1761970

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
LEWIS HOMES OF NEVADA
P.O. Box 11367
Reno, NV 89510

DECLARATION OF RESTRICTIONS

OF

PAGNI RANCH UNIT FOUR

KNOW ALL MEN BY THESE PRESENTS, that LEWIS HOMES OF NEVADA, a general partnership, whose business address is 1380 Greg Street, Suite 230, Sparks, NV 89431, hereinafter referred to as "Declarant", owner of the real property in Washoe County, State of Nevada, described as follows:

> Lots 401 through 431 of Pagni Ranch Unit Four recorded in the Washoe County Recorder's Office on November 12, 1993, as Subdivision Tract Map No. 2983 under File No. 1731556.

hereinafter referred to as "said property" or as "said tract,"

HEREBY CERTIFIES AND DECLARES that conditions, covenants, restrictions, reservations, and easements, hereinafter collectively referred to as the "provisions" of this Declaration, which will constitute a general scheme for use, occupancy, and enjoyment, are placed on said property for the protection of the owners thereof (the "Owners"), and except as provided to the contrary herein shall apply in their entirety to all lots of said tract as follows:

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ARTICLE I
ARCHITECTURAL CONTROLS

A. Before commencing any building operations, written approval must be obtained from the Architectural Committee established herein (hereinafter referred to as "the Committee") covering building and plot plans for all structures erected, altered, renovated, remodeled, placed, assembled, or permitted to remain on any lot in said tract, including garages and fences, except, however, that approval of the Committee shall not be required for building operations conducted by Declarant, its successors and assigns. The approval of said Committee shall include style, design, appearance, harmony of external design with Declarant's general scheme, location of the proposed structure with respect to topography and finish grade elevation, and as to corner lots, the street frontage thereof, but shall not be construed as modifying, altering, or waiving any of the provisions herein set out or established by law.

B. Neither Declarant, nor the Committee, nor any member thereof, shall be held responsible, or liable in any manner whatsoever, to any Owner of a lot or lots of said tract for any loss or damage due to design concepts, aesthetics, errors or defects, patent or latent, shown or omitted, on any plans or specifications upon which it may pass, or any buildings or structures erected therefrom. Three persons appointed by Declarant, acting without compensation, shall comprise the Committee for the 5 year period next following the recordation of this Declaration, at which time their terms shall expire and said Committee shall terminate and be dissolved unless within 180 days prior to said date new members shall be elected by the Owners of a majority of the lots in said tract, which election shall be publicly recorded as an addendum to this Declaration. In the event of such an election by Owners, terms of the elected Committee members shall be one year in duration, commencing initially on the day next following conclusion of the aforementioned 5 year period, elections to be held and publicly recorded annually thereafter. Declarant hereby appoints as initial members of said Committee, Robert E. Lewis, Leah S. W. Bryant, and Vicki Town, all of whom have as their business address, 1380 Greg Street, Suite 230, Sparks, NV 89431, fully reserving the right of substitution.

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In the event of death, resignation, incapacity, or unwillingness to act of any member of the Committee, the remaining members shall have full authority to designate a successor, subject to approval of Declarant, which approval may be withheld in Declarant's sole discretion.

C. The decision of a majority of the Committee, or of a representative appointed by the majority thereof, acting in good faith in its sole discretion, upon any matters submitted to or referred to it, shall be final; provided, however, that such decision may not violate any of the provisions set out in this Declaration. It is further provided that if no approval shall have been sent by the Committee to any applicant within 30 days from the date of receipt of a submittal such inaction shall be deemed disapproval. Any decision or approval by the Committee shall not relieve an applicant or Owner from complying with any requirement of a public authority having jurisdiction, and shall not constitute any representation or guaranty by the Committee or a member thereof of compliance of the submitted matter with any statute, ordinance, or regulation pertaining thereto.

ARTICLE II
PROPERTY IMPROVEMENT PROVISIONS

A. The work of construction and erection of any building or structure on said tract by any Owner except Declarant shall be prosecuted diligently and continuously from the commencement thereof until the same is completed.

