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FIRST AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONTERRA

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EXHIBIT "A"

**FIRST AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONTERRA**

THIS FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MONTERRA (this "Declaration"), which shall be dated and effective as of the date of its recordation in the Official Records of the County Recorder of Douglas County, is made by **MONTERRA 270, LLC, a Nevada limited liability company** ("Declarant"), with reference to the following facts and is as follows:

RECITALS:

A. Declarant is the owner of certain real property located in Douglas County, Nevada, which is more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Property"). Declarant intends to develop the Property, together with any improvements, modifications, additions, or amendments thereon or thereto (collectively, the "Project"), as a single family residential subdivision under the name of "Monterra".

B. On October 6, 2004, Declarant executed that certain Declaration of Covenants, Conditions and Restrictions for Monterra, which document was recorded against all or a portion of the Property on October 8, 2004, in Book 1004, Page No. 3067 as Document No. 0626178 in the Official Records of the County Recorder of Douglas County (the "Original Declaration").

C. Declarant now desires to fully amend and restate the Original Declaration and replace it in its entirety with this Declaration. Declarant further desires that, upon recordation of this Declaration, the Property shall be subject to the covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens, and charges contained herein, and that this Declaration replace in its entirety and relate back in time to the recording of the Original Declaration.

D. For purposes of complying with the terms of the Original Declaration related to amendment, including, without limitation, Sections 6.02, 6.03 and 7.02 thereof, Declarant hereby certifies, by its signature below, that (i) there are no Beneficiaries (as that term is defined in the Original Declaration), and thus there is no need for any Beneficiary consent or approval to effectuate the complete amendment and restatement of the Original Declaration set forth herein (ii) there are no Owners (as that term is defined in the Original Declaration) other than Declarant, and thus there is no need for a Notice and a Meeting (as those terms are defined in the Original Declaration) to effectuate the complete amendment and restatement of the Original Declaration set forth herein, and (iii) Declarant, as owner of 100% of the real property encumbered by the Original Declaration, represents 100% of the voting power within the real property encumbered by the Original Declaration, and thus has full authority, by its signature below, to effectuate the complete amendment and restatement of the Original Declaration set forth herein.

DECLARATION:

NOW, THEREFORE, Declarant hereby declares that this Declaration amends, replaces, and supercedes the Original Declaration in its entirety, and that the Property is and shall continue to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth in this Declaration, and as may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Property. All provisions of this Declaration shall constitute covenants running with the land and enforceable equitable servitudes upon the Property, and shall be binding on and for the benefit of all of the Property and all parties having or acquiring any right, title, or interest in all or any part of the Property, including the heirs, executors, administrators, and assigns of these parties and all subsequent owners and lessees of all or any part of a Lot.

ARTICLE I DEFINITIONS

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

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

"Architectural Committee Rules" is defined in Section 4.4 of this Declaration.

"Construction" is defined in Section 2.4.

"Declarant" means the undersigned that has made and executed this Declaration, or its successors, assigns, or representatives in the event Declarant assigns its rights and obligations, or in the event Declarant's interest in the Project is sold pursuant to foreclosure or deed in lieu thereof.

"Declaration" means this instrument and any and all amendments and supplements thereto.

"Deed of Trust" means an interest in real estate, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, and any other consensual lien or title retention contract intended as security for an obligation.

"Impacts" is defined in Section 2.4.

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

"Lot" or "Parcel" means any portion of the Project designated as a lot or parcel on a Map and intended by Declarant for improvement with a single family residence, whether or not the Lot or Parcel is so improved. The boundaries of each Lot/Parcel and the number identifying the Lot/Parcel are set forth on the Maps. Any parcel or lot shown on a Map and intended by Declarant for improvement as common area to be owned and maintained by the landscape maintenance association within which the Project is located, or to be owned and maintained by any public or quasi-public entity, is expressly excluded from the definition of "Lot" and/or "Parcel".

"Map" means each final subdivision map or parcel map approved by Douglas County, related to the tentative subdivision map for Park Cattle Company (Douglas County PD 02-05), and filed for record against the Property in the Office of the County Recorder, Douglas County, Nevada, and any and all amendments thereto.

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

"Participating Builder" means any person or entity designated as such in writing by Declarant, generally being a person or entity who purchases Lots for the purpose of constructing Improvements thereon for later sale to third party home buyers in the ordinary course of such person's/entity's business.

"Project" is defined in Recital A.

"Property" is defined in Recital A.

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

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

ARTICLE II EASEMENTS

2.1 Construction Access Easement. Declarant hereby reserves for itself a temporary, non-exclusive easement over the Project for such access, ingress and egress as may be necessary for Declarant to complete any work or Improvement on the Project, or to make any repair or replacement Declarant deems necessary or appropriate to any Improvement on the Project, or to modify any completed Improvement on the Project to make such Improvement conform to Declarant's governmentally approved plans for such Improvement; provided that, in exercising the rights reserved under this Section, Declarant shall not unreasonably interfere with any non-Declarant Owner's use and enjoyment of his or her Lot. The easement reserved by Declarant in this Section shall permanently expire one (1) year from the date that Declarant no longer owns any portion of the Project.

2.2 Encroachment Easements. Declarant hereby reserves for each Lot, as the dominant tenement, a perpetual, non-exclusive easement over all adjoining Lots, as the servient tenements, for the purpose of accommodating and maintaining any encroachment which occurs due to engineering errors, errors in original construction, settlement, or shifting of structures or rockery walls, or any other cause as long as the encroachment remains. In the event an Improvement on a Lot is partially or totally destroyed, and then repaired and rebuilt, minor encroachments over adjoining Lots shall be permitted and there shall be valid easements for the maintenance of the encroachments as long as they shall exist. In no event shall a valid easement exist pursuant to this Section in favor of an Owner if the encroachment occurred due to the willful misconduct of the Owner. As to each Lot, the easements reserved hereunder shall be appurtenant to and pass with title to that Lot.

