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DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
STODICK ESTATES SOUTH
COMMUNITY ASSOCIATION

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
STODICK ESTATES SOUTH COMMUNITY ASSOCIATION

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 19 day of Jan., 2005 by H & S CONSTRUCTION, INC., a Nevada corporation (hereinafter referred to as "Declarant").

RECITALS:

The Declarant is the owner of all that certain real property located in Douglas County, Nevada and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, and which hereinafter referred to as the "Project."

The Project is located in the Carson Valley and contains distinctive geographic and aesthetic features which the Declarant desires and intends to enhance, maintain and preserve wherever possible. The residential restrictions and provisions of this Declaration are intended to blend the natural characteristics of the site with the natural surroundings.

The Declarant intends by this Declaration to impose upon the Stodick Estates South Community mutually beneficial conditions and restrictions for the benefit of all owners of Units or Property within the Project and to create a community and environment in which the aesthetic features and beauty of the property and surrounding area will be substantially preserved for the enjoyment and benefit of all persons living within the Project.

In furtherance of such intent, Declarant declares that all of the real property referred to herein as the Project and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference and such other real property as may become annexed and subject thereto is and here forth shall be owned, held, conveyed, encumbered, lease, improved, used occupied and enjoyed subject to the following covenants, conditions, restrictions and equitable servitudes and the same shall constitute a general plan for the division, ownership, improvement, parceling, sale, use and occupancy of the Project or Villages located thereon, to enhance the value, desirability and quality of the Property.

This Declaration shall run with the real property described in Exhibit "A" and all parts and parcels thereof and shall be binding on all parties having any right, title or interest in the Exhibit "A" property and their heirs, successors, successors-in-title, and assigns and the Association and its successors in interest and shall inure to the benefit of each owner or member thereof. Each, all and every one of the limitations, easements, uses, obligations, covenants, conditions and restrictions herein imposed shall be deemed to be and construed as equitable



servitudes enforceable by any of the owners of any portion of the real property subject to this Declaration against any other owner, tenant or occupant of said real property or portion thereof similarly restricted by this Declaration.

ARTICLE I

DEFINITIONS

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

1.01 Allocated Interests. "Allocated Interest" means the liability for common expenses and vote in the Association.

1.02 Architectural and Landscape Control Committee. The committee created pursuant to Article VIII hereof (hereinafter sometimes referred to as "Committee" or "ALCC").

1.03 Architectural and Landscape Control Committee Rules. The rules adopted by the Architectural and Landscape Control Committee pursuant to Section 7.04 hereof (hereinafter sometimes referred to as "Design Guidelines").

1.04 Architectural Design Guidelines. Rules and regulations that may from time to time be adopted by the Architectural and Landscape Control Committee interpreting the terms of this Declaration, setting fees and design and construction criteria in accordance with Section 7.04 of this Declaration.

1.05 Area of Common Responsibility. "Area of Common Responsibility" shall mean and refer to the Common Area, if any, together with those areas, if any, which by the terms of this Declaration, or by contract or agreement with any Project area owner becomes the responsibility of the Association. The office of any property manager employed by or contracting with the Association may be a part of the Area of Common Responsibility.

1.06 Articles. The Articles of Incorporation of the Association which have been or will be filed in the office of the secretary of State of the State of Nevada, as the same may from time to time be amended.

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1.07 Assessments. Assessments of the Association including both regular and special assessments as set forth in Article IX hereof.

1.08 Association. STODICK ESTATES SOUTH COMMUNITY ASSOCIATION, a Nevada non-profit corporation described in Article II, including its successors and assigns.

1.09 Association Property. All real and personal property now or hereafter owned by or leased to the Association.

1.10 Beneficiary. A mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be.

1.11 Board. The Board of Directors of the Association as provided in the Articles and Bylaws.

1.12 Builder. An owner of a Lot who has purchased the Lot for purposes of constructing a residence thereon and selling to a subsequent purchaser.

1.13 Bylaws. The Bylaws of the Association which may be adopted by the Board, as such Bylaws may be amended from time to time.

1.14 Common Area. All real and personal property which the Association now or hereafter owns within Stodick Estates South that is available for the common use and enjoyment of any Member, or their lessees and invitees, including driveways, parks, walkways, plazas, trails, open spaces, planted and landscaped areas and utility facilities designated on the Subdivision plat thereto for as common area whether or not the same is owned in fee by the Association or whether by easement or equitable service, lease, license or other contractual entitlement.

1.15 Common-Interest Community. "Common Interest Community" means the Stodick Estates South project wherein a person, by virtue of their ownership of a unit, lot or parcel, is obligated to pay for obligations on real estate other than their own.

1.16 Declarant. The owner or owners of the property described in Exhibit "A," and their successors and assigns, if such successors or assigns acquire the majority of the Lots subject to this Declaration for the purpose of resale to others.

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1.17 Declaration. This document, as it may be amended from time to time.

1.18 Deed of Trust. A mortgage or a deed of trust, as the case may be.

1.19 Improvement. Any structure and all appurtenances thereto of every type and kind, including but not limited to building, outbuilding, patio, tennis court, pool, garage, shed, doghouse, mailbox, aerial, antenna, road, driveway, parking area, walk, fence screening wall, retaining wall, stair, deck, landscaping, court, gate, statue, marker, hedge, windbreak, planting, planted tree and shrub, pole, sign, exterior air conditioning, water softener fixture or equipment, pole, pump, well, ditch, tank, reservoir, pipe line, meter, tower and other facilities used in connection with water, sewer, gas electric, telephone, regular or cable television or other utilities.

1.20 Lot. Any unit of land which is designated on any recorded Subdivision plat, whether or not improved, for a single-family residence.

1.21 Major Developer. Any person or persons designated as such by Declarant in an instrument recorded in the real property records of the county wherein the land lies.

1.22 Manager. Manager shall mean the person, firm or corporation employed, if any, by the Association pursuant to Section 2.07 and delegated the duties, powers or functions of the Association pursuant to said section.

1.23 Member. Any person who is designated as a member pursuant to Section 2.03 hereof.

1.24 Mortgage. Any mortgage or deed of trust given to secure the payment of a debt.

1.25 Notice and Hearing. Ten (10) days' written notice given as provided in Section 9.03 and a hearing at which the person to whom the notice is directed shall have the opportunity to be heard in person or by counsel at his expense.

1.26 Owner. The record owner of any Lot or Commercial Site subject to this Declaration, or any record owner of any Lot that is annexed hereto pursuant to Article III. "Owner" shall include the vendee under an Installment Contract of Sale and shall exclude the

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vendor thereunder and those having an interest in any property that is subject to this Declaration solely for security for the performance of an obligation.

1.27 Person. A natural individual or any other entity with the legal right to hold title to real property.

1.28 Plans and Specifications. Any and all documents designed to guide or control an Improvement, including but not limited to those indicating size, shape, configuration or materials, all site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to the Improvement.

1.29 Project. All real property and improvements thereto situate in Douglas County and more particularly described as the Stodick Estates South Community as generally depicted on the overall Stodick Estates South Master Plan as recorded in the office of the Douglas County Recorder.

