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AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
HAZELCREST NO. 1, NO. 2 AND NO. 3

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AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
HAZELCREST NO. 1, NO. 2 AND NO. 3

THIS AMENDED AND RESTATED DECLARATION (this "Declaration") is made this _____ day of _____, 1992, with reference to the following facts and is as follows:

R E C I T A L S :

A. The property which is the subject of this Declaration is that certain real property located in the City of Reno, County of Washoe, State of Nevada, commonly known as Hazelcrest, No. 1, No. 2, and No. 3, and which is more particularly described in Exhibits "A-1", "B-1" and "C-1" hereto.

B. This Amended and Restated Declaration is made pursuant to that certain plan of reorganization confirmed by the United States Bankruptcy Court for the District of Nevada in Case No. 89-1506 entitled In re Hazel Crest Home Owners Association, a Nevada non-profit corporation, Debtor, and shall in all respects supersede all other covenants, conditions, and restrictions affecting the Property which have been recorded in the office of the County Recorder of Washoe County, Nevada, including, but not limited to, the following (collectively "the Original Declaration"):

- (1) That certain Declaration (Hazelcrest No. 1) recorded May 2, 1973, as Document No. 284820;
- (2) That certain Amendment recorded July 25, 1973, as Document No. 295220;
- (3) That certain Declaration (Hazelcrest No. 2) recorded January 7, 1974, as Document No. 313527; and
- (4) That certain Declaration (Hazelcrest No. 3) recorded August 29, 1984, as Document No. 338992;

and to the extent that it is inconsistent with this Declaration that certain Amendment to Bylaws recorded March 15, 1983, as Document No. 843401, of said official records.

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DECLARATION :

NOW THEREFORE, Declarant hereby declares that the Property (defined below), 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. All covenants, conditions, restrictions, easements and other provisions of the Original Declaration shall, from and after the recordation of this Declaration be of no further force or effect.

ARTICLE I

DEFINITIONS

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

1.1 "Action" means that certain case filed pursuant to Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, District of Nevada, entitled In re Hazel Crest Home Owners Association, a Nevada non-profit corporation, Case No. 89-1506.

1.2 "Adjoining Lot Owner" means as to each Owner that Owner with whom an Owner shares a Party Wall.

1.3 "Architectural Committee" means the committee created pursuant to Article IV hereof.

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

1.5 "Association" means HAZEL CREST HOME OWNERS ASSOCIATION, a Nevada non-profit corporation, which is the original association for the Property formed under NRS 81.010 through 81.060, inclusive, until the Transfer Date as defined in Article V below. From and after the Transfer Date, another Nevada non-profit, non-stock cooperative corporation to be formed under Chapter 82 of the Nevada Revised Statutes, which shall succeed to the assets and assume the liabilities of Hazel Crest Home Owners Association as more

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particularly set forth in Article V hereof, shall be "the Association" for all purposes under the Declaration.

1.6 "Beneficiary" means a beneficiary under a deed of trust or a mortgagee under a mortgage, and/or the assignee of such beneficiary or mortgagee; and beneficiary and mortgagee shall be deemed synonymous.

1.7 "Board" or "Board of Directors" means the Board of Directors of the Association.

1.8 "Bylaws" means the Bylaws of the Association.

1.9 "Common Area" means all of the real property now or hereafter owned by the Association, including, but not limited to, the land designated as common area on the Subdivision Map and the parcel comprising approximately 1.1 acres known as assessor's parcel no. 086-070-10 (singly referred to as "the 1.1 Acre Parcel").

1.10 "Declarant" means the Owners of the Lots and all other persons or entities having an interest in the Lots and all persons or entities having an interest in the Common Area as of the Plan Confirmation Date, acting by and through the Clerk of the United States Bankruptcy Court, District of Nevada, pursuant to the order of such Court confirming the Plan of Reorganization filed jointly by the debtor and others in the Action.

1.11 "Declaration" or "this Amended and Restated Declaration" means this instrument entitled "Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hazelcrest No. 1, No. 2, and No. 3", and any and all subsequent amendments hereto.

1.12 "Deed of Trust" means a deed of trust or a mortgage encumbering any portion or all of the Property.

1.13 "Effective Date" means the date of recordation of this Declaration pursuant to the confirmed Plan of Reorganization.

1.14 "Eligible Mortgage Holder" means the holder of a first Deed of Trust which has requested notification pursuant to the provisions of paragraphs 10.5 and 12.5 hereof.

1.15 "Exclusive License Area" means each portion of the Common Area which may be designated pursuant to the terms of this Declaration for exclusive use by the Owner of the Lot adjoining such Common Area as more particularly set forth in Article XI below. "Exclusive License Areas" means collectively each and every Exclusive License Area.

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1.16 "First Deed of Trust" means a Deed of Trust having priority over all other Deeds of Trust encumbering the same portion of the Property.

1.17 "Foreclosure" means a foreclosure under a Deed of Trust by judicial action or exercise of power of sale pursuant to a Deed of Trust.

1.18 "Improvements" means all structures and works of improvement of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, sprinklers, hedges, windbreaks, planting, planted trees, shrubs, poles, signs, exterior air conditioning, exterior solar panels, exterior antennae, satellite dishes and water softener fixtures or equipment.

1.19 "Interior Lots" means all Lots which are not Perimeter Lots.

1.20 "Limited Common Area" means those portions of the Common Area which are appurtenant to a particular Lot, intended for exclusive use by the Owner of such Lot and which are designated for "limited use" on the Subdivision Map.

1.21 "Lot" means each and every portion of the Property designated as a lot or parcel on the Subdivision Map and intended for improvement with a residence.

1.22 "Manager" means the person or entity designated by the Board pursuant to paragraph 6.2.2 hereof to perform various duties delegated by the Board and by the provisions of this Declaration.

1.23 "Member" or "Association Member" means each and every Owner.

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

1.25 "Party Wall" means any wall which forms a common boundary between the residential units on two Lots.

1.26 "Perimeter Lots" means those Lots with rear yards adjacent to Stead Boulevard, Sagewood Street, the subdivision known as Hazelcrest No. 4, the subdivision known as Sierra Sage Estates, or the vacant property to the East of the Property which are designated as follows on the Subdivision Map:

Unit 1, Green Mountain Street: 1A, 2A, 3B, 4B, 5A, 6A,
7B, 8B, 9A, 10A, 11B,
12B, 13B, 14B, 15B,
16B, 17B, 18B

Rocky Mountain Street: 85A, 86A, 87B, 88B,
89B, 90B, 91A, 92A,
93B, 94B, 95A, 96A,
97B, 98B, 99A, 100A

Unit 2, Green Mountain Street: 169A, 170A, 171B, 172B,
173A, 174A, 175B, 176B,
177A, 178A, 179B, 180B

Rocky Mountain Street: 101B, 102B, 103A, 104A,
105B, 106B, 107B, 108B,
109A, 110A, 111B, 112B,
113B, 114B, 115A, 116A

Unit 3, Green Mountain Street: 181A, 182A, 183B, 184B,
185B, 186B, 187B, 188B,
189A, 190A, 191B, 192B,
193A, 194A, 195B, 196B,
197B

Himalaya Street: 205A, 204A

Andes Street: 210B, 211B

Rocky Mountain Street: 228B, 240B, 239B, 238B,
237B, 236A, 235A, 234B,
233B, 232A, 231A, 230B,
229B

1.27 "Plan Confirmation Date" means the date the order entered by the United States Bankruptcy Court, District of Nevada, confirming the Plan of Reorganization becomes final.

1.28 "Plan of Reorganization" means the Chapter 11 plan of reorganization which is confirmed by the Court in the Action.

1.29 "Property" or "Project" means all that real property which is described in Exhibits "A-1", "B-1" and "C-1" attached hereto and incorporated herein by this reference, and which is commonly known as Hazelcrest No. 1, Hazelcrest No. 2, and Hazelcrest No. 3, including the land and Improvements now or hereafter located thereon, together with all easements, rights, and appurtenances belonging thereto.

1.30 "Rules and Regulations" means such rules and regulations as the Board from time to time may adopt pursuant to the terms of this Declaration.

1.31 "Subdivision Map" or "Amended Subdivision Map" means the recorded final subdivision maps of Hazelcrest No. 1, Hazelcrest No. 2, and Hazelcrest No. 3, which maps were recorded in the Office of the County Recorder of Washoe County, Nevada, on April 27, 1973, October 16, 1973, and April 16, 1974, respectively, and any and all amendments thereto, including, but not limited to, those authorized by the Plan of Reorganization.

1.32 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 the highest ground surface of any neighboring property.

ARTICLE II

COMMON AREA

2.1 Ownership of Common Area; General Statement of Purpose. All of the Common Area is presently owned by the Association. As of the Effective Date, major portions of the sprinkler system used to water the greenbelt portion of the Common Area are either not functional or are in an extreme state of disrepair. In addition, certain of the Owners have enlarged their yards by fencing portions of the Common Area adjacent to their Lots.

The Owners and the Association recognize that it is in the best interests of the Owners and the Association that the Association delegate to the Owners, and the Owners assume, the responsibility for the maintenance of the greenbelt portions of the Common Area which surround their Lots. The consensus of the Owners, as evidenced by the confirmed Plan of Reorganization, is that the delegation of such maintenance responsibilities to the Owners be accomplished in one of two ways, as set forth below:

(a) Division of Common Area in Fee. The first choice of the Owners, as set forth in the Plan of Reorganization, is that the Association shall file a Map Amendment Application (defined below) to subdivide the greenbelt portion of the Common Area surrounding the Lots, excluding the Park (defined in paragraph 2.7.1 below), the Streets and the 1.1 Acre Parcel, ("the Subdivided Common Area") and convey the Subdivided Common Area to the Owners in fee simple, thereby increasing the size of the existing Lots.

(b) Grant of Exclusive Licenses. If the Map Amendment Application is not approved, or in the event the Map Amendment Application is abandoned because it is too costly (as

described in paragraph 2.2 below), then the second choice of the Owners, as set forth in the Plan of Reorganization, is to keep all of the greenbelt portions of the Common Area in the name of the Association but to extend the private yard areas onto the Common Area. The extension of private yard areas onto the Common Area would be accomplished by the Association's granting to each of the Owners revocable exclusive licenses to use portions of the Common Area adjacent to such Owner's Lot as a private yard area as set forth in Article XI below.

2.2 Division of Common Area in Fee.

2.2.1 Initiation of Map Amendment Application Process. On or before the Effective Date, the Board shall have hired a reputable licensed engineering firm in the Reno area ("the Engineer") to initiate the process of amending the Subdivision Map in accordance with the Plan of Reorganization by filing an application with the City of Reno ("Map Amendment Application"). The date the Engineer is hired is herein called "the Application Commencement Date".

2.2.2 Extension of Lot Boundaries. The approximate boundaries of the Lots, subject to adjustment in accordance with sound engineering practices, shall be extended substantially as follows:

(1) The rear boundaries of the Perimeter Lots shall be the perimeter boundary lines of the Project;

(2) Each of the common rear boundaries of the Interior Lots shall be roughly equidistant from the existing rear boundaries of the Interior Lots which are to share a common boundary; and

(3) Each of the side boundaries of all Lots shall be roughly equidistant from the existing side boundaries of the Lots which are to share a common boundary.

2.2.3 Potential Map Amendment Conditions. Prior to the commencement of the Map Amendment Application process, the Board shall instruct the Engineer that in the event the Engineer determines at any stage of the Map Amendment Application process that the planning staff will recommend that conditions be imposed upon the final approval of the Map Amendment ("Map Amendment Conditions") which in the engineer's judgement will collectively cost in excess of FIFTY THOUSAND AND NO/100THS DOLLARS (\$50,000.00) to satisfy, then the Engineer shall immediately report such finding to the Board. The Engineer shall be instructed to stop all work at that point until a determination is made by the Association members

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at a duly called special meeting or by ballot as provided in the Bylaws to levy a Capital Improvement Assessment to cover the cost of the Map Amendment Conditions. In the event the Association members do not vote for a Capital Improvement Assessment to cover the cost of the Map Amendment Conditions, then the Association shall abandon the Map Amendment Application and all remaining funds shall be held in a reserve account for the construction of Association Fences (defined in Article XI below).

In the event (a) the collective cost of the Map Amendment Conditions is FIFTY THOUSAND AND NO/100THS DOLLARS (\$50,000.00) or less, or (b) the cost of the Map Amendment Conditions exceeds \$50,000.00, but the Association members vote for a Capital Improvement Assessment to cover the cost thereof, then the Association shall instruct the Engineer to proceed with obtaining final approvals for the Map Amendment as funds are available.

2.2.4 Recording Amended Map and Association Deeds.

(1) Conditions Precedent to Recordation of Amended Map. In the event the Map Amendment Application is approved by all necessary governmental authorities, then the approved amended Subdivision Map (herein "Amended Map" or "Amended Subdivision Map") shall not be recorded until: (a) the Association has sufficient funds to pay for the estimated cost of (i) title searches required for the conveyance of title consistent with the Map Amendment ("Title Costs"), and (ii) preparation and recording of the Association Deeds (defined below), including real property transfer tax, if any ("Conveyancing Costs"); and (b) the following conditions precedent have occurred:

(a) Title Search. The Board shall have selected a title insurance company ("Title Company") to perform a title search of the two hundred sixty (260) Lots which comprise the Project to determine the record Owners thereof (as the term "Owner" is defined herein).

(b) Contents of Association Deeds. When the title search is completed the Board shall cause 260 quitclaim deeds to be prepared which will quitclaim fee simple title to the Subdivided Common Area from the Association to the Owners in accordance with the Amended Map (herein "Association Deeds"). Each Association Deed shall contain language in substantially the following form, and any other language which the Board may determine is consistent with sound title practice:

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The grantee above-named shall have all the rights and shall be subject to all of the obligations contained in the instrument entitled "Amended and Restated Declaration of Covenants, Conditions and Restrictions of Hazelcrest No. 1, No. 2, and No. 3" ("the Declaration") recorded on [insert recording date of Declaration] in the office of the County Recorder of Washoe County, Nevada in [insert book page and document number of recorded Declaration] and all easements and rights of way which are shown on the amended subdivision map referred to above ("Amended Map"), which shall be deemed to have been granted or reserved, as appropriate.

By acceptance of this quitclaim deed, the grantee hereunder hereby releases and quitclaims to the person or persons legally entitled thereto pursuant to the Association Deeds recorded concurrently herewith, all easements and rights of use created by the Original Declaration (as defined in the Declaration) in and to those portions of the Common Area which have been subdivided under the Amended Map.

By acceptance of this quitclaim deed, Grantee hereby grants to the owners of each and every lot with whom grantee shares a Common Utility Line, a Party Wall or a Common Owner Fence (as such terms are defined in the Declaration), a non-exclusive easement over, under and through grantee's lot for the purposes of repair, maintenance and replacement of such Common Utility Line, Party Wall or Common Owner Fence, which easement rights shall be exercised as provided in the Declaration.

By acceptance of this quitclaim deed, grantee hereby grants to the trustee(s) under any and all deeds of trust encumbering any portion of the lot above described, in trust, with power of sale in accordance with the provisions of each such deed of trust, and for the benefit of the beneficiary under each such deed of trust, or its successors or assigns, all additional property located within the perimeter boundaries of the lot as shown on the Amended Map.

Acceptance of this quitclaim deed by the grantee hereunder shall be irrebuttably presumed upon the recordation of this quitclaim deed in the office of the County Recorder of Washoe County, Nevada, in accordance with the order confirming the plan of reorganization filed in the United States Bankruptcy Court, District of Nevada, in Case No. 89-1506, entitled In Re Hazel Crest Home Owners Association, a Nevada non-profit corporation ("the Plan of Reorganization").

Unless otherwise defined herein, each and every capitalized term used herein shall have the meaning as is ascribed to such term in the Declaration.

(2) Procedure for Recording Final Map and Deeds.
At the time of recordation of the Amended Map, the Board shall:

(a) Cause all Association Deeds to be recorded;

(b) Obtain a title guaranty for each Association Deed, in a liability amount of no less than \$100.00 naming the Association as the insured thereunder, and insuring that the named grantees in such Association Deed are the correct title holders to the Lot described therein; and

(c) If reasonably available, obtain a written commitment from the Title Company that upon recordation of the Association Deeds that the Title Company will issue, upon request, standard form lender's and owner's title insurance policies insuring each amended Lot boundary as shown on the Amended Map.

The Association Deeds shall be recorded promptly after the recordation of the Amended Map.

2.2.5 Subsequent Map Amendment Application.

(1) Petition of Members. In the event the Map Amendment Application described above is denied by the governing authorities, or in the event the Map Amendment Application process is abandoned, then, at any time thereafter, the Owners of at least ten percent (10%) of the Lots may petition the Board in writing to submit to a vote of the membership the issue of filing of another Map Amendment Application.