2.3 Drainage Easements. Declarant hereby reserves over each Lot, for each Lot, reciprocal, perpetual non-exclusive easements for drainage, including cross lot drainage, according to the drainage patterns created or required by the grading plans for the Project approved by Douglas County, as well as the actual, natural, and existing patterns for drainage. Each Owner covenants that if it becomes necessary to alter the pattern of water drainage over his Lot for the protection of his Lot, such Owner shall do so in accordance with Section 3.10 and in a manner that will not harm or unduly increase the burden on any adjacent Lots. As to each Lot, the easements reserved hereunder shall be appurtenant to and pass with title to that Lot.

2.4 Construction Impacts Easement. During development of the Project the construction of Lots, road improvements, utilities, homes, structures and other Improvements (generally, the "Construction") will produce substantial dust, noise, light (during nighttime hours), construction traffic, and other adverse impacts ("Impacts") within the Project to Owners and their guests, invitees and licensees which may be alleged in the future to constitute a nuisance or otherwise impair the use and enjoyment of the Lots and Improvements thereon. The term "Impacts" is intended to be construed liberally to include all adverse consequences of Construction activity which might be an annoyance or nuisance, particularly, without limitation, dust and noise. Notwithstanding anything else herein to the contrary, a perpetual, non-exclusive easement is hereby reserved by Declarant, from each Lot, for itself, each Participating Builder,

each Owner engaged in the initial construction of a single family residence on that Owner's Lot, and their respective agents to cause Impacts to occur. As to each Lot, the easements reserved hereunder shall be appurtenant to and pass with title to that Lot.

2.5 Party Wall Easement. Declarant hereby reserves over each Lot, for the benefit of each Lot, a perpetual, non-exclusive easement for such access and use as the Owner of such Lot may require in exercising rights and meeting the obligations under Section 3.27.

ARTICLE III PROHIBITIVE AND MANDATORY USE RESTRICTIONS

3.1 Purpose of Restrictions; Other Restrictions. It is the desire and intention of the Declarant, with this Article III, to impose on the Lots mutually beneficial restrictions to insure the best use and the most appropriate development and improvement of each Lot; to protect the Owners against such improper use of surrounding Lots as would depreciate the value of their property or interfere with the peaceful and quiet enjoyment of their Lot; and to preserve the natural beauty of the Lots.

Additional conditions on the use and development of each Lot may be found in the Nevada Revised Statutes, the laws and ordinances of Douglas County and/or the Town of Minden, and the various approvals for the Project issued by Douglas County and/or the Town of Minden. In the event standards and restrictions are addressed in both this Declaration and any of the preceding, the more restrictive standard shall apply.

3.2 Single Family Residences. Each Lot shall be used as a residence for a single family and for no other purpose, and no part of the Project shall ever be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license. This restriction is subject to the following exceptions:

(a) An Owner may rent his Lot to a single family; provided, however, that any lease or rental agreement shall be in writing and must specify that failure to abide by the provisions of this Declaration shall be a default under the lease or rental agreement, and the initial term of each such lease shall not be less than six (6) months. Whether or not the written lease or rental agreement so provides, all tenants of Lots are subject to and are required to abide by the provisions of this Declaration.

(b) Declarant may use any portion of the Project for construction offices and facilities, model home sites and displays, and sales offices in accordance with **Article VI** hereof.

(c) The provisions of this Section shall not preclude any commercial activities that are conducted without external evidence thereof provided that all of the following conditions are fulfilled: (i) such activities are conducted in conformance with all applicable governmental

ordinances; (ii) the patrons or clientele of such activities do not routinely or in significant numbers visit the Lot or park automobiles or other vehicles within the Project; (iii) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the residence on such Lot; and (iv) such activities are consistent with the residential character of the Project and otherwise conform with the provisions of this Declaration.

Notwithstanding the foregoing, unless prohibited by law, no residence in the Project 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 other use not permitted by local law. Moreover, no Owner shall rent or lease his Lot for transient or hotel purposes, nor shall any Lot be time shared.

Further, all residences shall have a minimum of two thousand two hundred (2,200) square feet of living space and shall be no more than two stories with a maximum height of twenty-eight (28) feet from the surface of the finished lot to the highest point of the residence

3.3 Parking and Vehicular Restrictions. No Owner shall park, store or keep within the Project any inoperable or commercial type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck) unless said inoperable or commercial vehicle is stored in the garage of the Lot. No Owner shall park, store or keep on his Lot any recreational vehicle (including, but not limited to, any camper unit, house/car or motor home), any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home; or any other similar vehicle, unless the recreational vehicle is stored within a garage or within the boundaries of the rear and side yard fencing on such Lot (and such fencing is kept closed except during immediate ingress and egress). The above excludes camper trucks and similar vehicles up to and including three-quarter (3/4) ton when used for everyday-type transportation. In addition, no Owner shall park, store, or keep anywhere within the Project any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance. No vehicles of any type shall be parked on any street or Lot within the Project for the purpose of accomplishing repairs thereto or the reconstruction thereof, except in a garage on a Lot, or for emergency repairs and then only to the extent necessary to enable movement of the vehicle. Additionally, no vehicle shall be used as a living area while parked or located within the Project. Nothing herein shall apply to any vehicle used by Declarant or a Participating Builder in connection with the construction of Improvements within the Project, or any sales and marketing program.

Owners and guests shall park their vehicles within garages, driveways or within on street parking areas, unless otherwise restricted.

