such a study, including a member of the Board, an Owner or the property manager of the Association who is so qualified. The study must include, without limitation:

(i) A summary of an inspection of the major components of the Common Elements the Association is obligated to repair, replace or restore;

(ii) An identification of the major components of the Common Elements that the Association is obligated to repair, replace or restore which have a remaining useful life of less than thirty (30) years;

(iii) An estimate of the remaining useful life of each major component identified pursuant to item (ii) immediately above;

(iv) An estimate of the cost of repair, replacement or restoration of each major component identified pursuant to item (iii) immediately above during and at the end of its useful life; and

(v) An estimate of the total Annual Assessments that may be required to cover the cost of repairing, replacement or restoration the major components identified pursuant to item (ii) immediately above, after subtracting the reserves of the Association as of the date of the study.

Money in the reserve account required by this Section 6.4.2 may not be withdrawn without the signatures of at least two (2) members of the Board or the signatures of at least one member of the Board and one officer of the Association who is not a member of the Board. The reserve account may be used only for Common Expenses that involve repairs, replacement or restoration of the major components of the Common Elements, including, without limitation, repairing and replacing roofs, roads and sidewalks, and must not be used for daily maintenance.

6.4.3 Allocation of Annual Assessments. The Annual Assessments shall be allocated equally among the Lots existing on the date the Annual Assessment for the applicable fiscal year is deemed approved.

6.4.4 Procedure for Establishing Annual Assessments. Not less than ninety (90) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of preparing the proposed Budget for the next succeeding fiscal year and establishing the Annual Assessment for such fiscal year. Not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association, the Board shall adopt a proposed Budget for such fiscal year, provide and distribute a copy of such proposed Budget to each Owner, and set a date for a meeting of the Owners to consider ratification of the Budget, which date shall be not less than fourteen (14) nor more than thirty (30) days after mailing of the proposed Budget. Unless at that meeting sixty six and two-thirds percent (66-2/3%) of all Owners vote to reject the proposed Budget, the proposed Budget shall be deemed ratified by the Owners, whether or not a quorum is present at such meeting. If the proposed Budget is so rejected, the Budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

In lieu of distributing copies of the Budget required by this Section 6.4.4, the Board may distribute to each Owner a summary of the Budget, accompanied by a written notice that the Budget is available for review at the business office of the Association or other suitable location and that copies of the Budget will be provided upon request.

6.5 Special Assessments. If the Board determines that the estimated total amount of funds necessary to defray the Common Expenses for a given fiscal year is or will become inadequate to meet the Common Expenses for any reason, including, but not limited to, delinquencies in the payment of Assessments, or in the event the Association has insufficient reserves to perform its obligations under this Declaration, then the Board shall determine the approximate amount of such shortfall, shall provide a summary thereof to all of the Owners with the Board's recommendation for a special assessment ("Special Assessment") to meet such shortfall, and shall set a date for a meeting of the Owners which is not less than fourteen (14) nor more than thirty (30) days after the mailing of the summary. Unless at that meeting a majority of all Owners votes to reject the proposed Special Assessment, the proposed Special Assessment shall be deemed ratified by the Owners, whether or not a quorum is present at such meeting, and shall become a Special Assessment against, and allocated equally to, the Owners of the Lots. The Board may, in its discretion, provide for payment of any Special Assessment in any number of installments or provide that it is payable in one (1) installment within such time period as the Board deems reasonable.

6.6 Capital Improvement Assessments.

6.6.1 Association's Power to Levy; Definition. The Association shall have the power to levy assessments for Capital Improvements ("Capital Improvement Assessments") on the terms and conditions set forth below. As used herein "Capital Improvement" means (i) any Improvement upon the Common Elements which is not a repair or replacement of an existing Improvement, or (ii) any expenditure relating to the Common Elements which is outside the ordinary course of business of the Association.

6.6.2 Petition; Association Approval.

(a) Owners of not less than twenty-five percent (25%) of the Lots comprising the Community from time to time may petition the Association for the construction, installation, or acquisition of, or expenditure for, a Capital Improvement. Such petition shall be in writing and be in such form and shall contain such information as the Board may reasonably require. The Board may, on its own motion, move for the construction, installation, or acquisition of, or expenditure for, a Capital Improvement, in which case such motion shall be treated as if it were a petition duly submitted by Owners of three (3) or more of the Lots.

(b) Upon receipt of a petition for a proposed Capital Improvement or if the Board desires to propose a Capital Improvement, the Board shall obtain three (3) estimates from licensed contractors for the construction of the Capital Improvement.

