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PINE TREE RANCH WEST
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS

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PINE TREE RANCH WEST

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

This Declaration is made this 25 day of OCTOBER, 1994
by MERIT HOMES, INC., hereinafter referred to as "Declarant".

W I T N E S S E T H:

Whereas, Declarant is the owner of certain real property in the County of Washoe, State of Nevada, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference ("the Subdivision").

Now therefore, Declarant hereby declares that all of the lots in the Subdivision, together with any and all improvements thereon and appurtenances thereunto, shall be held, sold, and conveyed subject to the following covenants, conditions, and restrictions. These covenants, conditions and restrictions ("Declaration") are for the purpose of protecting the value and desirability of the lots in the Subdivision. This Declaration shall inure to the benefit and bind all parties having any right, title or interest in the lots or any part thereof, their heirs, executors, administrators, successors and assigns.

ARTICLE I

**EXCEPTION FOR LIMITED EXPENSE
LIABILITY FROM NRS CHAPTER 116
AND GENERAL PROVISIONS**

Section 1. This Declaration and the Subdivision are excepted from the requirements of the Common-Interest Ownership Act, Chapter 116 of the Nevada Revised Statutes, pursuant to NRS 116.1203(1)(b), in that the annual average liability for common expenses of all units restricted to residential purposes, exclusive of optional users' fees and any insurance premiums paid by the Association, may not exceed \$500, as adjusted pursuant to NRS 116.1115.

Section 2. Notwithstanding the exception from NRS Chapter 116, Declarant further provides:

- a. The terms used herein shall have the same meanings and definitions as are used in NRS Chapter 116.

- b. The name of the Subdivision shall be Pine Tree Ranch West and the name of the association formed under Article II hereof to own and manage common area shall be Pine Tree Ranch West Association ("Association"). The Architectural Committee of the Association established pursuant to Article VI hereof shall be referred to as the "Committee". The Association Board of Directors shall be referred to as the "Board". The Subdivision is located entirely within Washoe County, Nevada.
- c. The real estate included in the Subdivision is described in Exhibit "A".
- d. The maximum number of units ("lots") that Declarant has created by tentative map is 124 lots for single family dwellings, however, more lots may be created by tentative map, if Washoe County so approves.
- e. The tentative map depiction of the boundaries of each lot created by the Declaration is described in Exhibit "B".
- f. The Subdivision shall have no limited common elements. Real estate that is or must become common elements is described in Exhibit "B".
- g. No real estate shall be allocated subsequently as limited common elements.
- h. Declarant reserves all development rights, as defined in NRS 1116.11034 or otherwise, and special declarant rights, as defined in NRS 116.110385 or otherwise, within the Subdivision.
- i. Each lot of the 124 lots described in Exhibit "B" shall have the following allocated interests:
 - 1. A fraction or percentage of the common expenses of the Association equal to 1 divided by the total number of lots improved by a dwelling for which a certificate of occupancy has been issued. This allocation is established because during the phased construction of the Subdivision common expenses of the Association benefit fewer than all the lots (i.e., the lots which have dwellings capable of being occupied are benefitted by the expenses) and should be assessed exclusively against the lots benefitted; and

2. One vote in the Association, for a total of 124 votes. The withdrawal of lots by Declarant (election to create fewer than 124 lots) does not affect the liability for common expenses of each lot; however, the withdrawal of lots shall reduce the total number of votes in the Association by the number of lots withdrawn, thereby changing the proportional voting power of each lot accordingly.
- j All restrictions on use and occupancy are stated in Article IV hereof.
- k The recording data where easements and licenses are recorded are contained in the records of the Washoe County Recorder, State of Nevada.

Section 3. Declarant may relocate boundaries:

- a. For lots owned by Declarant or owned by another, with the Owner's consent, and subject to a recorded final map, by amendment to the final map or by lot boundary line adjustment pursuant to the procedures prescribed by Washoe County; or
- b. For lots owned by Declarant and not delineated on a final map, by recordation of a final map delineating the lots incorporating the boundary relocation.

Section 4. A lot not delineated on a final map may be subdivided into two or more lots by Declarant at the time it is delineated on a final map, so long as each lot in the Subdivision contains at least 12,000 square feet and the total lots in the Subdivision do not exceed 131, without following the procedure prescribed in NRS 116.2113 and without any approval by the Association.

ARTICLE II

PINE TREE RANCH WEST ASSOCIATION

Section 1. Purpose. The purpose of the Association shall be to:

- a. Own and maintain all common area within the Subdivision. Common area (also sometimes referred to as "common elements") shall be defined as the easements or land for landscaping, open space, perimeter fence construction and maintenance, stormwater detention or drainage ways, as designated on any recorded final map of the Subdivision; and

- b. Enforce and administer any provisions of this Declaration pertaining to Association's rights, obligations, powers and duties.

The Association shall have no other purpose than those specified herein.

SECTION 2. Formation And Management Under Article 3 of NRS Chapter 116. The Association shall be a nonprofit Nevada corporation formed under Chapter 82 of the Nevada Revised Statutes. The Association is not authorized to have and shall not issue any capital stock. Not later than the date of recordation of this Declaration, Declarant shall cause the Articles of Incorporation to be filed with the Nevada Secretary of State. The Association shall be charged with the duties and invested with the powers set forth in the Articles, Bylaws, and this Declaration.

Although the Subdivision is excepted from the provisions of NRS Chapter 116 as a limited expense liability planned community under NRS 116.1203(1)(b), nevertheless, the terms and conditions of Article 3 of NRS Chapter 116 (NRS 116.3101 to 116.3119) are adopted hereby and incorporated herein as if fully set forth.