1.30 Purchaser. A purchaser who is unrelated to Declarant or any corporation, partnership, joint venture, or other business entity in which Declarant has an ownership interest or over which Declarant exercises contractual or other control relating to the improvement, development or sale of Property.

1.31 Record, Recorded and Recordation. With respect to any document, the Recordation of such document in the office of the Clerk and Recorder of the county wherein the land lies.

1.32 Recreation and Open Space. All areas designated by Declarant and thereafter to be held for recreational purposes by Declarant and thereafter to be held for recreational purposes for the benefit of all Members; provided, however, that access to any area or facility except for neighborhood parks, may be subject to fees and other charges, or otherwise conditioned or restricted, and made available to non-Members, all of such terms and Conditions as the Board may determine.

1.33 Stodick Estates South Community Association Maintenance Fund. The fund created for the receipts and disbursements of the Master Association, pursuant to Section 9.02 hereof.

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1.34 Stodick Estates South Community Association Rules. The rules adopted by the board pursuant to Section 2.10 hereof, as they may be amended from time to time.

1.35 Stodick Estates South Community Restrictions. This Declaration, together with any and all Supplemental Declarations which may be recorded pursuant to Article IV hereof, as this Declaration or said Supplemental Declarations may be amended from time to time, together with the Stodick Estates South community Association Rules from time to time in effect.

1.36 Single Family. One (1) or more persons each related to the other by blood, marriage or legal adoption or a group of not more than four (4) persons not all so related, together with their domestic employees and servants who maintain a common household in a residential unit and casual guests or as defined under the provisions of the Douglas County Code.

1.37 Single Family Residential Use. The occupancy and use of a residential unit or lot by a Single Family in conformity with the covenants, conditions and restrictions hereof, the rules and requirements imposed by applicable zoning laws and other state or local rules and regulations.

1.38 Sub-association. Any non-profit Nevada corporation or unincorporated association and its successors, organized and established by Declarant or Declarant and a Major Developer pursuant to or in connection with a Supplemental Declaration recorded by Declarant and a Major Developer, as provided in Sections 2.01 and 3.01.

1.39 Subdivision. A parcel of land which has been shown on a final and recorded subdivision plat pursuant to N.R.S. Chapter 278, 278A or Chapter 116, as amended.

1.40 Supplemental Declaration. Any declaration of covenants, conditions and restrictions which may be hereafter recorded by Declarant or by Declarant and a Major Developer.

1.41 Visible from Neighboring Property. With respect to any given object, such object is or would be visible to a person six feet tall standing on an assumed floor elevation one and a half (1 ½) feet above the surface of any neighboring property in the area involved, assuming that the property had an elevation equal to the highest elevation of the ground surface of that portion of the area upon which the object is located.

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ARTICLE II

COMMUNITY ASSOCIATION

2.01 Formation and Structure.

A. Organization. The Association is a non-profit Nevada membership corporation created for the purposes, charged with the duties, and invested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

B. Successor Associations. In the event that the Association as a corporate entity is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association hereunder. The affairs of said unincorporated association shall be governed by the laws of the state of Nevada and, to the extent not inconsistent therewith, by the Articles and By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated association. The Association shall cease to exist at any time this Declaration and any supplemental Declaration are abolished by agreement of Owners to whom at least eighty percent (80%) of the votes in the association are allocated.

2.02 Construction Consistent with Law. This Declaration and all subsequent actions by the Association shall be construed whenever possible so as to be consistent with all applicable laws, federal, state and local.

2.03 Membership Rights. Only Owners shall be Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on his part, and Association membership shall be appurtenant to and shall run with the property interest ownership of which qualifies the Owner thereof to membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged or alienated except together with the title to the property interest, ownership of which qualifies the Owner thereof to membership, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void.

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2.04 Voting Rights.

A. Notwithstanding any other provision of this Declaration or of the By-Laws of the Association, the Declarant does hereby retain the exclusive right to designate, appoint and remove the officers, directors of the Association and any executive board of the Association to and until the earlier of:

(i) Sixty (60) days after the conveyance of seventy-five percent (75%) of the Lots that may be created to Lot Owners other than the Declarant;

(ii) Two (2) years after the Declarant has ceased to offer Lots for sale in the ordinary course of its business;

(iii) Two (2) years after any right to annex new Lots was last exercised by Declarant.

Provided, however, that the Declarant may, but is not obligated to, surrender the right to appoint and remove officers and board members as provided herein before the termination period set forth above, provided that the Declarant if it does surrender the right to appoint and remove may require that specified actions of the Association or the board of directors may require Declarant approval prior to becoming effective.

B. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that may be created to Lot Owners other than the Declarant, at least one (1) Member and not less than twenty-five percent (25%) of the members of the Board must be elected by Lot Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that may be created to Lot Owners other than the Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board must be elected by Lot Owners other than the Declarant.

C. Notwithstanding any provision of the Declaration or By-Laws to the contrary, the Lot Owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of the Lot Owners at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant.

D. Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one (1)

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Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event that such joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote, a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

E. Proxy Voting. Any Owner, including Declarant, may give a revocable written proxy to: (1) a member of the Owner's immediate family; (2) a tenant of the Owner who resides in the Project; or (3) another Owner that resides in the Project authorizing the latter to cast the Owner's votes.

Such proxy must be dated, must not purport to be revocable without notice, and must designate the meeting for which it was executed. The proxy may only be revoked by actual notice of revocation to the person presiding over a meeting of the Association. If not revoked, the proxy shall immediately terminate after the conclusion of the meeting for which it is executed. The written proxy shall be in such form as may be prescribed by the Bylaws of the Association.

The proxy must designate each specific item on the agenda of the meeting for which the Owner has executed the proxy, except that the Owner may execute the proxy without designating any specific items on the agenda of the meeting if the proxy is to be used solely for determining whether a quorum is present for the meeting. If the proxy so designates a specific item, the proxy must indicate the manner in which the proxy holder is to vote. If the Owner does not indicate how the proxy holder is to vote, the proxy must be treated, with regard to that particular item, as if the Owner were present but not voting.

F. Cumulative Voting. The cumulative system of voting shall not be used for any purpose.

2.05 Meetings of Members. The Association shall hold an annual regular meeting of the Members of the Association on the second Tuesday in April of each year at 11:00 o'clock a.m., at the principal office of the Association. Said annual regular meeting may be held

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at such other reasonable place or time (not more than thirty [30] days before or after the aforesaid date) as may be designated by notice of the Board given to the Members not less than ten (10) days nor more than sixty (60) days prior to the date fixed for said regular meeting. Special meetings of the Members may be called at any reasonable time and place by notice of the President, by notice of the Board or by notice of Members having ten percent (10%) of the total votes, delivered not less than ten (10) or mailed not less than fifteen (15) days prior to the date fixed for said special meeting, to all Members if given by the Board and to all other Members if given by said Members. All notices of meetings shall be addressed to each Member as their address appears on the books of the Association and shall state the time and place of the meeting, the items on the agenda, any budgeting changes and any proposal to remove an officer or member of the Board. The notice must also include notification of the right of an Owner to have a copy of the minutes or a summary of the minutes of the meeting provided to the Owner as well as the Owner's right to speak to the Association or Board, unless the Board is meeting in executive session.