(c) The Board shall submit the Capital Improvement proposal to the Members at the annual meeting, or a special meeting called for such purpose. Written notice of any meeting during which an assessment for a capital improvement is to be considered shall be delivered to each Owner not less than twenty-one (21) days prior to such meeting and otherwise as required by this Declaration, the Bylaws and the Act. The Capital Improvement Assessment shall be deemed approved upon the affirmative vote of two-thirds (2/3rds) of the voting power of the Association and Declarant unless Declarant owns no Lots within the Property.

6.6.3 Levy of Capital Improvement Assessments. Capital Improvement Assessments shall be levied in equal proportions against the Owners of all of the Lots. The Owners of each Lot shall be assessed a fractional portion of such Assessment, the numerator of which fraction shall be one and the denominator of which shall be the sum of the number of Lots within the Property on the date such Assessment is levied. A Capital Improvement Assessment shall be paid in such installments and during such period or periods as shall be voted upon by the Members at the time such Assessment is approved. If no terms of payment are specified by such vote of the Membership, then the Capital Improvement Assessment shall be due and payable upon terms set by the Board.

6.6.4 Expenditure for Capital Improvement. After the levy of the Capital Improvement Assessment and the collection of the entire Capital Improvement Assessment, or a sufficient portion thereof as the Board deems prudent, then the Board shall cause the Capital Improvement to be constructed, installed, or acquired, or shall contract for the extraordinary expenditure constituting the Capital Improvement.

6.6.5 Deficiency in Capital Improvement Assessment. If at any time and from time to time a Capital Improvement Assessment proves or appears likely to be inadequate for any reason, including nonpayment of any Owner's share thereof, the Board may, subject to the limitations set forth in this Section 6.7.5 levy a further Capital Improvement Assessment in the amount of such actual or estimated inadequacy, which shall be assessed to the Owners of all of the Lots within the Subject Property and any Annexed Property in the ratios defined in Section 6.7.3 hereof. If such additional assessment is in excess of five percent (5%) of the original Capital Improvement Assessment, the affirmative vote or written consent of a majority of the voting power of the Association shall be required for any such further assessment.

6.7 Violation Assessments. The Board shall levy a violation assessment against the Owners of a Lot ("Violation Assessment"): (i) to pay for the cost of curing any Maintenance Violation of such Owners and/or any other work performed by the Association for such Owners' account pursuant to the provisions of this Declaration, and any costs or expenses incident thereto, including but not limited to attorneys' fees and court costs, and (ii) to collect liquidated damages and fines levied by the Association pursuant to the terms of this Declaration and any and all attorneys' fees and court costs.

6.8 Rate of Assessment. Except as otherwise specifically provided in this Declaration, all Assessments levied by the Association must be fixed at an equal rate for all Lots; 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 Community and subject to assessment.

6.9 Assessment Period. The Annual Assessment period shall coincide with the fiscal year of the Association, which shall commence on January 1 of each year and shall terminate on December 31 of such year. However, the initial Annual Assessment period shall commence on the first day of the calendar month following the earlier of (i) the date the Common Elements or any portion thereof is transferred to the Association and (ii) the date on which the sale of the first Lot in the initial phase of the Community is closed and recorded; and the Annual Assessment period as to all Lots in each subsequent phase of the Community, respectively, shall commence on the first day of the calendar month following the date on which the sale of the first Lot to a purchaser in such phase is closed and recorded, and shall terminate on December 31 of the year in which such sale is closed and recorded. The first Annual Assessment and all Special Assessments shall be adjusted according to the number of months remaining in the fiscal year and shall be payable in equal monthly installments unless the Board adopts some other basis for collection.

6.10 Notices of Assessments; Delinquencies. Any Assessment installment hereunder which is not paid within fifteen (15) days following the date it is due shall be deemed delinquent. All delinquent Assessments shall bear interest at the rate of eighteen percent (18%) per annum (or such higher or lower rate as is proscribed by the Act) from the date the Assessment becomes delinquent hereunder until paid, and, in addition, a late charge of \$25.00 shall be due for each delinquent installment. The Association shall give written notice of all Assessments, except Violation Assessments, to the Owners of the Lots, which notice shall specify the amount of the Assessment and the date or dates payment of the same is due and shall be given in the manner provided for notices in this Declaration. Notice of a Violation Assessment is required to be given only to the Owners of the Lot against whom the Violation Assessment is made. Nothing contained herein shall be construed so as to require the Association to give periodic notices of the same Assessment; and one notice of an Assessment shall be sufficient to meet the requirements of this

Section, even though the Assessment may be payable in installments. Failure of the Association to give notice of any Assessment shall not affect the liability of the Owners of the Lot for such Assessment; provided, however, that the date when payment of the first installment of such Assessment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given, and the first installment of such Assessment shall not be deemed delinquent until fifteen (15) days after such deferred due date.