3.4 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Project, and no odor shall be permitted to arise therefrom so as to render the Project or any portion thereof unsanitary, unsightly, offensive, or detrimental to any other property or to its occupants. All refuse, garbage and trash shall at all times be kept in covered sanitary containers or enclosed areas designated for such purpose. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be offensive or detrimental to any other Lot in the Project or to its occupants. Without limiting the generality of

any of the foregoing provisions, no speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), insect control lights, noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or residents or their guests shall be located, used or placed on any portion of the Project. The provisions of this section are subject to Declarant's right to construct and complete Improvements within the Project, as well as Declarant's right to cause Impacts pursuant to Section 2.4.

3.5 Signs. Other than during construction of a house, no sign, billboards or advertising structures of any kind may be displayed on any Lot. Notwithstanding the foregoing provisions of this Section, the Owner of each Lot shall have the right to place (i) a single political sign (that is, a sign that expresses support for or opposition to a candidate, political party, or ballot question) not larger than 24 inches by 36 inches, and/or (ii) one sign on such Owner's Lot to advertise such Lot for sale or lease, provided that such sign shall not be larger than two feet (2') by three feet (3') and shall not have any flashing or moving parts. All residences shall have a designated address number that is easily viewable from the street and of a design that is consistent with the community. No other signs shall be permitted except as specified in this Section. The foregoing provisions of this Section shall not apply to any signs utilized by Declarant or a Participating Builder in any sales, construction, or marketing program, nor to any street signs or Project monument signs maintained by Declarant

3.6 Antennae, Solar Panels. No pole, flagpole, mast, solar panel, satellite dish, receiver, or other outdoor antenna or related device shall be allowed on any Lot if such device is visible from a neighboring property or the street, except satellite dishes not exceeding twenty-four inches (24") in diameter located in the side or rear yard of the Lot. Nothing in this Section shall be deemed to conflict with any federal statutes, rules or regulations promulgated by the Federal Communications Commission pertaining to the use or installations of satellite dishes, or any statutes rules or regulations promulgated by the State of Nevada or the United States Congress pertaining to the display of the flag of the United States of America. In the event of any conflict, federal and/or state law shall control.

3.7 Unsightly Articles. No unsightly articles (including, without limitation, clotheslines, compost piles, scrap, and shrub/tree/grass clippings) shall be permitted to remain on any Lot so as to be visible from neighboring property. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers or enclosed areas designed for such purpose, and no refuse or rubbish shall be dumped anywhere in the Project. In no event shall such containers be kept where they are visible from any neighboring Lot unless such containers are less than six feet (6') in height and are enclosed by a fence, screen or wall which is not less than six feet (6') in height and, notwithstanding such enclosure, such containers remain visible from a neighboring Lot or public street within the Project. Notwithstanding the foregoing, trash kept in covered, sanitary fly-proof containers may be brought to the front of a Lot no earlier than the day before the next scheduled day for trash pick up, provided that such containers are removed from the front of the Lot by the end of such pick up date. All Owners must subscribe to a periodic solid waste collection service when the same is made available to the Project. There shall be no exterior fires whatsoever, except

barbecue fires contained within receptacles designed therefor, such that they do not create a fire hazard. Furthermore, no portion of any Lot (excepting any Lot owned by Declarant) shall be used for the storage of building materials or other materials except in connection with construction of installation of Improvements as approved pursuant to the terms of this Declaration.

3.8 Animals. No animals, fowls, reptiles, poultry, fish or insects of any kind ("animals") shall be raised, bred or kept within the Project, except that a reasonable number of dogs, cats or other household pets may be kept within a residence, provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable quantities nor in violation of any applicable local ordinance or any other provision of this Declaration. As used in this Declaration "unreasonable quantities" shall ordinarily mean more than three (3) pets per household. Animals belonging to Owners, residents, or their guests within the Project must be either kept within an enclosure or on a leash or other restraint being held by a person capable of controlling the animal, and who then has in his possession a proper or adequate utensil or other means of cleaning up immediately all feces of such animal. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners, residents, their families and guests, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by an Owner or resident or by members of their family or guests; and it shall be the absolute duty and responsibility of each such Owner to clean up immediately after such animals which have used any portion of the Project visible from a neighboring property.

3.9 No Further Subdivision. No Lot which is designated for residential use shall be further divided or subdivided except in accordance with Douglas County approval and Town of Minden approval; provided, however, that nothing in this Section shall be deemed to prevent an Owner from: (a) selling a Lot; or (b) transferring or selling any Lot to more than one (1) person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (c) the leasing or renting by any Owner of all of his Lot, provided that any such lease or rental shall be subject to and in accordance with Section 3.2 of this Declaration.

3.10 Drainage. There shall be no interference with the established drainage in the Project unless an adequate alternative provision is made for proper drainage, and such alternative provision will not harm or unduly increase the burden on any adjacent Lot. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time a Lot is conveyed to an Owner (other than Declarant) by Declarant or later grading changes which are shown on plans approved by the Architectural Committee.

3.11 View Obstructions. Each Owner or resident of a Lot shall be responsible for periodic trimming, pruning and thinning of all hedges, shrubs and trees located on that portion of his Lot which is subject to his control or maintenance, so as to not unreasonably obstruct the view of other Owners or residents. Notwithstanding the foregoing, each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by Declarant or a Participating Builder may impair the view of such Owner, and hereby consents to such impairment

3.12 Exterior Walls and Trims; Window Covers. All exterior walls and trim shall be earthtone in color, such as brown, gray, charcoal, or terra cotta, or other colors consistent with the architectural style of the structure with complementary accents for windows, shutters and doors. In the event of a repaint, a color sample for the body and the trim shall be presented to the Architectural Committee for approval if color changes are being proposed. All reflective metal, such as chimney stacks, flashings, steel windows or door frames, exhaust vents and pipes, must be painted to match or blend with surrounding materials. All draperies and window coverings shall be of materials and colors that harmonize with the surroundings. No window shall be covered with aluminum foil, newspapers, or any other material not designed for use as a window cover or that is unsightly and visible from any other Lot or the street.