(2) Obtaining Bids for Map Amendment Work. Promptly after receipt of such written petition, the Board shall obtain at least three (3) written bids from licensed engineering firms for the cost of the Map Amendment Work (defined in paragraph 2.2.5(6) below). The Board shall select from among the bids submitted, an engineering firm which the Board believes in its sole reasonable discretion is best in handling the Map Amendment Work. The engineering firm selected by the Board need not necessarily be the firm submitting the lowest estimate. The Board shall have no authority to hire the engineering firm selected until the issues of Subdivision Map Amendment and a Capital Improvement Assessment to cover the cost thereof have been approved by the Members as set forth below.

(3) Vote on New Map Amendment Application and Corresponding Capital Improvement Assessment. Promptly after selecting an engineering firm to perform the Map Amendment Work ("Engineer"), the Board shall submit to a vote of the Members the issues of submitting to the City of Reno a new Map Amendment Application and (b) levying a Capital Improvement Assessment sufficient to pay the estimated cost of (i) the Map Amendment Work, (ii) Title Costs (defined in paragraph 2.2.4 above), and

(iii) Conveyancing Costs (defined in paragraph 2.2.4 above). Such vote may be taken at any annual or special meeting of the Members or by written ballot in the manner provided in the Bylaws. The vote required for approval of the new Map Amendment Application and the Capital Improvement Assessment required therefor shall be an affirmative vote of the Owners of at least one hundred thirty-one (131) of the Lots.

(4) Special Map Amendment Account. The Board shall establish a special interest-bearing account in which funds set aside for the Map Amendment Application, the Title Costs, and the Conveyancing Costs shall be deposited. Any checks drawn on such account shall require the signature of three (3) Board members.

(5) Commencement of Map Amendment Application Process. In the event the requisite vote is obtained for approval of the new Map Amendment Application and corresponding Capital Improvement Assessment, and at such time as the Board, in its sole discretion, has determined that the Association has collected funds to cover any initial retainer required by the Engineer for the commencement of the Map Amendment Work (excluding Title Costs and the Conveyancing Costs), and that the Association will have sufficient reserves to pay the Engineer in accordance with the Engineer's contract after paying all other obligations on a current basis, then the Board shall instruct the Engineer to begin the Map Amendment Application process.

(6) Duties of Engineer. The Engineer shall the following duties (herein collectively "Map Amendment Work"):

(a) To meet with planning staff to determine which map amendment application procedure is the least costly and the most likely to be approved by the necessary governmental authorities, including, but not limited to, a subdivision map amendment pursuant to NRS 278.477 or lot line adjustments pursuant to NRS 278.461(2)(c), as amended.

(b) To meet with a title insurance company selected by the Board to determine

what steps must be taken to ensure that the Owner of each extended Lot will have insurable title.

(c) To meet with the Board and its attorneys to decide which map amendment application process will be pursued. (The Board shall determine which Map Amendment Application process the Association will pursue and the application filed by the Board is herein called "the Map Amendment Application".)

(d) To prepare preliminary engineering work for submission to the necessary governmental authorities to determine whether any conditions will be imposed upon the Project as conditions precedent to filing the final amendments to the Subdivision Map.

(e) To survey the new lot boundaries to include (a) all of the Common Area except the Park (defined below) and the 1.1 Acre Parcel, (b) designated vehicular and pedestrian rights-of-way, and (c) any required off-street parking areas.

(f) To prepare final amended maps of the Project with any and all necessary utility and drainage easements shown thereon.

(g) To act as the representative of the Association in meetings and hearings with the governmental authorities having jurisdiction over the approval of the Map Amendment Application.

(h) Upon approval of the Map Amendment Application, to permanently stake each of the new Lot boundaries and record the final maps amending the Subdivision Map; and

(i) If necessary to convey insurable title to the Subdivided Common Area from the Association to individual Owners, to prepare two hundred sixty (260) individual deed descriptions.

(7) Applicability of Paragraphs 2.2.1 through 2.2.4 to Any Subsequent Map Amendment Application.
To the extent not inconsistent with the provisions

of this paragraph 2.2.5, the provisions of 2.2.1 through 2.2.4, inclusive, shall apply to any subsequent Map Amendment Application.

2.3 Encumbrances Against Common Area.

2.3.1 On the Effective Date. On the Effective Date, title to the Common Area is or may be subject to the following encumbrances ("Existing Encumbrances"):

(a) The lien of real property taxes and assessments;

(b) Such easements and rights of way on, over, or under all or any part thereof as may be reserved to or granted to, or dedicated to or for the benefit of, the Owners, any political subdivision, or any public or quasi-public entity or utility for the purpose of constructing, erecting, operating, and maintaining thereon, 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 Project 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 relating thereto, including, but not limited to, the easements and other rights of use created by the Original Declaration;

(c) Any easements and rights of way on, over, or under all or any part thereof as may be reserved to or granted to any Owner for access, ingress, and egress to and from any Lot or the Common Area;

(d) 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, City of Reno, 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;

(e) That certain Declaration of Easements recorded July 5, 1973, in the office of the County Recorder of Washoe County, Nevada, as document no. 292887, of official records whereby certain rights relating to the

use of the Common Area are purportedly conferred upon property owners outside the Project; 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 Area 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 Area.

2.3.2 After the Effective Date. After the Effective Date, the rights of the Association and Owners in and to the Common Area may change, but only in accordance with the provisions of this Declaration. For example, portions of the Common Area may be deeded in fee simple to the Owners of the Lots as provided hereinabove, or the Owners may be granted exclusive licenses to use portions of the Common Area as private yard areas as provided in Article XI below; the Streets or the Streets and Park may be dedicated to the City of Reno as provided in paragraph 2.7 below; or the Park may be leased or sold as provided in paragraph 2.8 below.

In the event the Subdivision Map is amended in accordance with the provisions of this Declaration, then the Association and each Owner shall be deemed to have granted all easements shown thereon, and the Association shall be deemed to have reserved unto itself all easements shown thereon for the benefit of the Association.

2.4 Owner's Easement of Enjoyment. Except as otherwise provided in paragraphs 2.2, 2.7 and 2.8 of this Declaration and as expressly provided elsewhere in this Declaration, and except as otherwise provided in the Declaration of Easements described in paragraph 2.3.1(e) above, 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 Area and for ingress, egress, and support over and through the Common Area. Each such easement shall be appurtenant to and pass with title to each Lot, subject to the following rights and restrictions:

2.4.1 The Association shall have the right to adopt, amend, and enforce Rules and Regulations affecting use of the Common Area; provided, however, that such Rules and Regulations shall not be in conflict with the provisions of this Declaration or any ordinances of the City of Reno, or of any other governmental entity.

2.4.2 The Association shall have the right to suspend the right to use any recreational facilities within the Common Area (excluding any Exclusive License Areas granted pursuant

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to Article XI hereof) by an Owner, his tenants and guests for any period during which any Assessment against such Owner remains unpaid for a period of thirty (30) days after notice and opportunity to be heard as provided in paragraph 7.8 below.

2.4.3 The Association shall have the right to limit the number of guests of an Owner utilizing the Common Area.

2.4.4 The Association shall have the right to charge reasonable admission and other fees for the use of any recreational facility situate upon the Common Area.

2.4.5 Pursuant to the provisions of paragraphs 2.7 below, the Association shall have the right to dedicate or transfer the Streets and the Park (which comprise a part of the Common Area) or the Streets alone, and any and all of the Improvements thereon to any public agency, authority, or utility, or any special district, for such purposes and subject to such conditions consistent with the purposes intended hereby; and pursuant to paragraph 2.8 below the right to sell or lease the Park.

2.4.6 The Association shall have the right to assign, rent, grant licenses, or otherwise designate and control the use of any parking or storage spaces within the Common Area.

2.5 Use of the Common Area. Except as otherwise provided in paragraphs 2.2, 2.7 and 2.8 of this Declaration and as expressly provided elsewhere in this Declaration, and except as expressly provided in the Declaration of Easements described in paragraph 2.3.1(c) above, the Common Area shall be used for open space or recreational purposes 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 Area. Any Owner may extend his rights of use and enjoyment in the Common Area, including any recreational facilities, to such Owner's family members, guests, and invitees, subject, however, to the provisions of this Declaration and the Rules and Regulations. However, if an Owner has rented such Owner's Lot to a tenant, then the Owner, such Owner's family, members, guests, and invitees shall not be entitled to use and enjoy the recreational facilities of the Common Area while the Owner's Lot is occupied by such tenant. Instead, the tenant, while occupying such Lot, shall be entitled to use and enjoy the recreational facilities of the Common Area and, during the period of such tenant's occupancy, such tenant can extend to other persons the rights of use and enjoyment in the same manner as if such tenant were an Owner. Each Owner shall notify the secretary of the Association of the transfer of ownership of his Lot (including the sale of the Lot under a recorded contract of

sale) and of the names of any tenants of such Owner's Lot. Each Owner or tenant also shall notify the secretary of the Association of the names of all persons to whom such Owner or tenant has extended any rights of use and enjoyment in the Common Area and the relationship that each such person bears to the Owner or tenant. All permitted rights of use and enjoyment of the Common Area are subject to suspension as set forth in paragraph 2.4.2 above. Each Owner shall at all times be responsible for any and all activities of his tenants, guests and invitees in the use of the Property.

2.6 Easements for Encroachments. In the event any portion of the Common Area or the Improvements thereon encroaches upon any Lot or any Lot or the Improvements thereon encroaches upon the Common Area, as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists, including any reconstruction of such encroachment pursuant to Article IX hereof.

2.7 Dedication of Common Area Streets and Park.

2.7.1 Initiation of Dedication Process.

(a) Through Plan of Reorganization or Owner Petition. The Association may initiate the process of dedicating the streets in the Project ("Streets") and that portion of the Common Area bounded by the following described streets: Green Mountain, Ozark, Andes and Cascade (herein "Park"), or only the Streets, through the Plan of Reorganization upon such vote as is required thereby. In addition, at any time after the Effective Date, the Owners of at least ten percent (10%) of the Lots may petition the Board in writing for a vote of the membership on the issues of Street and Park dedication.

(b) Scope of Dedication. In the event the dedication process is initiated through the Plan of Reorganization, then the vote required thereby shall determine whether the membership desires to explore dedication and the scope of the dedication to be sought. In the event the issue of dedication is raised through a petition of the Members, then an affirmative vote on dedication of either (i) the Streets and the Park, or (ii) the Streets alone, by the Owners of at least one hundred thirty-one (131) of the Lots shall be required to submit the issue to a vote on the Capital Improvement Assessment required for the Preliminary Engineering Work. If a sufficient number of votes is not obtained for dedication of both the Streets and the Park, then the votes for dedication of both the Streets and the Park shall be counted as votes for dedication of the Streets

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alone to determine if there are a sufficient number of votes for dedication of the Streets.

2.7.2 Obtaining Bids for Preliminary Engineering Work.
If the dedication process is initiated by the Plan of Reorganization, then promptly after the order confirming the Plan of Reorganization becomes final, or if by a petition of Owners, then promptly after such petition is received by the Board, the Board shall obtain at least three (3) written bids from licensed engineering firms for only such work as is necessary to submit the proposed dedication to the City of Reno for direction as to the requirements which will be imposed by the City prior to the acceptance of the land to be dedicated (the "Preliminary Engineering Work"), including attending all meetings with the planning staff and the presentation to the Reno City Council. The Board shall select from among the bids submitted, an engineering firm which the Board believes in its sole reasonable discretion is best qualified, based on the firm's qualifications and experience in handling the dedication of non-conforming streets. The engineering firm selected by the Board need not necessarily be the firm submitting the lowest estimate. The Board shall have no authority to hire the engineering firm selected for the Preliminary Engineering Work until a vote of the Members shall have been taken to levy a Capital Improvement Assessment to fund the cost of the Preliminary Engineering Work as set forth in paragraph 2.7.3 below.

2.7.3 Vote on Capital Improvement Assessment for Preliminary Engineering Work. Promptly after selecting the engineering firm, the Board shall submit to a vote of the membership the issue of whether the Association shall be authorized to levy a Capital Improvement Assessment for the Preliminary Engineering Work. The vote may be taken at any annual or special meeting of the Members or by written ballot as provided in the Bylaws. No such Capital Improvement Assessment shall be levied unless it is approved by an affirmative vote of the Owners of at least one hundred thirty-one (131) of the Lots. A vote of the membership in favor of such Capital Improvement Assessment shall be construed only as an authorization to expend the necessary funds for the Preliminary Engineering Work.

2.7.4 Hiring of Engineer. The Association shall hire the engineer selected at such time as sufficient funds are collected from the above described Capital Improvement Assessment to pay for the cost of the Preliminary Engineering Work as it becomes due.

2.7.5 Obtaining Cost Information to Complete Dedication.
In the event the City of Reno recommends acceptance of the

dedication of the Streets and Park or the Streets alone, the Board (or a committee appointed by the Board pursuant to the Bylaws) shall gather information (including bids or estimates) pertaining to the cost of fulfilling any conditions which the City may impose prior to acceptance of the Common Area to be dedicated, the cost of formation of a special assessment district, and the estimated expenses which will be incurred by the Association prior to the formation of the special assessment district ("Dedication Costs"). Such information shall be made available to the membership at a special meeting of the membership or in such other manner as the Board may determine.

2.7.6 Voting on Dedication Issue and Capital Improvement Assessment. Prior to incurring any expenses relating to the dedication of Common Area in addition to those described in paragraph 2.7.3 above, the Board shall prepare estimates of the Dedication Costs. When such estimates are completed, the Board shall submit to a vote of the membership the issues of (i) dedication of portions of the Common Area in the scope recommended for approval by the City of Reno, (ii) formation of a special assessment district, and (iii) a Capital Improvement Assessment in an amount necessary to pay for the Dedication Costs. Such vote shall be taken by written ballot as provided in the Bylaws.

If the vote on the issues identified in clauses (i), (ii) and (iii) of this paragraph 2.7.6 is in the affirmative, the Association shall levy a Capital Improvement Assessment sufficient to cover the Dedication Costs.

The vote of the Owners required to authorize such dedication shall be an affirmative vote of the lower of (i) that number of Owners required by the City of Reno to petition for formation of a special assessment district, or (ii) such number of Owners as may be specified in an Order entered by the United States Bankruptcy Court in the Action for approval of such dedication. The affirmative vote required to levy the Capital Improvement Assessment for such dedication shall be the lower of (a) the Owners of at least one hundred thirty-one (131) of the Lots, or (2) such number of Owners as may be specified in an Order entered by the United States Bankruptcy Court in the Action for approval of such dedication.

2.7.7 Collection of Capital Improvement Assessment. In the event the requisite number of Owners votes in favor of a dedication and the necessary Capital Improvement Assessment, then the Board shall have set up a special interest bearing account for the collection of the Capital Improvement Assessment to be used for the dedication; and any checks drawn

on such account shall require the signature of at least three (3) Board members.

In the event and at such time as the Board in its sole reasonable discretion has made the determination that: (i) there are sufficient monies in the special dedication account to commence the dedication process and the engineering and construction work required therefor, and (ii) it is likely that all funds needed to complete such application process and all engineering and construction work will be received, then the remainder of the dedication process shall be commenced.

2.7.8 Execution of Documents. In the event the members have voted in favor of a dedication and the Capital Improvement Assessment required therefor, then the President of the Association shall have the authority to execute all necessary applications, maps, contracts and all other necessary documents on behalf of the Association in connection with the dedication process, including, but not limited to, documents required for the formation of a special assessment district.

2.7.9 Withdrawal of Dedicated Common Area from Project. Any of the Common Area which is formally accepted for dedication by the City of Reno shall, upon such acceptance, be withdrawn from the Project and no longer comprise a part thereof, and the Association shall have no further liability or responsibility therefor. The recordation in the office of the Washoe County Recorder of an instrument or map signed by the City wherein the City accepts the dedication of such Common Area, shall serve as notice of the withdrawal of such Common Area from the Project.

2.8 Sale or Lease of Park and 1.1 Acre Parcel. The Association shall have the power and authority to sell or lease the Park and/or the 1.1 Acre Parcel upon terms approved in writing by the Owners of at least one hundred thirty-one (131) of the Lots; provided, however, that:

(1) Such sale or lease shall not impair the tax exempt status of the Association; and

(2) Such sale or lease shall not violate any zoning laws pertaining to density or any governmental approval relating to the Subdivision Map or any amendment thereto.

ARTICLE III**USE RESTRICTIONS AND MAINTENANCE OBLIGATIONS**

3.1 Residential Use. Each Lot shall be improved and used exclusively for single family residential purposes. Nothing in this Declaration shall prevent an Owner from leasing or renting the residence on such Owner's Lot; provided, however, that any lease or rental agreement should be in writing and should 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. Whether or not the written lease or rental agreement so provides, all tenants of the Lots are subject to and are required to abide by all 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, no Owner shall "time share" his Lot or the Improvements thereon, and no Owner shall lease less than the entire Lot.