B. An easement over the rear five feet of each lot is hereby specifically reserved by Declarant for the benefit of Declarant and/or its assigns and any property now or in the future owned by Declarant, for utility or quasi-utility service or function to accommodate, without limitation, sewers, drainage systems, poles, wires, as well as conduit or similar pathways for lighting, power, television, telephone, and other communication techniques or devices. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, which may be in violation of any ordinance or resolution of a government agency, or which may change the direction of flow of drainage channels in the easements or may obstruct or retard the flow of water through such channels; provided, however, that an Owner may install property line fencing or walls subject to removal or destruction at Owner's risk and expense if necessary to accommodate the maintenance purposes of this paragraph. Further, should street lights be located on Owner's property, a two foot easement around the base is reserved for utility maintenance. The easement area of each lot and all improvements in it shall be maintained continuously by the Owner of the lot, except for those improvements for which a public authority or utility company may be responsible to maintain. Each Owner in accepting a deed to a lot expressly consents to such easements and authorizes and appoints Declarant as attorney-in-fact of such Owner to execute any and all instruments conveying or locating such easements. Each lot is further subject to all easements, dedications, and rights-of-way granted or reserved in, on, over, and under the Tract as shown on the Tract Map or otherwise contained in the public records of the County.

C. Should any improvement on a lot, including walls or fences, encroach on any property adjacent thereto due to engineering errors, errors in original construction, settlement or shifting of structures, or any other cause, the Owner of the adjacent property shall be deemed to have granted a perpetual easement for such encroachment to the Owner of the encroaching improvement; provided, however, that no valid easement for encroachment shall exist in favor of an Owner if said encroachment occurred due to negligence or willful misconduct of said Owner.

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ARTICLE III
PROPERTY USAGE

A. No noxious or offensive activity shall be carried on upon any lot nor anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No animals or fowl, other than household pets, shall be kept or maintained on said property or any portion thereof, and none shall be kept, maintained or raised on the premises for commercial purposes.

B. No residence in this tract may be used for a public boarding house, sanitarium, hospital, asylum, or institution of any kindred nature, or any use not permitted by local law.

C. No derrick or other structure designed for use in boring, mining, or quarrying for oil, natural gas, or precious metals shall ever be erected, maintained, or permitted upon the surface of any lot in said tract, nor shall any boring, mining, quarrying or similar operations be performed within 500 feet of the surface of the tract except, however, that use by the Owner of any geothermal energy source shall not be prohibited by this paragraph.

D. No electronic devices which may unreasonably interfere with television or radio reception of any Owner shall be located, used, or placed on any portion of the property.

E. No unlicensed motor vehicles, inoperative motor vehicles, long term parked vehicles (long term means typically not moved at least once a week), or boats shall be placed or located in the driveway or front yard area of any Owner's lot, or in any side yard area in front of that line created by extending the front of the building footprint to the side property lines.

F. No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a round property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

G. Each Owner of a lot in said tract agrees that he will permit free access by owners of adjacent or adjoining lots to slopes or drainage ways located on his property which affect said adjacent or adjoining lots, when such access is reasonably necessary for the maintenance or permanent stabilization of said slopes, or maintenance of the drainage facilities for the protection and use of property other than the lot on which the slope or drainage way is located.

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

If water drains toward the house or ponds against the house there is a possibility for damage to the structure. Owner shall be responsible for maintaining grading, landscaping, and hardscaping in such a manner as to keep water away from the foundation of the house.

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I. Slope Stabilization and Drainage.

a) Each Owner of a lot in said tract agrees, as a part of the acceptance of the burden of the established drainage pattern over his lot from adjoining or other lots in said tract, to maintain any yard drain inlet and all other drainage features and improvements located on his lot in a clean and fully functioning state, unblocked and free of silt and debris.

b) Each Owner of a lot in said tract agrees that in the event any slopes located on his lot have been planted for stabilization of said slope or slopes and/or to comply with jurisdictional agencies' requirements, the Owner shall adequately water and continuously maintain said slope or slopes.

