

P.O. Box 646
CARSON City, NV
89702

PINENUT HILLS RANCH
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the 4th day of March, 1985, by SEVEN-J CORPORATION ("Corporation"), hereinafter referred to as "Declarant" or "Declarants".

W I T N E S S T H:

WHEREAS, SEVEN-J CORPORATION is the owner of certain real property in the County of Douglas, State of Nevada, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, and Corporation has contracted to purchase the same; and

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with and burden, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. "Association" shall mean and refer to PINENUT HILLS RANCH PROPERTY OWNERS ASSOCIATION, its successors and assigns.

SECTION 2. "Architectural Review Committee" shall mean and refer to PINENUT HILLS RANCH ARCHITECTURAL REVIEW COMMITTEE, its successors and assigns.

SECTION 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 4. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision or parcel map of the Properties.

SECTION 6. "Declarant" shall include those named above and such successors and assigns who may acquire more than one undeveloped Lot for the purpose of development.

SECTION 7. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. Owners' Easements of Enjoyment. Every owner shall have a right to an easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the Common Area by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by a majority of each class of members agreeing to such dedication or transfer has been recorded.

SECTION 2. Delegation of Use of Common Area. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

SECTION 3. It is hereby recognized by the Declarant, and it shall be binding on all of the owners of the property of PINENUT HILLS RANCH, that the PINENUT HILLS RANCH subdivision is located in a rural, agricultural area of Douglas County. The location of the subdivision is in the midst of existing, ongoing agricultural operations, which operations include, but are not limited to, plowing, discing, planting, harvesting, baling, cattle or other livestock rearing, all of which occur in the normal course of agricultural operations. These operations may occur at different times of the day in order to utilize the best climatic and crop conditions. All of the owners of PINENUT HILLS RANCH shall accept and

accede to the prior rights of agriculture in those areas surrounding the subdivision.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Engineers, attorneys, accountants and other consultants rendering assistance to the Association may be members in the Association without owning a Lot, however, such members will not be subject to assessment and shall have no voting rights.

SECTION 2. The Association shall have two classes of voting membership:

CLASS A. Class A members shall be Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. 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.

CLASS B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall terminate and cease on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) On June 30, 1988

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments and charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the

property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties, and for the ownership, improvement, maintenance of the Common Area and any improvements on such Common Area.

SECTION 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, subject to the provisions of Section 7 of this Article, the maximum annual assessment shall be \$200.00 per Lot when a residential structure is on the lot, and \$100.00 per Lot when there is no residential structure on the Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 20% by a vote of a majority of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors of the Association may fix the annual assessment at an amount not in excess of the maximum.

SECTION 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements to the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

SECTION 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to case sixty percent

(60%) of all the votes of either class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 6. Uniform Basis of Assessment. Both annual and special assessments must be fixed on a uniform basis for all Owners and such assessments may be collected on a monthly basis.

SECTION 7. Date of Commencement of Annual Assessments and Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the month of recording of the final map for each phase of development subject to these Covenants, Conditions and Restrictions. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Association shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors of the Association. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 8. Effect of Nonpayment or Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his Lot. The declarant may offset its payment of dues by contributing work, services and materials within the subdivision.

SECTION 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any bona fide first purchase money mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

BUILDING RESTRICTIONS

SECTION 1. Only single-family dwelling units used solely for residential purposes, with a minimum of 1400 square feet of enclosed living space shall be constructed. Two (2) story structures shall have ground floor coverage of at least 1000 square feet and shall not exceed two (2) stories. Private, detached garages used in connection with said residences together with guest or servants quarters and other said residences together with guest or servants quarters and other outbuildings, only as expressed provided hereinafter, shall be permitted on a Lot. The Architectural Review Committee, with the approval of a majority of the votes of such Committee may adopt height and other additional restrictions.

SECTION 2. No business or commercial enterprise of any form shall be performed or conducted upon any Lot or within any Dwelling or outbuilding within the subdivision. The only exception hereunder shall be the permissibility of construction office and sales facilities during the development of the PINENUT HILLS RANCH project. Permission for any such temporary construction or sales facility must be approved in writing from the Declarants, and may be revoked at any time by the Declarants.

SECTION 3. No noxious, offensive or disturbing activity of any kind shall be permitted within any structure or upon any Lot within the subdivision.