The presence at any meeting, in person or by proxy, of Members entitled to vote at least twenty percent (20%) of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time set for the original meeting, at which adjourned meeting the quorum requirement shall be the Members entitled to vote fifteen percent (15%) of the total votes.

The Chairman of the Board of Directors, or in his absence the Vice-Chairman, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereafter or any proxy of any such Member may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary of the Association, or in his absence the Assistant Secretary, shall act as secretary of the meeting. In the absence of both the Secretary and the Assistant Secretary, a secretary shall be selected in the manner aforesaid for selecting a chairman of the meeting.

Except as provided otherwise in the Declaration or in NRS 116.31125, any action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a majority of the total votes present at such meeting in person or by proxy.

2.06 Duties of the Association. Subject to and in accordance with this Declaration, the Association shall have and perform each of the following duties for the benefit of the Members of the Association.

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- A. Members. The Association shall accept all Owners as Members.
- B. Common Area. The Association shall accept, own, operate and maintain all Common Area, including landscape easements, which may be conveyed, leased, licensed or otherwise enjoyed by it from the Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property easements, or rights of use whether real or personal, for which it, its members or the Project receives any benefits whether aesthetic or tangible.
- C. Title to Property Upon Dissolution. The Association shall pay over or convey, upon dissolution of the Association, the assets of the Association to one or more exempt organizations of the kind described in Section 501(c) of the Internal Revenue Code, as amended from time to time.
- D. Repair and Maintenance of Association Property. The Association shall maintain in good repair and condition all lands, Improvements, and other Association Property enjoyed by, owned by, licensed to or leased to the Association.
- E. Payment of Taxes. The Association shall pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.
- F. Insurance. The Association shall obtain and maintain in effect policies of insurance adequate, in the opinion of the Board, in kind and amount. Without limiting the generality of the preceding sentence, such policies of insurance shall include:
- (i) Fire and extended coverage insurance on all Improvements owned by or leased to the Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association and the mortgagees, as their interests may appear. As to each such policy which will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board, Parties and Declarant, and the officers, agents and employees of each thereof, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in

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compensation for such loss. If the foregoing exculpatory clause is held to be invalid, then the liability of the insurance company shall be primary, and the liability of the Board, Declarant and the officers, agents and employees of the Board and of Declarant shall be secondary.

(ii) Bodily injury liability insurance, with limits in amounts determined by the Board and property damage liability insurance in amounts determined by the Board, insuring against liability for each, bodily injury or property damage arising from activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The liability insurance policies referred to above shall name as separately protected insureds Declarant, the Parties, the Association, the Board and each of its members, the Architectural Control Committee and each of its members, and the Manager, and such policies may also name some or all of the respective officers, employees and agents of the foregoing.

(iii) Workmen's Compensation Insurance to the extent necessary to comply with all applicable laws.

(iv) A fidelity bond in an amount determined by the Board, naming the members of the Board and such other persons as may be designated by the Board as principals and the Association as obligee.

(v) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carrying out the Association's functions.

The Association shall be deemed trustee of the interests of all Members in all insurance proceeds, and shall have full power to receive and to deal with such proceeds in accordance with applicable law.

G. Stodick Estates South Community Association Rules. The Association may, but is not required to make, establish and promulgate, and in its discretion amend or repeal and reenact, such Stodick Estates South Community Association Rules, not in contradiction to this Declaration, as it deems proper covering any and all aspects of its functions, including the use and occupancy of Association Property. Without limiting the generality of the foregoing sentence, such Rules may set dues and fees and prescribe the regulations governing the operation of Association Property. Each Member shall be entitled to examine such Rules at any time during normal working hours at the principal office of the Association.

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H. Architectural Control Committee. The Declarant shall appoint and remove members of the Architectural Control Committee as provided in Sections 7.01 hereof, and insure that at all reasonable times there is available a duly constituted and appointed Architectural Control Committee.

I. Enforcement Hereof. The Association shall enforce, in its own behalf and in behalf of all Owners, all of the covenants, conditions and restrictions set forth in this Declaration, under an irrevocable agency (hereby granted) coupled with an interest, as beneficiary of said covenants, conditions and restrictions, and as assignee of Declarant; and to perform all other acts, whether or not anywhere expressly authorized, as may be reasonably necessary to enforce any of the provisions of the Stodick Estates South Community Association Rules.

J. Other. The Association shall carry out all duties of the Association set forth in the Stodick Estates South Community Association Rules or the Articles or Bylaws of the Association.

2.07 Powers and Authority of the Association. The Association shall have all of the powers of a non-stock, non-profit cooperative corporation organized under the laws of the state of Nevada in operating for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, By-Laws and this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of this Declaration, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Association and the Board shall have the following power and authority; without the obligation to exercise such power and authority:

A. Right of Entry and Enforcement. The Board and its agents and representatives shall have the power and right to enter upon any Lot and the Improvements thereon without liability to any Owner, for the purpose of enforcing any of the provisions of this Declaration, or for the purpose of maintaining and repairing the improvements located on said Lot as provided in this Declaration or, if for any reason whatsoever, the Owner thereof fails to maintain and repair any portion of a Lot as required by this Declaration to be maintained or repaired by said Owner. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or on the behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or

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threatened breach of this Declaration and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration. The costs of any such action or suit, including reasonable attorneys' fees, shall be paid to the prevailing party as part of its judgment.

B. Easements and Rights-of-Way. The Association shall have the power to grant and convey to any third party, easements, licenses for use and rights-of-way, in, on, over or under any Common Area conveyed or otherwise transferred to the Association or under its jurisdiction, upon the affirmative vote or written consent of the Board of Directors as ratified by the voting members at the next annual meeting.

C. Employment of Manager. The Board shall have the power to employ by written agreement the services of a manager or other employee, or a professional manager or management company, subject to the direction and control of said Board, to manage and carry out the affairs of the Association and, to the extent consistent with the laws of the state of Nevada and upon such conditions as are otherwise deemed advisable by the Board, to delegate to the manager any of its powers; provided, however, that any contract with such professional manager or management company, and the compensation to be paid, for a term greater than one (1) year must be approved by at least fifty-one percent (51%) of the Members of the Association. In no event shall any management agreement be for a term greater than three (3) years and said agreement shall provide for termination for cause on a minimum of ninety (90) days written notice.

D. Services. The Board shall have the power to provide for and engage the services of others, including but not limited to Douglas County and/or the Town of Gardnerville, for the maintenance, protection and preservation of Association Property and the Common Areas, including but not limited to roadways owned by the Association. The Association shall have the authority to hire maintenance professionals including grounds keepers, painters, plumbers and such other maintenance personnel, as the nature and character of such common area may require, and including any such necessary personnel as the nature and character of any recreational facilities, if any, within such Association Property or Common Area may require; provided, however, that no contract for such services shall be for a duration of more than three (3) years, except with the approval of a majority of the Members of the Association. Said contract shall provide for termination on a minimum of ninety (90) days written notice.

E. Utilities. The Board shall have the power to contract, use and pay for utility services to the Association Property and Common Area and their facilities.



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F. Other Property. The Board shall have the power to acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise.

G. Dedication. The Association shall have the power to dedicate any of its property to an appropriate public authority for public use, provided that any such dedication shall have the approval either by affirmative vote or written consent of the Board, and such dedication is subject to the existing easements and rights of use of all of the Members of the Association.