Section 3. Association Powers. The Association shall have all powers enumerated in NRS 116.31032 which do not conflict or are not inconsistent with the Section 1 of this Article.

Section 4. Officers and Members of Executive Board. The governing body of the Association shall be called the Executive Board, the Board of Directors or the Board (all of which names shall refer to the same entity). The Executive Board may act in all instances on behalf of the Association, subject to the provisions of this Declaration, the Association Articles, the Bylaws and the applicable provisions of Nevada law.

Section 5. Declarant Control. Subject to the provisions of NRS 116.31032 and during the maximum time period stated in NRS 116.31032, Declarant shall control the Association. During this period, Declarant, or persons designated by it, may appoint or remove the officers and members of the Executive Board.

Section 6. Budget. The Executive Board shall adopt a proposed budget for each calendar year based on the projected common expenses of the Association, which shall include a reasonable reserve. Within 30 days after adoption of any proposed budget for the Association, the Executive Board shall provide a summary of the budget to all the lot owners, and shall set a date for a meeting of the lot owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. Unless at that meeting 75% of all lot owners reject the budget, the budget is ratified, whether or not a quorum is present.

If the proposed budget is rejected, the periodic budget last ratified by the lot owners must be continued until such time as the lot owners ratify a subsequent budget proposed by the Executive Board (NRS 116.3103(3)).

Section 7. Title To Common Area. On or before the date of approval by the applicable local government of public improvements constructed pursuant to a recorded final map for each phase of the Subdivision, Declarant shall deed to Association all its right, title and interest to the easements and real property for the common area designated by the final map.

Section 8. Meetings. A meeting of lot owners with voting power in the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Executive Board or by lot owners having twenty (20%) percent, or any lower percentage specified in the Bylaws, of the votes in the Association. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the secretary or other officer specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each lot or to any other mailing address designated in writing by the lot owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to this Declaration or Bylaws, any budgetary changes and any proposal to remove an officer or member of the Executive Board (NRS 116.3108).

Section 9. Quorums and Voting. Quorums and voting at meetings shall be as specified in NRS 116.3109 and 116.3110, and as provided in the Bylaws. Only owners of lots have voting power. Lessees of lots may not, except by written proxy as specified in NRS 116.3110, exercise lot owners' voting power.

Section 10. Transfer of Voting Power. Voting power in the Association is vested in each person or entity who owns a lot, and shall be appurtenant to such lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except on a transfer of title to such lot, and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title or interest to such lot shall be operate automatically to transfer the appurtenant membership rights in the Association to the new owner. Immediately after any transfer of title to such a lot, either the transferring owner or the acquiring owner shall give notice to the Association of such transfer, including the name and address of the acquiring owner and the date of transfer.

Section 11. Inspection of Association Books and Records. Any membership registers, financial and accounting records, and minutes of meetings of the Association, the Board, and committees of the Board, shall be made available for inspection and copying by any lot owner in the Subdivision, or his duly appointed representative, or any beneficiary of a deed of trust encumbering a lot in the Subdivision, at any reasonable time and for a purpose

reasonably related to the affairs of the Association, at the office of the Association or at such other place as the Board prescribes. The Association may charge a reasonable fee for any copies made at a member's request.

Section 12. Ownership of Common Area. Except as specified in Article VII, Section 6, the Declarant, the lot owners and the Association shall make no attempt to divert or alter the platted configuration of any common area or change the equal voting power, as defined herein, of Association members.

Section 13. Notices. All notices hereunder to the Association or its Executive Board shall be sent by registered or certified mail to the Board at such places as the Board may designate from time to time by notice in writing to all members. All notices to any owner of a lot shall be hand delivered or sent prepaid by mail to the owner's lot or to such other address as may be designated by him from time to time, in writing, to the Board. All notices to other interested persons shall be mailed to such address as such person shall designate in writing to the Board. All notices shall be deemed to have been given when mailed or hand-delivered except notices of change of address, which shall be deemed to have been given when received, unless as otherwise proved herein.

Section 14. Easements. Declarant and owners of lots hereby grant to Association an easement for access on and to all lots at all reasonable times and places for the purpose of maintenance and repair of stormwater management and drainage ways.

Section 15. Insurance. The insurance requirements and provisions of NRS 116.3113-116.31138 shall be complied with by the Association and shall be common expenses.

ARTICLE III

ASSESSMENTS

Section 1. Agreement To Pay. Declarant, for each lot owned by it in the Subdivision that is expressly made subject to assessment as set forth in this Declaration, and each owner, by his acceptance of a deed for each lot owned, covenants and agrees to pay to the Association such regular and special assessments as are established, made, and collected as provided in this Declaration. An owner of a lot shall not be assessed unless and until a certificate of occupancy for a single family dwelling is issued by Washoe County for the lot. An owner of a lot for which a certificate of occupancy has not been issued shall nevertheless have all voting rights and other rights incident thereto as provided in this Declaration, the Articles and the Bylaws.

Section 2. Personal Obligation. Each assessment or installment, 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 of the lot subject to the assessment 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 respecting such lot shall be both joint and several. Subject to the provisions of Article VIII, Section 2, a purchaser of a lot shall be jointly and severally liable with the seller for all unpaid assessments against the lot 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 abandonment of his lot.

Section 3. Purpose and Amount of Assessments. The assessments levied by the Association shall be determined by the Board and shall be the amount estimated to be required, on an annual basis, and shall be used exclusively, to promote the Association purposes specified in Article II, Section 1 for the performance of the duties of the Association as set forth in this Declaration, and for the repair, maintenance and upkeep of Association property. Funds held by the Association shall be held, to the extent possible, in interest bearing accounts.