6.11 Statement of Account. Upon payment of a reasonable fee, not to exceed \$25.00, and upon written request of any Owner or any mortgagee, prospective mortgagee, 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, and if there is any credit for advance payments. Such 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 ten (10) business days following receipt of the written request and fee, all unpaid assessments which became due prior to the date of making such request shall be subordinate to the lien of a mortgagee which acquired its interest subsequent to requesting such statement.

6.12 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 or its authorized representative can enforce the obligations of the Owners to pay Assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may enforce by judicial proceedings or, to the extent permitted by applicable law, through the exercise of the power of sale granted to the Board pursuant to applicable statutes and laws, and this Declaration. Suit to recover a money judgment against an Owner for unpaid assessments together with all other amounts due hereunder shall be maintainable without first foreclosing against the Lot which is subject to the lien for such assessment or waiving the lien rights granted hereby.

6.13 Lien for Assessments: Priority. All sums assessed to any Lot pursuant to this Declaration, and all fines imposed by the Association against the Owners of a Lot, together with interest thereon as provided herein, shall be secured by a lien on such Lot in favor of the Association from the date the Assessment or fine becomes due. If an Assessment or fine is payable in installments, the full amount of the Assessment or fine is a lien from the time the first installment thereof becomes due. Such lien shall be prior to all other liens and encumbrances on such Lot, except for: (a) valid tax and special assessment liens in favor of any governmental assessing authority; (b) liens and encumbrances recorded before the recordation of the Declaration; and (c) a First Deed of Trust recorded before the date on which the Assessment or fine sought to be enforced became delinquent. The lien created by this Declaration for unpaid Annual Assessments is also prior

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to a First Deed of Trust to the extent of the amount of such Annual Assessments which would have become due during the six (6) month period immediately preceding institution of an action to enforce the lien.

6.14 Enforcement of Lien. The liens for unpaid Assessments shall be enforced by the Association in accordance with the applicable terms and provisions of the Act as are in effect from time to time.

6.15 Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves must be paid to the Owners in proportion to their liabilities for Common Expenses or credited to them to reduce their future assessments for Common Expenses.

ARTICLE VII

INSURANCE

7.1 Insurance to be Obtained. The Association shall obtain and maintain in full force and effect at all times insurance coverage, provided by companies duly authorized to do business in Nevada, generally as set forth in this Article, and otherwise as deemed prudent by the Board.

7.2 Casualty Insurance. The Association shall obtain a master policy of insurance equal to full replacement value (i.e., 100% of current "replacement cost" exclusive of land, foundation, excavation, and other items normally excluded from coverage) on all insurable Improvements upon the Common Elements and any other Improvements under the control of the Association (including all building service equipment and the like and any fixtures or equipment within such improvements) and all other personal property commonly owned by the Owners. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection. The Association shall comply with the above requirements by the purchase of a policy containing such coverage with "deductible" provisions as in the Association's opinion are consistent with good business practice, provided that in no event shall such deductible be in an amount greater than the lesser of \$10,000.00 or one percent (1%) of the face amount of such policy.

7.3 Liability Insurance. The Association shall purchase broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection. Such coverage shall be in an amount generally required by private institutional mortgage investors for projects similar in construction, location, and use, and in no event shall be less than

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\$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association and activities in connection with the ownership, operation, maintenance, and other use of the Community. The liability insurance shall name as separately protected insured's Declarant, the Association, the Board, and their representatives, members, and employees, with respect to any liability arising out of the maintenance or use of any Association property. Every policy of insurance obtained by the Association shall contain an express waiver, if available, of any and all rights of subrogation against Declarant, the Board, and their representatives, members, and employees. After Declarant has no further interest in any portion of the Community, then the above insurance provisions regarding Declarant shall not apply.

7.4 Workmen's Compensation and Employer's Liability Insurance. The Association shall purchase workmen's compensation and employer's liability insurance and all other similar insurance in respect of employees of the Association in the amounts and in the forms now or hereafter required by law.

7.5 Fidelity Insurance. The Association shall purchase insurance covering officers and employees of the Association and employees of any manager or managing agent, whether or not any such persons are compensated for their services, against dishonest acts on their part, or in lieu thereof, a fidelity bond, naming the Association as obligee, written in an amount equal to at least the estimated maximum of funds, including reserves in the custody of the Association or the management agent at any give time during the term of the fidelity bond. However, the bond shall not be less than a sum equal to three (3) months aggregate assessments on all Lots, plus reserve funds.

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

7.7 Premiums and Reviews. Except as provided above, premiums for all of the foregoing insurance carried by the Association shall be a common expense and shall be included in the assessments or charges made by the Association. The Board shall review the limits of all insurance policies of the Association at least once a year and adjust the limits as the Board deems necessary or appropriate.