H. Delegation. The Board may delegate any of its powers to any such committees, officers or employees as it deems necessary and proper.

I. Construction on Association Property. The Association shall have the power to construct new Improvements or additions to Association Property, or demolish existing Association Property or Improvements, subject to the approval of the Architectural Control Committee as is required in this Declaration.

J. Conveyances. To grant and convey to any person real property and interests therein, including fee title, leasehold estates, easements, rights of way, mortgages and deeds of trust, out of, in, on, over or under any Association Property for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder:

- (i) Parks, parkways, or other recreational facilities;
- (ii) Roads, streets, walks, driveways, trails, and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and
- (v) Any similar public, quasi-public, or private improvements or facilities.

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Nothing above contained, however, shall be construed to permit use or occupancy of any land, Improvement or other facility in a way which would violate applicable zoning or use and occupancy restrictions imposed thereon by other provisions of this Declaration.

K. Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of its Property, the enforcement of the Stodick Estates South Community Association Rules, or in the performance of any other duty, right, power or authority of the Association.

L. Association Property Services. To pay for water, sewer, garbage removal, electricity, telephone, gas, snow removal, landscaping, gardening, and all other utilities, services and maintenance for property owned by or leased to the Association.

M. Other Areas. To maintain and repair easements, roads, roadways, rights of way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes, entry details, entry houses or other areas of the Project whether owned by or leased to the Association, and to contribute toward the cost of operation and maintenance of private roads and any other Improvements or other facilities owned by the Association.

N. Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of the Stodick Estates South Community Association Rules, this Declaration, or the Articles or Bylaws of the Association.

O. Contracts. To enter into contracts with Declarant and other Persons on such terms and provisions as the Board shall determine, to operate and maintain any Common Area or recreational or other facility or area, or to provide any service or perform any function on behalf of Declarant.

P. To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise.

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2.08 Indemnification.

A. Third Party Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director, officer, employee, servant or agent of the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

If a member of the Board of Directors is sued for liability for actions undertaken in their role as a Board member or officer of the Association, the Association shall indemnify them for their losses or claims and undertake all costs of defense until and unless it is proved that such member acted with willful or wanton misfeasance or with gross negligence. After such proof, the Association is no longer liable for the cost of defense and may recover costs already expended from the Board member.

Board members are not liable to the victims of crises which may occur on the property. Punitive damages may not be recovered against the Association but may be recovered only from persons whose intentional activities are proved to have resulted in damages.

B. Derivative Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, servant or agent of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, proceeding or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the

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performance of his duty to the Association unless and only to the extent that the court in which such action, proceeding or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

C. Determination. Any indemnification which the Association has elected to provide under paragraph (A) or (B) of this Section 2.8 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the officer, director, employee, servant or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph (A) or (B) of this Section 2.8. Such determination shall be made (A) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (B) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee, servant or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (A) or (B) of this Section 2.8, or in defense of any claim, issue or matter therein, then, to the extent that the Association has elected to provide indemnification, he shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any such determination that he has met the applicable standard of conduct set forth in paragraph (A) or (B) of this Section 2.8.

D. Payment in Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding may, in the discretion of the Board, be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board as provided in paragraph (C) of this Section 2.8 upon receipt of an undertaking by or on behalf of the director, officer, employee, servant or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Section 2.8.

E. Insurance. The Board shall purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, servant, or agent of the Association, against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.

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F. Other Coverage. The indemnification provided by this Section 2.8 shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under this Declaration, agreement, vote of the Members, vote of disinterested directors, Nevada law, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and may continue as to a person who has ceased to be a director, officer, employee, servant or agent and may inure to the benefit of the heirs and personal representatives of such a person.

2.09 Assessment Benefitting Specific Areas. The Association shall also have authority to levy assessments against specific local areas and Improvements within the project to be expended for the benefit of the properties so assessed. The assessments levied under this Section shall be levied in proportion to the benefits conferred or to be conferred, as determined by the Board, and therefore the amount levied against each parcel of land or Improvement need not be equal. Any such assessments shall constitute a lien on the properties so assessed and such liens shall be enforced in the same manner and to the same extent as is provided in Article VIII of this Declaration for regular and special Assessments.

2.10 Rules.

A. Rulemaking Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations to be known as the "Stodick Estates South Community Association Rules." Any rules which relate to the management, operation and control of the Association or the Common Area, common facilities or interests shall become effective and binding on all Owners only after adoption by the Board. Such rules may concern, but need not be limited to: matters pertaining to use of the Common Area and Recreation and Open Space; signs; collection and disposal of refuse; minimum standards of maintenance of property; parking and traffic restrictions; limitations on maintenance of landscaping or other improvements on any property which obstruct the vision of motorists or which create a hazard for vehicular or pedestrian traffic; and any other subject or matter within the jurisdiction of the Association as provided in this Declaration. Said rules may restrict and govern the use of Common Area by any Members, by the family of such Member or by any invitee, licensee or lessee of such Member. Declarant has retained the right to establish rules relating to the use of that portion of the Common Area and Recreation and Open Space owned by it, including the Club Facilities, and the Association may incorporate such rules in its Rules; the right of an Owner or the Board to enforce the Stodick Estates South Community Association Rules is limited to those Owners that are subject to this Declaration.

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B. Notification of Rules. A copy of the Rules, as they may be from time to time adopted, amended or repealed, shall be mailed or otherwise delivered to each Member and may be recorded. The recordation of said Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. No Rules may be adopted which materially impair the rights, preferences, or privileges of any Owner as specifically set forth herein.

2.11 Breach of Rules or Restrictions. In the event of a breach of any Rule or of any of the Restrictions contained in this Declaration by an Owner, their family, guests, employees, invitees, licensees or tenants, the Board, for and on behalf of itself and all other Owners, shall enforce the obligations of each Owner to obey such Rules or Restrictions in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's right to use the facilities of the Common Area or suspension of the Owner's voting rights; provided, however, such suspension may not be for a period in excess of thirty (30) days, after notice and hearing as herein provided, for an infraction of such Rules. In addition to the other remedies herein set forth, including without limitation, assessing the cost of repair of any damage resulting from an infraction of the Rules, the Board, by majority vote, may levy a fine against such Owner, after appropriate notice and hearing as herein provided, in an amount not to exceed an amount equal to six (6) months of the assessments made under Section 9.3 for each such violation and the payment of such fine may be enforced in the same manner as set forth in Section 9.7 hereof. Prior to imposing any penalty provided herein for breach of any rules enacted hereunder or of the Restrictions contained in this Declaration, the Board shall send written notice to the Owner specifying the nature of the infraction and shall provide an opportunity to the Owner for a hearing before the Board regarding such infraction and the penalty to be imposed. In the event that the Board determines that said infraction has occurred and that a penalty shall be imposed, after a reasonable opportunity for a hearing has been provided, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this paragraph, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, and reasonable attorneys' fees.

2.12 Liability of Members of Board. No member of the Board shall be personally liable to any of the other Board members, to the Members or to any other person, including Declarant, for any error or omission of the Association, its representatives and employees, or the Architectural Control Committee, provided that such Board member has, upon the basis of such information as may be possessed by him, acted in good faith.