3.2 Commercial Use. Except as otherwise expressly provided in this Declaration, no part of the Property shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose. Notwithstanding the foregoing, nothing contained in this Declaration shall be construed to prevent an Owner from operating any business from his home which is permitted to be operated in a residential district by the City of Reno, provided that such Owner has first obtained all required licenses therefor.

3.3 Owner's Right to Make Improvements and Alterations.**3.3.1 Within Boundaries of Owner's Lot.**

(a) **General.** Except as otherwise specifically provided herein, each Owner shall have the right to modify, alter, reconstruct, remodel, or add to the Improvements on such Owner's Lot (collectively "Lot Improvement") provided that such Owner has (i) obtained all required approvals from the City of Reno, (ii) such Lot Improvement is not in violation of any federal, state, or local law, rule, regulation or ordinance, and (iii) such Owner has delivered to the Architectural Committee (a) proof of a written notice given to the Adjoining Lot Owner describing the Lot Improvement to be constructed, which notice shall be given at least fifteen (15) days prior to the commencement of construction of the Lot Improvement, by certified mail or by personal delivery to the Adjoining Lot Owner with a written acknowledgment of receipt of such notice, and (b) a copy

of the City of Reno building permit, if one is required. Except as otherwise specifically provided herein, neither the Architectural Committee nor the Adjoining Lot Owner shall have the right to disapprove the Lot Improvement.

(b) Exterior Painting. In the event such Lot Improvement involves the changing of the color of the exterior of such Owner's residence, then notification to the Committee shall include a writing signed by the Adjoining Lot Owner consenting to such change. In the event such Adjoining Lot Owners cannot reach an agreement with respect to the exterior color of the duplex building within ten (10) days prior to the commencement of the work, then the Owner desiring to change the exterior color shall so notify the Architectural Committee and shall submit three (3) samples of paint colors to the Committee. The Architectural Committee shall request by notice in writing to the Adjoining Lot Owner that such Owner submit to the Architectural Committee within ten (10) days from the date the notice is mailed three (3) samples of paint colors which are acceptable to such Owner. In the event any of the paint samples submitted by the Owner desiring the change the paint color are similar in color to any submitted by the Adjoining Lot Owner, then the Committee shall select by a random method one of the two (2) colors. In the event none of the paint samples submitted by one Adjoining Lot Owner is similar to any submitted by the other Adjoining Lot Owner, then the Committee shall randomly select a color from the paint samples submitted within the time period allowed. If only the Owner who desires to change the paint color submits paint samples prior to the expiration of such ten (10) day period, then such Owner may select the color.

(c) Exterior Siding. In the event any Owner desires to change the exterior siding of such Owner's residential unit, then such siding must be of any material which is commercially sold for residential use and which does not violate any federal, state or local laws, rules or regulations. If changing the exterior siding also involves the changing of the exterior color of the residential unit, then the procedures next hereinabove relating to changing the exterior color shall be followed.

(d) Removal of Hazardous Materials. Any Owner who makes any Lot Improvement which involves the removal of materials containing asbestos shall do so only in compliance with all federal, state and local environmental laws, rules and regulations.

3.3.2 Within the Common Area. No Owner shall have the right to construct Improvements or otherwise alter or modify the existing Improvements on the Common Area, except as follows:

(a) An Owner may repair or replace the driveway on such Owner's Limited Common Area;

(b) An Owner shall have the right to construct a new sewer, water or other utility line connecting such Owner's residence with the main sewer, water or utility line within the Common Area;

(c) In the event Exclusive License Areas are created in favor of the Owners as set forth in Article XI hereof, an Owner shall have the right to construct within such Owner's Exclusive License Area such improvements as are permitted by such Article XI; and

(d) An Owner shall have the right to make any alterations to the Common Area which are reasonably necessary to perform such Owner's obligations under this Declaration.

Any Owner making repairs or alterations involving the Common Area must restore the area upon which the repairs were made to substantially the same condition that existed prior to commencement of the work. In the event such Owner fails to complete the restoration work, then the Association may issue a Maintenance Violation against such Owner as provided in paragraph 3.4.5 hereof.

3.4 Owner's Obligation of Maintenance and Repair.

3.4.1 Maintenance of Lot, Residence and Other Improvements, Limited Common Area and Utility Lines. 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: roofs, gutters, downspouts, all siding, glass and other exterior building surfaces, landscaping and any and all fences on such Owner's Lot subject to the provisions of paragraph 3.4.3(c) below relating to the maintenance of Common Owner Fences;

(b) The existing driveway on the Limited Common Area, and any additional driveways on such Owner's Lot (or Exclusive License Area) as permitted by this Declaration; and

(c) 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 Reno or any utility company (collectively "utility lines") whether such utility lines are located on such Owner's Lot, on the Limited Common Area appurtenant to the Lot or on the Common Area.

All landscaping within the boundaries of an Owner's Lot shall be neatly trimmed, properly cultivated and free from unsightly weeds and dry foliage which could create a fire hazard. Each Owner shall keep his Lot, appurtenant Limited Common Area (and any Exclusive License Area) free from trash or other unsightly material.

3.4.2 Structural Integrity; Remodeling. No building, structure, or other Improvement within the Property 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 within the Property.

3.4.3 Repair of Party Walls, Common Utility Lines, and Common Owner Fences.

(a) Party Walls. Each Owner shall perform the necessary cosmetic maintenance of that portion of the Party Wall which is within such Owner's residence. In the event any structural alteration or repair or replacement of a Party Wall and shall be necessary, then the Owners sharing the Party Wall shall equally bear the expense of the alteration, repair or replacement.

(b) Common Utility Lines. As used herein "Common Utility Lines" shall mean sewer, water, electrical, plumbing or other utility lines, equipment, or apparatus which are shared by the Owners of two (2) or more Lots, (herein sometimes referred to as "shared Common Utility Lines") or which provide service to one Lot and are partially or completely within the residence, Lot, Limited Common Area or Exclusive License Area of another Owner. The cost of maintenance, repair and replacement of all shared Common Utility Lines except sewer lines (including the restoration of property to pre-work condition) shall be shared equally among the Owners who shared the same problem with the Common Utility Line prior to performance of the corrective work. In the case

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of a sewer line which is a shared Common Utility Line, the Owners of all of the Lots "up-the-line" from the section of line being repaired or serviced shall share equally the cost therefor. Notwithstanding the foregoing, any Owner may opt to disconnect his utility service from any shared Common Utility Line and construct his own separate utility line as provided in paragraph 3.3.2 above. If an Owner has not opted to separate his utility service from any shared Common Utility Line prior to the occurrence of an event which necessitates the immediate repair or replacement of such Common Utility Line, then such Owner shall not avoid his share of the common expense for such repair or replacement by opting to separate such Owner's utility line from such Common Utility Line. From and after the date an Owner's utility service is severed from such Common Utility Line, such Owner shall have no further responsibility for the cost of repair or replacement necessitated by an event occurring after such severance.

(c) Common Owner Fences. Any two (2) Owners which share a Common Owner Fence (defined in 3.13.2[d] hereof) shall bear the cost of repair, upkeep, replacement, and maintenance of the Common Owner Fence, as follows: Each Owner of a Common Owner Fence shall have the obligation for the repair, upkeep and replacement of both sides of the "right half" of the fence, which "right half" is that half of the fence which is to the Owner's right if he is standing on his own Lot facing the fence.

(d) Dispute Resolution. In the event of a dispute between the Owners of the two (2) Lots sharing the Party Wall or Common Owner Fence, or any number of the Owners sharing a Common Utility Line, any one of such Owners may file an Owner Complaint with the Board as provided in paragraph 3.4.5 below.

(e) Right of Access. Each Owner sharing with other Owner(s) a Common Utility Line, Common Owner Fence or Party Wall, shall allow such other Owners reasonable access to such Owner's residence, Lot, Limited Common Area, and any Exclusive License Area of such Owner at reasonable times and upon reasonable notice as the circumstances warrant, for the purpose of making necessary repairs, alterations or replacements. In the event any Owner experiences a disruption of such Owner's utility service and it is necessary to enter the residence, Lot, Limited Common Area or Exclusive License Area of another Owner to reconnect such utility service, then such situation shall be deemed to be an emergency and the Owner experiencing such utility service

disruption shall have such right of entry without prior notice. Every Owner shall have the right to secure utility lines which provide service to such Owner's residence by means of a locked box or other customary security measure to prevent tampering with such utility line, provided that any other Owners deriving service from such line are provided with a key or other means of access.

(f) Restoration. In the event any work performed by an Owner or the Association pursuant to this paragraph 3.4.3 involves entry upon another Owner's Lot, Limited Common Area or Exclusive License Area, or involves alteration of any portion of the Common Area, 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 paragraph 3.4.5 hereof, or the Association may issue a Maintenance Violation as provided in such paragraph 3.4.5.

(g) Performance of Work by Licensed Contractor. Any and all work performed pursuant to this paragraph 3.4.3 other than painting or other cosmetic work or the construction of fences 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.

3.4.4 Owner's Obligation to Rebuild After Damage or Destruction. Each Owner shall carry casualty insurance insuring the dwelling unit 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 dwelling unit. The Association shall have no duty to enforce the foregoing provision of this Declaration; provided, however, that if a dwelling unit is damaged or destroyed and the event causing the damage or destruction was not an Excluded Hazard, then the Owner(s) of the dwelling unit shall be jointly and severally liable to the Association and to the Adjoining Lot Owner to rebuild the dwelling unit to substantially its condition immediately prior to the event causing the damage or destruction, unless the Owner of the damaged or destroyed dwelling unit submits proof to the Association that a holder of a Deed of Trust encumbering the

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dwelling unit has exercised its right to apply all of the insurance proceeds to the indebtedness secured by the Deed of Trust.

In the event the Owner(s) of the damaged or destroyed dwelling unit fail to commence repair or reconstruction of the dwelling unit within the longer of one hundred twenty (120) days after the event causing the damage or destruction, or forty-five (45) days after the insurance proceeds are made available for reconstruction purposes, then the failure to commence repair or reconstruction shall be deemed to be a Maintenance Violation as set forth in paragraph 3.4.5 below.

3.4.5 Maintenance Violations and Association's Right to Correct Maintenance Violation.

(a) Maintenance Violation Notice. If any Owner allows, permits, or causes any condition to exist on such Owner's Lot or within such Owner's residence which 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 Owner's lot), or fails to maintain his Lot, the exterior of the residence on such Lot, any appurtenant Exclusive License Area, or the Improvements thereon in accordance with the provisions of this Declaration (herein collectively "Maintenance Violation"), if no emergency exists, then the Association shall give the Owner of the Lot on which such condition exists, written notice in the manner provided in paragraph 12.5 below ("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, which Maintenance Violation Notice shall be no less than thirty (30) days, or, if more than thirty (30) days is reasonably required to correct such Maintenance Violation then such longer period of time as the Board deems reasonable; provided, however, such Maintenance Violation Notice shall state that the work shall be commenced within thirty (30) days after the Maintenance Violation Notice is given. If an emergency exists, then the Association shall give the Owner of the Lot on which such condition exists, whatever notice is appropriate under the circumstances in whatever manner is appropriate under the circumstance, including no notice.

(b) Owner's Right to File An Objection. The Owner of the Lot to whom a Maintenance Violation Notice is given, other than an Emergency Maintenance Violation Notice, shall have the right to file a written objection thereto with the Secretary of the Association within ten

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(10) days after such Owner is deemed to have received such Maintenance Violation Notice (as provided in paragraph 12.5 below). In the event such an objection is filed, and within thirty (30) days after the objection is filed, the Board shall appoint a committee of three (3) Board Members ("the Arbitration Panel") to hold a hearing regarding such Maintenance Violation. Notice of such hearing and the 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 (defined below) at least five (5) business days prior to the date set for such hearing. The Arbitration 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 Arbitration Panel shall be conclusive as to whether or not a Maintenance Violation in fact exists. 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 Arbitration Panel notifies the Owner in writing of its decision.

(c) Circumstances Under Which Association is Obligated to Correct Maintenance Violation. If an emergency exists or if the Owner fails to correct a Maintenance Violation within the period specified in the notice (as such period may have been tolled by the filing of an objection), then the Association, acting through the Board, shall have the right, but not the obligation (unless an Owner Complaint is filed), to undertake and perform such work through its agents and employees as the Board may deem be necessary or desirable to remedy the Maintenance Violation. In the event an Owner Complaint is filed, the Association shall be required to correct the Maintenance Violation as set forth below. In the event an Owner Complaint is not filed, neither the Association, the Board, nor any of their agents or employees shall be liable for failure to correct a Maintenance Violation.

(d) Procedure for Filing Owner Complaints. In the event that the Board fails to give a Maintenance Violation Notice to an Owner who has defaulted in his maintenance obligation hereunder, or in the event the Board has given such notice but elected not to perform the corrective work and assess the defaulting Owner for the cost thereof, then upon the filing with the Board of a written complaint (herein "Owner Complaint") executed

by any of the following: (i) the Adjoining Lot Owner, or (ii) the Owners of three (3) Lots other than the Adjoining Lot Owner, or (iii) any Owner with whom the defaulting Owner shares a Common Owner Fence or Common Utility Line, then the Board shall give such Maintenance Violation Notice if none was given, and cause the Association to perform such corrective work within the time periods set forth in subparagraph (e) below.

(e) Procedure for Association's Correction of Maintenance Violation.

(i) Bids. In the event the Association elects, or is required by the terms of this Declaration, to correct a Maintenance Violation, if no emergency exists, 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(s) of the Lot on which a Maintenance Violation exists. Such 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. If an emergency exists, the Association may commence work to correct the Maintenance Violation immediately without notice and without obtaining written bids.

(ii) Special Assessment. When the bid has been selected as set forth in subparagraph (i) above, or when an emergency exists, the Board shall levy a Special Assessment pursuant to paragraph 7.4 hereof against the Owner(s) of the Lot on which a Maintenance Violation exists to pay for the cost of correcting the Maintenance Violation.

(iii) Performance of Corrective Work By Association. The Board shall have the duty to cause the corrective work to be commenced promptly after the Special Assessment has been levied against the defaulting Owner; provided, however, that if the cost of such corrective work exceeds two (2) times the amount of the monthly installment of the annual Assessment against one Lot for the fiscal year in which the Maintenance Violation is required to be corrected, then the Association may, in the sole discretion of the Board, elect to levy

a Special Assessment against the defaulting Owner prior to performing the corrective work, and perform such corrective work when the Special Assessment is paid 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.

3.4.6 Association's Right of Entry for Repair, Maintenance and Emergencies. Each of the Owners hereby grants to the Association, and its duly authorized agents, representatives, employees and contractors, the right of entry onto such Owner's Lot, residence, Limited Common Area and any Exclusive License Area and within the Improvements thereon, which right shall be irrevocable, to make such repairs and perform such maintenance work which the Association is required or entitled to do pursuant to the provisions of this Declaration. Except as provided hereinbelow with respect to emergencies, such right of entry shall be exercised only during reasonable hours and after reasonable notice. In the event any officer of the Association believes, in his or her sole reasonable discretion, that an emergency situation exists and that immediate repairs are necessary to prevent or mitigate damage to the Common Area, the Common Area Improvements or to the dwelling unit, Lot, any Exclusive License Area, or Limited Common Area of another Owner, then such officer shall have the right to exercise such right of entry without notice.

3.5 Temporary Structures. No temporary building or structure of any kind such as a tent, vehicle, boat, house trailer, portable living unit, shack, garage, or barn, and no incomplete building shall be used at any time for a residence, either temporarily or permanently.

3.6 Garages and Storage. Each Owner shall maintain his garage area in a neat and orderly condition with all storage areas completely enclosed. No roof exterior shall be used for storage purposes.

3.7 Trailers, Large Trucks, Boats, and Recreational Vehicles; Inoperable Vehicles; Commercial Vehicles. Except for loading and unloading, no mobile home, trailer of any kind, truck larger than a one ton truck, recreational vehicle, or boat shall be kept, placed, maintained, constructed, repaired, or permitted to be parked upon any street within the Project for more than twenty-four (24) consecutive hours without the prior written consent of the Board. The above described vehicles may be parked or stored on an Owner's Lot or within a carport or other enclosure upon any

Exclusive License Area of such Owner for indefinite periods of time. No Owner shall store for more than thirty (30) consecutive days any inoperable vehicle at any place on the Project where the inoperable vehicle is visible from neighboring property. No commercial vehicles of any nature shall be parked or stored on the streets of the Project, except for a commercial vehicle providing services to Owners or to the Association, and in such event, only for the duration necessary to provide such services. Except for commercial vehicles making deliveries and emergency vehicles, no truck which weighs five (5) tons or more shall be driven upon any street within the Project. The Board shall have the authority to adopt reasonable Rules and Regulations pertaining to the parking of vehicles on the Streets of the Project which are more restrictive than the provisions of this Declaration.

3.8 Utility Service. With the exception of the utility lines existing as of the Effective Date, 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 or any Exclusive License Area unless the same shall be contained in conduits or cables placed and maintained underground or concealed in or under buildings or approved structures.