7.8 Form. Casualty insurance shall be carried in a form or forms naming the Association the insured. Each policy shall also provide that it cannot be canceled by either the insured or the insurance company until after ten (10) days' written notice is first given to the Association and to

each first mortgagee. All policies of insurance shall provide for a waiver of subrogation by the insurer as to claims against the Association, the Board, employees, and agents, and against each Owner and each Owner's employees, agents, and guests, and shall provide that the insurance cannot be canceled, invalidated, or suspended on account of the conduct of the Association, the Board, employees, and agents or of any Owner or such Owner's employees, agents, or guests, and shall provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or mortgagee and that the insurance policy shall not be brought into contribution with insurance maintained by any Owner or mortgagee.

7.9 Owner's Insurance Responsibilities. The following insurance coverages shall be the responsibility of each respective Owner: insurance on items of personal property placed in an Improvement by Owner; insurance for hazard, casualty and public liability coverage within each Lot, including, without limitation, all structures located therein; and insurance coverage for activities of the Owner, not acting for the Association, with respect to the Common Elements.

ARTICLE VIII

ARCHITECTURAL COMMITTEE

8.1 Organization. There shall be an Architectural Committee comprised of the Board; provided, however, that the Board may appoint an Architectural Committee of not less than three (3) nor more than five (5) members, at least two (2) of whom must be Directors, and remainder of whom need not be Members.

8.2 Duties. It shall be the duty of the Architectural Committee to consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Association, and to carry out all other duties imposed upon it by this Declaration.

8.3 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee may charge a filing fee to be used to pay an architect, who may or may not be a member of the Architectural Committee, to review the submitted plans and specifications. The Board may reimburse members for reasonable expenses incurred by them in the performance of any Architectural Committee function.

8.4 Architectural Committee Rules. The Architectural Committee may from time to time and in its sole discretion adopt, amend, and repeal by unanimous vote rules and regulations to be known as "Architectural Committee Rules" interpreting and implementing the provisions of this Declaration and setting forth fees to be charged and procedures, and design, and construction criteria to be followed in submitting proposals to the Architectural Committee. A copy of the Architectural Committee Rules, as they may from time to time be adopted, amended, or repealed, certified by any member of the Architectural Committee, shall be maintained by the office of the Association and shall be available for inspection and copying by any Owner at any reasonable time during the business hours of the Association.

8.5 Application for Approval of Plans and Specifications. Any Owner of a Lot proposing to make any Improvements or to perform any work that requires the prior approval of the Architectural Committee shall apply to the Architectural Committee for approval by notifying the Architectural Committee of the nature of the proposed work. Prior to the commencement of construction, the Owner shall submit to the Architectural Committee for its review and approval such information and materials as the Architectural Committee in the exercise of its reasonable discretion deems necessary for it to be adequately informed with respect to the work to be undertaken by such Owner.

8.6 Basis for Approval of Improvements. The Architectural Committee shall grant the required approval only if:

8.6.1 The Owner shall have strictly complied with the provisions of Section 8.5; and

8.6.2 The Architectural Committee finds that the plans and specifications conform to this Declaration and to the Architectural Committee Rules in effect at the time such plans were submitted to the Architectural Committee; and

8.6.3 The Architectural Committee in its reasonable discretion determine that the proposed Improvements would be compatible with the other property in the Community and the purposes of the Declaration as to the quality of workmanship and materials, as to harmony of external design with existing structures.

8.7 Basis for Disapproval of Improvements. The Architectural Committee may disapprove any application on aesthetic grounds, and more specifically: (a) because of the reasonable dissatisfaction of the Committee with the Improvement proposed to be erected, because of the materials of which it is to be built, the harmony thereof with its surroundings, or any additional

maintenance, repair or replacement burden such matter would impose upon the Association; or (b) because of non-compliance with any of the specific conditions and restrictions contained in this Declaration or with reasonable guidelines that the Architectural Committee may from time to time adopt. In addition, it shall be reasonable for the Architectural Committee to, and it shall, deny any application to the extent it does not comply with the architectural controls and guidelines for the Community set forth in the Kiley Ranch Handbook for First Tee Unit No. 6 at Kiley Ranch, as amended from time to time.

8.8 Form of Approval. All approvals or disapprovals given under Sections 8.5 or 8.6 shall be in writing; provided, however, any request for approval which has not been rejected within sixty (60) days from the date of submission thereof to the Architectural Committee shall be deemed approved. The approval may be conditioned upon the deposit by the Owner of a performance bond, cash deposit, or other undertaking to assure completion of the approved Improvement in accordance with the terms of the approval once construction thereof is commenced.

8.9 Proceeding with Work. Upon receipt of approval from the Architectural Committee pursuant to Section 8.6, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations, and excavations pursuant to the approval. Construction of the approved Improvements shall commence, in all cases, within one year from the date of such approval. If the Owner shall fail to comply with this Section, any approval given pursuant to Section 8.6 shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of the one-year period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Architectural Committee that there has been no change in the circumstances upon which the original approval was granted.