Section 4. Annual Assessments. Not less than sixty (60) days before the beginning of each calendar year of the Association, the Board shall meet for the purpose of preparing the proposed operating statement or budget for the forthcoming fiscal year, and establishing the annual assessment for the forthcoming calendar year, subject to the power of disapproval of the lot owners, as specified in Section 6 of Article II; provided, however, the Board of Directors may not establish an annual assessment for any calendar year which is more than two hundred percent (200%) of the annual assessment of the prior year (except the first such year if it should be less than twelve (12) months), without the approval by vote or written consent of lot owners holding fifty-one percent (51%) of the voting rights.

Section 5. Special Assessments. If the Board of Directors determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, delinquencies in the payment of assessments, then the Board shall determine the approximate amount necessary to defray such expenses; and if the amount is approved by a majority vote of the Board, it shall become a special assessment. The Board may, in its discretion, prorate such special assessment over the remaining months of the fiscal year or levy the assessment immediately against each owner of a lot. Additionally, the Association shall have the power to incur expenses for maintenance and repair of the improvements on any lot, regarding fuel modification and firebreak areas, when conditions on the lot are not in accordance with applicable fire and safety codes, provided such maintenance and repair is necessary in the sole discretion and

opinion of the Board, to protect the Subdivision, and provided the owner of such lot has failed or refused to perform such maintenance or repair within thirty (30) days after written notice of the necessity of such maintenance or repair has been delivered by the Board to such owner in the manner provided in Section 8 of this Article, or to commence such work of repair or maintenance within such thirty (30) day period, and diligently pursue the same to completion within a reasonable time thereafter, if more than thirty (30) days is reasonably required to correct such deficiency. The Board shall levy a special assessment against the owner of any such lot to pay for the cost of such maintenance, repair and any other costs or expenses arising out of or incident to such maintenance and repair, and the assessment therefor.

Section 6. Uniform Rate of Assessment. Except as otherwise specifically provided in this Declaration, including Section 5 of this Article, annual and special assessments of the Association must be fixed at a uniform rate for all lots subject to assessments; and the amount assessed to each lot shall be determined by dividing the total amount assessed by the total number of lots then within the Subdivision and subject to assessment.

Section 7. Assessment Period. The annual assessment period shall commence on January 1 of each year and shall terminate on December 31 of such year; and annual assessments shall be payable in advance in one installment unless the Board adopts some other basis for collection. However, the initial annual assessment for each lot shall be prorated for the calendar year in which the assessment becomes due and, if possible, shall be paid in escrow on the purchase of the residence.

Section 8. Notice of Assessments; Time for Payment. The Association may, in its discretion, give written notice of assessments to each lot owner, which notice shall specify the amount of the assessment and the date or dates of payment of the same. No payment shall be due fewer than fifteen (15) days after such written notice has been given. Each delinquent assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date it becomes due together with a late charge of TWENTY-FIVE DOLLARS AND NO/100 (\$25.00) for each delinquent installment. An assessment payment is delinquent if not paid within thirty (30) days after its due date. Failure of the Association to give notice of the assessment shall not affect the liability of the owner of any lot for such assessment, but the date when payment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given.

Section 9. Statement of Account. Upon payment of a reasonable fee and upon written request of any lot owner or any beneficiary of a deed of trust, prospective beneficiary, or prospective purchaser of a lot, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such lot, the amount of the current periodic assessment, and the date that such assessment

becomes or became due, credit for advanced 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 deed of trust of the requesting beneficiary which acquired its interest subsequent to requesting such statement.

Section 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 of Directors or its authorized representative, including any manager, can enforce the obligations of the owners of lots to pay assessments provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may enforce assessments by judicial proceedings or, to the extent permitted by NRS Chapter 116, through the exercise of the power of sale granted to the Board. Suit to recover a money judgment against an owner for unpaid assessments together with all other amounts allowed by law or described in Section 2 of this Article shall be maintainable without first foreclosing against the lot subject to the lien for such assessment or waiving the lien rights granted hereby.

Section 11. Lien for Assessments; Priority. All sums assessed to any lot pursuant to this Article, together with interest, fees, charges, fines and other expenses allowed by law shall be secured by a lien on such lot in favor of the Association as provided in NRS Chapter 116.

ARTICLE IV

PROPERTY USAGE

Section 1. Single-Family Only. Only single-family dwelling units used solely for residential purposes, including private garages used in connection with said residences, together with guest or servants' quarters and other outbuildings, only as expressly provided hereinafter, shall be permitted.

Section 2. No Business Use. No business or commercial enterprise requiring a special use permit, variance, or other type of local government permit or approval in a medium density suburban land use designation shall be performed or conducted upon any lot or within any dwelling or outbuilding within the Subdivision.

Section 3. No Temporary Structures. No temporary structure of any form or type, including self-contained camper trailer units, shall be permitted as a dwelling unit on any lot or parcel. No garage or outbuilding shall be constructed 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, except as provided herein. No plastic covering or tent, if visible from any roadway, is permitted on any lot for a period longer than 14 days.

Section 4. No Group Homes. No residence in the Subdivision may be used for a public boarding house, home for a group of unrelated persons operated or financed by a public or private institution, sanitarium, hospital, asylum, or institution of any kindred nature, or any use not permitted by local law.

Section 5. Corner Lot View Obstruction. No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between 2 and 8 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.

Section 6. Access For Slope And Drainage Maintenance. Each owner of a lot agrees that he will permit free access by owners of adjacent or adjoining lots to slopes or drainageways 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 drainageway is located.