c) Each Owner of a lot in said tract agrees that in the event that any slopes or other area(s) located on said Owner's lot or elsewhere in the tract have had rip-rap, ground cover, or any other stabilization technique installed for the purpose of stabilization of slopes and/or as part of the drainage system for the tract, the Owner shall take no action that will remove, dislocate, wash out, cover up, or in any other way disturb or interfere with the proper functioning or installation of such material. This provision includes the installation, and/or maintenance of block walls and/or wood fences. Further, Owner agrees to restore said material to its condition when originally installed if any material is damaged, dislocated, or has its functioning impaired in any other way.

d) In the event that an Owner of a lot in this tract alters the grading of his lot within five feet of its property line, and this alteration results in a slope steeper than one foot vertically to three feet horizontal, that slope must be stabilized mechanically in order to protect the adjoining property. However, nothing in this paragraph shall be construed to prevent any such alteration in any manner, with or without retaining walls, by the Declarant, in carrying out the development and improvement of said property.

e) Owner agrees to comply with and assume responsibility for anything done or required to be done in compliance with the plans filed by Declarant with respect to the National Pollutant Discharge Elimination System (NPDES) and Declarant's Storm Water Pollution Prevention Plan (SWPPP). Owner shall assume all responsibility and liability relating to the prevention of pollutant discharge from Owner's property.

J. Each Owner of a lot agrees to install landscaping within nine months on his lot and to keep and maintain it so as to prevent erosion and to present an attractive and pleasing appearance at all times.

K. Each Owner of a lot in said tract agrees that he will permit free access upon such lot by Declarant for the purpose of remedying any default under, or enforcing any provision of, this declaration, and Declarant shall have the right, but not the obligation, to take affirmative action pursuant to this paragraph. Each Owner further agrees to permit Declarant, its successors or assigns, to enter onto such lot and to add or remove earth therefrom in order to comply with grading plans approved by any authorized local agency, which plans apply to said tract or any property owned by Declarant, its successors or assigns, adjacent thereto.

L. Each Owner of a lot upon which all or a portion of a wall and/or fence may be located, agrees to maintain, paint, and repair as needed said walls and/or fences.

M. Owner shall indemnify, defend and hold harmless Declarant from any loss, liability, or expense related to damage to any public improvements, utility improvements, or home owner association owned improvements caused by Owner, its agents, employees, or guests. This indemnity shall apply prior to acceptance of any public improvements by jurisdictional agencies, utilities, or home owner associations and release of any financial security provided by Declarant, and at any time thereafter for which Declarant may be held responsible or liable. Owner is advised that Declarant is often held financially responsible for damage to such

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improvements even after transfer of title to a jurisdictional agency, utility, or home owner association and conveyance of lots to Owners. Also, even if not financially responsible, release of financial security provided by Declarant for such things as recordation of final maps is often held up pending repair of such improvements. Examples of instances where this provision may apply are damage to sidewalks, drive approaches, curb and gutter, or landscape area caused by Owner's landscaping activity, moving vans, or swimming pool construction. If, in the determination of the Declarant in its sole discretion, such repair work is not performed in a timely manner, Declarant or its assigns may perform such repair work. Owner shall reimburse Declarant for all expenses incurred in repairing such damage in an amount equal to the sum of such expenses plus interest at an annual rate of the maximum interest rate that can be charged by law. Interest shall begin on the day on which such work is deemed by Declarant, in its sole discretion, to be complete. Such reimbursement shall be due and payable upon written demand by Declarant.

N. In the event of any damage to any wall, fence, or landscaping on or adjacent to an Owner's lot for which it is the Owner' responsibility for repair or replacement, such repair or replacement shall be done in a timely manner and shall as much as practical be similar to the original improvement and match adjoining improvements.