8.10 Failure to Complete Work. The Owner shall in any event complete the construction, reconstruction, refinishing, or alteration of any such Improvement within one year after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents.

8.11 Waiver. The approval by the Architectural Committee of any plans, drawings, or specifications for any work done or proposed or for any other matter requiring the approval of the Architectural Committee under the Declaration or Supplemental Declaration shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

8.12 Liability. Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective, with respect to the construction or performance of any work, whether or not such performance complied with approved plans, drawings, and specifications; (c) the development of any property subject to this Declaration. Without limiting the generality of the foregoing, the Architectural Committee and any member thereof may, but it is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee.

ARTICLE IX

PROTECTION OF LENDERS

9.1 Encumbrance of Parcels Permitted. Any Owner may encumber such Owner's Lot with a Deed of Trust.

9.2 Subordination. Except as provided otherwise by the Act or Article VI hereof, any lien created or claimed under Article VI of this Declaration is subject and subordinate to the lien of any First Deed of Trust encumbering any Lot, unless the priority of such First Deed of Trust is expressly subordinated to such assessment lien by a written instrument duly recorded.

9.3 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 against the encumbered Lot that accrue greater than six (6) months prior to the time such beneficiary so acquires ownership of the Lot; provided, however, after the foreclosure of any such Deed of Trust, such Lot shall remain subject to the Declaration; and the amount of all regular and special assessments, to the extent they relate to expenses incurred subsequent to such foreclosure sale, shall be assessed hereunder to the grantee or purchaser thereunder.

9.4 Breach of Covenants. A breach by an Owner of any of the provisions of this Declaration, shall not defeat or render invalid the lien of any Deed of Trust made in good faith and for value as to the Community or any portion thereof; provided, however, the provisions of this

Declaration shall be binding upon the Owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

9.5 Notice to Eligible Mortgage Holders, Insurers and Guarantors. The holder of any First Deed of Trust shall be entitled to become an "Eligible Mortgage Holder" pursuant to the provisions of this Declaration and any insurer or guarantor of a First Deed of Trust shall be entitled to become an "Eligible Insurer" hereunder by notifying the Association of its name, address and the address of the Lot encumbered by the First Deed of Trust which it holds or insures in the manner provided in Section 11.5 below. Such notification shall be deemed to be a request with respect to such Lot for written notice from the Association of: (i) any default in the payment of Assessments which remains uncured for a period of sixty (60) days; (ii) any condemnation or casualty loss that affects a material portion of the Community or the Lot; and (iii) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. The Association shall give written notice to Eligible Mortgage Holders in accordance with the provisions of this Section 9.5 and in the manner prescribed in Section 11.5 below. Any holder of a First Deed of Trust encumbering any Lot or any portion of the Property who does not so request notice, shall not be deemed to be an Eligible Mortgage Holder under the terms of this Declaration. Unless and until notice is given to the Association as provided in this Declaration by a mortgage holder, insurer or guarantor, such mortgage holder, insurer or guarantor shall not be entitled to notice of default, nor to any right, distribution or notice pursuant to this Declaration.

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

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

9.8 Examination of Records. The holders of First Deeds of Trust shall have the right to examine at reasonable times the books and records of the Association and can require the submission of financial data concerning the Association, including annual audit reports and operating statements as and when furnished to the Owners.

ARTICLE X

SPECIAL DECLARANT'S AND DEVELOPMENTAL RIGHTS

10.1 General. Declarant and any Successor Declarant may be undertaking the work of constructing Improvements to and upon the Community and adding real property to the Community in accordance with the terms and provisions of this Article X. The completion of such construction and the sale or other disposition of Lots within the Community is essential to the establishment and welfare of the Community as a planned community. The covenants contained in this Article X are personal to Declarant and any Successor Declarant, and may only be transferred by a written assignment duly recorded from a Declarant to a Successor Declarant, or from a Successor Declarant to another Successor Declarant.

10.2 Special Declarant's Rights. Declarant hereby reserves unto itself the rights to:

10.2.1 Complete all Improvements within the Community, including, but not limited to, those indicated on Plats or Plans or described in this Declaration;

10.2.2 Maintain model homes, at least one (1) sales office and management office, and on-site construction offices within the Property, all of which may be relocated from time to time.

10.2.3 Maintain signs, posters, billboards, flags, displays and other advertising media advertising or promoting the Community, which signs, etc., may be maintained anywhere on the Community, excluding Lots owned by Owners other than Declarant;

10.2.4 Use easements through the Common Elements for the purpose of making Improvements within the Community; and

10.2.5 Subject to the terms and provisions of Subsection 4.3.3(c), appoint or remove any officer of the Association or any member of the Board at any time and from time to time prior to the Declarant's Control Termination Date.