3.13 Maintenance and Repair. The Owner of each Lot shall be solely responsible for maintaining such property, and all Improvements thereon, in a clean and orderly manner, in a good condition and state of repair, and adequately painted or otherwise finished, all at such Owner's sole cost and expense. The Owner of each Lot shall keep such Lot free of debris, weeds, junk, and abandoned or inoperable vehicles, machinery, and equipment, and shall keep all vegetation on such Lot appropriately irrigated, mowed, and pruned, as applicable. No building, structure, or other Improvement within the Project shall be permitted to fall into disrepair. No Owner shall do any act or work that will impair the structural soundness or safety of any Improvement located in the Project, or that might lessen the support of any Lot. If any Improvements are damaged or destroyed by fire or other calamity, the insurance proceeds shall be paid to the Owner or the mortgagees thereof, as their respective interests may appear; and such Owner or mortgagee shall, within a reasonable time period, rebuild or repair the damage or restore the Lot to a state that is not offensive to the general appearance of the Project in full compliance with the terms and provisions of this Declaration. All construction related trash, cardboard, refuse, paper, etc., shall be removed from any Owner's Lot on a weekly basis.

3.14 Fire Hazard. No rubbish, brush, weeds, undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate within the Project so as to render said property, or any part thereof, a fire hazard.

3.15 Utility Service. No lines, wires, or devices for transmission of electric current or telephone, television, or radio signals shall be constructed, placed, or maintained anywhere within any Lot unless the same shall be contained in conduits or cables placed and maintained underground or concealed in or under buildings or approved structures. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incidental to the construction of Improvements. All permanent plumbing fixtures, dishwashers, toilets or garbage disposal systems shall be connected to the public sanitary sewer system in the Project.

3.16 Fences and Walls. No fence or wall shall be erected, placed, or altered on any Lot nearer to any street than the front of the residential structure upon such Lot, except as approved by the Architectural Committee, Douglas County, and the Town of Minden. The fence shall entirely enclose the rear portion of the Lot and may extend to the front of the Lot, but no further than the front of the residential structure on the Lot, except as approved by the Architectural Committee, Douglas County, and the Town of Minden. Wood fences may be stained with a natural wood colored stain that complements the natural beauty and character of the wood and

surrounding area. The four-foot perimeter fencing along Muller Lane, Heyborne Road and Buckeye Road shall be limited to four feet in height with an open-work structure design. All open view fencing shall be constructed of black wrought iron only. All other types of open view fencing material shall be prohibited.

No Owner may install any chainlink, woven wire or any type of wire fence within the Project. An Owner shall promptly remove any graffiti on any fencing upon that Owner's Lot.

3.17 Roofs. No metal roofing on any building or other structure shall be permitted. Roofing shall consist of either tile or composition materials and shall be earthtone in color, such as brown, gray, charcoal, or terra cotta. Evaporator coolers or other air conditioning devices shall not be permitted on the roofs of structures but may be attached to the exterior wall of a residence (excluding exterior walls in the front of the residence); provided, that such devices are not visible from the street or neighboring or nearby Lots. Adequate landscape material shall be installed to screen said device from view of adjacent residences built upon Lots within the Project, as well as from the street.

3.18 Basic Architectural Controls. Notwithstanding anything else herein to the contrary, no Improvement within the Project shall be constructed or modified without first obtaining the written approval of the Architectural Committee (during such time as the Architectural Committee is in existence); provided fully enclosed rear yard landscaping need not be approved by the Architectural Committee, and internal Improvements to a previously constructed residence need not be approved by the Architectural Committee, provided such Improvements are not readily visible from the exterior of the residence. Notwithstanding the foregoing, no modification may be made that will impair the structural integrity or mechanical systems or lessen the support of any portion of the Project or any real property adjacent to the Project.

3.19 Landscaping. Each Lot shall be fully landscaped no later than one hundred eighty (180) days after the issuance of a certificate of occupancy for the initial residence constructed thereon as to the back and side yard of such Lot, weather permitting. All landscaping shall be maintained to harmonize with and sustain the attractiveness of the Project. No weeds, uncultivated, diseased or infected vegetation of any kind or character shall be placed or permitted to grow upon any Lot or portion thereof. Such vegetation growing naturally on a Lot must be cut or otherwise removed. Each Owner shall at all times maintain, in healthy condition, all trees planted by Declarant or a Participating Builder on such Owner's Lot in connection with the initial development and improvement thereof.

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

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

Project. Notwithstanding the foregoing, excavation may take place on any Lot to the extent necessary for construction of main dwelling units, retaining walls, outbuildings and pools, and for the purpose of contouring, shaping, and landscaping, or in the erection of permitted fencing generally improving any Lot.

3.22 Garage Parking Space. Every single family dwelling unit constructed within the Project shall have on the same Lot an attached garage sufficient for parking a minimum of three (3) automobiles, with an exception made for the forty-nine (49) lots located on the hammerhead streets which shall have an attached garage sufficient for parking a minimum of two (2) automobiles. Garage areas may not be converted to or used as living areas.

3.23 Temporary Structures. No structures of a temporary character, including trailers, shacks, or other outbuildings, shall be permitted on any Lot. Gazebos and other types of temporary lawn tents which extend higher than the fence line shall not be allowed. Notwithstanding the foregoing provisions of this Section, trailers or temporary structures for use incidental to construction on the Project or the sales of Lots owned by Declarant or a Participating Builder may be maintained and used for such purposes, but shall be promptly removed upon completion of all such construction and all such sales.