ARTICLE IV
DECLARANT'S RIGHT TO CURE ALLEGED DEFECTS

It is Declarant's intent that all land improvements, structures, and landscaping improvements of every type and kind, including, but not limited to, sidewalks, driveways, patios, decks, carports, residential dwelling units, streets, roads, walkways, outbuildings, parking areas, fences, walls, stairs, decks, hedges, lawn areas, windbreaks, plantings, planted trees and shrubs, pools, signs, trash enclosures, building structures, utility pipes, lines or wires, housing, landscaping, sewer and drainage systems, common area amenities, and grading on said property (collectively, the "Improvements") be built and developed in compliance with all applicable building codes and ordinances and that they be of a quality that is consistent with good construction and development practices for production housing of this type. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluating such quality, disputes may arise as to whether a defect exists and Declarant's responsibility therefor. It is Declarant's intent to resolve all disputes and claims regarding "Alleged Defects" (as defined below) amicably, and without the necessity of time consuming and costly litigation. Accordingly, all Owners and any homeowners association ("Association"), Association board of directors ("Board"), and the Committee, if an Association, Board, or Committee has jurisdiction over the portion of said Property or Improvements at issue, shall be bound by the following claim resolution procedure:

A. Declarant's Right to Cure. In the event that the Association, Board, Committee, or any Owner or Owners (collectively, "Claimant") or government entity or the Declarant claim, contend, or allege that any portion of said Property and/or any Improvements are defective or incomplete, or that Declarant or its agents, consultants, contractors or subcontractors (collectively, "Declarant's Agents") were negligent in the planning, design, engineering, grading, construction, or other development thereof (collectively, an "Alleged Defect"), Declarant thereby reserves the right to inspect, cure, repair, and/or replace such Alleged Defect as set forth herein.

B. Notice to Declarant. In the event that a Claimant discovers any Alleged Defect, Claimant shall, within a reasonable time after discovery, notify Declarant, in writing, at 1380 Greg Street, Suite 230, Sparks, NV 89531, Attn: Regional Manager, or such other address at which Declarant maintains its principal place of business, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

C. Right to Enter, Inspect, Cure, Repair and/or Replace. Within a reasonable time after the receipt by Declarant of a Notice of Alleged Defect or the independent discovery of any Alleged Defect by Declarant, as part of

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Declarant's reservation of right, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, any portion of said property and/or any Improvements for the purposes of inspecting and, if deemed necessary by Declarant, curing, repairing, and/or replacing such Alleged Defect. In conducting such inspection, cure, repairs, and/or replacement, Declarant shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

D. Legal Actions. No Claimant shall initiate any legal action, cause of action, proceeding or arbitration against Declarant alleging damages (i) for the costs of repairing or the replacement of any Alleged Defect or (ii) for the diminution in value of any real or personal property resulting from such Alleged Defect, or (iii) for any consequential damages resulting from such Alleged Defect, unless and until Claimant has (a) delivered to Declarant a Notice of Alleged Defect and (b) Declarant has, within one hundred twenty (120) days after its receipt of such Notice of Alleged Defect, either (1) failed to cure, repair, or replace such Alleged Defect or (2) if such Alleged Defect can not reasonably be cured, repaired, or replaced within such one hundred twenty (120) day period, failed to commence such cure, repair, or replacement of the Alleged Defect and, thereafter, failed to pursue diligently such cure, repair, or replacement to completion.

E. No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Article shall be construed to impose any obligation on Declarant to inspect, cure, repair, or replace any item or Alleged Defect for which Declarant is not otherwise obligated to do under applicable law or any limited warranty provided by Declarant in connection with the sale of the residential units on said property. The right of Declarant to enter, inspect, cure, repair, and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and recorded by Declarant in the Official Records of the county in which said property is located.

ARTICLE V
GENERAL PROVISIONS

A. By accepting conveyance of a lot in said tract, Owner agrees to be bound by all of the provisions contained in this Declaration.

B. As used in this Declaration, "Declarant" means Declarant or any "Successor" to Declarant.

C. Declarant or any Owner of a lot in said tract shall have the right, but not the obligation, to enforce by proceedings at law or in equity all of the provisions imposed by this Declaration, including without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of the terms or conditions herein contained, to enjoin or prevent them from doing so, to cause said violation to be remedied, and/or to recover damages for said violation.