Nothing in this Article shall give the Declarant the right to damage any Lot or Improvement not owned by Declarant or interfere unreasonably with the Owners' use of the Common Elements; and Declarant's right to so use the Community shall terminate upon final completion of construction of the Community, or eight (8) years from the recordation of this Declaration, whichever first occurs,

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except as required for maintenance and repair obligations conducted by Declarant which may continue after such date.

10.3 Declarant's Developmental Rights. Declarant hereby reserves unto itself the right to add real estate to the Community and create Common Elements within such real estate as follows:

10.3.1 Property Subject to Annexation. Declarant hereby reserves unto itself the right to cause to be annexed to this Declaration as part of the Community from time to time all or a portion of the real property described in **Exhibit "B"** to this Declaration, provided that a Final Subdivision Map shall have been recorded for the real property to be so annexed, and to create within the real property so annexed a maximum total of one hundred twenty-five (125) Lots. In addition, Declarant reserve the right to add unspecified real property to the Community in the manner provided in Section 116.2122 of the Act. No assurances are made by Declarant prior to the annexation of any portion of a parcel of such real property as to the size or configuration of such portion, or the order in which any such portion may be annexed. If any portion of a parcel of such real property is annexed to the Community, there are no assurances that any other portion or all of such parcel will be annexed.

10.3.2 Manner of Annexation. Such real property shall be annexed by recording in the real estate records of the County Recorder of Washoe County, Nevada, a supplemental declaration ("Supplemental Declaration") executed by Declarant describing the real property to be so annexed and declaring that such property shall thereafter be deemed to be Annexed Property as defined in this Declaration and declaring that such Annexed Property shall be held, conveyed, sold, encumbered, leased, rented, used, occupied, improved or otherwise affected in any manner subject to the provisions of this Declaration. Such Supplemental Declaration may set forth any additional restrictions or covenants which may be applicable to such Annexed Property, provided that such additional restrictions shall not be in any manner inconsistent with the provisions of this Declaration. In the event of any inconsistency between the provisions of this Declaration and those of a Supplemental Declaration, the provisions of this Declaration shall control.

10.3.3 Effect of Annexation. Upon recordation of the Supplemental Declaration described in Section 10.3.2 above, the real property described in the Supplemental Declaration shall become Annexed Property as defined herein and shall be subject to all of the provisions of this Declaration.

10.4 Rights and Obligations of Owners. Without limiting the generality and effect of the provisions of Section 10.3.3, after the required annexation procedures are fulfilled, the following shall have been effected thereby:

10.4.1 all Owners in the Community shall be entitled to use the Common Elements in the Annexed Property, subject to the provisions of the Declaration;

10.4.2 Owners of Lots in the Annexed Property shall thereupon become Members of the Association, shall be subject to the provisions of the Declaration and shall be entitled to use the Common Elements of the Community;

10.4.3 all Owners of Lots in the Annexed Property shall have the same membership and voting rights as other Owners. Votes shall not be cast separately by phase; and

10.4.4 after each annexation, the Association assessments shall be reassessed with the Annexed Property being assessed for a proportionate share of the total expenses of the Community on the same basis as the other property in the Community; provided, however, that such reassessment shall not alter the amount of any assessment assessed to a Lot prior to such reassessment.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Duration. The provisions of this Declaration shall continue and be effective for a period of fifty (50) years from the date of recordation hereof and shall be automatically extended for successive periods of ten (10) years each until (i) the Owners of at least eighty percent (80%) of the Lots within the Community shall execute a written instrument, which may be executed in counterparts, in recordable form declaring that the provisions of this Declaration shall terminate, and (ii) such written instrument is recorded in the office of the Recorder of Washoe County, Nevada.

11.2 Amendment. Except as otherwise provided in N.R.S. Section 116.2117 and below, this Declaration may be amended by vote or agreement of not less than fifty-one percent (51%) of the voting power of the Association. All such amendments must be in writing, and prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for such purpose or by the President of the Association in the absence of such designation. Such amendment shall be recorded in the office of the County Recorder of the County in which the Property is located.

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11.3 Enforcement and Waiver.

11.3.1 Owner's Right of Enforcement. In addition to the rights of enforcement granted to the Association pursuant to the provisions of Section 5.1.2 hereof, any Owner shall have the right (but not the duty) to enforce any and all of the covenants, conditions, and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any of the Property. Nothing herein shall be construed as creating a third party beneficiary contract in favor of parties who are not Owners or Eligible Mortgage Holders.

11.3.2 Violations and Nuisance. Every act or omission whereby a covenant, condition, or restriction of the Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action.