ARTICLE III

DEVELOPMENT OF STODICK ESTATES SOUTH

ANNEXATION

3.01 Maximum Number of Units. Declarant reserves the right to create a maximum 121 Units.

3.02 Subdivision and Development by Declarant. Declarant intends to develop the Project in several phases consisting of approximately 40 units per phase. As each phase is developed or completed, this Declaration will take effect with respect thereto.

3.03 Annexation. Declarant, and other Persons with Declarant's written consent, may at any time and from time to time add to the lands which are subject to this Declaration. Except as provided in paragraph four (4) of this Section 3.03. Upon the recording of a Notice of Addition of Land containing the provisions set forth below in this Section 3.03 (which notice may be contained within any supplemental Declaration affecting such land), the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it had been originally subject to this Declaration; and thereafter, except as provided in paragraph four (4) of this Section 3.03, the rights, privileges, duties, and liabilities of the Persons subject to this Declaration shall be the same with respect to the added land as with respect to the lands originally covered by this Declaration.

The Notice of Addition of Land referred to hereinabove shall contain the following provisions:

- (1) A Reference to this Declaration, which reference shall state the date of Recordation hereof and the book and page numbers wherein this Declaration is recorded;
- (2) A statement that the provisions of the Declaration shall apply to the added land as set forth herein;
- (3) An adequate legal description of the added land; and
- (4) Declarant's written consent if the added land is not then owned by Declarant. As part of such written consent, Declarant may agree with the Person who owns such

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land as to the terms and conditions upon which Declarant will exercise its rights and duties, as Declarant under this Declaration, with respect to such added land. Such terms and conditions may provide for joint exercise, as to such added land, of Declarant's said rights and duties.

(5) Such complimentary additions and modifications to this Declaration as may be necessary to reflect the different character, if any, of the added land which may be significantly at variance with the original land.

Such additional land may, at the Declarant's sole option, be annexed to the Project not later than ten (10) years after the issuance of the last Nevada Division of Real Estate Public Offering Statement for the Project.

3.04 De-annexation. Declarant may de-annex any area of land within the Project from this Declaration, Without the consent of any Owner at any time prior to the conveyance of any area of Land or Unit on that portion of land to be withdrawn, to a Purchaser. Such de-annexation shall be effected by recording a de-annexation declaration. Upon recordation of the de-annexation declaration, the land to be de-annexed shall be removed and de-annexed from the Project and, thereafter, shall be free from the obligations, requirements, declaration, limitations, covenants, conditions and restrictions set forth herein.

3.05 Special Declarant Rights. There are hereby reserved unto the Declarant or its designee(s) the following enumerated rights:

- (a) To complete any of the improvements depicted on the plats, plans and maps as set forth in the Declaration.
- (b) To exercise the development rights including annexation as set forth in this Declaration.
- (c) To maintain, operate and relocate one (1), but not more than three (3) sales offices, management offices, signs, advertising relating to the Community and additional model homes, together with easements of ingress and egress throughout the Common Area, if any, for marketing purposes.

- (d) To use and exercise easements through Common Area, if any, for the purposes of making and constructing improvements within the common-Interest community.
- (e) Appointing or removing any officer or director of the Association, if created during any period of Declarant control.
- (f) To annex, in accordance with 3.03 by the Declarant, to add up to but not more than ten percent (10%) additional acreage to the Stodick Estates South Project.

ARTICLE IV

GENERAL RESTRICTIONS

All real property within the Project shall be owned, held, conveyed, encumbered, leased, used, occupied and enjoyed subject to the Architectural and Landscape Control Committee Design Guidelines and the following limitations and restrictions:

4.01 Antennas. Except for any which may, at Declarant's option, be erected by Declarant or Declarant's designated representative, no exterior radio or television antenna, aerial or satellite dish in excess of 18" in diameter or more that 72" above finish grade shall be erected or maintained in the Project without the prior written approval of the Architectural and Landscape Control Committee.

4.02 Insurance Rates. Nothing shall be done or kept in the Project which will increase the rate of insurance on any Association Property without the approval of the Board, nor shall anything be done or kept in the Project which would result in the cancellation of insurance on any Association Property, if any or which would be in violation of any law.

4.03 No Further Subdividing. No Lot or Common Area, if any, shall be further divided or subdivided, nor may any easement or other interest therein (less than the whole) be conveyed by the Owner thereof without the prior written approval of the Architectural and Landscape Control Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot, Common Area, and convey any easement or other interest less than the whole, all without the approval of the Architectural Landscape Control Committee; and provided, further, that nothing herein shall be deemed to require the

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approval of the Architectural and Landscape Control Committee for the transfer or sale of any lot, including Improvements thereon, to more than one (1) person to be held by them as tenants in common or joint tenants, or for the granting of any mortgage or deed of trust.

4.04 Defensible Space. Every Lot upon which a structure is built shall have adequate, defensible space around the structure for the purpose of avoiding the risk of destruction by fire. Defensible space shall be a clearing of brush and other fuels from an area of at least thirty feet (30') around all structures.

4.05 Signs. No sign of any kind shall be displayed to the Public view without the approval of the Architectural and Landscape Control Committee except such signs as may be required by legal proceedings. Promotional Signs for the sale, lease or rent of property within the Project are not permitted (excluding property owned by Declarant), until such time that 100% of the total number of lots in the Stodick Estates South Project are sold. In the case of non-compliance with this provision, Declarant shall have the right to immediately remove or cause to be removed any signs which are in violation. Any such signs shall immediately become the property of Declarant. Neither Declarant, the Committee, the Board nor any member thereof shall be liable to any Owner for the reasonable enforcement of this provision. No flashing or moving signs shall be permitted on the Project. All signage shall be of an architectural style in harmony with the overall Project as prescribed by the Design Guidelines.

4.06 Fireplaces and Wood Stoves. No fireplaces or wood stoves shall be placed or maintained on any Lot in the Project except as provided for by Section 4.13 hereof.

4.07 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within the Project and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, insect control lights, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any such property without the prior written approval of the Architectural and Landscape Control Committee.

4.08 Repair of Building. No improvement hereafter constructed upon any land within the Project shall be permitted to fall into disrepair, and each such Improvement shall at



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all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof.

4.09 Improvements and Alterations. There shall be no construction, excavation, alteration other than repairs, which in any way alters the exterior appearance of any Improvement, or removal of any Improvement without the prior written approval of the architectural and Landscape Control Committee. A single detached shed, storage building or other outbuilding is permitted on each Lot. Any such detached building must be within the applicable County setbacks for said Lot.

4.10 Roofing. The roofing material placed upon any improvement within the Project must be fire retardant architectural grade composition material, meeting the standards set by the Nevada State Forester Fire Warden pursuant to NRS Chapter 472.

4.11 Drainage. There shall be no interference with the established drainage patterns over any property within the Project, except by Declarant, unless adequate provision is made for proper drainage and approved by the Architectural and Landscape Control Committee.

4.12 Slope. Each owner shall maintain any slope occurring on Lot or Lots owned by them individually in the Project, by use of rip rap or other, to prevent erosion of said slopes.