D. The remedies herein provided for breach of the Declaration shall be deemed cumulative.

E. The failure to enforce any of the provisions contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

F. A breach of any of the provisions contained in this Declaration shall not affect, impair, or render invalid the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any lot or lots or portions of lots in said tract, and it is expressly understood and agreed that a violation of any of said provisions shall not result in a re-entry, forfeiture, or reversion of title; provided however, that any subsequent Owner of such property shall be bound by this Declaration, whether or not such subsequent Owner's title was acquired by foreclosure, a trustee's sale, a deed in lieu of foreclosure, or otherwise.

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G. Invalidation of any provision of this Declaration by judgment or court order shall in no way affect any other provision hereof, which shall remain in full force and effect.

H. The provisions set forth in this Declaration shall run with the land, and shall bind, inure to the benefit of, and be enforceable by any Owner of a lot in said tract, the respective heirs, successors, and assigns, for a term of 30 years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of 10 years unless an instrument signed by a majority of the then Owners has been recorded, agreeing to change this Declaration in whole or in part.

I. This Declaration may be amended or terminated prior to the expiration date herein established only by the affirmative vote or written assent of the Owners of at least 75% of the lots in said tract, and further, this amendment provision shall not itself be amended to allow amendments by vote of the Owners of less than 75% of the lots thereof. In determining the number of votes that may be cast hereunder, it shall be understood that an Owner is entitled to one vote for each lot owned. When more than one person holds an interest in any lot in the project, the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

J. The provisions set forth in this Declaration shall not and do not apply to any act done or to be done upon any lot, or any condition created thereon, by Declarant, its successors, its assigns, its agents, employees, or contractors. On any lots owned by Declarant, Declarant reserves the right to maintain a sales office, model complex, construction office, and/or signage not only to sell in the project covered by this Declaration, but also for any adjoining land and any other land owned by Declarant within a five mile radius of this project location, for a period of ten years from the date of this Declaration.

K. In the event that legal proceedings are commenced to enforce any of the terms and provisions of this Declaration, the prevailing party shall be entitled to recover all costs of suit, including reasonable attorneys' fees as determined by the court.

L. The singular shall include the plural and the plural the singular unless the context requires otherwise, and the masculine, feminine, and neuter shall each include the masculine, feminine, and neuter as the context requires.

ARTICLE VI
EXEMPTION AND RIGHTS OF DECLARANT; SUCCESSOR

Nothing in this Declaration shall limit the right of Declarant to specify and approve the design for and complete construction of improvements on lots owned by Declarant, or to alter or modify completed improvements, or to construct such additional improvements as Declarant deems advisable prior to the final sale by Declarant of all of the lots in the Property. Such right shall include, but shall not be limited to, designing, erecting, constructing, and maintaining on any portion of the Property owned by Declarant such structures and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease, or otherwise. Declarant specifically reserves the right to use any unsold lots on the property for models and sales offices, and further reserves the right to rent any unsold lots and the improvements thereon.

This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Property additional easements, reservations, and rights of way for itself, utility companies, or others as may from time to time be reasonably necessary for the property development and disposal of the lots. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. Any rights of Declarant under this Declaration including, but not limited to, all rights under Article I, may be assigned by Declarant to any person or entity designated by

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Declarant to be a successor ("Successor") to all or part of Declarant's interest in the Property by an express assignment incorporated in a recorded deed or supplemental declaration transferring such interest to such Successor.

ARTICLE VII
SPECIAL PROVISIONS

A. None.

IN WITNESS WHEREOF, the undersigned Declarant has caused this instrument to be executed this 2nd day of February, 1994.

LEWIS HOMES OF NEVADA
a general partnership

by: Robert E. Lewis
Robert E. Lewis, Authorized Agent

STATE OF NEVADA)
COUNTY OF WASHOE) SS.

On February 2, 1994, personally appeared before me, a Notary Public, Robert E. Lewis, who acknowledged that he executed the above instrument.

Merrilee Soileau
Notary Public in and for said State

MERRILEE SOILEAU
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES DEC. 21, 1995

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OFFICIAL RECORDS
WASHOE CO., NEVADA
RECORD REQUESTED BY
Lewis Homes
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JOE MELCHER
COUNTY RECORDER
FEE 14.00 DEP

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