3.24 Operation of Motor Vehicles. Except as to authorized maintenance vehicles, no motorized vehicles shall be operated in any area within the Project except on a street or driveway. All speed limit and other traffic control signs erected within the Project shall be observed at all times. Nothing herein shall apply to vehicles operated by Declarant or Declarant's agents in the course of Declarant's construction of Improvements within the Project.

3.25 Construction Procedures. Prior to commencement of any construction activity on any Lot, the Owner and/or contractor shall take appropriate precautions to protect the site from unnecessary damage and to reduce erosion and dust problems. The site shall be kept in a clean and orderly fashion at all times and the contractor shall have approved sanitary facilities on site as well as a garbage dumpster or other suitable device for regular disposal of trash. Construction work hours shall be limited to 7:00 a.m. to 7:00 p.m. Monday through Friday and 8:00 a.m. to 7:00 p.m. on Saturday and Sunday. Under no circumstances shall any Owner, including Declarant, conduct blasting activities or otherwise detonate any explosive material on any portion of the Project.

3.26 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private residence or appurtenant structures within the property, or is associated with a hobby (but not a business) of a Lot resident, provided that no such machinery or equipment may exceed six (6) feet in height, weigh more than one ton, or be visible from a neighboring property. Nothing herein shall apply to machinery and equipment used by a Participating Builder, Declarant, or Declarant's agents in the course of Declarant's construction of Improvements within the Project.

3.27 Party Walls. Each wall or fence which is built as a part of the original construction by Declarant or Participating Builder and placed on the property line between Lots

shall constitute a party wall. In the event that any party wall is not constructed exactly on the property line, the Owners affected shall accept the party wall as the property boundary. The cost of reasonable repair and maintenance of party walls shall be shared by the Owners who use such wall in proportion to such use (e.g., if the party wall is the boundary between two Owners, then each such Owner shall bear half of such cost). If a party wall is destroyed or damaged by fire or other casualty, any Owner whose Lot has use of the wall may restore it, and any other Owner whose Lot makes use of the wall shall contribute to the cost of restoration thereof in proportion to such use. The foregoing shall not prejudice the right of any such Owner to call for a larger contribution from another Owner pursuant to any rule of law regarding liability for negligent or willful acts or omissions. Notwithstanding any provision of this Section, an Owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the entire cost of furnishing the necessary protection against such elements. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title. In the event of any dispute arising concerning a party wall under the provisions of this Section, each party shall choose one arbitrator, such arbitrator shall choose one additional arbitrator, and the decision of a majority of such panel of arbitrators shall be binding upon the Owners which are a party to the arbitration.

3.28 Short-wave or Other Electronic Interference. The operation of any short-wave radio or any other kind of electronic device within the Project that in any way interferes with radio, television or other electronic signal reception within the Project is prohibited.

3.29 Ancillary Structures. No ancillary structures shall be permitted on any Lot except as may otherwise be approved by the Architectural Committee in accordance with the Douglas County Code and the Architectural Committee Rules. Proposed additions to the main dwelling on a Lot must match the main dwelling in color, materials, style, and quality of workmanship, all subject to prior approval by the Architectural Committee. Once Owner has received approval from the Architectural Committee, if granted, Owner is responsible for acquiring all required permits and approvals from Douglas County prior to beginning construction. This Section shall not apply to any Lot owned by Declarant during such time as that Lot is owned by Declarant.

3.30 Defensible Space. Notwithstanding anything else herein to the contrary, every Lot on which a residential dwelling is built shall have adequate defensible space around the structure for the purpose of avoiding the risk of destruction by fire.

3.31 Fireplace and Woodstoves. No fireplace or woodstove shall be placed or maintained on any Lot in the Project unless the fireplace or woodstove is equipped for and only burns natural gas or the fireplace or woodstove has been certified in accordance with current standards adopted by the U.S. Environmental Protection Agency at 40 CFR, Part 60.

3.32 Building Permits. Building permits for any Improvements within the Project shall be issued only in accordance with the Douglas County Code and this Declaration.

3.33 Driveways. The driveways of all residences shall be concrete or some other material approved by Declarant (during such time as Declarant owns any portion of the Project), provided no driveway shall be made of asphalt.

3.34 Manufactured Homes. No manufactured home or mobile home shall be placed on any Lot, except by Declarant or a Participating Builder as part of construction, sales or promotional activities.

3.35 Site Distance at Intersections. No fence, wall, hedge, or shrub planting which obstructs site lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on a corner lot within the triangular area formed by the street property lines and a line connecting them at twenty-five feet (25') from the intersection of the street lines or, in the case of a rounded property corner, from the intersections of the street property lines extended. The same site-line limitations shall apply on any Lot that is within ten (10) feet of the intersection of a street property line with the edge of a driveway or alley. No trees shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such site lines.

3.36 Tanks. No elevated or exposed tanks of any kind shall be erected, placed or permitted upon any Lot.

3.37 Exterior Lighting. Any exterior lighting installed on any Lot shall either be indirect or of such controlled focus and intensity as not to disturb the residents of adjacent or nearby property.

ARTICLE IV ARCHITECTURAL COMMITTEE

4.1 Organization. There shall be an Architectural Committee comprised of Declarant, and such other persons as Declarant may from time to time decide to appoint.