4.13 No Hazardous Activities. No activities shall be conducted on any property and no Improvements constructed on any property which are or might be unsafe or hazardous to a person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property, and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed exterior fireplace.

4.14 No Temporary Structures. No tent or shack or other temporary building, Improvement or structure shall be placed upon any property, except that temporary structures necessary for storage of tools and equipment and for office space for architects, builders and foremen during actual construction which may be maintained with the prior approval of ACC, such approval to include the nature, size and location of such structure.

4.15 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other

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hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate or earth, except that Declarant or the Association may, by appropriate written permit, grant, license or easement, allow the drilling of wells and the installation of infiltration galleries for the extraction of water; and except that Declarant or the Association, if created may, by appropriate permit, grant, license or easement, allow any of the foregoing activities to the extent permitted by applicable zoning and as required for purposes of the Association or the Declarant.

4.16 No Dumping. No Owner shall dump any rubbish or refuse on area located within the Project.

4.17 Vehicles. In addition to the provisions of Section 5.06 hereof, the use of all vehicles, including but not limited to helicopters, gliders, trucks, automobiles, golf carts, graders, boats, tractors, pickups, mobile homes, trailers, buses, campers, recreational vehicles, bicycles, motorcycles, motor scooters, wagons, sleighs and snowmobiles, shall be subject to the Stodick Estates South Community Association Rules, if and when adopted, which may prohibit or limit the use thereof within specified parts of Stodick Estates South Community, and which may also provide parking regulations and adopt other rules regulating the same. In no event shall any camper or other recreational vehicle or other similar recreational vehicle be parked in front of any residence for more than forty-eight (48) hours. Guests of a residence may park their recreational vehicle on a Lot and use said recreational vehicle as a living area for not more than two (2) nights and thereafter, the vehicle will be subject to being towed at the owner's expense. Recreational vehicles may be kept on Lots within the Project so long as they are screened by a six (6) foot redwood fence.

4.18 Construction Activities. This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner (including Declarant) upon property within the Project; provided that when completed such Improvements shall in all ways conform to this Declaration and the Design Guidelines. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities; provided that such construction is pursued to completion with reasonable diligence, in compliance with applicable federal, state and local laws and ordinances and any rules and regulations adopted pursuant thereto, and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Landscape Control Committee, provided that such waiver

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shall be only for reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

4.19 Exemption of Declarant. Notwithstanding anything in the Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural and Landscape Control Committee. Without in any way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and to alter drainage patterns and facilities, to construct any and all other types of improvements, to maintain model homes and constructions, sales and leasing offices and similar facilities and to post signs incidental to construction, sales and leasing, anywhere on the Project.

4.20 Assignment by Declarant. Any other provision of this Declaration to the contrary notwithstanding, Declarant may assign in whole or in part any of its privileges, exemptions, rights and duties under this Declaration to any other Person and may permit the participation in whole or in part, by any other Person in any of its privileges, exemptions, rights and duties hereunder.

4.21 Building Permits. Building permits for any structures on property which is the subject of this Declaration, shall only be issued in accordance with the Douglas County Code and the Design Guidelines.

4.22 Driveways. The driveways of all residences shall not be asphalt and must be concrete or some other material approved by the Architectural and Landscape Control Committee.

4.23 Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window cover shall be made of nor shall any window be covered with aluminum foil, or similar material.

4.24 Lighting. No Nite-guard or other all-night lights that may be objectionable to adjoining residences shall be erected.

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ARTICLE V

PERMITTED USES AND RESTRICTIONS - RESIDENTIAL AREAS

5.01 Residential Areas. All property within any residential area shall be improved and used solely for residential use; except that, as to any specific area, Declarant (or the Board if delegated by Declarant) may, in its sole and absolute discretion, permit other Improvements and uses consistent with the zoning then in effect for such specific area by so providing in a supplemental Declaration recorded with respect to such specific area. Any Supplemental Declaration recorded for a residential area shall designate such area to be a single-family residential area and may further designate such residential use for that area to be attached or detached single-family residences or any combination thereof in the case of a single-family residential area.

5.02 Improvements and Use. Except as provided in Article VI hereof, no Lot shall be improved or used except by a dwelling or structure designed to accommodate no more than a single family plus a garage and such other Improvements as are necessary or customarily incident to a Single-Family residence; no guest houses or servants' quarters may be erected on any Lot in accordance with the Architectural Design Guidelines.

5.03 Residential Use; Rentals. No residence on any Lot shall be used for any purpose other than Single-Family Residential Use. All residence shall have a minimum of one thousand two hundred and fifty (1,250) square feet of living space and a garage sufficient for parking a minimum of two automobiles. Nothing in this Declaration shall prevent the rental of property within a residential area by the Owner thereof for residential purposes, on either a short or long-term basis subject to all the provisions of this Declaration, including but not limited to the promotional sign restrictions specifically referenced in Section 4.05. No commune, co-operative or similar type living arrangement shall be permitted anywhere in the Project.

5.04 Animals. No kennel or other facility for raising or boarding dogs or other animals for commercial purposes shall be kept on any Lot. No more than three (3) normal household pets shall be raised, or kept on any Lot and all pets shall be restrained or confined to the Lot and not allowed to run at Large. No horses, cattle, sheep, pigs or other non-household animals shall be kept on any Lot. No dogs shall be allowed to bark excessively, day or night.

5.05 Unsightly Articles. No unsightly article shall be permitted to remain on any Lot so as to be Visible from Neighboring Property or public or private thoroughfares.

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Without limiting the generality of the foregoing, trailers, motor homes, recreational vehicles, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, sleighs, motorcycles, motor scooters, snowmobiles, snow removal equipment and garden and maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened so as not to be visible from Neighboring Property and no repair or maintenance work shall be done on any of the foregoing, or on any automobile, other than minor emergency repairs, except so as not to be Visible from Neighboring Property. Refuse, garbage and trash shall be kept at all times in a covered container and any such container shall be kept within an area so as not to be Visible from Neighboring Property. All owners must subscribe to a garbage collection service when the same is available to the Project. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view; no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or kept so as not to be Visible from Neighboring Property.

5.06 Restricted Use of Recreational Vehicles, Etc. No boat, truck, trailer, camper, recreational vehicle, or tent shall be used as a living area while parked or located within the Project, except as specifically permitted in paragraph 4.17 of the Declaration.

5.07 Maintenance of Lawns, Plantings and Landscape. The Builder or Owner shall complete the front landscaping on the Owner's Lot, including planting lawn, shrubs, trees or ground cover, within ninety (90) days of the completion of a residential structure on the Lot, to mitigate and eliminate dust and unsightly yard areas. Each Owner shall keep all shrubs, trees, grass and Plantings on his lot neatly trimmed, properly cultivated and free from trash, weeds and other unsightly material. Each Owner shall maintain all trees on his Lot and shall replace any tree that dies or becomes diseased. No Owner shall remove, alter or injure any tree or shrub placed in any area by Declarant or by the Association or any tree on the property at the time of this Declaration in excess of six (6) inches in diameter without the prior written approval of the Architectural and Landscape Control Committee. The Association, the Architectural and/or Landscape Control Committee and their respective authorized agents shall have the right (without the duty) to enter upon any Lot at any reasonable time for the purpose of planting, replacing, maintaining or cultivating trees, shrubs or other landscaping. The Owner of such a Lot may be assessed by the Association for the reasonable costs of such planting, replacement, maintenance or cultivation.