3.9 Antennae; Satellite Dishes. One antenna may be placed upon the roof of each residence within the Project, provided, however, that no satellite dishes which are visible from neighboring property shall be erected, used, or maintained outdoors whether attached to a building or structure or otherwise.

3.10 Signs. No signs whatsoever that are visible from neighboring property shall be erected, placed, displayed, or maintained in the Project, except (a) such signs as may be required by law; (b) residential identification signs of reasonable size; (c) during the time of construction of any Improvement, reasonable job identification signs; and (d) not more than one sign of customary and reasonable dimensions advertising a Lot for sale or rent which shall be placed on the Lot or any appurtenant Exclusive License Area.

3.11 Mailboxes. There shall be no exterior newspaper tubes or free-standing mailboxes unless required by the United States Post Office.

3.12 Clothes Drying Facilities. No outside clothes lines or other outside clothes drying or airing facilities which are visible from the street shall be maintained on any Lot or any Exclusive License Area.

subparagraph (d) below, provided such fences comply with the specifications set forth herein, and further provided that any fence which obstructs access to a Common Utility Line (defined in paragraph 3.4.3[b] above) shall be constructed with a gate.

(b) Front Yard Fence Specifications. For purposes of this paragraph, "Front Yard" shall mean the area of a Lot from the front wall of a residential unit facing the street (extending the line of the wall to the side Lot lines) and from such front wall line forward to the Lot line at the street. Fences in the Front Yard of a Lot shall be constructed of any fencing material commercially sold for residential use shall be no more than the lesser of three feet (3') in height measured from ground level or the maximum height allowed by applicable codes.

(c) Back and Side Yard Fences. As used in this paragraph, "Back and Side Yards" shall mean all yard areas of a Lot excluding the Front Yard. Fences in the Back and Side Yards of a Lot shall be constructed according to the specifications set forth in Exhibit "B" to this Declaration.

(d) Fences on Common Boundaries. No fence shall be constructed on a common boundary line between two (2) Lots until:

(1) The Owners of such Lots have agreed in writing as to the discretionary specifications for such fence; and

(2) The Owners shall have filed their written agreement with the Architectural Committee.

From and after the filing of the agreement with the Architectural Committee, the fence on the common Lot boundary shall be deemed a "Common Owner Fence" and the two (2) Owners of such fence shall be subject to the maintenance obligations set forth herein pertaining to Common Owner Fences.

(e) Amendment to Fence Specifications. The respective specifications for Front Yard Fences and Rear and Side Yard Fences may be amended by a vote of Owners of at least one hundred thirty-one (131) of the Lots.

3.14 Barbecues. There shall be no exterior fires except barbecue fires contained within receptacles designed for such purpose.

3.15 Animals. Except as otherwise provided below, no animals or fowl, including without limitation horses, cows, sheep, goats, pigs, and chickens, except for three (3) usual house or yard pets, shall be allowed or maintained on any Lot. Notwithstanding the foregoing, in the event that any Owner has more than three (3) house or yard pets on the date of recording this Declaration, then such Owner shall be allowed to keep such pets until such pets die, subject however, to the other provisions of this Declaration and the Rules and Regulations. The permitted house or yard pets shall be kept, bred, or raised solely as household pets for private use and not for commercial purposes. No pet shall be allowed to make an unreasonable amount of noise or shall otherwise be allowed to become a nuisance. No pet shall be permitted outside of the Lot and any Exclusive License Area of the owner of such pet unless such pet is under the control of a responsible person by means of a leash or other reasonable restraint. Upon request of any Owner, the Board, in its sole discretion, shall determine for the purpose of this paragraph whether a particular pet shall be considered as a house or yard pet, or whether it is a nuisance. The Rules and Regulations may include other reasonable rules and regulations pertaining to pets as may be adopted from time to time.

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

3.17 Mineral Exploration. No portion of the Property 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 Property.

3.18 Rubbish and Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or upon any Limited Common Area or any Exclusive License Area; and no odors shall be permitted to arise therefrom so as to render any Lot, Limited Common Area, any Exclusive License Area or portions thereof unsanitary, unsightly, offensive, or detrimental to any of the property in the vicinity thereof or to the occupants thereof. No nuisance or noxious or offensive activities, including, but not limited to, repair of automobiles or other motorized vehicles, other than minor repairs which do not render the vehicle inoperative for more than one (1) day, shall be conducted within the Property. Nothing shall be done on or within the Property that may be or may become an annoyance or nuisance to the residents of the Property, or that in any way interferes with their quiet enjoyment of their Lots. Unless otherwise permitted by

the Rules and Regulations, no Owner shall serve food or beverages, cook, barbecue or engage in similar activities, except within such Owner's Lot and any Exclusive License Area.

3.19 Trash. Garbage, refuse and trash shall be stored in metal or plastic containers with tightly fastened lids, either inside the residence or within fenced areas on each Lot or any Exclusive License Area not visible from the street. The Board shall adopt reasonable Rules and Regulations regarding trash collection and may impose reasonable fines for the violation thereof.

3.20 Compliance with Laws; Prohibition of Certain Activities. No Owner shall permit anything to be done or kept on his Lot, or Limited Common Area, or on any Exclusive License Area that violates any law, ordinance, statute, rule or regulation of any local, county, state, or federal body. No Owner shall allow furniture, furnishings, or other personal property belonging to such Owner to remain within any portion of the Common Area other than any Exclusive License Area granted to such Owner. Nothing shall be done or kept on any Lot, any Limited Common Area, any Exclusive License Area, or in any other portions of Common Area which would result in the cancellation of the insurance on the Property or any part thereof or increase the rate of insurance on the Property or any part thereof over what the Association would pay but for such activity.

3.21 Rules and Regulations. No Owner shall violate the Rules and Regulations as adopted from time to time by the Association pursuant to the terms of this Declaration.

3.22 Indemnification. Each Owner shall be liable to the remaining Owners for any damage to the Common Area that may be sustained by reason of the negligence of that Owner, members of his family, tenants, guests, or invitees, but only to the extent that any such damage is not covered by insurance. Each Owner, by acceptance of his deed, agrees for himself and for the members of his family, tenants, guests, or invitees, to indemnify each and every other Owner, and to hold harmless and to defend such other Owner against any claim of any personal injury or property damage occurring within the Lot, Limited Common Area, or any Exclusive License Area of that particular Owner, unless the injury or damage occurred by reason of the negligence of any other Owner or person and is fully covered by insurance.

3.23 Restriction on Further Subdividing. No Lot may be further subdivided. Nothing contained herein shall prevent the boundaries of any Lot from being expanded pursuant to a Map Amendment as set forth in paragraph 2.2 above. No easement or other interest in any Lot less than the whole shall be conveyed by the Owner thereof; provided, however, that nothing herein shall be

deemed to prevent the transfer or sale of any Lot to more than one person to be held by them as tenants in common, joint tenants, as community property, or as community property with right of survivorship.

ARTICLE IV

ARCHITECTURAL COMMITTEE

4.1 Organization. There shall be an Architectural Committee consisting of three (3) persons. There shall also be an alternate member who may be designated by the Architectural Committee to act as a substitute on the Architectural Committee in the event of absence or disability of any member.

4.2 Terms of Office.

4.2.1 Appointment and Removal by Board. The members and any alternates of the Architectural Committee shall be appointed and may be removed by the Board. Such appointment or removal, as the case may be, shall be reflected in the minutes of the Board. Promptly after the Effective Date, the Board shall designate one member of the Architectural Committee to serve a term of one year, one member to serve a term of two (2) years, and one member to serve a term of three (3) years. Each member shall serve the length of his or her term unless the member has resigned or been removed from office. Thereafter, the terms of all Architectural Committee members shall be three (3) years. Any new member appointed to replace a member who has resigned or has been removed shall serve such member's unexpired term. Members who have resigned, been removed, or whose terms have expired may be reappointed; however, no person shall serve as a member of the Architectural Committee, either as a regular member or an alternate member, for a period in excess of six (6) years in any ten (10) year period. In the event that at any time there are not three (3) Association Members who are willing to serve on the Architectural Committee, then the Board of Directors shall serve as the Architectural Committee.

4.2.2 Resignations. Any member or alternate member of the Architectural Committee may at any time resign from the Architectural Committee upon written notice delivered to the Board.

4.2.3 Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Board.

4.3 Duties. It shall be the duty of the Architectural Committee to perform its duties in accordance with the provisions

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of this Declaration. No separate Architectural Committee Rules shall be adopted.

4.4 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 members shall constitute an act by the Committee unless the unanimous decision of its members is otherwise required by this Declaration. The Architectural Committee shall keep and maintain a record of all actions taken by it at such meeting or otherwise.

4.5 Fees. In order to encourage Owners to make Improvements to their Lots and any Exclusive License Areas, no fees shall be charged by the Architectural Committee within two (2) years after the Effective Date. Thereafter, the Board may, but shall not be required to, set reasonable fees to be charged by the Architectural Committee which shall be used to defray the cost of record keeping. Any Architectural Committee fees collected pursuant to the terms hereof shall be deposited into the Association's general account.

ARTICLE V

THE ASSOCIATION

5.1 Formation. On the Effective Date, the Association is Hazel Crest Home Owners Association, a Nevada non-stock, non-profit, cooperative corporation organized under NRS 81.010 through 81.060, inclusive. On or before one year after the Effective Date a new Association shall be incorporated as a Nevada non-profit, non-stock cooperative corporation pursuant to the provisions of Chapter 82 of the Nevada Revised Statutes. The existing Association shall serve as the Association under this Declaration for all purposes until the date ("Transfer Date") on which all of the following have occurred:

(i) such successor association is formed pursuant to Chapter 82 of the Nevada Revised Statutes, as a non-profit, non-stock, cooperative corporation;

(ii) all of the assets and liabilities of Hazel Crest Home Owners Association are transferred to such successor association; and

(iii) such successor association assumes all liabilities and obligations of Hazel Crest Home Owners Association.

From and after the Transfer Date, such successor association shall be "the Association" for all purposes under the Declaration.

The Association is not authorized to have and shall not issue any capital stock. The Association shall be charged with the

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duties and shall be invested with the powers set forth in this Declaration and in the Articles and Bylaws. In the event of a conflict between the provisions of this Declaration and the Articles, or this Declaration and the Bylaws, the provisions of this Declaration shall govern.

5.2 Association Action; Board of Directors and Officers; Members' Approval. Except as to matters requiring the approval of the Members as set forth in the Articles, Bylaws, and this Declaration, 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 and the Bylaws. The Board shall be composed of Association Members only. Any reference to "Members" or "Association Members" in this Declaration, the Articles or the Bylaws shall be deemed to include only the Owners as defined herein. The quorum and voting requirements for meetings of the Members of the Association and for meetings of the Board of Directors shall be as set forth in the Articles and Bylaws.

5.3 Membership.

5.3.1 Members' Rights and Duties. Each Member shall have the rights, duties, and obligations set forth in this Declaration, the Articles, Bylaws, and Rules and Regulations.

5.3.2 Transfer of Membership. The Association membership of each person or entity who owns, or owns an interest in, one or more Lots shall be appurtenant to each such Lot and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of such title or interest, and in such event, only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest in a Lot shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner. Immediately after any transfer of title to a Lot, 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 date of transfer in this paragraph 5.3.

5.4 Voting Rights. Except as otherwise provided in this paragraph 5.4 and in paragraph 7.8 below, each Member shall be entitled to one vote for each Lot owned by such Member. In the case of a Lot held by two (2) or more Owners, all of the Owners of such Lot shall be deemed to constitute one Member, and the voting power shall be exercised by only one Owner who shall be designated in writing by all the Owners, or in the absence of such designation by the Owners, shall be selected by the Board.

In the event any Member is more than thirty (30) days delinquent in the payment of any Assessment hereunder, then such Member's voting rights shall be suspended after notice and opportunity to be heard as provided in paragraph 7.8 below, except as to voting on the matters set forth in paragraphs 2.2 (Division of Common Area In Fee), 2.7 (Dedication of Common Area Streets and Park), and 12.2 (Amendment) hereof. Suspended Members who are present at any annual or special meeting of the Members, either in person or by proxy, shall not be counted for purposes of establishing a quorum at such meeting; provided, however, that the percentage required hereunder for the establishment of a quorum shall in all cases be based upon the total membership of 260 Members.

Unless a different voting majority is established by this Declaration, any matter requiring the approval of the Members under this Declaration shall be deemed approved if approved at any annual or special meeting of the Members by a majority vote of a quorum of Members holding voting rights. Any action that may be taken at an annual or special meeting of Members may be taken without a meeting if the Association mails or delivers a written ballot to every Member entitled to vote on the matter as provided in the Bylaws.

ARTICLE VI

POWERS AND DUTIES OF THE ASSOCIATION

6.1 Powers. The Association shall have all the powers of a non-stock, non-profit cooperative corporation organized under the laws of the State of Nevada 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:

6.1.1 Assessments. The Association shall have the power to establish, fix, and levy Assessments (defined below) against the Owners and to enforce payment of Assessments, in accordance with the provisions of this Declaration.

6.1.2 Right of Enforcement; Fines. The Association in its own name and on its own behalf, or on behalf of any Owner who consents, can commence and maintain actions for damages, or to restrain and enjoin any actual or threatened breach of any provision of this Declaration, the Articles, the Bylaws, or the Rules and Regulations, or to enforce by mandatory injunction, or otherwise, all of these provisions.

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The Board shall have the power to assess a reasonable fine against any Owner for any violation of this Declaration, but only where such fine is expressly permitted pursuant to the provisions of this Declaration and a fine not to exceed ONE HUNDRED AND NO/100THS DOLLARS (\$100.00) per occurrence for any violation of the Rules and Regulations for which the Rules and Regulations expressly permit a fine to be levied. Before invoking any such fine, the Board shall give such Owner a hearing which shall be conducted in the manner provided in paragraph 3.4.5 hereof relating to Maintenance Violations.

6.1.3 Delegation of Powers: Professional Management: Other Services. The Association, acting by and through the Board, can delegate its powers, duties, and responsibilities to committees or employees, including the Manager (defined in paragraph 6.2.2 below). The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with the operation of the Property and the enforcement of this Declaration.

6.1.4 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.

6.1.5 Rules and Regulations. The Board shall have the power to adopt, amend, and repeal from time to time as it deems reasonable, Rules and Regulations with respect to the Common Area (excluding any Exclusive License Areas) and with respect to such other matters as may be expressly as provided in this Declaration. The Rules and Regulations shall not be inconsistent with or materially alter any provisions of this Declaration, the Articles, or the Bylaws. A copy of the Rules and Regulations as adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner. 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.

6.1.6 Other Services and Properties. The Association shall have the power to obtain and pay for, any property, services, taxes, or assessments which are reasonably necessary in order for the Association to fulfill its obligations hereunder, including security services for the Property, or any portion thereof which the Board deems necessary in its sole reasonable discretion.

6.2 Duties of the Association. The Association, acting by and through the Board or persons or entities described in paragraph

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6.1.3, has the obligation to conduct all business affairs of common interest to all Owners and to perform each of the following duties:

6.2.1 Operation and Maintenance of Common Area. The Association shall operate, maintain, and otherwise manage or provide for the operation, maintenance, and management of the Common Area (excluding any Exclusive License Areas) and all facilities, improvements, and landscaping of such Common Area, including, but not limited to, any private streets owned by the Association, any Association Fences constructed pursuant to Article XI hereof, the Park, and any other property acquired by the Association, including personal property. The Association's maintenance obligation with respect to any portion of the Common Area which is dedicated to the City of Reno, shall cease upon the recordation of an instrument or map in the Washoe County Recorder's office executed by the City, wherein the City accepts the dedication of such Common Area. Such operation and management shall be conducted in a first-class manner; and such Common Area and other property owned by the Association 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 such Common Area after obtaining at least three (3) competitive written bids for such service or materials. The term of any such service contract shall not exceed one year and shall be terminable by either party with or without cause and without payment of a termination fee upon thirty (30) days written notice.

6.2.2 Professional Management. The Association shall engage the services of a professional manager ("Manager") for the Project. The agreement for professional management of the Property shall be terminable by either party with or without cause and without payment of a termination fee on thirty (30) days written notice. The term of any such agreement shall not exceed one year, although such agreement may be renewed from year to year by the Board.

6.2.3 Taxes and Assessments. The Association shall pay all taxes and assessments levied against all of the Common Area, including any Exclusive License Areas, and any other property owned by the Association or levied 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.

6.2.4 Utilities. The Association shall pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas, and other necessary utility

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services for the Common Area (excluding any Exclusive License Areas).

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

6.2.6 Architectural Committee. The Association shall appoint and remove members of the Architectural Committee as provided in Article IV.

6.2.7 Enforcement of Restrictions and Rules. The Association shall perform such other acts, whether or not expressly authorized by this Declaration, that may be reasonably necessary to enforce any of the provisions of this Declaration, the Articles, Bylaws, and the Rules and Regulations.