4.2 Function. The Architectural Committee shall consider and act upon such proposals or plans submitted to it pursuant to the terms hereof, adopt Architectural Committee Rules it deems appropriate, and carry out all other duties imposed upon it by this Declaration. Each Owner understands and acknowledges that Architectural Committee approval of any item (including, but not limited to, Improvements and alterations in drainage patterns) is in addition to, and not in lieu of, any approval that may be required by governmental entities having jurisdiction over the Project, nor does it imply that the submitted plans comply with Douglas County Code or any other applicable building codes; similarly, approval of an Improvement or other modification by a governmental entity is in addition to, and not in lieu of, approval by the Architectural Committee. All permits and approvals by governmental agencies are the sole responsibility of each Owner.

4.3 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The Architectural Committee may charge a filing fee to be used to pay an architect, who may or may not be a member of the Architectural Committee, to review the submitted plans and specifications.

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

4.5 Application for Approval of Plans and Specifications. Any Owner of a Lot proposing to perform any work that requires the prior approval of the Architectural Committee under Section 3.18 or as otherwise required under this Declaration shall apply to the Architectural Committee for approval by notifying the Architectural Committee of the nature of the proposed work in writing. Prior to the commencement of work, the Owner shall submit to the Architectural Committee for its review and approval such information, materials, plans, or working drawings as the Architectural Committee in the exercise of its reasonable discretion deems necessary for it to be adequately informed with respect to the work to be undertaken by such Owner.

Documentation may be required by the Architectural Committee as part of the application process, which documentation may include, without limitation, the following:

- a) Working drawings (2 copies), including all of the drawings and exhibits of the proposed modification.
- b) Detailed construction drawings (if applicable) in completed form as required for permitting and construction purposes.
- c) Submission of exterior colors and finishes, including either material color sample board or an elevation sheet with color chips attached and a clear indication as to which surface the color relates.
- d) Specifications for all proposed work.
- e) Front yard landscape plans, if applicable, including fencing, walls, trellises, arbors, patios, decks, trees, ground covers, shrubs, exterior walkways, sprinkler system, slope stabilization, grading, drainage, and plant material list. Tree, shrub and plant selection is subject to review.

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

4.6.1 The Owner shall have strictly complied with the provisions of Section 4.5;
and

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

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

4.7 Basis for Disapproval of Improvements. The Architectural Committee may disapprove any application on aesthetic grounds, and more specifically: (a) because of the reasonable dissatisfaction of the Architectural Committee with the Improvement proposed to be erected or modified, because of the materials of which it is to be built or modified, or the harmony thereof with its surroundings; or (b) because of non-compliance with any of the specific conditions and restrictions contained in this Declaration or with reasonable guidelines that the Architectural Committee may from time to time adopt.

4.8 Form of Approval. All approvals or disapprovals given under Sections 4.6 or 4.7 shall be in writing; provided, however, any request for approval which has not been rejected within one hundred twenty (120) days from the date of submission thereof to the Architectural Committee shall be deemed approved. The approval may be conditional, including the condition of a deposit by the Owner of a performance bond, cash deposit, or other undertaking to assure completion of the approved Improvement in accordance with the terms of the approval once construction thereof is commenced. Furthermore, the approval may be given in the form of a contract between the affected Owner and the Architectural Committee.

4.9 Proceeding with Work. Upon receipt of approval from the Architectural Committee pursuant to Section 4.6, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations, and excavations pursuant to the approval. Construction and/or modification of the approved Improvements shall commence, in all cases, within one year from the date of such approval. If the Owner shall fail to comply with this Section, any approval given pursuant to Section 4.6 shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of the one-year period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Architectural Committee that there has been no change in the circumstances upon which the original approval was granted.

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

4.11 Right to Inspect. Any member or authorized consultant of the Architectural Committee may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect any structural addition, alteration or Improvement constructed or under construction in the Lot to determine whether the work has been or is being built in compliance with the plans and specifications approved by the Architectural Committee

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

4.13 Expiration of Architectural Committee. The Architectural Committee, as constituted by Declarant pursuant to Section 4.1, shall cease to exist, and its rights, responsibilities, and powers hereunder shall expire, upon the earlier of (i) two (2) years from the date on which Declarant no longer owns any Lot within the Project, (ii) fifteen (15) years from the date first written above, or (iii) the date on which Declarant records in the official records of Douglas County a written instrument, executed by Declarant, stating Declarant's intent to terminate the Architectural Committee and its rights, responsibilities, and powers hereunder. Thereafter, the Owners of not less than a majority of the Lots within the Project may elect to reconstitute the Architectural Committee on behalf of all Owners in the Project, and assume its rights and responsibilities hereunder by recording in the Official Records of Douglas County, Nevada, a notice of such election, which notice must include a description of the manner in which the members of the Architectural Committee will be appointed and removed.

4.14 Liability. Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to any Owner or any other person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any work, whether or not such performance complied with approved plans, drawings, and specifications or was rendered in a good and workmanlike manner; or (c) the development of any property subject to this Declaration.

4.15 Variations. The Architectural Committee may, in its sole and absolute discretion, grant reasonable variations or adjustments from the provisions in this Article, Article III, and the Architectural Committee Rules where literal application thereof results in unnecessary hardship and if the granting thereof in the sole and absolute discretion of the Architectural Committee will not be materially detrimental or injurious to other Owners. All such variations, to be valid, must be in writing, and no variation granted shall constitute a waiver or restrict enforcement of any other provision hereof, or constitute a precedent for granting another variance.

ARTICLE V PROTECTION OF LENDERS

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

5.2 Breach of Covenants. A breach by an Owner of any of the provisions of this Declaration shall not defeat or render invalid the lien of any Deed of Trust made in good faith and for value as to the Project or any portion thereof; provided, however, the provisions of this Declaration shall be binding upon the Owners whose title thereto is acquired under foreclosure, trustee's sale, or otherwise.