5.08 Fences. Each Owner or the Builder shall complete a fence or wall, a minimum of five (5) feet in height, made of redwood or material deemed acceptable by the

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Builder, on the Owner's Lot within thirty (30) days of the date of the purchase of Lot by Owner with a completed residential structure. The fence and/or wall shall entirely enclose the rear portion of the Lot and shall extend to the front of the Lot no further than the front of the residential structure on the Lot.

5.09 Slope. Each owner shall maintain all slopes on his Lot and shall re-establish any slope that suffers the effects of erosion or other activity that may cause breakdown of the slope. No owner shall alter a uniform slope on the project without approval of the Association. The Association, the Architectural and Landscape Control Committee and their respective authorized agents shall have the right (without the duty) to enter upon any Lot at any reasonable time for the purposes of maintaining or re-establishing any slope.

In addition, each owner shall be responsible for maintaining any retaining wall located on his Lot. Each owner of a Lot upon which a retaining wall is located, shall cover and "finish" the retaining wall located on his Lot with Stucco, rock, brick, or other masonry material reviewed and approved by the Architectural and Landscape Control Committee with thirty (30) days of completion of a residence on said Lot.

ARTICLE VI

PERMITTED USES AND RESTRICTIONS - OTHER AREAS

6.01 Easement of Airspace. There is hereby reserved to the Association all right, title and interest to all airspace rights thirty-five (35) feet above the ground elevation of the Lots in the Project.

6.02 Height Restriction. All residential structures constructed on Lots within the Project shall be limited to two story structure, exclusive of basements.

6.03 Utilities Easement. There is hereby granted in favor of Declarant or its successors or assigns an easement for purposes of installing, facilitating, maintaining, repairing, replacing or inspecting utility, drainage, cable TV, telephone and underground power or gas lines or other utilities over, under and across the property described in Exhibit "A", attached hereto and incorporated herein by this reference. Any repair or excavation within the Exhibit "A" property shall not be undertaken until all plans and specifications and procedures have been approved by Declarant, its successors or assigns.

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6.04 Easement in Favor of Declarant to Facilitate Sales and Resales. There is hereby reserved to Declarant, its agents and employees, the right and exclusive easement to use any units owned or leased by the Declarant as models, management offices, sales and resales offices, or any customer service offices. The Declarant reserves the right to relocate the same from time to time within the property; upon relocation, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the property such advertising signs as may comply with applicable governmental regulations which may be placed in any location on the property and may be relocated or removed all at the sole discretion of the Declarant. The Declarant shall have the right to restrict the use of certain parking spaces for sales purposes and to use such spaces for sales purposes. Further, the declarant shall have the exclusive right to erect temporary models, offices for sales, resales, management, customer service and similar purposes. The reservation of this easement to facilitate sales also applies to any land annexed or to be covered by these Covenants, Conditions and Restrictions. Any such sales and marketing facilities and areas shall be maintained at the sole cost of the Declarant so long as Declarant is the sole user of such areas.

ARTICLE VII

ARCHITECTURAL AND LANDSCAPE CONTROL COMMITTEE

7.01 Members of Committee. There shall be an Architectural and Landscape Control Committee (ALCC) which shall consist of three (3) members or five (5) members, all of which shall be designated by Declarant. There may also be two (2) alternate members, either of whom may be designated by the Committee to act as substitute on the committee in the event of absence or disability of any member. Each member of the Committee shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause.

7.02 Declarant's Rights of Appointment. The Declarant shall have the right to appoint and remove all members of the ALCC, including alternates, so long as Declarant shall have powers enumerated in Section 2.04.

7.03 Review of Proposed Construction. Whenever in this Declaration or in any Supplemental Declaration the approval of the Architectural and Landscape Control Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts which in its sole discretion are relevant. Except as provided in Section 4.18 above, prior to commencement of any construction of any

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Improvement in the Project, the Plans and Specifications therefor shall be submitted to the Architectural and Landscape Control Committee, and construction thereof may not commence unless and until the Committee has approved such Plans and Specifications in writing within fourteen (14) days of submission or approval is automatic by means of acquiescence. The Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration, or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure the conformance with Plans and Specifications approved by the Committee. The Committee shall approve Plans and Specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the location indicated will not be detrimental to the surrounding area or the Project as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures. The Committee may condition its approval of Plans and Specification on such changes therein as it deems appropriate, and may require submission of additional Plans and Specifications or other information prior to approving or disapproving the material submitted. The Committee may also issue rules or guidelines regarding anything relevant to its functions, including but not limited to minimum standards and procedures for the submission of Plans and Specifications for approval. Such rules shall be known as the Architectural and Landscape Control Design Guidelines. The ALCC may require a reasonable fee to accompany each application for approval. The Committee may require such detail in Plans and Specifications submitted for its review and such other information as it deems proper, including without limitation, environmental impact statements. Until receipt by the Committee of all required Plans and Specifications and other information, the Committee may postpone review of anything submitted for approval.

7.04 Architectural Design Guidelines. The Architectural and Landscape Control Committee may from time to time, and in Its sole discretion, adopt, amend and repeal by unanimous vote rules and regulations to be known as "Architectural Design Guidelines" 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 Committee. A copy of the Architectural Design Guidelines as they may from time to time be adopted, amended or repealed, certified by any member of the Architectural and Landscape Control Committee, shall be maintained at the office of the Declarant and shall be available for inspection and copying by any Owner at any reasonable time during the business hours of the Declarant. The following minimum standards and restrictions shall apply to any construction work performed on the Property:

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(A) No more than one (1) residential unit shall be constructed on any Lot. Further provided that one (1) residential unit may be constructed on more than one (1) Lot in which event the Owner shall be required to pay assessments on the number of Lots owned and constructed upon absent approval of an alternative plan by the Board.

(B) All improvements shall be constructed in full compliance with all applicable zoning laws, building codes and other laws, ordinances and regulations applicable to the construction, use and occupancy of improvements

(C) The placement of the improvements on a Lot, the type of roofs, exterior materials and building shapes shall be established in such manner as to be determined reasonable in the sole discretion of the Architectural and Landscape Control Committee and shall utilize fire retardant materials where practical.

7.05 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder, but such meetings shall be held at least annually on or about the first Tuesday in April of each year. The Committee may from time to time by resolution unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 7.10. In the absence of such designation, the vote of a majority of all the members of the Committee or the written consent of a majority of all of the members of the Committee taken without a meeting, shall constitute an act of the Committee.

7.06 No Waiver of Future Approvals. The approval or consent of the Committee to any Plans or Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any Plans or whatsoever subsequently or additionally submitted for approval or consent by the same or a different Person.

7.07 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by Declarant while it has the right to approve or disapprove the members of the Committee pursuant to Section 7.02 above and thereafter such compensation shall be determined by the Board.

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7.08 Inspection of Work.

(A) Completed Work. Inspection of completed work and correction of defects therein shall proceed as follows:

(i) Upon the completion of any Improvement for which approved Plans or Specifications are required under this Declaration, the Owner shall give written notice of completion to the Committee.