Section 7. No Interference With Drainage. Each owner of a lot agrees that he will accept the burden of, and not in any way interfere with, the established drainage pattern over his lot from adjoining or other lots in the Subdivision, 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 of such channels. For the purposes hereof, "established" drainage is defined as the drainage which occurred at the time the overall grading of a lot, including, if applicable, the landscaping of each lot.

Section 8. Slope Stabilization. Each owner of a lot agrees that in the event any slopes located on his lot have been planted to comply with FHA, VA, or local government requirements for stabilization of said slope or slopes, the owner shall adequately water and continuously maintain said slope or slopes.

Section 9. Variances. The Committee may, in its sole discretion, grant variances to the provisions over which it exercises the power of approval. No variance granted shall constitute a waiver or restrict enforcement of any provision hereof, or constitute a precedent for granting another variance.

Section 10. Maintenance Of Fences And Walls. Each owner of a lot upon which all or a portion of a wall or fence may be located, agrees at all times to maintain, paint or repair said wall or fence.

Section 11. Animal Restrictions. No animals, livestock, fowl, or poultry of any kind shall be raised, bred, maintained or kept on any lot within the Subdivision for sale or commercial purposes.

Section 12. Completion Of Construction. 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, and in any case the construction of all structures shall be completed within twelve (12) months of commencement.

Section 13. New Structures Only. No existing, used, constructed, or partially constructed structure of any type or nature shall be moved from another place to the Subdivision for any purpose whatsoever.

Section 14. Restriction On Number Of Dwellings. No building, structure or improvements shall be constructed, erected, altered, placed or permitted to remain on any lot other than one (1) dwelling designed for principal residential occupation for not more than one (1) family, together with such related outbuildings and facilities pertinent to said single family residential use. The words "related outbuildings and facilities" shall include one additional dwelling for servants' quarters to be occupied only by persons performing compensated services for the lot owners or occupants and guest quarters to be occupied only by non-paying family guests. Such outbuildings shall not be rented to the general public.

Section 15. No Water Pollution. No use on any of the property described herein shall be allowed which in any manner or for any purpose would result in the drainage or dumping of any refuse, sewage or other material which might tend to pollute surface or subterranean waters.

Section 16. No Garbage. No garbage, refuse, rubbish or obnoxious or offensive material shall be permitted to accumulate on any lots, and owners shall cause garbage and other like material to be disposed of by and in accordance with accepted sanitary practice.

Section 17. Repair Of Damaged Structures. No building or garage damaged by fire or otherwise damaged so that it becomes unsightly shall be permitted to remain on any lot. Such structures shall either be promptly rebuilt, refinished, or torn down and removed, and in no case shall the unsightly damage remain longer than six (6) months. Any tear down or removal must have Committee approval.

Section 18. Nuisances. No use of any lot or structure subject to this Declaration shall annoy or adversely affect the use, value, occupation, and enjoyment of any adjoining lot or of residences in the Subdivision in general. No noxious, offensive or disturbing activity of any kind shall be permitted.

Section 19. Use Of Trailers During Construction. Notwithstanding any provisions to the contrary, a trailer may be used as a residence by a contractor or owner-builder during construction of a permanent residence or residences, however, said trailer must be removed within 14 days of completion of construction.

Section 20. Dog Restrictions. Dogs are permitted off an owner's lot only when accompanied by the owner or other responsible person. Under no circumstances shall dogs be permitted to run at large through the Subdivision. No more than three adult dogs are permitted to be raised, bred, maintained and kept on any lot.

Section 21. Excavation Restrictions. No excavating or drilling for minerals, stone, gravel, oil or other hydrocarbons, or earth shall be made upon any lot other than excavation for necessary construction purposes relating to dwelling units, retaining and perimeter walls, landscaping outbuildings and pools, or for agricultural purposes, contouring, shaping, fencing or generally improving any lot.

Section 22. Paints And Finishes. The exterior portions of all houses, buildings, and structures erected or constructed on a lot shall have color mixed in the final construction application or shall be painted with a finish coat of varnish, stain or paint within thirty (30) days after completion or before occupancy. At no time will the exterior of any houses, building structures and fences be allowed to approach a state of aesthetic deterioration such that they become a visual nuisance. No bright or reflective colors or materials shall be permitted on roofs other than skylights and plates for the collection of solar energy.

Section 23. Construction Uses. During construction of a structure, a lot may be used for the storage of materials used in the construction of the individual buildings and for the contractor's temporary offices, including the use of chemical toilets concealed from view.

Section 24. Storage Restrictions. The storage of tools, household effects, inoperable vehicles, machinery and machinery parts, empty or filled containers of trash or other materials,

boxes or bags, trash, materials, or other items that shall in appearance detract from the aesthetic values of the property shall be so placed and stored to be concealed from public view.

Section 25. Trash Disposal. All occupants of parcels of property shall either subscribe to the solid waste collection service, or shall weekly transport all solid waste to a properly licensed dump site. Trash for collection may be placed at the street right-of-way line on regular collection days for a period of not to exceed twelve (12) hours prior to pick up. The dumping, burying or accumulating of solid waste on any lot is forbidden.

Section 26. Prohibition On Clothes Lines. No exterior clothes line shall be installed on any lot, or any portion of the lot, unless completely fenced in and concealed from view.

Section 27. Sign Restrictions. No sign or billboard of any kind shall be displayed to the public view on any portion of any lot, except:

- a. One sign per lot of not more than eighteen (18) inches by twenty-four (24) inches advertising the property for sale or lease;
- b. Signs identifying the address or occupants of a residence;
- c. Temporary political campaign signs; or
- d. Signs required by law or a determination by a governmental entity.