6.2.8 Association Bank Accounts. Except as otherwise expressly provided herein, at least two (2) Board Members shall be required to sign all checks drawn on the Association operating account and at least three (3) Board Members shall be required to sign all checks drawn on any and all other Association accounts.

6.2.9 Plan of Reorganization. The Association shall comply with the terms and carry out its duties under the Plan of Reorganization, which is by this reference incorporated herein in its entirety.

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

6.3 Compensation of Board Members. The Association shall not 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.

6.4 Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any Manager, shall be personally liable to any Owner, 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 wilful or intentional misconduct.

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

6.6 Inspection of Association Books and Records.

6.6.1 Any membership registers, accounting records, and minutes of meetings of the Members, the Board, and committees of the Board of the Association, shall be made available for inspection and copying by any Member of the Association, or his duly appointed representative, or any mortgagee, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place as the Board prescribes.

6.6.2 The Board shall establish by resolution or in the Rules and Regulations, 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; (b) hours and days of the week when an inspection may be made; and (c) payment of the cost of reproducing copies of documents requested by a Member or by a representative or mortgagee.

6.6.3 Every Board member of the Association shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Board member includes the right to make copies of documents.

ARTICLE VII

ASSESSMENTS

7.1 Purpose; Agreement to Pay. The assessments levied by the Association pursuant to this Declaration ("Assessments") shall be the amount estimated to be required, and shall be used exclusively, to promote the recreation, health, safety, and welfare of the Members of the Association, the improvement, replacement, repair, operation, and maintenance of the Common Area (excluding any Exclusive License Areas), and the performance of the duties of the Association as set forth in this Declaration and the Plan of Reorganization. Each of the Owners for each Lot owned by such Owner on the Effective Date, and each subsequent Owner, by his acceptance of a deed for each Lot owned, covenants and agrees to pay to the Association such annual, special and capital improvement assessments as are established, made, and collected as provided in this Declaration.

7.2 Personal Obligations. Each Assessment or installment thereof, together with any late charge, interest, collection costs, and reasonable attorneys' fees, shall be the personal obligation of the person or entity who was an Owner at the time such Assessment or installment became due and payable. If more than one person or entity was the Owner of a Lot, the personal obligation to pay such Assessment or installment shall be both joint and several. Subject to the provisions of paragraph 10.3 (relating to Beneficiaries under first Deeds of Trust), 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 waiver of the use and enjoyment of any of the Common Area or by abandonment of his Lot. No Owner shall have a right of set-off against such Owner's obligations to pay Assessments to the Association which are levied pursuant to this Declaration.

7.3 Annual Assessments. As part of the Plan of Reorganization, and, thereafter, not less than sixty (60) days before the beginning of each fiscal year of the Association, the Board shall prepare a budget of the Common Expenses for the next succeeding fiscal year and a statement of the amount of the annual assessment to each Lot for such fiscal year. As used herein, "Common Expenses" means the estimated aggregate amount of expenses to be incurred by the Association during the applicable fiscal year (i) to operate, manage, maintain and repair the Common Area (excluding any Exclusive License Areas), and to administer the operation of the Association; (ii) to provide for reserves and expenses which initially shall be budgeted as provided in the Plan of Reorganization and thereafter to ensure payment when due of the cost of capital expenditures relating to the repair maintenance and replacement of the Streets, Park, any Association Fences (as provided in Article XI hereof) and other portions of the Common Area which the Association is responsible to maintain pursuant to the provisions hereof, for the repair and replacement of other property owned by the Association, and for such other purposes as are required by good business practice for reserves; (iii) to provide for the possibility that some Assessments may not be paid on a current basis; and (iv) to provide for the payment of the fee of the Manager. 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 administrative expenses incurred in connection with the Action and the Plan of Reorganization and the maintenance of such Common Area for which the Association is responsible, and the repair and maintenance of recreational facilities thereon; any taxes and

of this Declaration, and any costs or expenses incident thereto. Additionally, the Board may levy a special assessment against an Owner to collect a fine imposed by the Board as permitted by this Declaration.

7.5 Capital Improvement Assessments.

7.5.1 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 Area (excluding any Exclusive License Areas) which is not a repair or replacement of an existing Improvement, or (ii) any expenditure relating to the Common Area which is outside the ordinary course of business of the Association.

7.5.2 Petition: Association Approval.

(a) Owners of ten percent (10%) of the Lots 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 ten percent (10%) of the Owners of the Lots.

(b) Upon receipt of a petition for a proposed Capital Improvement or if the Board desires to propose a Capital Improvement, unless a different procedure is expressly set forth in this Declaration, 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 membership at the annual meeting, a special meeting called for such purpose, or by ballot as provided in the Bylaws. Except as otherwise expressly provided in this Declaration (including, but not limited to, the provisions of paragraphs 2.2.3 and 2.7 hereof), provided a quorum (as defined in the Bylaws) is present either in person or by proxy (or if voting is by ballot, a quorum of eligible Members has submitted their ballots), the Capital Improvement Assessment shall be approved if two-thirds (2/3rds) of those voting and who are eligible to vote pursuant to the provisions of paragraph 5.4 hereof, vote in favor of such Capital

Improvement Assessment. Notwithstanding anything to the contrary set forth herein, no Capital Improvement Assessment shall be levied which relates to the dedication of the Streets and Park, the dedication of the Streets alone, or the satisfaction of conditions imposed by the City of Reno for any Subdivision Map amendment unless the Owners of at least one hundred thirty-one (131) of the Lots have voted in favor of such Capital Improvement Assessment.

7.5.3 Levy of Capital Improvement Assessments. Capital Improvement Assessments shall be levied and shall be due and payable by all Owners in such installments and during such period or periods as shall be voted upon by the Members at the time the Capital Improvement 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 which in no case shall require payment in full earlier than sixty (60) days after approval thereof.

7.5.4 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 if 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.

7.5.5 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, without obtaining any further approval from the Owners, levy a further Capital Improvement Assessment in the amount of such actual or estimated inadequacy, which shall be assessed to all of the Owners in equal amounts. If such additional assessment is in excess of five percent (5%) of the original Capital Improvement Assessment, the affirmative vote or written consent of the Owners of at least one hundred thirty-one (131) of the Lots shall be required for any such further assessment.

7.6 Uniform Rate of Assessment. Except as otherwise specifically provided in this Declaration, Annual Assessments of the Association and Capital Improvement Assessments must be fixed at a uniform 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 within the Project.

7.7 Assessment Period. The annual assessment budget 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. Annual Assessments shall be payable in equal monthly installments unless the Board adopts some other basis for collection.

7.8 Late Charges; Suspension of Privileges and Voting Rights Upon Failure to Pay. A late fee of TEN AND NO/100THS DOLLARS (\$10.00) shall be added to any Assessment or installment thereof which is not paid within fifteen (15) days after the same becomes due, and the Association shall not be required to accept any such delinquent payment unless it is accompanied by such late fee. Only one late fee shall be assessed for each installment which is delinquent. Any Assessment or installment thereof, together with the late charge thereon, shall bear interest from the date which is thirty (30) days after such Assessment became due until paid at the rate set by the Board, or if no rate is set, at the annual rate of twelve percent (12%). Each month during which a delinquency exists, the late charge and the unpaid interest shall be added to the principal sum due and such increased principal amount shall bear interest at such annual rate.

In the event any Member is more than thirty (30) days delinquent in the payment of any Assessment levied pursuant to this Declaration ("Defaulting Member"), then the Board shall notify the Defaulting Member in writing that the following rights of the Defaulting Member shall be suspended ten (10) days after the mailing of such notice ("Suspension Notice") to the Defaulting Member as provided in paragraph 12.5 below, until all delinquent Assessments, the interest thereon, late charges and costs and fees incurred by the Association in connection with such delinquency are paid in full:

(a) all voting rights of such Member at annual or special meetings of the Members, except as otherwise provided in paragraph 5.4 of the Declaration; and

(b) the privilege of such Member, his family and guests or the privilege of his tenants to use any and all recreational facilities on the Common Area.

The Defaulting Member shall have the right to file a written objection to the Suspension Notice with the Board within ten (10) days after the Suspension Notice is so mailed to the Defaulting Member. The only valid basis for such objection shall be that all Assessments, interest, late charges and other costs and fees which are a lien against the Lot of the Defaulting Member pursuant to this Declaration have been paid in full. In the event a valid objection is filed by the Defaulting Member, then the suspension of such Member shall not take effect until the Arbitration Panel

(defined below) has made a determination that the Defaulting Member is more than thirty (30) days delinquent in the payment of Assessments. Within sixty (60) days after the objection is filed: (i) the Board shall appoint a committee of three (3) Board Members ("Arbitration Panel") to hold a hearing on the objection. Notice of the hearing and the time and place thereof shall be given to the Defaulting Member at least five (5) business days prior to the date set for the hearing. The Arbitration Panel shall render its decision within ten (10) days after the hearing and notify the Defaulting Member of its decision in the manner provided in paragraph 12.5 below. The decision of the Arbitration Panel shall be binding and conclusive.

7.9 Statement of Account. Upon payment of a reasonable fee, not to exceed FIFTEEN AND NO/100THS DOLLARS (\$15.00), 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, assessed to the Owner of a particular Lot, the amount of the Annual Assessment for the current fiscal year, the day of the month that each installment of such Assessment becomes or became due, and the amount of credit for advance payments or prepaid items, including, but not limited to, an Owner's share of prepaid insurance premiums, which statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid Assessments which became due prior to the date of making such request shall be subordinate to the lien of a mortgagee which acquired its interest at least twenty (20) days after such request for a statement was made. When a prospective purchaser makes such request and such prospective purchaser acquires title to the Lot, both the lien for such unpaid assessments and the personal obligation of the purchaser shall be released automatically if the statement is not furnished within thirty (30) days after a written request is made by such purchaser.

7.10 Collection of Assessments. The right to collect and enforce assessments is vested in the Board acting for and on behalf of the Association. The Board or its authorized representative, including any Manager, can enforce the obligations of the Owners to pay assessments provided for in this Declaration by commencement and maintenance of an action at law or in equity to enforce the personal obligation of such Owners hereunder; or the Board may enforce by judicial proceedings, or, to the extent permitted by law through the exercise of the power of sale granted to the Association pursuant to paragraphs 7.12 and 7.13, to enforce the lien rights of the Association against such Owner's Lot. An action to recover a money judgment against an Owner for unpaid Assessments together with all other amounts for which an Owner is obligated pursuant to the terms of this Declaration shall be maintainable

without first foreclosing or waiving the lien rights of the Association.

7.11 Lien for Assessments; Priority. All sums assessed to any Lot pursuant to this Article, together with interest thereon, late charges and other costs and fees as provided herein, shall be secured by a lien on such Lot in favor of the Association upon recordation of a notice of assessment as defined in paragraph 7.12 below ("Notice of Assessment"). Such lien shall be prior to all other liens and encumbrances on such Lot except for: (a) valid tax and special assessment liens on the Lot in favor of any governmental assessing authority; (b) a lien for all obligations secured by a First Deed of Trust, including all unpaid obligatory advances to be made pursuant to a First Deed of Trust and secured by the lien thereof in accordance with the terms of such instrument; (c) labor or materialman's liens, to the extent required by law; and (d) unless otherwise provided by applicable law, a lien for sums secured by any other Deed of Trust recorded prior to the recordation of Notice of Assessment.

7.12 Creation of Lien. Unless otherwise provided by applicable law, to create a lien for sums assessed pursuant to this Article, the Association shall prepare a written Notice of Assessment setting forth the amount of the Assessment, the date due, the amount remaining unpaid, the name of the record owner(s) of the Lot, and a sufficient legal description of the Lot. Such Notice of Assessment shall be signed by the Association and shall be recorded in the office of the County Recorder of Washoe County, Nevada. No Notice of Assessment shall be recorded until there is a delinquency in the payment of the Assessment.

7.13 Enforcement of Lien; Owner's Obligation to Pay Fees and Costs. To the extent permitted by applicable law, such lien may be enforced by sale conducted by the Association after failure of the Owner to pay the Assessment in accordance with its terms. Such sale shall be conducted in accordance with the provisions of Sections 116.3116 through 116.31168, inclusive, Chapter 107 and any other applicable provision of the Nevada Revised Statutes or in any other manner permitted by law. Each Owner who is liable for payment of the Assessment shall be required to pay all costs of collection of such Assessment incurred by the Association and the costs and expenses of such foreclosure proceeding, including, but not limited to, reasonable attorneys' fees and title insurance costs. All such costs and expenses of the foreclosure shall be secured by the lien being foreclosed.

The Owner shall be required to pay to the Association any Assessments against the Lot which shall become due during the period of foreclosure. The Association shall have the right and power to enter a credit bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and

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otherwise deal with the Lot. The Association shall be entitled to bid on credit up to and including the amount secured by the lien being foreclosed. The Association shall not be entitled to bid more than its credit bid; that is, the Association shall not be entitled to bid cash.

A further notice stating the satisfaction and release of any such lien shall be executed by the Association and recorded in the Washoe County, Nevada, real estate records, upon payment of all sums secured by such lien.

Any person or entity holding a lien on a Lot may, but shall not be required to, pay any amounts secured by the lien of the Association for unpaid Assessments and upon such payment, such lienholder shall be subrogated to all rights of the Association with respect to such lien, including priority rights.

ARTICLE VIII

INSURANCE

8.1 Insurance to be Obtained. The Association shall obtain and maintain in force insurance coverage provided by companies duly authorized to do business in Nevada as set forth in this Article. THE ASSOCIATION SHALL HAVE NO OBLIGATION TO INSURE THE RESIDENCES OR OTHER IMPROVEMENTS ON THE LOTS.

8.2 Casualty Insurance. The Association shall obtain insurance on all Improvements on the Common Area, including coverage for any Association Fences in the amount of the full replacement cost thereof, or with such other limits as the Board may deem desirable; provided, however, that the Association shall have no obligation to obtain, and shall not obtain, insurance coverage for Optional Owner Fences or other fences constructed by the Owners or other Improvements on the boundaries of, or within, any Owner's Lot or any Exclusive License Area. Such insurance shall include fire and extended coverage, vandalism, and malicious mischief, and such other risks and hazards against which the Board shall deem it appropriate to provide insurance protection. The Board may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the Board's opinion are consistent with good business practice. The Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive such proceeds and to deal therewith. The insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or shall be otherwise disposed of as herein provided.

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8.3 Public Liability and Property Damage 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. 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 Common Area, including any Exclusive License Areas. The liability insurance shall name as separately protected insureds, the Association, the Board, the Architectural Committee, and their representatives, members, and employees, with respect to any liability arising out of the maintenance or use of any property owned by the Association. Every policy of insurance obtained by the Association shall contain an express waiver, if available, of any and all rights subrogation against the Board, the Architectural Committee, and their representatives, members and employees.

8.4 Workman's Compensation and Employer's Liability Insurance. The Board shall obtain a certificate from all persons or companies hired by the Association certifying that such person or company is covered by workmen's compensation insurance and all other similar insurance in the amounts and in the forms now or hereafter required by law. In the event such person or company does not have such insurance, the Association shall purchase such insurance on its behalf. The Association shall carry such employer's liability insurance as is customary for homeowner's associations having similar responsibilities.

8.5 Fidelity Insurance. The Association shall purchase in such amounts and in such forms as it shall deem appropriate, coverage against dishonesty of employees, destruction or disappearance of money or security, and forgery.

8.6 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 property owned by the Association, and errors and omissions coverage for the Board of Directors and officers of the Association.

8.7 Premiums and Review. Premiums for all of the foregoing insurance carried by the Association shall be budgeted as part of the Common Expenses. 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.

ARTICLE IX

DAMAGE, DESTRUCTION, OR CONDEMNATION

9.1 General Authority. To the extent insurance proceeds are available, the Association shall have the authority and the duty to

completely removed from the land, and the land shall be landscaped in a manner ensuring the existence of adequate access over and to the area. The cost of removal and landscaping shall be paid for with insurance proceeds, and the remaining proceeds shall be retained by the Association in its general or other funds or allocated or distributed as determined appropriate by the Board, provided that any such distribution shall be proportionate to the interests of all Members.

9.7 Condemnation. If at any time all or any portion of the Property, or any interest therein, be taken for any public or quasi-public use, under any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, then the entire award for such taking shall be paid to the holder or holders of the fee title to such area as their interest may appear. Any such award to the Association shall be deposited into the operating fund of the Association. No owner shall be entitled to any portion of such award which is allocated to the Association for its fee ownership, and no owner shall be entitled to participate on behalf of the Association in any proceedings relating to such condemnation, such right or participation being herein granted exclusively to the Association, or other holder of the fee title which shall, in its name alone, represent the interests of all Owners with respect to the property of the Association.

ARTICLE X

PROTECTION OF LENDERS

10.1 Encumbrance of Lots Permitted. Any Owner may encumber his Lot with a Deed of Trust (as defined in paragraph 1.12 above).

10.2 Subordination. Any lien created or claimed under Article VII 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 recorded instrument.