SECTION 4. No single dwelling unit within the Properties shall be erected on less than one lot without the express written, permission of the Declarant and compliance with all applicable local, county and state rules, ordinances and laws.

SECTION 5. No temporary residential structure of any form or type shall be permitted on any Lot, and no garage or outbuilding shall be constructed for purposes of habitation before commencing construction of the main dwelling unit, and further, no trailer, garage, basement, outbuilding or other structure other than the completed main dwelling unit shall be used for temporary or permanent living quarters for a period greater than six (6) months from the issuance of a building permit for the structure.

SECTION 6. Upon commencement of construction of any dwelling unit within the subdivision, all reasonable speed and diligence shall be employed by the Owner to complete said construction.

SECTION 7. Except for new structural components approved by the Architectural Review Committee, no existing, used, previously constructed, or partially constructed materials or structures of any type or nature, including trailer homes, mobile homes, modular homes, prefabricated homes, or manufactured housing, shall be moved from another place onto the Properties.

SECTION 8. No birds, poultry, goats, rabbits or other creatures other than two (2) pleasure horses and not more than two (2) dogs or cats per Lot shall be allowed on any Lot. The only exception to the above restriction shall be 4H projects sanctioned by the Douglas County 4H group and other organized youth organizations or similar youth groups. All dogs must be restrained within the Lot boundary of the owner and not allowed to run free. No commercial building activity of any form will be permitted on any Lot. All structures, barns, corrals, kennels, etc., must be approved by the Architectural Review Committee. Under no circumstances will previously used materials be allowed to construct such facilities.

SECTION 9. No use of any Lot or structure within the Properties shall annoy or adversely effect the use, value, occupation and enjoyment of any adjoining Lot or the general neighborhood, including but not limited to, unmuffled motor vehicles, loudspeakers outside of an enclosed building. Final determination within these bounds shall be left to the decision of the Architectural Review Committee.

SECTION 10. No excavation for minerals, stone, gravel or earth shall be made upon any Lot other than excavation for necessary construction purposes relating to main dwelling units, retaining and court walls, outbuildings and pools, and for the purpose of contouring, shaping and generally improving any Lot. No excavation shall commence for any purpose without approval in writing from the Architectural Review Committee.

SECTION 11. The exterior woodwork of all houses, buildings and structures erected or constructed on a Lot shall be painted with at least two coats of paint, varnish or other stain of an earth-tone coloration within thirty (30) days after completion and before occupancy. At no time will the exterior of any houses, buildings and structures be allowed to approach a state of aesthetic deterioration such that they become a visual nuisance to the neighborhood.

SECTION 12. The building or owner shall, immediately upon commencement of construction, install all accesses to the Lot to prevent damage to roads and drainage trenches. Any required culvert shall be of quality acceptable to Douglas County standards.

SECTION 13. Redecorating or alterations of the exterior of any existing structure which does not remodel, add to, or effect structural changes in such structure must be approved in writing by the Architectural Review Committee, but only as to color scheme.

SECTION 14. Redecorating or alterations of the exterior of any existing structure which does remodel, add to, or effect structural changes in such structure will be deemed the equivalent of new construction and will require the submission of complete plans and approval in writing by the Architectural Review Committee, prior to the commencement of such redecorating or alterations.

SECTION 15. No fence within the Properties shall be constructed in excess of six feet in height and without the prior written approval of the Architectural Review Committee. All fences, fencing material and colors must be approved in writing by the Architectural Review Committee.

SECTION 16. No refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, compost materials and similar matter shall be permitted on any lot or portion thereof. It is incumbent upon all Owners to maintain their Lots in a neat, orderly and well-groomed manner, and they shall subscribe to a regularly scheduled and established garbage collection service.

SECTION 17. All utility connections and secondary service lines installed to each individual Lot, dwelling or outbuilding, will be installed in accordance with accepted construction and utility standards and shall constitute easements and equitable servitudes for the benefit of all lots.

SECTION 18. Other than during construction of homes, no signs shall be erected on any Lot, except signs advertising residences or lots for sale, and allowed signs shall not exceed four square feet in total area and must be commercially lettered.