Section 28. Garage Requirements. Every single family dwelling unit constructed shall have on the same lot enough enclosed automobile storage space for at least two (2) automobiles. There shall be no parking of vehicles or trailers in a street, lane, thoroughfare, right-of-way or easement, whether public or private, for a period longer than 72 hours.

Section 29. Separation Of Ownerships. No lot may be subject to a deed, conveyance, agreement or other document which would effect or cause a separation into different ownerships of surface and subsurface rights, or any portion thereof. Nothing herein shall prevent the dedication or conveyance of all or a portion of any lot for use by the public utilities or as a street, in which event the remaining portion of said lot shall for the purpose of this provision be treated as a whole lot.

Section 30. No Occupancy Without C Of O. No building, any part of which is designed for dwelling purposes, shall be in any manner occupied while in the course of original construction or until it is completed and the building has received a certificate of occupancy from the applicable government agency.

Section 31. No Violation Of Law. Nothing shall be permitted to occur on a lot which violates any law, ordinance, statute, rule or regulation of any local, county, state or federal entity.

Section 32. Fire Control Maintenance. Each owner of a lot shall be responsible for the maintenance of any fire fuel modification areas and firebreak areas located on the lot.

Section 33. Weeds. No brush, weeds, undergrowth, uncultivated, diseased or infected vegetation of any kind or character shall be placed or permitted to grow upon any lot or portion thereof.

Section 34. No Antennas. Radio transmitting and receiving antennas for short wave or ham radio installations shall not be installed on any lot or parcel. Television antennas are not allowed.

Section 35. Subdividing And Land Use. Regardless of any action of any governmental agency, no lot may be divided, subdivided or resubdivided to a size less than 12,000 square feet. The zoning and use of any of the lots in the Subdivision may not be changed and amended to multiple residential use or commercial use.

Section 36. Paved Surface Requirements. All driveways, walkways, parking areas and other areas of similar nature shall be surfaced with a suitable "all-weather" material within thirty (30) days of the completion of construction of the principal residence.

Section 37. Parking And Storage Of Vehicles. Trailers, campers, boats, recreational vehicles, and motor vehicles, whether they are operative, under repair, junk, inoperative or unlicensed, and other similar type objects shall not be parked on streets, alleys or other public thoroughfares longer than 72 hours. Storage of trailers, campers, boats, recreational vehicles, machinery and motor vehicles whether they are operative, under repair, junk, inoperative, or unlicensed, or other similar type objects, shall only be permitted on lots if completely concealed or screened from public view by a fence, enclosure, other partition or approved plant material. This provision does not preclude operable passenger vehicles or trucks of up to one (1) ton in capacity which are routinely in use from being parked in private driveways.

Section 38. Satellite Dish Restrictions. Satellite dishes are permissible only if located in the back yard of any lot, and shall be screened in a manner approved by the Committee. No satellite dish may obstruct the view from an adjacent lot.

Section 39. Irrigation Systems Required. Automatic sprinkler and irrigation systems shall be required for all landscaping.

Section 40. Subdivision Perimeter Fencing. No owner shall alter, paint or otherwise change in any way the perimeter fencing along Wedge Parkway and, if constructed by Declarant, fencing along Whites Creek Lane which are common elements of the Association, without the consent of the Association.

Section 41. Lot Fencing. All fencing of side, front or rear yards must be constructed in a manner which will allow the free flow of water through the fence in the event of a flooding incident. For example, wood fences cannot have slats nailed only on one side, but can have slats nailed on each side in an alternating manner. Above-ground stone or masonry walls cannot be used for side, front or rear yard fencing.

ARTICLE V

ARCHITECTURAL STANDARDS

Section 1. Height. No residence constructed on a lot shall have a height greater than thirty-five (35) feet, measured from the site grade. Some lots may be restricted to single story buildings so as to minimize the building's affect on the neighbor's view.

Section 2. Roof System Standards. All roofing shall comply with the following standards:

- a. False mansards, roof terraces or other architectural elements not an integral part of the design are prohibited.
- b. Sheet metal work should be kept clean and simple, with the minimum of exposed metal, and must be painted to blend in with the surrounding materials.
- c. The color and material used on flat roofs shall blend with the surrounding terrain.
- d. Fireplaces and chimneys must be proportionate to and architecturally consistent with the overall design.
- e. Roof gutters, when installed, shall be of aluminum or galvanized metal and painted to be of consistent color to the roof material and/or fascia color.
- f. Solar equipment is encouraged, but must be integrated into the roofing system. All solar designs must be approved by the Committee.

Section 3. Landscaping. Each Owner shall be responsible to properly and attractively landscape his lot, and maintain such landscaping. A landscape plan is to be a part of the house plans and is to be submitted to the Committee for approval. Front yard (street visible) landscaping shall consist of grass ground cover,

green plants, shrubs and trees, but mixed use of boulders and native desert flora such as cacti and cactus gardens is also suitable. Landscaping must be completed as specified in the landscape plan within six (6) months of obtaining a notice of completion.

Section 5. View Obstruction. Subject to the specified provisions set forth below, no hedge, hedgerow, tree, shrub, plant or other landscaping shall be planted or allowed to grow, nor shall any wall or fence be installed, erected or maintained on any lot in such location or of such height so as, in the opinion of the Committee, to unreasonably obstruct the view from any other lot in the Subdivision on which a residence is or may be constructed. However, all landscaping, fences and other improvements originally installed or constructed by Declarant, or its successors or assigns, shall be deemed not to unreasonably obstruct or interfere with the view on any lot in the Subdivision. No tree, shrub or other planting of any kind shall be allowed to overhang or otherwise encroach upon any sidewalk or pedestrian way without the prior written approval of the Committee.