ARTICLE VI DECLARANT'S RIGHTS

6.1 General. Declarant and Participating Builders may be undertaking the work of constructing Improvements to and upon the Project in accordance with the terms and provisions of this Article V. The completion of such construction and the sale or other disposition of Lots within the Project is essential to the establishment and welfare of the Project. Accordingly, Declarant and its agents, employees, and contractors, and each Participating Builder shall have the rights and powers set forth in this Article.

6.2 Special Declarant's Rights.

6.2.1 Declarant hereby reserves unto itself the rights to:

(a) Complete all Improvements within the Project, including, but not limited to, single family residences on the Lots, and those Improvements indicated on the Maps or Plans or described in this Declaration, and to make any repairs to such Improvements as Declarant deems appropriate or necessary;

(b) Maintain model residences within the Project for use in Declarant's sales activities, maintain sales offices and management offices within the Project which may be relocated from time to time;

(c) Maintain signs advertising the Project, which signs may be maintained anywhere on the Project, excluding Lots owned by Owners other than Declarant;

(d) Use the Project name in other subdivisions, projects, or businesses, whether or not located adjacent to the Project; and

(e) Maintain construction offices, storage facilities, and parking facilities within the Project for its materials, equipment, staff, and contractors.

6.2.2 Declarant hereby reserves unto each Participating Builder the rights to:

(a) Maintain model residences upon such Participating Builder's Lots for use in such Participating Builder's sales activities, and maintain sales offices and management offices upon such Participating Builder's Lots which may be relocated from time to time;

(b) Maintain signs advertising the Project, which signs may be maintained anywhere on the Project, excluding Lots owned by Owners other than the Participating Builder; and

(c) Maintain construction offices, storage facilities, and parking facilities within the Project for its materials, equipment, staff, and contractors, excluding Lots owned by Owners other than the Participating Builder.

6.3 Declarant's Development Rights. Declarant reserves the right to create Lots within the Project (which right may be exercised by a Participating Builder, with Declarant's consent, as to any portion of the Project owned by such Participating Builder):

The Development Rights reserved in this Section may be exercised at any time, and may be exercised with respect to different parcels of real estate at different times, or not at all, and no assurances are made as to the boundaries of such parcels or the order in which they may be subjected to the exercise of a development right, nor is any representation made that a development right must be exercised as to the entire Project if such right is exercised as to a portion of the Project.

6.4 Declarant's Right to Complete. No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, marketing, and sale of properties within the Project; to construct or alter Improvements on any property owned by Declarant; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant; or to post signs incidental to the development, construction, promotion, marketing, sale and leasing of property. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or to construct, alter, remodel, demolish or replace any Improvements on any part of the Project or any property owned by Declarant; or (b) use any structure on any part of the Project or any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries. Nothing in this

Section shall limit or impair the reserved rights of Declarant or a Participating Builder as elsewhere provide in this Declaration.

6.5 Priority of Declarant's Rights; Amendment. Declarant shall have, and hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Project. The rights and reservations of Declarant set forth in this Declaration shall be deemed excepted and reserved in each recorded amendment and supplement to this Declaration, in each conveyance of property by Declarant and in each deed or other instrument by which any property encumbered hereby is conveyed by Declarant, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

6.6 Assignment of Declarant's Rights. Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person that will assume any or all of the duties of Declarant hereunder, and upon any such Person's evidencing consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations and duties hereunder.

6.7 Limitations on Declarant's Rights. Nothing in this Article shall give the Declarant the right to damage any Lot or Improvement not owned by Declarant; and, except as expressly provided for elsewhere herein, Declarant's rights hereunder (including, without limitation, all of Declarant's rights of approval set forth in Article III) shall terminate at such time as Declarant no longer owns any portion of the Project, or ten (10) years from the recordation of this Declaration, whichever first occurs. No Owner may take any action that will interfere with or diminish any Declarant rights without the prior written consent of Declarant.

ARTICLE VII MISCELLANEOUS PROVISIONS

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

7.2 Amendment. This Declaration may be amended by agreement of the Owners of not less than a majority of the Lots within the Project. All such amendments must be in writing,

and shall be recorded in the office of the Douglas County Recorder. An action to challenge the validity of an amendment adopted hereunder may not be brought more than one year after the amendment is recorded.

Notwithstanding the foregoing, Declarant hereby reserves the right to amend this Declaration unilaterally until such time as Declarant no longer owns any portion of the Project. Furthermore, until such time as Declarant no longer owns any portion of the Project, no amendment to this Declaration shall be effective without Declarant's prior written consent.

7.3 Enforcement and Waiver.

7.3.1 Owner's Right of Enforcement. Any Owner, including Declarant, shall have the right (but not the duty) to enforce any and all of the covenants, conditions, and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any of the Project.

7.3.2 Right of Enforcement by Park Cattle Company and its Successors and Assigns. Park Cattle Company sold the Project to Declarant and, as a condition of sale, reserved the right of enforcement of certain sections of this Declaration in favor of itself and its successors and assigns. Accordingly, Park Cattle Company, as the owner of the real property described in Exhibit "B", attached hereto and by this reference incorporated herein, and the successors and assigns to said property without the requirement of posting a bond or other security, shall be entitled to specific performance and injunctive relief from Declarant, its successors and assigns, with respect to enforcement of the restrictions set forth in Sections 3.2, 3.4, 3.5, 3.9, 3.13 and 3.14 for a period of fifteen (15) years from the date of the recording of the original Declaration, which was recorded on October 8, 2004, at which time this right of enforcement shall cease. During said fifteen (15) year period, the Declarant, and its successors and assigns, shall not be permitted to amend the above-referenced Sections without the consent of Park Cattle Company or its successors and assigns as owners of the property described in Exhibit "B". The prevailing party in any suit brought pursuant to this Section 7.3.2 to enforce the restrictions set forth in Sections 3.2, 3.4, 3.5, 3.9, 3.13 and 3.14 shall be entitled to reasonable attorney's fees and costs incurred in such enforcement and in the event any term of Section 3.2, 3.4, 3.5, 3.9, 3.13 and 3.14 or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of Sections 3.2, 3.4, 3.5, 3.9, 3.13 and 3.14, shall not be affected thereby, and each term of Sections 3.2, 3.4, 3.5, 3.9, 3.13 and 3.14 shall be valid and enforceable to the fullest extent.