10.3 Non-Liability for Unpaid Assessments. Any Beneficiary of a First Deed of Trust which takes title to the Lot by a deed in lieu of foreclosure or any such Beneficiary or other purchaser who acquires title to the Lot under a foreclosure sale of the First Deed of Trust shall take the Lot free of such claims for unpaid Assessments and other Association charges against the encumbered Lot which accrue prior to the date of delivery of the deed in lieu of foreclosure or the date of such foreclosure sale, as the case may be, and shall suffer no loss or suspension of rights and privileges hereunder by reason of acts of the prior Owner; provided, however, that the amount of the Assessments or other charges which become due and payable after such delivery date or foreclosure sale date, to the extent they relate to expenses

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incurred subsequent to the delivery of the deed in lieu of foreclosure, or such foreclosure sale, shall be assessed hereunder to such grantee or the purchaser at such foreclosure sale, as the case may be.

10.4 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 any of the Property.

10.5 Notice to Eligible Mortgage Holders. The holder of any First Deed of Trust shall be entitled to become an "Eligible Mortgage Holder" pursuant to the provisions of this Declaration by making written request to the Association in the manner provided in paragraph 12.5 below, for written notice from the Association of: (i) any default which remains uncured for a period of sixty (60) days by the Owner of the Lot encumbered by the Deed of Trust held by the Eligible Mortgage Holder in the performance of such Owner's obligations under the Declaration, Articles, Bylaws, or Rules and Regulations; and (ii) any proposed action described in paragraph 10.9 below. The Association shall give written notice to Eligible Mortgage Holders in accordance with the provisions of this paragraph 10.5 and in the manner prescribed in paragraph 12.5 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.

10.6 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the Articles shall give an Owner, the Association or any other party, priority over any rights of any Beneficiary under a First Deed of Trust encumbering a Lot in the cases of a distribution to Owners of insurance proceeds or condemnation awards for losses to, or a taking of, the Common Area, the residence or other Improvements on a Lot, or otherwise.

10.7 Appearance at Meetings. Because of its financial interest in the Project, 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.

10.8 Examination of Records. Beneficiaries under First Deeds of Trust shall have the right to examine the books and records of the Association and can require the submission of financial data concerning the Association, including annual audit reports and operating statement as and when furnished to the Owners.

10.9 Prior Approvals. Unless at least sixty-seven percent (67%) of the Eligible Mortgage Holders shall have given their prior

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written approval (each Eligible Mortgage having one [1] vote for each Lot encumbered), neither the Association nor any number of Owners shall do the following:

(a) Change the voting rights as set forth herein with respect to any Member of the Association or any Eligible Mortgage Holder;

(b) Change the pro rata interest or obligations of any Lot for purposes of levying Assessments;

(c) Change the subordinate priority of the provisions of this Declaration relating to allocation of hazard insurance proceeds, condemnation awards, or other proceeds as set forth in paragraph 10.6 hereof in relation to the holders of First Deeds of Trust;

(d) Make any amendment or modification to the Declaration of the nature described in paragraph 12.2 below;

(e) Fail to maintain the insurance required by paragraph 8.2 hereof;

(f) Establish self-management when professional management had been required previously by this Declaration or by FNMA, FHLMC, HUD or VA; or

(g) Take any action to terminate the legal status of the Project or the continued existence of this Declaration after substantial destruction or condemnation occurs.

In the event any Eligible Mortgage Holder is notified in the manner provided in paragraph 12.5 below and at the address designated by such Eligible Mortgage Holder to the Association in the manner provided in such paragraph 12.5, of any proposed decision or action described in subparagraphs (a) through (g), inclusive, above, and fails to submit a written response within thirty (30) days after notice of such proposed decision or action, then such Eligible Mortgage Holder shall be deemed to have given its approval of such decision or action and such implied approval shall be conclusive as to all persons relying thereon in good faith.

ARTICLE XI

EXCLUSIVE LICENSE AREAS

THE PROVISIONS OF THIS ARTICLE XI SHALL APPLY ONLY IN THE EVENT AN AMENDED SUBDIVISION MAP IS NOT RECORDED PURSUANT TO THE PROVISIONS OF PARAGRAPH 2.2 OF THIS DECLARATION.

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11.1 Grant of Exclusive Licenses. In the event the Map Amendment Application Process (described in Article II above) is not completed or cannot be completed due to a Court order within thirty-six (36) months after the Application Commencement Date, excluding any period in which the process is stayed pending appeal, or in the event the Map Amendment Application Process is abandoned pursuant to the provisions of paragraph 2.2.3 above, then the Association shall grant to each Owner of a Lot for a period of fifty (50) years from the date of the grant ("the License Commencement Date"), unless earlier revoked as provided herein, a revocable exclusive license ("Exclusive License") to use such portion of the Common Area adjacent to each boundary of such Owner's Lot as depicted on the maps attached hereto as Exhibits "A-2", "B-2" and "C-2" and incorporated herein by this reference ("Exclusive License Areas"). Each revocable exclusive license to use a portion of the Common Area shall be appurtenant to the Lot owned by the licensee and shall be used for such purposes, and shall be subject to such terms and conditions, as are set forth herein. In order to more clearly define the location of the Exclusive License Area appurtenant to each Lot, the Association shall construct fences ("Association Fences") delineating certain of the boundaries of each Exclusive License Area as set forth herein. As to those boundaries of each Exclusive License Area which are delineated by Association Fences, such boundaries shall be conclusively presumed to be located on the lines where the Association Fences are constructed. No Exclusive License shall be transferred apart from the Lot to which it is appurtenant, and each appurtenant Exclusive License shall automatically pass with the conveyance of the Lot whether or not such Exclusive License is mentioned in the deed. Each Owner shall have the exclusive right of use and enjoyment of such Owner's Exclusive License Area. Each Exclusive License shall be automatically renewed for successive periods of ten (10) years duration for so long as this Amended and Restated Declaration remains in effect. Each Exclusive License may be revoked by the Association as set forth in paragraph 11.1.3 below.

11.1.1 Owners' Assumption of Maintenance Obligation. From and after the License Commencement Date, and in consideration of the grant of an Exclusive License by the Association to each Owner, each and every Owner of a Lot in the Project assumes the obligation to maintain, in accordance with the provisions of this Declaration, the Exclusive License Area which is appurtenant to such Owner's Lot, whether or not such Exclusive License Area is partially enclosed with Association Fencing as provided herein. Each Owner shall maintain in a good clean and orderly condition, at such Owner's sole cost and expense, such Owner's Exclusive License Area and all landscaping thereon, and shall have the obligation to maintain and keep in good repair all improvements thereon, including Optional Owner Fences defined

in paragraph 11.2.2 below. The Owners shall not be responsible for the maintenance and upkeep of Association Fences (defined in paragraph 11.2.1 below). Association Fences shall be maintained by the Association.

11.1.2 Reservation of Rights of Entry. The Association reserves the right to enter the Exclusive License Area of each Lot for the purpose of carrying out the Association's obligations hereunder. The Association grants to each and every Owner the right to enter the Exclusive License Area of every Owner with whom such Owner shares a Common Utility Line (defined in paragraph 3.4.3 above) or within whose exclusive License Area a Common Utility Line is located or Common Owner Fence (defined in paragraph 3.13.2[d] above), or a Party Wall (defined in paragraph 1.25 above) at reasonable times and upon reasonable notice, for the purposes of repair, maintenance and replacement of such Common Utility Line, Common Owner Fence, or Party Wall.

11.1.3 Revocation of Exclusive Licenses by Association. Any Exclusive Licenses granted to the Owners hereunder may be revoked partially or totally by the Association, acting by and through the Board, in any of the following events:

(a) The Exclusive Licenses granted hereby or the fencing constructed pursuant thereto is in violation (collectively "Violation") of any federal, state or local government statute, law, ordinance or regulation, or any court order, or the Board, in its sole reasonable discretion, believes that a Violation exists; or

(b) An Amended Subdivision Map is approved and recorded pursuant to the provisions of paragraph 2.2.5 above.

In the event of a Violation, the Board shall have the obligation and the authority without a vote of the Association Members to levy a Capital Improvement Assessment against the Owners of all of the Lots in the Project to correct all non-conforming uses which have caused such Violation. In the event the grant of one or more Exclusive Licenses hereunder has caused the Violation, then the Association, acting by and through the Board, shall revoke such Exclusive License(s) to the extent necessary to correct such Violation. In such event, the maintenance obligation of each Owner as to the unrevoked portion of the Exclusive License Area shall remain in full force and effect.

In the event an Amended Subdivision Map is recorded, the Exclusive Licenses granted by the Association shall be revoked

to the extent they are inconsistent with the rights intended to be conferred by the Amended Subdivision Map.

In the event any Exclusive Licenses are revoked pursuant to the provisions of this paragraph 11.1.3, the Board shall cause to be recorded a Notice of Revocation and Termination of such Exclusive Licenses signed by the President and Secretary of the Association in the office of the County Recorder of Washoe County, Nevada, specifying which of the Exclusive Licenses are so revoked, and if revoked as to a portion of any Exclusive License Area, describing that portion which is so revoked.

11.1.4 Owner's Obligation to Maintain Insurance For Exclusive License Area Improvements. The Association shall have no liability for damage or destruction of Optional Owner Fences or to other Improvements constructed by an Owner within, or upon the boundaries of, such Owner's Exclusive License Area. Each Owner shall have the sole and exclusive responsibility for obtaining insurance to cover such damage or destruction if such Owner desires to have insurance coverage therefor.

11.2 Fencing of Exclusive License Areas.

11.2.1 Fences to be Constructed by Association.

(a) Location. In the event Exclusive Licenses are granted by the Association pursuant to the provisions of this Declaration, the Association shall have the obligation to construct, maintain, repair and replace fencing in the locations depicted on the unit plans attached hereto as Exhibit "A-3" hereto (herein "the Association Fences" or "Association Fencing"); provided, however, that such location may be modified as set forth in subparagraph (v) of this paragraph (a).

(i) Rear Fences. The Association Fencing shall be constructed on the perimeter boundary lines of the Project as determined by a licensed surveyor, or at such other location as may be mandated by the City of Reno, any public utility company, or any easement holder. Such fencing shall form the rear boundaries of the Exclusive License Areas for the Perimeter Lots. The Association Fences depicted on such unit plans which are to be constructed between the rear yards of the Interior Lots shall be roughly equidistant from each of the rear boundary lines of the Lots which it parallels, provided that topography and drainage permit such fence line.

(ii) Side Fences. The Association Fences to be constructed between each of the duplex buildings in the Project as depicted on such maps shall run from the rear Association Fence line to a point roughly perpendicular to the front Lot lines of the adjoining Lots at a point between the two (2) duplex buildings which is roughly equidistant between such two (2) buildings.

(iii) Marking of Fence Lines. At such time as the Board determines, in its sole reasonable discretion, that the Association has sufficient funds to cause to be surveyed those portions of the Exclusive License Areas along which Association Fences are to be constructed and to construct fence posts set in cement, marking the corners of such Exclusive License Areas as depicted on Exhibit "D" hereto, then the Association shall cause such portions of the Exclusive License Areas to be so surveyed and marked.

(iv) Resolution of Disputes. In the event of a dispute as to the location of any Association Fence, the Board shall determine its location.

(v) Modification of Location of Association Fence Because of Physical Obstruction or by Owner Agreement. In the event such survey discloses that any Association Fence to be located as set forth in subparagraphs (i) and (ii) above and in Exhibit "A-3" hereof is not physically practical because of the location of trees, shrubs or utility equipment which existed on the Property as of the License Commencement Date, then the Owners whose Exclusive License Area boundaries are affected by any such physical obstruction shall agree to the relocation of the Association Fence to accommodate such physical obstruction and in the event the affected Owners cannot agree, the Board (by a majority vote of its members excluding the vote of any interested party) shall designate the relocated Association Fence line. The Board shall indicate the relocation in the Architectural Committee records and shall notify the affected Owners of the relocation.

Within ninety (90) days after the License Commencement Date, any Owners sharing a common Exclusive License Area boundary who desire to relocate the designated location of the Association Fence proposed to be constructed along such common

boundary shall present to the Board a survey prepared by a licensed surveyor showing the desired relocation of the Association Fence. Such survey shall be signed by each of the Owners desiring to relocate the Association Fence. In the event that the Board shall determine, in its sole discretion (by a majority vote of its members excluding the vote of any interested party) that such requested relocation: (i) does not affect any Owners who have not signed such survey, (ii) does not increase the cost of Association Fencing for the Project as a whole, and (iii) does not in any manner vary or cause a jog in what would otherwise be a straight fence line of other Exclusive License Areas, then the Board shall grant such request for relocation and file such survey with the Architectural Committee. In the event such request for relocation is approved, then the Exclusive License Area maintenance responsibility of each Owner who requested such relocation shall be automatically redefined to conform to the relocated Association Fence line. No request for relocation of an Association Fence shall be accepted more than ninety (90) days after the License Commencement Date, and no such request shall be submitted without a survey prepared by a licensed surveyor.

(b) Commencement of Construction. The Association shall commence construction of the Association Fencing when the Board determines, in its sole reasonable discretion, that sufficient funds are available. For purposes of the construction of Association Fences, the Project shall be divided into at least three (3) areas, and the commencement order of the construction of Association Fences in each area shall be by a random lottery selection. Nothing contained herein shall prevent the Owners from approving a Capital Improvement Assessment (defined in paragraph 7.5 above) to be used for construction of Association Fencing. However, a vote of the Owners shall not be required as a condition precedent to the construction of Association Fencing when funds are available from the collection of the Annual Assessment.

(c) Specifications. The Association Fencing initially constructed hereunder shall be constructed in accordance with the specifications attached hereto as Exhibit "E" ("the Association Fencing Specifications"). The Association Fencing Specifications may be revised only upon a vote of the Owners of at least one hundred thirty-one (131) of the Lots; provided, however, that the

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Association Fencing Specifications must be uniform throughout the Project.

(d) Temporary Enclosures. At any time after the License Commencement Date, any Owner may apply to the Architectural Committee in the manner provided in paragraph 11.3 below to construct a temporary fence to enclose such Owner's Exclusive License Area, which shall consist of a temporary wire fence (excluding barbed wire or electrified wire) no more than six feet (6') in height secured by "T" posts which are not set in permanent footings. Such temporary fences shall be removed by the Owner which erected the same prior to the construction of the Association Fence. Such Owner shall be given at least thirty (30) days notice by the Association of the approximate period of time during which the Association Fence bordering such Owner's Exclusive License Area will be constructed by the Association. The Association shall have the right to remove any such temporary fence which is constructed by an Owner and not removed prior to the date of commencement of construction of the Association Fence for such Owner's Exclusive License Area and to charge the cost of such removal to such Owner as a Special Assessment in the manner provided in paragraph 7.4 hereof. Any existing fencing which is on the boundary of any Exclusive License Area may be treated as a temporary enclosure as provided in this paragraph and must be removed as provided herein. All existing fences which are located on the perimeter boundaries of the Project shall be removed at Association expense at the time the Association Fences are constructed.

(e) Owner's Option to Construct Association Fencing. At any time after the Association has caused the Association Fence lines for an Owner's Exclusive License Area to be marked with permanent posts as provided in paragraph 11.2.1(a)(iii) above, such Owner either alone or with one more other Owners sharing common Exclusive License Area boundaries may elect to construct the Association Fence enclosing his Exclusive License Area, provided that such fence shall be constructed in strict compliance with the Association Fencing Specifications set forth in Exhibit "E" hereto. Any Owner(s) so desiring to construct the Association Fence shall obtain a building permit from the City of Reno and shall deliver a copy of such building permit to the Architectural Committee at least seven (7) days prior to the commencement of such construction. Such Owner shall also inform the Committee of the date construction of such fence is to begin. The Architectural Committee shall supervise the construction of each Association

Fence which is constructed by an Owner or Owners and upon completion of the fence shall certify in writing to the Board that such Association Fences have been constructed in strict compliance with the Association Fencing Specifications.

Neither the Board nor the Architectural Committee, nor any member thereof, shall have the right, power, or authority to grant any variance of the Association Fencing Specifications. The Association Fences shall be located in accordance with the guidelines set forth herein.

At such time as the Association has sufficient funds to construct the Association Fencing on the entire Project, the Board shall notify those Owners who have constructed Association Fences of the replacement cost of the Association Fence constructed by such Owner. Such replacement cost shall be calculated as of the date the Association accepts a contractor's bid for constructing the Association Fencing ("Replacement Cost"). The Association shall reimburse each Owner who has constructed an Association Fence and obtained a written certification of compliance from the Architectural Committee. Such reimbursement to each such Owner shall be made within thirty (30) days after the Association accepts a contractor's bid for Association Fencing, and shall be in an amount equal to the Replacement Cost of the Association Fence constructed by such Owner, regardless of the actual cost to such Owner.