ARTICLE VI

ARCHITECTURAL CONTROLS AND ARCHITECTURAL COMMITTEE

Section 1. Committee Establishment and Membership. The Architectural Committee of the Association is hereby established. Three persons appointed by the Association Board of Directors shall comprise the Committee. Each Committee member shall have an indefinite term and serve at the discretion of the Board and subject to approval by Declarant, which approval may be withheld or withdrawn at any time at Declarant's sole discretion.

Section 2. Written Approval of Plans. Before commencing any building operations, written approval must be obtained from the Committee covering building and plot plans for all structures erected, altered, renovated, remodeled, placed, assembled, or permitted to remain on any lot in the Subdivision, including garages, walks, ditches and walls; 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, building materials, location of the proposed structure with respect to topography, finish grade elevation and the street frontage. No approval shall be construed as modifying, altering, or waiving any of the provisions herein set out unless a variance is issued by the Committee or established by law, or the Declarant is conducting the building operations in which case any violation of Declarant shall be deemed to have been constructed pursuant to a variance.

Section 3. No Liability. 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 in the Subdivision or any third party 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.

Section 4. Death Or Removal. In the event of death, resignation, removal by the Board, incapacity or unwillingness to act of any member of the Committee, the Board shall have full authority to designate a successor, subject to approval of Declarant, which approval may be withheld in Declarant's sole discretion.

Section 5. Time of Decision. 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 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 rejection shall have been sent by the Committee to an applicant within 30 days from the date of receipt of a submittal such inaction shall be deemed approval. 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.

Section 6. Compensation And Filing Fee. Members of the Committee may be compensated by reasonable fees charged for Committee services to those requesting actions by the Committee, if said fees are approved by the Association Board of Directors.

Section 7. No Improvements Without Approval. No building, garage, shed, walkway, satellite dish, fence, wall, retaining wall, drainage ditch or system, or any other structure shall be commenced, erected, placed or altered on any lot in this Subdivision until four complete sets of the building plans and specifications thereof, including front, side and rear elevations, color schemes, building materials, grading plans indicating existing and finished grade, landscaping plans and plot plans indicating and fixing the exact location of such structure or structures on the building site and lot, with topography and finished ground elevation, have been submitted to and approved in writing as to conformity and harmony of external design with the existing structures or general scheme in the Subdivision, and as to location of the building with respect to topography and finished ground elevation, by the Committee.

Section 8. No Inspection Required. No inspection of construction for which plans and specifications have been approved by the Committee shall be required of the Committee. However, any member of the Committee has the right at all reasonable times and

places to enter on a lot and inspect any structure for purposes of compliance with approved plans and specifications.

Section 9. Conformance To Plans Required. After any plans and specifications and other data submitted have been approved by the Committee, no structure of any kind shall be erected, constructed, placed, altered, or maintained upon a lot unless the same shall be erected, constructed, or altered in conformity with the plans and specifications, color scheme, and plot plan theretofore approved by the Committee. If any structure of any kind shall be erected, constructed, placed, altered, or maintained on a lot other than in accordance with the plans and specifications, color scheme and plot plan theretofore approved by the Committee, such erection, construction, placing, alterations and maintenance shall be deemed to have been undertaken without the approval of the Committee ever having been obtained.

Section 10. Declarant Exemption. Declarant and any building contractor owned or controlled by Declarant or Declarant's shareholders is hereby exempted from the requirements and provisions of this Article VI.

ARTICLE VII

COMPLIANCE WITH COUNTY CONDITIONS

Section 1. Perpetual Funding. The provisions of Article III are intended to establish perpetual funding in interest-bearing accounts for the maintenance of all common area.

Section 2. No Access. No direct access shall be allowed by any lot onto Wedge Parkway or to Whites Creek Lane.

Section 3. Association Maintenance And Funding For Common Areas. All detention basins, drainage channels and other stormwater management structures are intended to be (and shall be) maintained by the Association and funded by assessments as stated herein.

Section 4. County as Third Party Beneficiary, Code Violations. The County of Washoe, State of Nevada, or other political subdivision in which the property may be located (the "County") is hereby expressly made a third party beneficiary to this Article of this Declaration, and to the following provisions of other Articles:

- a. Article I, Section 4;
- b. Article II, Section 12; and
- c. Article III;

Section 5. Enforcement of Special Assessment and Lien Provisions by County. In the event the Association fails to enforce any of the following described provisions of this Declaration:

- a. the obligation of the Association to properly maintain all common areas in the Subdivision; or
- b. the obligation of the Association to pay prior to delinquency all taxes and assessments levied against Association property or against the Association,

then County shall be entitled to commence an action to enforce such provisions by any means allowed in law or equity, including the levy of a special assessment equally against all of the owners of the lots, which special assessment shall be secured by a lien against all of the lots in the manner provided in Article III hereof.

Notwithstanding the foregoing, the County shall be entitled to commence such action only after:

- a. the County has given reasonable notice (which shall be not less than thirty (30) days) to the Association, describing such violation, or if no Association is in existence, by publication of reasonable notice in a newspaper of general circulation in Washoe County; and
- b. the Association or the owners of the lots shall have failed to cure such violation within a reasonable time thereafter to the reasonable satisfaction of Washoe County.