7.3.3 Remedies. In the event of a breach by any Owner of any of the covenants, conditions, and restrictions of this Declaration, each other Owner shall be entitled to obtain an injunction specifically enforcing the relevant provision hereof, as well as to seek relief by other available legal and equitable remedies; and each Owner hereby acknowledges the inadequacy of legal and other equitable remedies and the irreparable harm which would be caused by any such breach. Any action taken in violation of this Declaration shall be void and may be set aside upon the petition of the other Owner. The successful party in any Court proceeding brought to enforce the terms hereof shall be entitled to reasonable expenses in prosecuting such action, including reasonable attorneys' fees. In addition, in the event the Court finds in such an action that an

Owner has committed a violation of the covenants, conditions, and restrictions of this Declaration, the Owner seeking to enforce this Declaration shall be entitled to collect from the violating Owner, as compensation for enforcing this Declaration for the benefit of the entire Project, an amount determined to be reasonable by the Court.

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

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

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

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

7.4 Owner's Insurance Responsibilities. Each Owner shall be solely responsible for all insurance coverages related to that Owner's Lot, including, without limitation, insurance on items of personal property placed in an Improvement by Owner, and insurance for hazard, casualty and public liability coverage within each Lot, including, without limitation, all structures located therein.

7.5 Notices. All notices hereunder to Declarant, including submissions to the Architectural Committee, shall be sent by regular mail, or registered or certified mail, return receipt requested, addressed to Declarant at such other place as Declarant may designate from time to time by notice in writing to the Owners of all of the Lots. Until the Owners are notified otherwise, all notices to Declarant and the Architectural Committee shall be addressed as follows:

Monterra 270, LLC
c/o Syncon Homes,
990 Ironwood Drive
Minden, Nevada 89423

All notices given to any Owner shall be sent by regular mail, or by registered or certified mail, return receipt requested, to such Owner's Lot address or to such other address as may be designated by such Owner from time to time, in writing, to Declarant. All notices shall be deemed to have been received within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

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

7.7 Construction and Severability; Singular and Plural; Titles.

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

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

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

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

7.8 Agricultural Operations. Douglas County has declared it a policy to protect and encourage agricultural operations. If Owner's property is located near an agricultural operation, Owner may at some time be subject to inconvenience or discomfort arising from agricultural operations. If conducted in a manner consistent with property and accepted standards, these inconvenience and discomforts do not constitute a nuisance for the purposes of Douglas County Code.

7.9 Airport Operations. Douglas County has declared it a policy to protect airport operations. If your property is located near airport operations, you may at some time be subject to inconvenience or discomfort arising from aircraft noise during take-off and landing from the Airport. If conducted in a manner consistent with proper and accepted standards, these inconveniences and discomforts do not constitute a nuisance for purposes of the Douglas County Code.

7.10 Access Limitation. No access from individual Lots will be allowed from Buckeye Road, Heybourne Road, Baler Street or Muller Lane Parkway extension.

7.11 SIGI Disclosure. Douglas County Question 4, the Slow Growth Initiative, was approved by the voters in the 2002 general election, and is the subject of pending litigation. Approval of the Project does not bind Douglas County to the issuance of residential building permits, which will be subject to applicable law at the time applications for the issuance thereof are filed.

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

**MONTERRA 270, LLC,
a Nevada limited liability company**

**By: Syncon Homes, Inc.
a Nevada corporation**

Its: Manager

By: Andrew W. Mitchell
Andrew W. Mitchell, Chief Financial Officer

STATE OF NEVADA)
)ss.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on February 12, 2007, by Andrew W. Mitchell as Chief Financial Officer of Syncon Homes, Inc., a Nevada corporation, as Manager of Monterra 270, LLC, a Nevada limited liability company.

Judith A. Lyons
Notary Public
My Commission Expires: Feb 14, 2009

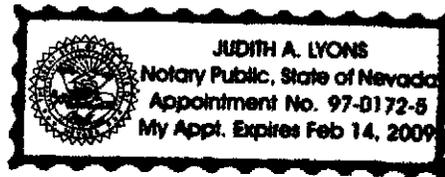


EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

The land situated in the State of Nevada, County of Douglas, described as follows:

(See attached)

**DESCRIPTION
MONTERRA PHASE 1 AND 2**

All that real property situate in the County of Douglas, State of Nevada, described as follows:

Lots 1 through 118, inclusive, Open Space Lots A and B, Remainder parcel, and the following public rights-of-way offered for dedication: Baler Street, Sanford Way, Heybourne Road, Galante Road, Chantel Drive, Las Brisas Drive, Montecito Drive, Monterra Drive, Arbello Drive, Azure Drive, Bello Court, Rosso Court, Fonte Court, Monticello Court, Belsera Court, Fiore Court, Tuscan Court, Sienna Court, Monterrey Court, all as shown on the Final Subdivision Map for Monterra Phase 1 recorded August 24, 2005 in the office of Recorder, Douglas County, Nevada as Document No. 653145, containing 100.18 acres, more or less.

Note: Refer this description to your title company before incorporating into any legal document.

Prepared By: R.O. ANDERSON ENGINEERING, INC.
P.O. Box 2229
Minden, Nevada 89423