11.2.2 Optional Owner Fences.

(a) Location. Each and every Owner shall have the right, but not the obligation, to construct additional fencing to enclose such Owner's Exclusive License Area ("Optional Owner Fences" or "Optional Owner Fencing"), provided that such Owner complies with the provisions of this Article XI. The location of any Optional Owner Fencing shall be on any of the boundaries of such Owner's Exclusive License Area which is not reserved for Association Fencing, or at any place within the Owner's Exclusive License Area. Any Owner who elects to construct an Optional Owner Fence inside the boundaries of his Exclusive License Area shall nevertheless be responsible for the maintenance of such Owner's entire Exclusive License Area. Any Optional Owner Fence which completely encloses the Exclusive License Area or any portion thereof, shall be constructed with a gate.

(b) Specifications. Optional Owner Fences shall be constructed of any fencing material commercially sold for residential use. Optional Owner Fences within the Exclusive License Areas shall have the following height limitations:

(i) Those located within the rear and side yard areas where the Association Fences are to be located shall be no more than six feet (6') in height measured from ground level; and

(ii) Those located within the front yard areas shall be no more than the lesser of three feet (3') in height measured from ground level or the height required by applicable codes.

The specifications for Optional Owner Fences may be amended by a vote of Owners of at least one hundred thirty-one (131) of the Lots.

(c) Maintenance and Repair. Each Owner shall have the obligation to maintain any and all Optional Owner Fences which are within any Exclusive License Area of such Owner or which are on a boundary of such Exclusive License Area, subject, however, to the provisions of paragraph 3.4.3 above, relating to sharing of the expense of maintenance of Common Owner Fences.

(d) Fences on Common Boundaries. Any Optional Owner Fence to be constructed along a common boundary of two (2) Exclusive License Areas ("Common Owner Fences") shall be constructed to specifications mutually agreed upon in writing by the Owners sharing the common boundary between their Exclusive License Areas. The expense of repairing and maintaining Common Owner Fences shall be shared equally between the Owners of the Lots sharing the Common Owner Fence in the manner provided in paragraph 3.4.3 above. Except as otherwise provided next hereinbelow, no Optional Owner Fence shall be constructed upon a common boundary of two (2) Exclusive License Areas, unless the Owners which share such common boundary agree to the fence specifications in writing. Notwithstanding the foregoing, any Owner shall be entitled to construct an Optional Owner Fence along the common boundary of his Exclusive License Area which divides the rear yard areas of a duplex building without the consent of the Adjoining Lot Owner, provided that such fence is constructed in strict compliance with the Association Fencing Specifications then in effect for Association Fences. In the event any Owner so elects to construct an Optional Owner Fence along the common

Exclusive License Area boundary which divides the rear yard areas of a duplex building without the consent of the Adjoining Lot Owner, then the Owner constructing the fence shall be deemed to be the exclusive owner of such fence and shall have the sole responsibility for the maintenance and repair of the same. Such Owner who is charged with the responsibility of maintaining such fence, and his representatives or contractors, shall have the right to enter the Exclusive License Area of the Adjoining Lot Owner at reasonable times and upon reasonable notice for the sole purpose of constructing, repairing and maintaining such fence.

11.3 Improvements Allowed Within Exclusive License Area. No Owner shall construct any permanent buildings or other structures, except a carport, within any Exclusive License Area granted to such Owner by the Association as provided in this Article XI. As used herein, permanent structures do not include portable metal or wooden storage sheds, dog runs or dog houses, all of which are permissible.

Any Owner shall be permitted to install any of the following upon such Owner's Exclusive License Area ("Exclusive License Area Improvement") in compliance with the provisions of this Article XI:

(1) A concrete slab or slabs, or a masonry pad or pads, within that portion of such Owner's Exclusive License Area which adjoins the rear or side boundary of such Owner's Lot;

(2) An additional driveway adjacent to (and on either side of) the existing driveway, provided that the combined width of such additional driveway and the existing driveway does not exceed twenty-five feet (25'), and further provided that the driveway materials shall be either concrete, asphalt or masonry;

(3) New or additional landscaping, which may consist of rock, bark, lawn, trees, plants, or bushes, or any combination thereof;

(4) A new sewer, water or other utility line connecting such Owner's residence unit with the main sewer, water or utility line within the Common Area; or

(5) Optional Owner Fences in the locations and of the types specified in paragraph 11.2.2 above.

Within fifteen (15) days prior to commencement of any Exclusive License Area Improvement, the Owner desiring to construct such improvement shall notify the Adjoining Lot Owner in writing by certified mail, or shall personally deliver such notice to the

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Adjoining Lot Owner and obtain written acknowledgement of receipt of such notice. The notice shall specify the nature and location of the intended Exclusive License Area Improvement. Prior to commencement of construction, such Owner shall deliver to the Architectural Committee such proof of mailing, or signed acknowledgement of receipt of the notice, a copy of the notice, and a copy of any permit required by the City of Reno. The Architectural Committee shall have the right to disapprove such proposed Exclusive License Area Improvement only in the event that the proposed Improvement does not fall within the categories of permitted Exclusive License Area Improvements set forth in this paragraph 11.3, or the Committee receives valid evidence (the validity of which is to be determined in the sole reasonable judgement of the Committee) that such Exclusive License Area Improvement will interfere with the natural drainage of any part of the Property. Adjoining Lot Owners who desire to jointly construct an Optional Owner Fence separating their respective Exclusive License Areas must jointly notify the Architectural Committee of their intention to do so in the manner provided in this paragraph. The Architectural Committee shall maintain copies of all notices received by it under this paragraph 11.3. Such notices which relate to Optional Owner Fences shall serve as conclusive proof as to which Owner(s) are responsible for maintenance and repair of the same. Such obligation of maintenance and repair shall run with the Lot(s) of such Owner(s), shall bind each such Owner and such Owner's successors-in-interest, and shall constitute equitable servitudes hereunder.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Duration. The provisions of this Declaration shall continue and be effective for a period of fifty (50) years from the Effective Date (defined in paragraph 1.13 above) and shall be automatically extended for successive periods of ten (10) years each until (i) the Owners of at least sixty-seven percent (67%) of the Lots within the Project 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.

12.2 Amendment. Except as otherwise provided below, this Declaration may be amended by a written instrument, which may be executed in counterparts, executed by the Owners of no less than one hundred thirty-one (131) of the Lots within the Project, which written instrument shall be in recordable form and shall be recorded in the official records of the County Recorder of Washoe County, Nevada. Notwithstanding the foregoing, any substantive amendment to any of the following described provisions of this

Declaration requires a recorded written instrument executed by the Owners of at least sixty-seven percent (67%) of the Lots and the consent of fifty-one percent (51%) of the Eligible Mortgage Holders:

- (a) Voting rights;
- (b) Assessments, assessment liens, or the priority of assessment liens;
- (c) Reserves for maintenance, repair, and replacement of such Common Area Improvements which the Association is required to maintain pursuant to the provisions of this Declaration;
- (d) Responsibility for maintenance and repairs;
- (e) Insurance or fidelity bond provisions;
- (f) Imposition of any restrictions on a Owner's right to sell or transfer such Owner's Lot;
- (g) Any provision that expressly benefits mortgage holders or mortgage insurers or guarantors; or
- (h) Provisions pertaining to termination of the Declaration.

In the event any Eligible Mortgage Holder is notified in the manner provided in paragraph 12.5 below and at the address designated by such Eligible Mortgage Holder to the Association in the manner provided in such paragraph 12.5, of any proposed substantive amendment to this Declaration in the nature of the amendments described in subparagraphs (a) through (h), inclusive, above, and fails to submit a written response within thirty (30) days after notice of such proposed amendment, then such Eligible Mortgage Holder shall be deemed to have given its consent to such amendment and such implied consent shall be conclusive as to all persons relying thereon in good faith. A certificate signed by the Secretary of the Association as to any Eligible Mortgage Holder's failure to so respond shall be deemed to be sufficient evidence of such Eligible Mortgage Holder's consent.

Also, if the consent or approval of any governmental authority, or other person, firm, agency, or entity is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, then no such amendment or revocation shall become effective unless such consent or approval is obtained.

12.3 Enforcement and Waiver.

12.3.1 Right of Enforcement. Except as otherwise provided herein, the Association shall have the right and the duty (to be exercised in the sole reasonable discretion of the Board), and 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; provided, however, nothing herein shall be construed as creating a third party beneficiary contract in favor of parties who are not Owners or Eligible Mortgage Holders.

12.3.2 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. Any other provision to the contrary notwithstanding, only the Board, and their duly authorized agents may enforce by self-help any covenant, condition, or restriction herein set forth, and only to the extent no breach of the peace results therefrom.

12.3.3 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.

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

12.3.5 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.

12.4 Obligations of Owners. No Owner may avoid the burdens or obligations imposed on him by this Declaration through non-use of any Association Property or the facilities located thereon or by abandonment of his Lot. 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 paragraph 12.5 below. 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.

12.5 Notices. All notices hereunder to the Association or the Board shall be sent by registered or certified mail, return receipt requested, addressed to the Board at the address of the Project 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. Promptly after the Effective Date, the Association shall notify the Owners of the name and address of the Manager. Each subsequent Manager shall give notice to the Owners of each and every Lot within the Property within fifteen (15) days after assuming the duties of Manager. All notices given by the Association to any Owner shall be sent 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 paragraph 12.5. 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.

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

12.7 Construction and Severability; Singular and Plural; Titles.

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

12.7.2 Restrictions Severable. The covenants, conditions, and restrictions of 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.

12.7.3 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.

12.7.4 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 paragraph.

2 1992

12.8 Association to Join in Execution of Declaration. The Association is joining in the execution of this Declaration for the purpose of evidencing the Association's agreement to be bound by the provisions hereof.

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

ALL PERSONS AND ENTITIES HOLDING
AN INTEREST IN THE PROPERTY:

By: Zelma W. Dick
Zelma W. Dick

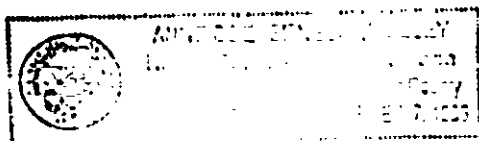
HAZEL CREST HOME OWNERS ASSOCIATION, a Nevada non-stock non-profit cooperative corporation, hereby joins in the execution of the foregoing Amended and Restated Declaration for the purpose of consenting to the provisions hereof.

HAZEL CREST HOME
OWNERS ASSOCIATION

By: Stephen M. Simon
STEPHEN M. SIMON, President

STATE OF NEVADA)
COUNTY OF WASHOE) ss.

On this 2ND day of April, 1992, personally appeared before me, a Notary Public, ZELMA W. DICK, personally known or proved to me to be the person whose name is subscribed to the above instrument, who acknowledged that she executed the above instrument.



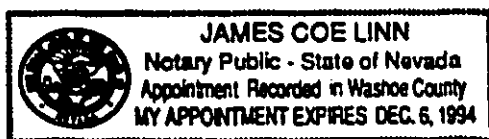
Stephen M. Simon
NOTARY PUBLIC

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2 1992

STATE OF NEVADA)
COUNTY OF Washoe) ss.

On this 2nd day of April, 1992, personally appeared before me, a Notary Public, Stephen M. Simon, personally known or proved to me to be the person whose name is subscribed to the above instrument, who acknowledged that he executed the above instrument.



James Coe Linn
NOTARY PUBLIC

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EXHIBIT "A-1"

Legal Description

All of that certain real property situate in the County of Washoe, State of Nevada, which is located within the perimeter boundaries of Hazelcrest No. 1, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on April 27, 1973, under file no. 284208.

* * *

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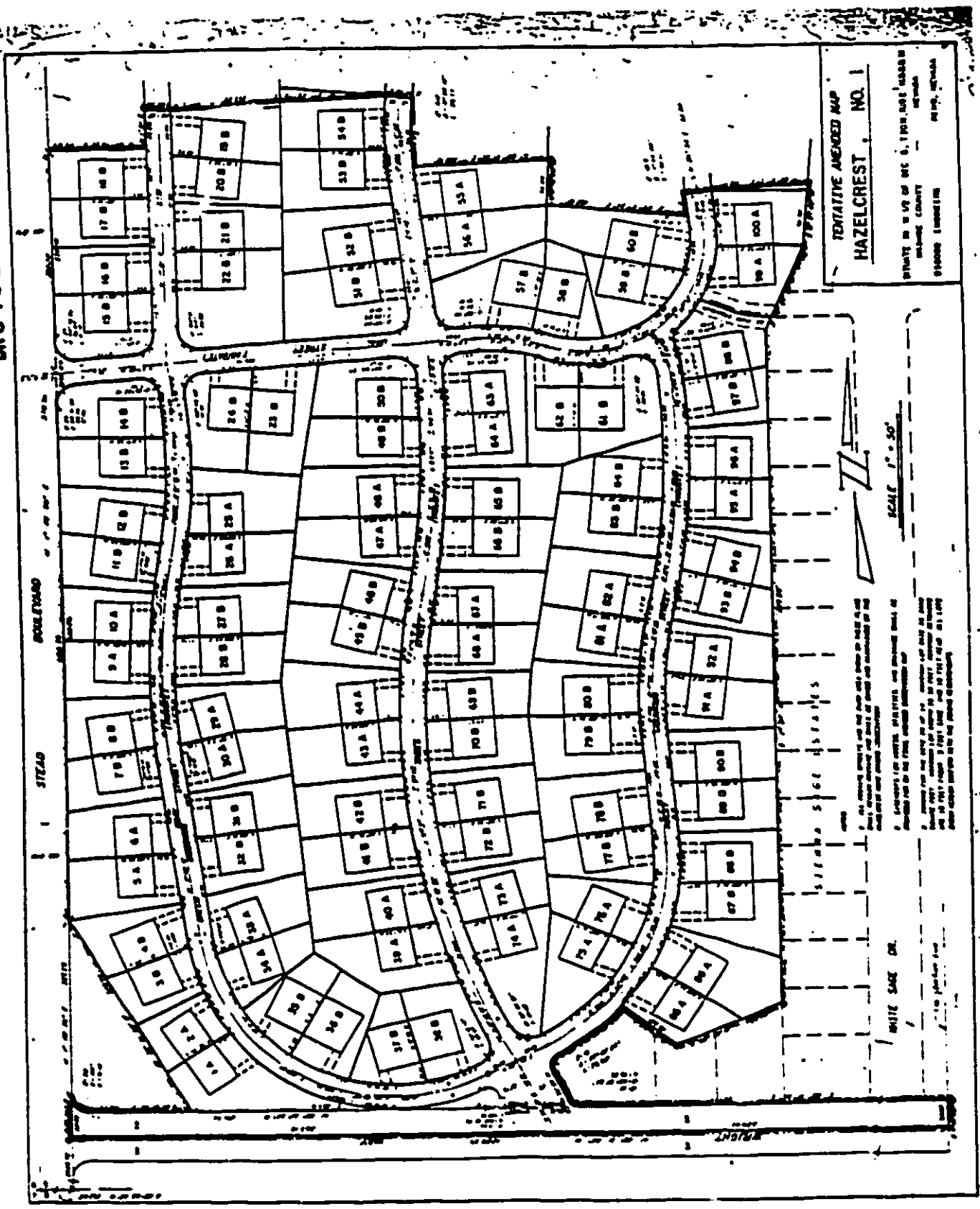


EXHIBIT "A-2"

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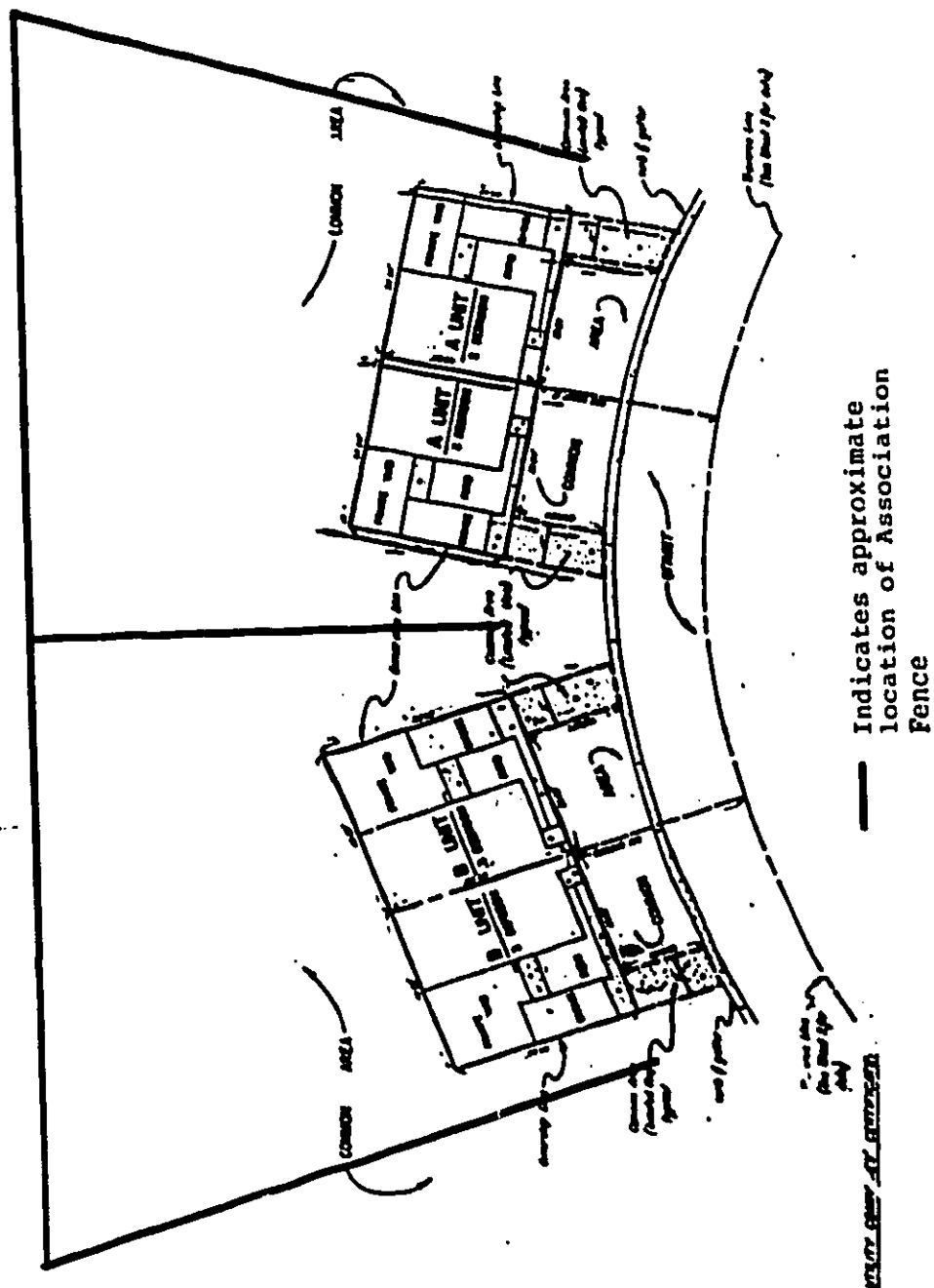


EXHIBIT "A-3"

(Applicable only to Article XI hereof)

EXHIBIT "B-1"

Legal Description

All of that certain real property situate in the County of Washoe, State of Nevada, which is located within the perimeter boundaries of Hazelcrest No. 2, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on October 16, 1973, as subdivision tract map no. 1432, under Filing No. 305081.