Section 6. County Control/Special Assessment District. If the County or another political subdivision, by creation of a general assessment district, special assessment district or otherwise, assumes jurisdiction or control of the ownership or maintenance of common area for any public purpose, then Association, upon request by County or the applicable government entity, shall transfer and delegate its duties, including transfer of Association property, to the County or other political subdivision. Association shall request annexation to a general or special assessment district created for these purposes. Declarant, Association and all lot owners shall not have the right to protest and shall agree to the maintenance, ownership or control of common area for any public purpose. If the County or another political subdivision substantially assumes all the duties and purposes of the Association and is transferred all Association property, the Association shall be disbanded and dissolved and Articles II and III shall be null and void.

ARTICLE VIII

PROTECTION OF LENDERS

Section 1. Encumbrance of Lots Permitted. Any lot may be encumbered with a deed of trust.

Section 2. Non-Liability for Unpaid Assessments. Any beneficiary of a first deed of trust who acquires title to a lot pursuant to the judicial or non-judicial foreclosure remedies provided in the deed of trust shall take the lot free of any claims for unpaid assessments or Association charges (as specified in Articles II and III) against the encumbered lot that accrue prior to the time such beneficiary so acquires ownership; provided, however, after the foreclosure of any such deed of trust, or after a conveyance of any lot to such beneficiary by deed in lieu of foreclosure, such lot shall remain subject to the provisions of this Declaration; and the amount of all regular and special assessments, to the extent they relate to expenses incurred subsequent to such foreclosure sale or to the recordation of the deed in lieu of foreclosure, shall be assessed hereunder to the grantee or purchaser thereunder.

Section 3. 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 mortgage or deed of trust made in good faith and for value; provided, however, the provisions of this Declaration shall be binding upon the owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

Section 4. Notice of Default. Upon written request to the Association (as defined below), the beneficiary of a first deed of trust encumbering a lot shall be entitled to written notification from the Association of any default by the owner of the lot in the performance of such owner's obligations under this Declaration or the Association Articles or Bylaws that is not cured within ninety (90) days.

Section 5. Insurance Proceeds and Condemnation Awards. No provision of this Declaration or the Association Articles shall give a lot owner, or any other party, priority over any rights of a first deed of trust beneficiary in the case of a distribution to owners of insurance proceeds or condemnation awards.

Section 6. Appearance at Meetings. Because of its financial interest in the Subdivision, any beneficiary of a first deed of trust may appear (but cannot vote) at meetings of the members and the Association Executive Board.

Section 7. Examination of Records. Beneficiaries of 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 statements as and when furnished to the owners.

ARTICLE IX

LIMITATION OF RESTRICTIONS

Section 1. General. Declarant and any Successor Declarant may be undertaking the work of constructing improvements to the Subdivision or on lots. The completion of such construction and the sale or other disposal of the lots is essential to the establishment and welfare of the Subdivision as a residential community. The covenants contained in this Article are personal to Declarant and any Successor Declarant, and may only be transferred by a written assignment duly recorded from the Declarant to a Successor Declarant, or from Successor Declarant to another Successor Declarant.

Section 2. Limitations on Restrictions. Nothing in this Declaration shall be understood or construed to:

- a. Prevent Declarant, its contractors or subcontractors from doing on the Subdivision or on any lot whatever is reasonably necessary or advisable in connection with the commencement or completion of the above described work;
- b. Prevent Declarant or its representatives from erecting, constructing, and maintaining on any part of the Subdivision such structures as may be reasonably necessary for the conduct of its business of completing the work, establishing the Subdivision as a residential community, and disposing of the lots by sale, lease, or otherwise;
- c. Prevent Declarant from maintaining such signs on any part of the Subdivision owned by Declarant or by the Association as may be necessary for the sale, lease, or disposition of lots;
- d. Prevent Declarant from utilizing mobile homes or temporary structures as sales offices or for construction activities; and
- e. Allow any lot owners or Association to enforce any provision of Articles V and VI against Declarant.

ARTICLE X

MISCELLANEOUS GENERAL PROVISIONS

Section 1. Enforcement. Except as expressly limited herein, Association, Declarant or any Subdivision lot owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants and reservations now or

hereafter imposed by the provisions of this Declaration. Failure by the Association Declarant or by any lot owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so hereafter.

Section 2. Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. Amendment. This Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time it shall be automatically extended for successive periods of ten (10) years, unless at least the owners of not less than seventy-five percent (75%) of the lots agree to terminate this Declaration, effective at the end of the then current ten (10) year extension period, in which case a notice signed by the lot owners must be executed and recorded. This Declaration may be amended by an instrument signed by at least the owners of not less than seventy-five percent (75%) of the lots. Any amendment must be recorded or it has no effect. For purposes of this Section, the signature of one of the owners, for a lot with more than one owner, shall be deemed sufficient.

Section 4. Assignment. Declarant may assign all or part of its rights hereunder by a written assignment, properly recorded in the office of the Washoe County Recorder.

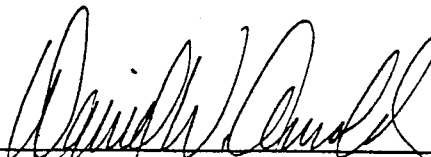
Section 5. Approval of Declarant. In all circumstances described herein in which Declarant has the right of approval, said approval and any request for approval shall be in writing. Declarant shall have a minimum of thirty (30) days after a request to approve or deny. If Declarant has not issued its written approval or denial within said thirty (30) days, the request shall be deemed approved.

Section 6. Liability. Neither Declarant, County, the Committee, Association, nor any lot owner shall be deemed liable in any manner whatsoever to any other lot in the Subdivision or third party for any claim, cause of action of alleged damages resulting from:

- a. Design concepts, aesthetics, latent or patent errors or defects in design or construction, whether shown or omitted, on any plans and specifications which may be approved, or any buildings or structures erected therefrom; and
- b. Any waiver of or failure to enforce a provision hereof.