SECTION 19. There shall be no deed, conveyance, agreement or other document executed which would effect or cause a separation into different ownerships, the surface and subsurface rights of any Lot, or portion thereof.

SECTION 20. Side yard setback must be not less than 40 feet total, with a minimum interior setback from side yard property line of 10% of the average width of the Lot. Rear yard setback must be not less than 30 feet from the rear priority line. Front yard setbacks must be at least 50 feet from the front property line. In the event two adjoining Lots are owned by the same party and a house constructed on the common Lot line, said common Lot line will not be considered in side yard setback requirements. All set backs shall be as required to satisfy any engineering or design requirements for the various sites.

The Architectural Review Committee may permit variances of setbacks, as described hereinabove.

SECTION 21. No radio transmitting and receiving antennas for short wave or ham-radio installations will be installed on any Lot without the express written permission of the Architectural Review Committee. Television antennas will be allowed only in the attics of any dwelling unit and may not be attached to the exterior of any property.

SECTION 22. Every single-family dwelling unit constructed within the Properties shall have on the same Lot enough

enclosed automobile storage space for at least two automobiles. Any recreational vehicles owned by an owner of a lot must be kept and stored in an enclosed garage or storage space which is screened from view by a fence or planted hedge.

SECTION 23. All individual sewage disposal systems installed on any lot within the properties shall be first approved by the Douglas County District Health Department, Environmental Services Division as to design and size of the system prior to installation. All owners shall make necessary provision to have their individual sewage disposal system pumped and maintained on a schedule of not more than every three (3) years during the existence of these restrictions.

SECTION 24. The Association shall maintain the landscaping within the Common Area portion of the subdivision so as to retain the aesthetic effect of the property for the benefit of all owners. The cost of such maintenance shall be paid from the annual Association dues.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1. Enforcement. Any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

SECTION 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive period of ten (10) years. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter by an instrument signed by not less than a majority of the Lot Owners. Any amendment must be recorded in the office of the County Recorder of Douglas County, Nevada.

SECTION 4. Annexation. The development of PINENUT HILLS RANCH is to be carried out on a phased, planned unit development basis. To provide for the proper planning of all of the phases of the PINENUT HILLS RANCH all Owners understand and acknowledge that Declarant, and its successors and assigns, shall have the abso-

lute right to annex all additional phases of the project as shown on the PINENUT HILLS RANCH Master Plan Amendment and Planned Unit Development map.

Additional residential property may be annexed to the Properties with the consent of the Owners of the property being annexed. Declarant shall have the absolute right to annex all of the additional phases of the single family lots on the west side of Pinenut Creek as shown on the final map for PINENUT HILLS RANCH Master Plan Amendment, without approval from any entity whatsoever by the simply filing of a Declaration of Annexation.

SECTION 5. Non Action. In the event that the Association, the Architectural Review Committee, or the Declarant should refuse, neglect or otherwise fail to act in accordance with the provisions of these Covenants, Conditions and Restrictions then the provisions of these restrictions requiring action by the Association Architectural Review Committee or Declarant prior to Douglas County approving or granting building permits or other approvals shall be suspended during such period of non-action.

IN WITNESS WHEREOF, the undersigned, being the Declarants herein, have hereunto each set their hand and seal this 4th day of march, 1985.

DECLARANTS:

SEVEN-J CORPORATION,
a Nevada corporation

By Stoddard Jacobsen
STODDARD JACOBSEN, President

By Jewel Jacobsen
JEWEL JACOBSEN, Secretary/Treasurer

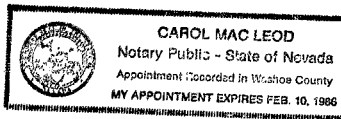
STATE OF NEVADA)

CARSON CITY)

ss.

On this 4th day of March, 1985, personally appeared before me, a Notary Public, STODDARD JACOBSEN and JEWEL JACOBSEN, who acknowledged that they executed the foregoing Declaration of Covenants, Conditions and Restrictions for and on behalf of SEVEN-J CORPORATION in their capacities as President and Secretary/Treasurer, respectively.

Carol MacLeod
NOTARY PUBLIC



REQUESTED BY
Allison Etalus
IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

'85 MAR -5 P4:43

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SUZANNE SCAUDREAU
RECORDER
\$ 15.00 PAID [Signature] DEPUTY

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