11.3.3 Violation of Law. Any violation of any state, municipal, or local law, ordinance, or regulation pertaining to the ownership, occupation, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

11.3.4 Remedies Cumulative. Each remedy provided by the Declaration is cumulative and not exclusive.

11.3.5 Nonwaiver. The failure to enforce the provisions of any covenant, condition, or restriction contained in the Declaration shall not constitute a waiver of any right to enforce any such provisions or any other provisions of the Declaration.

11.4 Termination of Former Owner's Liability for Assessments. Upon the conveyance, sale, assignment, or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Lot after notification of the Association of such transfer in the manner provided in Sections 4.4 and 11.5 hereof and the payment of a transfer fee as provided in Section 4.4 hereof. No person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration.

11.5 Notices. All notices hereunder to the Association or the Board shall be sent by regular mail, or registered or certified mail, return receipt requested, addressed to the Board at the address of the Manager, or to such other place as the Board may designate from time to time by

notice in writing to the Owners of all of the Lots. Until the Owners are notified otherwise, all notices to the Association or to the Board shall be addressed as follows:

Front Street Bungalows at Kiley Ranch
Homeowners' Association
~~C/O Eugene Berger Management Company~~
~~5011 Meadowood Mall Way, STE. 200~~
~~Reno, NV 89502~~

All notices given by the Association to any Owner shall be sent by regular mail, or by registered or certified mail, return receipt requested, to such Owner's Lot address or to such other address as may be designated by such Owner from time to time, in writing, to the Board. All notices to Eligible Mortgage Holders shall be sent by registered or certified mail, return receipt requested, at the address to which such Eligible Mortgage Holder has last requested that notice be sent by notifying the Association in the manner provided in this Section 11.5. All notices shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

11.6 Approvals. Any consent or approvals by the Board or Architectural Committee shall be in writing.

11.7 Construction and Severability; Singular and Plural; Titles.

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

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

11.7.3 Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter, as the context requires.

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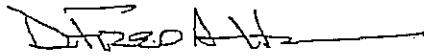
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11.7.4 Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions of any Section.


11.8 Savings Clause. To the extent of the non-allowable inconsistency between any term or provision of this Declaration and the requirements or prohibitions of applicable federal, state or local laws, ordinances, rules, regulations or directives ("Applicable Law") at any given time, the Applicable Law shall control over such inconsistent term or provision; and such term or provision, and this Declaration, shall be deemed amended automatically to the extent, but only to the extent, necessary to comply fully with such Applicable Law; and in each such instance the Board shall prepare, execute and record an actual amendment to this Declaration in a manner reasonably appropriate to reflect and evidence such amendment, notice of which shall be sent to all Owners within the time and in the manner required by the Act for amendments to declarations; provided, however, that the Board shall be responsible for the foregoing only upon being actually informed in writing of the subject inconsistency between this Declaration and Applicable Law.

IN WITNESS WHEREOF, the undersigned have executed this Declaration as of the day and year first above written.

SPARKS DEVELOPMENT, LLC,
a Nevada limited liability company

By: 

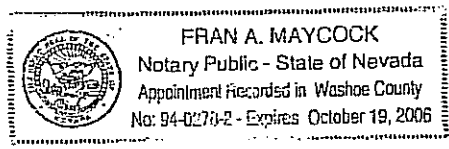
D. FRED ALTMANN
Its: **Manager**

By: 

C. B. MADDOX
Its: **Manager**

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

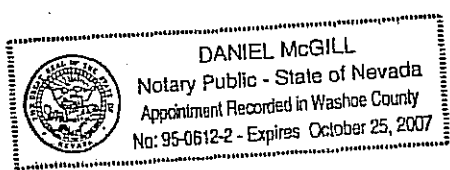
This instrument was acknowledged before me on Sept. 20, 2005, by D. FRED ALTMANN, as Manager of SPARKS DEVELOPMENT, LLC, a Nevada limited liability company.



Fran A. Maycock
Notary Public
My Commission Expires: 10-19-06

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on Sep. 23, 2005, by C. B. MADDOX, as Manager of SPARKS DEVELOPMENT, LLC, a Nevada limited liability company.



[Signature]
Notary Public
My Commission Expires: 10/25/07

EXHIBIT "A"

Legal Description

All that certain real property located in the County of Washoe, State of Nevada, more particularly described as follows:

Lots 1 through 66 and Common Areas A through H as shown on the Map of FIRST TEE UNIT NO. 6 AT KILEY RANCH, a Common-Interest Community, Tract Map No. 4394, filed in the office of the County Recorder of Washoe County, State of Nevada, on September 29, 2004 as File No. 3105843 of Official Records.