* * *

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2 1992

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SOLEMAN

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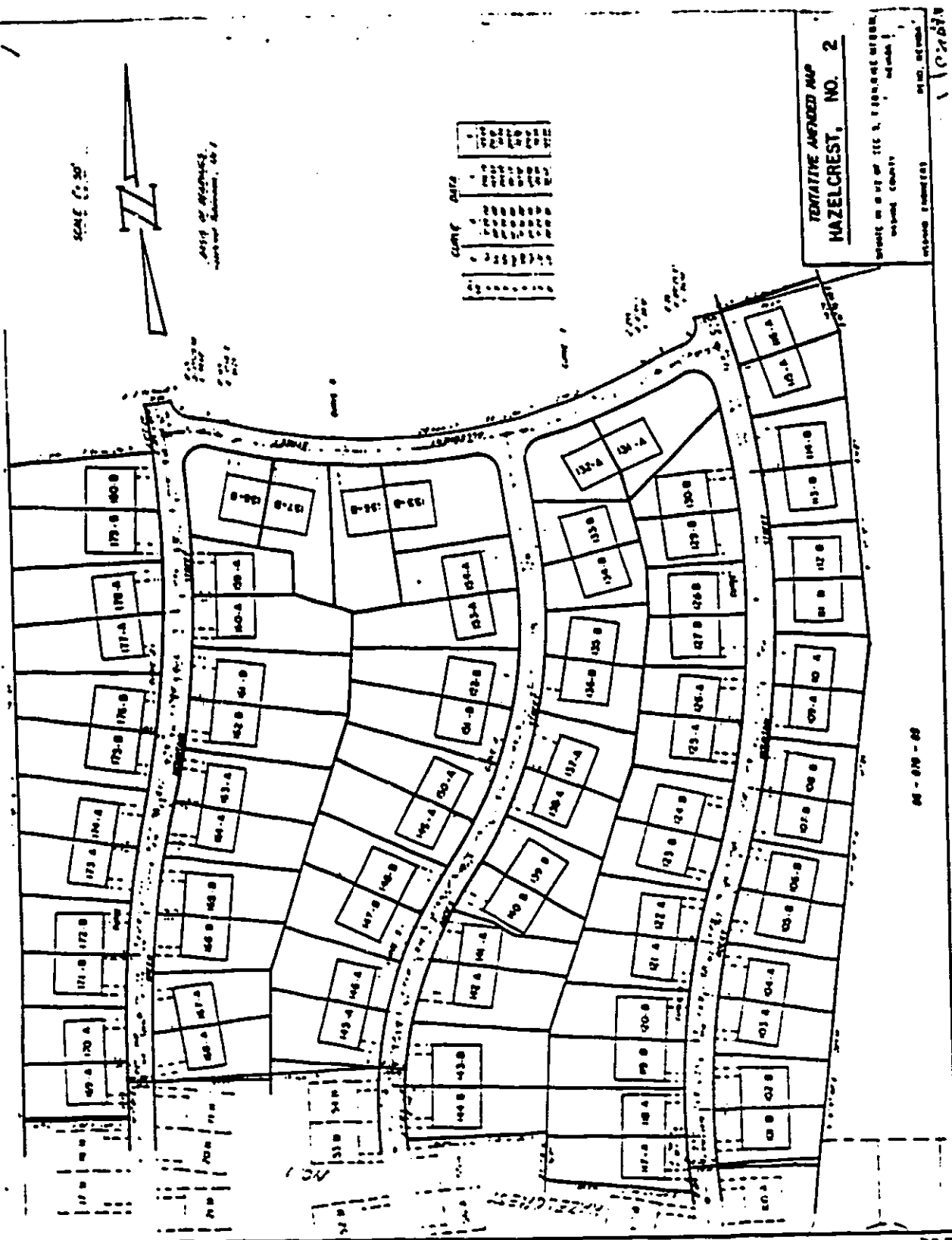


EXHIBIT "C-1"

Legal Description

All of that certain real property situate in the County of Washoe, State of Nevada, which is located within the perimeter boundaries of Hazelcrest No. 3, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on April 16, 1974, as Tract Map No. 1470.

* * *

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2 1992

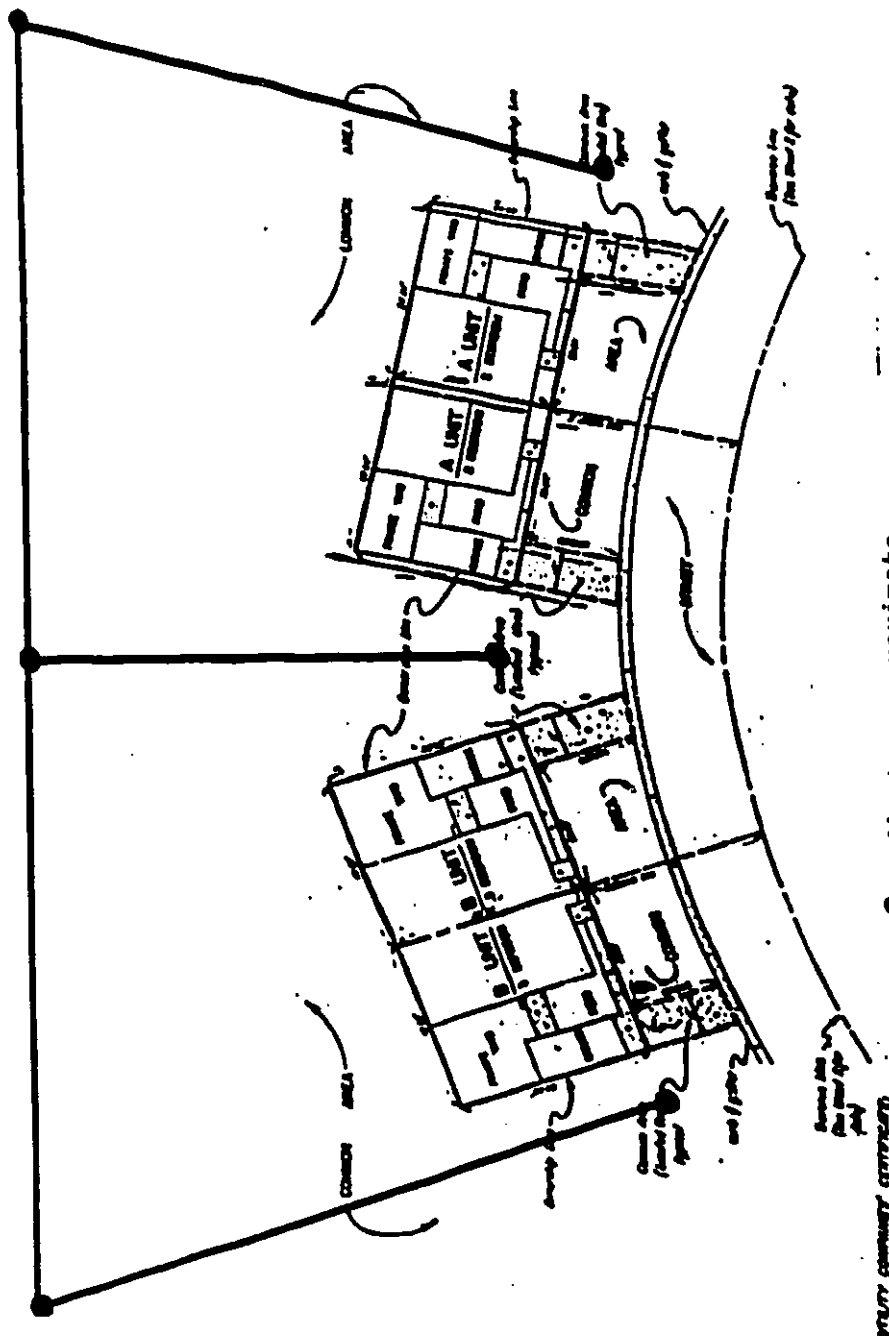
.....
your friend



TENTATIVE ANCESTRAL MAP
HAZELCREST, NO. 3

EXHIBIT "C-2"

BK3452P61016



● Indicates approximate location of initial fence post markers for Association Fences.

EXHIBIT "D"

(Applicable only under Article XI hereof)

2 1992

EXHIBIT "E"

SPECIFICATIONS FOR REAR AND SIDE YARD FENCING

Materials and Specifications:

1" x 6" x 6' "dog-eared" redwood or cedar boards, except perimeter boundary fences which shall be constructed only of redwood boards.

2" x 4" supporting horizontal redwood, cedar, or Douglas fir rails.

4" x 4" or larger vertical redwood posts set in concrete which shall be placed no further apart than eight feet (8').

Two (2) supporting horizontal rails between each redwood post.

All fences shall be "good neighbor fences" alternating the side on which the posts and horizontal rails are exposed at every vertical post.

Staining:

Clear sealant only. (No paint is allowed.)

* * *

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Requested By

GAYLE A KERN LTD

Washoe County Recorder

Kathryn L. Burke - Recorder

Fee: \$18.00 RPTT: \$0.00

Page 1 of 5

APN: N/A

When Recorded Mail to:

Peavine Estates Homeowners Association
c/o Gayle A. Kern, Ltd.
5421 Kietzke Lane, Suite 200
Reno, NV 89511



FIRST AMENDMENT
TO THE AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
HAZELCREST NO. 1, NO. 2 AND NO. 3

☒ I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

☐ I the undersigned hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain the social security number of a person or persons as required by law: _____ (state specific law)


Signature

Attorney
Title

Gayle A. Kern, Esq.

This page added to provide additional information required by NRS 111.312 Sections 1-2 and NRS 239B.030, Section 4.

This cover page must be typed or printed in black ink.

When recorded mail to:

Peavine Estates Homeowners Association
c/o Gayle A. Kern, Ltd.
5421 Kietzke Lane, Suite 200
Reno, NV 89511

FIRST AMENDMENT
TO THE AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTION OF
HAZELCREST NO.1, NO. 2 AND NO. 3

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HAZELCREST NO.1, NO. 2 AND NO. 3 ("First Amendment") is made this 1st day of June, 2009, and certified by the President and Secretary of the Peavine Estates Homeowners Association, Inc., a Nevada non-profit corporation (the "Association").

WHEREAS, that Amended and Restated Declaration of Covenants, Conditions and Restrictions was recorded on April 2, 1992 in the Official Records of Washoe County as Document No. 1559567, in Book 3452, Page 0932 ("Declaration");

WHEREAS, the members of the Association approved the amendment of the Declaration as hereinafter set forth;

NOW, THEREFORE, the undersigned hereby acknowledge and certify, pursuant to Article XII, Section 12.2 of the Declaration, that the Owners (as defined in the Declaration) entitled to cast at least one hundred thirty-one (131) of the votes to amend the Declaration as follows:

Exhibit E shall be amended in its entirety to provide as follows.

SPECIFICATIONS FOR PERIMETER, BOUNDARY YARD AND FRONT YARD FENCING.

Materials and Specifications: 1" x 6" x 6" "dog-eared" style fences are acceptable including those used on the perimeter boundary fences. Fences can be constructed of any commercial grade fencing material sold for residential use which are wood, composite or vinyl materials, or stone or masonry products set in mortar and reinforced and shall be "privacy" in construction and no less than 6ft. in height, except front yard fencing which shall be no more than the lesser of three feet (3') in height measured from the ground level. No chain-link fencing will be allowed in the Association. If the existing perimeter fencing is removed, it must be replaced with fencing or walls to block the view of the backyards.

4"x4" or large vertical posts or 2-3/8" or larger steel posts set in concrete which shall be placed no further apart than eight (8) feet. Stone or masonry walls must be reinforced within the structure and set in mortar.

Staining or Painting: All wood fences are to be sealed with clear wood stain. Stone walls are to be natural. Composite fences and masonry walls may be painted a neutral color with approval from the Board of Directors.

2. Declaration is in Full Force and Effect as Amended. Except as amended as set forth above, the Declaration shall remain in full force and effect according to the original terms thereof, and by the amendments set forth in this First Amendment.

IN WITNESS WHEREOF, the undersigned, President and Secretary of the Board of Directors of the Peavine Estates Homeowners Association, a Nevada nonprofit corporation, have executed this Certification of Amendment as of the date first set forth above.

BOARD OF DIRECTORS OF PEAVINE ESTATES
HOMEOWNERS ASSOCIATION, A NEVADA
NONPROFIT CORPORATION.

By: Juanitta Watterson
Juanitta Watterson

Its: President

By: Edy Bratten
Edy Bratten

Its: Secretary

NOTARIES ON FOLLOWING PAGE

STATE OF NEVADA)
) ss.
 COUNTY OF WASHOE)

On this 1st day of June, 2009, personally appeared before me, a notary public, Juanitta Watterson, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged to me that she is the President of the Board of Directors of Peavine Estates Homeowners Association, and who further acknowledged to me that she executed the foregoing instrument on behalf of said association for the uses and purposes therein stated.

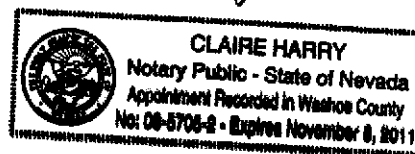
Claire Harry
 NOTARY PUBLIC



STATE OF NEVADA)
) ss.
 CARSON CITY)

On this 1st day of June, 2009, personally appeared before me, a notary public, Edy Bratten, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged to me that she is the Secretary of the Board of Directors of the Peavine Estates Homeowners Association, and who further acknowledged to me that she executed the foregoing instrument on behalf of said association for the uses and purposes therein stated.

Claire Harry
 NOTARY PUBLIC



CERTIFICATE OF SECRETARY

I, Edy Bratten, being duly elected and acting as Secretary of Peavine Estates Homeowners Association hereby certifies as follows:

1. That not less than one hundred thirty-one (131) of the Owners of the Peavine Estates Homeowners Association approved the First Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions of Hazelcrest No. 1, No. 2 and No. 3; and
2. The affirmative action was taken by those members whose votes are recorded in the official records of the Association; and
3. The total number of units in the Association is two hundred sixty (260) and the number of Owners indicating their approval of this First Amendment is one hundred thirty three (133).

DATED this 15th day of June, 2009.

Secretary

BY: 

Edy Bratten

STATE OF NEVADA)
) ss:
COUNTY OF WASHOE)



On this 15th day of June, 2009, personally appeared before me, Edy Bratten, known to me or proved to me to be the person mentioned in the above and foregoing documents, and who acknowledged to me that she executed the same for the uses and purposes therein mentioned.


Notary Public