Section 7. Attorneys Fees And Costs. In any action to enforce or administer the provisions hereof, the prevailing party shall be entitled to reasonable attorneys fees and costs.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand.



DANIEL ARNOLD, President
Merit Homes, Inc., a Nevada
corporation

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on October 25,
1994 by Daniel Arnold as President of Merit Homes, Inc., a Nevada
corporation.



NOTARY: Marlene Williams

TITLE: Notary

My Commission Expires: 6-13-95

DESCRIPTION (DUALITY PROPERTY)

All that certain lot, piece or parcel of land situate in the County of Washoe, State of Nevada, described as follows:

All that real property situate in the North Half of the North Half Section 29, Township 18 North, Range 20 East, M.D.B. & M., in the County of Washoe, State of Nevada, more particularly described as follows:

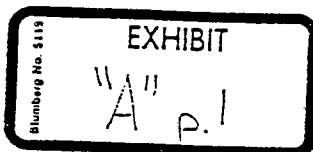
Beginning at the Northeast corner of Section 29, Township 18 North, Range 20 East, M.D.B.&M., said corner being marked by half inch pipe at a fence corner of the North side of the County Road; thence South $0^{\circ}09'$ East 532.74 feet along the East line of said Section 29 to a pipe set in the ground; thence North $89^{\circ}35'$ West 5,326.49 feet to the West line of said Section 29 where a pipe is set in the ground; thence North $0^{\circ}20'$ West 532.74 feet along the West line of said Section 29 to the Northwest corner of said Section marked by a pipe and mound of stone; thence South $89^{\circ}35'$ East 5,328.2 feet along the North line of Section 29 and the North side of aforementioned county road to the place of beginning. Situate in the North $1/2$ of the North $1/2$ of said Section 29.

EXCEPTING THEREFROM the roadway conveyed to the County of Washoe by deed recorded May 31, 1960 in Book 547, Page 71 as Document No. 320482, Deed Records.

Also excepting therefrom that portion thereof deeded to the County of Washoe, a political subdivision of the State of Nevada by deed recorded January 10, 1990 in Book 3020, Page 391 as Document No. 1373756 of Official Records, described as follows:

Beginning at the section corner common to Sections 19, 20, 29 and 30, T.18 N., R.20 E., M.D.B.&M.; thence S. $89^{\circ}35'00''$ E. along the section line common to said Section 20 and 29 a distance of 1460.01 to a point; thence S. $13^{\circ}18'37''$ W. a distance of 51.29 feet to a point; thence N. $89^{\circ}35'00''$ W. a distance of 1447.91 feet to a point on the section line common to said Sections 29 and 30; thence N. $00^{\circ}20'00''$ W. along the aforementioned section line a distance of 50.00 feet to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM all that land lying Easterly of the Westerly line of that certain roadway conveyed to the County of Washoe by deed recorded February 24, 1993 in Book 3677, Page 934 as Document No. 1649477 of Official Records.



DESCRIPTION OF PEIGH PARCELS

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

PARCEL ONE

Parcel 1 of Parcel Map No. 2790 filed in the Office of the County Recorder of Washoe County, State of Nevada, on April 14, 1994, as Document No. 1786858

Containing 28.77 acres of land, more or less

EXCEPTING THEREFROM the following parcel of land:

A portion of Parcel 1 of Parcel Map 2790, as shown on the plat thereof, recorded April 14, 1994, as document number 1786858, Official Records of Washoe County, Nevada; situated within the southeast quarter of the northwest quarter of Section 29, T.13N., R.20E., M.D.M., more particularly described as follows:

Beginning at the most southerly corner of said Parcel 1 of Parcel Map 2790; said point being on the westerly line of Wedge Parkway;
thence along said westerly line the following two courses and distances:
N 24°36'22" E, 177.12 feet;
along the arc of a tangent 3050.00 foot radius curve to the right through a central angle of 4°50'51" a distance of 257.89 feet;
thence N 17°42'16" W, 29.13 feet;
thence N 40°01'00" W, 60.85 feet;
thence N 46°13'05" W, 82.58 feet;
thence N 18°00'00" W, 89.31 feet;
thence N 09°25'00" W, 84.85 feet;
thence N 29°06'00" W, 72.13 feet to a point on the westerly line of said Parcel 1;
thence along said westerly line S 00°30'43" W, 753.88 feet to the point of beginning.

Containing 1.47 acres of land, more or less

Said parcel being all of Assessor's Parcel No. 049-241-03, together with the northerly one-half

(1/2) of the Steamboat Ditch easement adjoining
said parcel



EXHIBIT "B"

All tentative map plans for Pine Creek Ranch West (Washoe County Case No. TM10-16-93) on file with the Washoe County Department of Development Review, including Sheets 1 and 2 of the tentative map drafted and certified by CFA, Inc., as independent and professional engineers, dated October 6, 1993 as Job No. 93-008.00, which comprises the general schematic plan of this subdivision, excepting therefrom that portion of the tentative map located on the east side of Wedge Parkway.

These plans show the proposed common elements, consisting of the landscaping, stormwater detention and drainage ways. The units depicted on the tentative map may be increased by the creation of additional units or common elements anywhere on the tentative map within the subdivision which are not subject to a recorded final map.

OFFICIAL RECORDS
WASHOE CO., NEVADA
RECORD REQUESTED BY

'94 OCT 26 P3:35

JOE MELCHER
COUNTY RECORDER

FEE _____ DEP _____