* * *

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EXHIBIT "B"

Annexed Property

None

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EXHIBIT "SE"

Sideyard Easement and Fence Detail

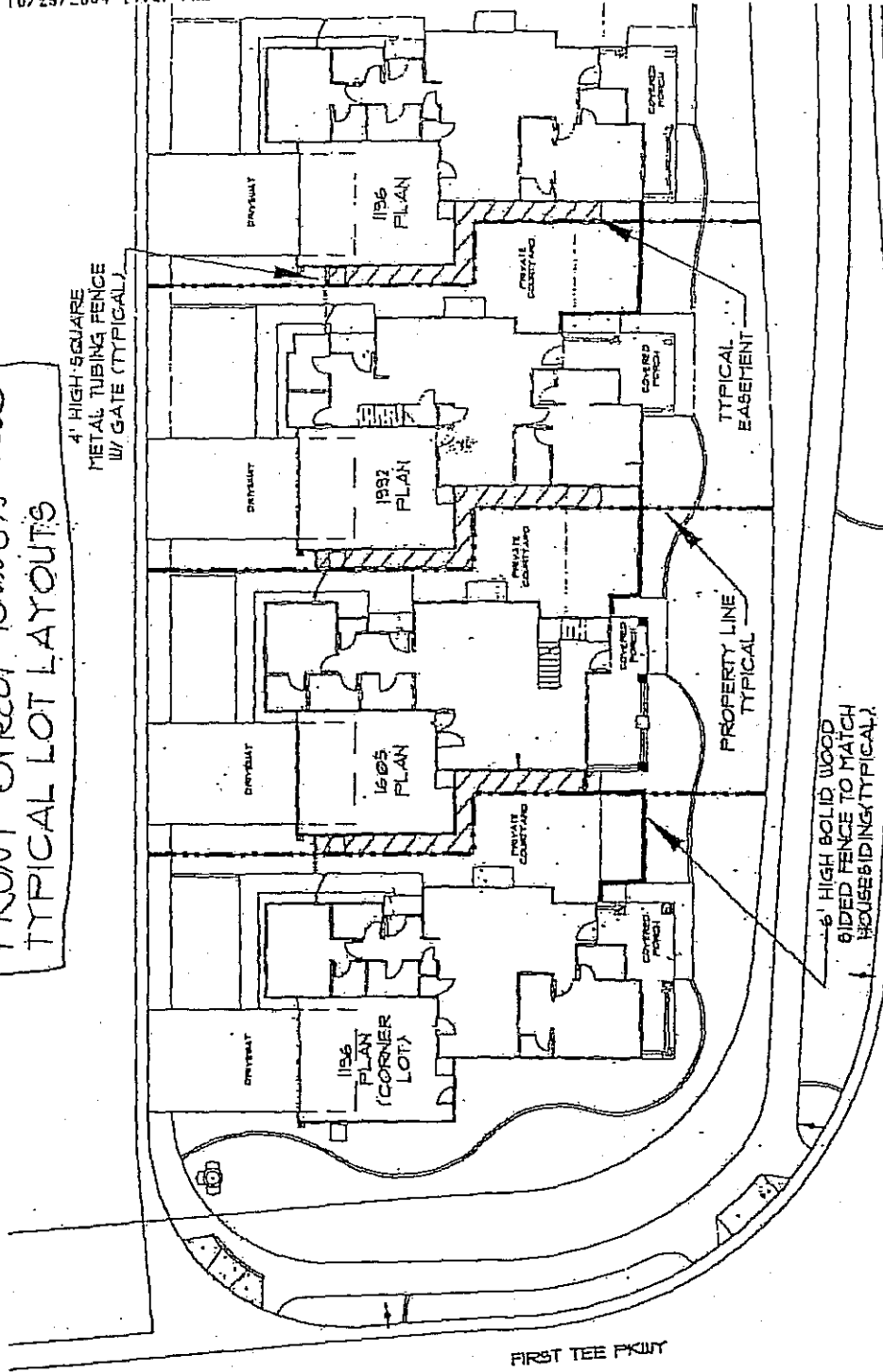
[See Attached]

57.

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TRKUMI STREET BUNGALOWS
TYPICAL LOT LAYOUTS

4' HIGH SQUARE
METAL TUBING FENCE
W/ GATE (TYPICAL)



6' HIGH BOLID WOOD
BIDDIED FENCE TO MATCH
HOUSING (TYPICAL)

LAURELWOOD AND VISTA DEL RANCHO PKWY

FRONT AND REAR FENCES AS WELL AS COURTYARD WILL VARY DEPENDING
ON THE HOUSE PLAN SELECTED FOR ADJOINING NEIGHBORS THOSE SHOWN ON THIS
DETAIL ARE 'TYPICAL' AND ARE SUBJECT TO CHANGE DURING CONSTRUCTION
PROJECT THAT SHOWN ON DETAIL

Lot

FIRST TREE PKWY

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