(ii) Within such reasonable time as the Committee may set in its Rules but not to exceed fifteen (15) days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not done in strict compliance with all approved Plans and Specifications submitted or required to be submitted for its prior approval, it shall notify the Owner in writing of such non-compliance within such period, specifying in reasonable detail the particulars of noncompliance, and shall require the Owner to remedy the same.

(iii) If upon the expiration of thirty (30) days from the date of such notification, the Owner shall have failed to remedy such non-compliance, the Committee shall issue a ruling determining whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If non-compliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the committee ruling. If the Owner does not comply with the Committee's ruling within such period, the Committee, at its option, may either remove the noncomplying Improvement or remedy the non-compliance, and the Owner shall reimburse the Committee upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Committee, the Committee shall levy a Special Assessment against such Owner and the same improvement in question and the land upon with the same is situated for reimbursement and the same shall constitute a lien upon such land and Improvement and be enforced as in this Declaration provided.

(iv) If for any reason after receipt of said written notice of Completion from the Owner, the Committee fails to notify the Owner of any non-compliance within the period provided above in sub-paragraph (ii) of Section 7.08A, the Improvement shall be deemed to be accordance with said approved Plans and Specifications.

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(B) Work in Progress. The Committee may inspect all work in progress and give notice of non-compliance as provided above in subparagraph (ii) of Section 7.08A. If the Owner denies that such non-compliance exists, the procedures set out in subparagraph (iii) of Section 7.08A shall be followed, except that no further work shall be done, pending resolution of the dispute, which would hamper correction of the non-compliance if the Board should find that such non-compliance exists.

7.09 Non-liability of Committee Members. Neither the Committee nor any member thereof nor the Board nor any member thereof shall be liable to any Owner or to any other Person for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Committee or its members, as the case may be. Except insofar as its duties may be extended with respect to a particular area by a Supplemental Declaration filed by Declarant or by Declarant and a Major Developer, as the case may be, the Committee shall review and approve or disapprove all Plans and Specifications submitted to it for any proposed Improvement, including the construction, alteration or addition thereof or thereto, solely on the basis of esthetic considerations and the overall benefit or detriment which would result to the surrounding area. The Committee shall take into consideration the esthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes which may be applicable to the planned construction.

7.10 Variances. The Committee may authorize variances from Compliance with any of the Architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, bulk, size, shape, floor area, land area, placement of structures, set-back, building envelopes, colors, materials, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations may, in its sole and absolute discretion, warrant. Such Variances must be evidenced in writing and must be signed by at least a majority of all of the members of the Committee. If such a variance is granted, no violation of the covenants, conditions or restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration, the Architectural Design Guidelines or any Supplemental Declaration for any purposes except as to the particular property and particular provision and in the particular instance covered by the variance.



7.11 Obligations with Respect to Zoning and Subdivisions. The Architectural and Landscape control Committee shall require all Persons to comply fully with the zoning and master plan designations enacted for Stodick Estates South by the Board of County Commissioners of Douglas County, Nevada, and with all applicable federal, state and local laws, regulations and ordinances, insofar as the same is applicable and as the same may hereafter be amended from time to time.

ARTICLE VIII

FUNDS AND ASSESSMENTS

8.01 Agreement to Pay. Each Owner, by his acceptance of a deed, for property within the Project, covenants and agrees to pay to the Association such regular and special assessments as are established, made and collected, as provided in this Declaration.

8.02 Stodick Estates South Community Association Maintenance Fund. The Board shall establish a fund (the "Stodick Estates South Community Association Maintenance Fund") into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under the Stodick Estates South Community Restrictions. The funds of the Association must be used solely for purposes related to the areas and Improvements owned by or leased to the Association, or subject to the Stodick Estates South Community Restrictions, to maintenance or operation by the Association, including maintenance and repair of all common area within the Project, or otherwise for purposes authorized by the Stodick Estates South Community Restrictions as they may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by any Subassociation pursuant to any Supplemental Declaration.

8.03 Regular Annual Assessments. Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under this Declaration, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Uniform and equal Assessments sufficient to pay such estimated net charges shall then be levied and collected as provided in this Article VIII. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time and from time to time levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association during

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the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion, which shall at least be annually.

8.04 Special Assessments. In addition to the regular annual Assessments provided for above in Section 8.03, the Board shall levy special Assessments, upon the property and in the manner set forth in this Article VIII, whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the mandatory functions of the Association under the Stodick Estates South Community Restrictions, and the Board may levy such special Assessments whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the optional functions of the Association under the Stodick Estates South Community Restrictions.

8.05 Notice of Special Assessments; Time for Payment. The Association may, in its discretion, give written notice of special Assessments to each Owner, which notice shall specify the amount of the special 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. Failure of the Association to give notice of the special Assessment shall not affect the liability of the Owner of any property for such special 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.

8.06 Late Charges. If any Assessment, whether regular or special, is not paid within fifteen (15) days after it is due, the Owner may be required by the Board to pay a late charge at such rate as the Board may designate from time to time not to exceed eighteen percent (18%).

8.07 Unpaid Assessments as Liens. The amount of any delinquent Assessment, whether regular or special, assessed against any property and any late payment charge attributable thereto, plus interest on such Assessment and charge at a rate not to exceed eighteen percent (18%) per annum simple interest, and the costs of collecting the same, including reasonable attorneys' fees, shall be a lien upon such Homesite and the Improvements thereto. Such lien shall be prior to any declaration of homestead. Such lien shall be created in accordance with NRS Chapter 116 and shall be foreclosed in the manner provided for in NRS Chapter 116. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good

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faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

8.08 Mortgage Protection. Notwithstanding any other provision of the Stodick Estates South Community Restrictions, and as provided in NRS Chapter 116, no lien created under this Declaration, nor any lien arising by reason of any breach of the Stodick Estates South Heights Restrictions, nor the enforcement of any provision of this Declaration or of any supplemental Declaration shall defeat or render invalid the rights of the Beneficiary under any recorded lien or encumbrance of first and senior priority now or hereafter upon a Lot, made in good faith and for value perfected before the date on which the assessment sought to be enforced became delinquent. However, after the foreclosure of any such first Mortgage or Deed of Trust or after any conveyance in lieu of foreclosure, such Lot shall remain subject to the Stodick Estates South Community Restrictions and shall be liable for all regular assessments levied subsequent to completion of such foreclosure or delivery of such conveyance in lieu of foreclosure, and to all installments of all regular and special Assessments levied prior to completion of such foreclosure or delivery of such conveyance but falling due after such completion or such delivery.

8.09 Effect of Amendment on Mortgages. Notwithstanding the provisions of Section 9.02, below, no amendment of this Declaration shall affect the rights of any Beneficiary whose Mortgage or Deed of Trust has the first and senior priority and who does not join in the execution thereof, provided that its Mortgage or Deed of Trust is recorded in the real property records of Douglas County prior to the recordation of such amendment; provided, however, that after foreclosure or conveyance in lieu of foreclosure the property which was subject to such Mortgage or deed of Trust shall be subject to such amendment.

ARTICLE IX

MISCELLANEOUS

9.01 Term. This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until December 31, 2040, unless amended as herein provided. After December 31, 2040, this Declaration, including all such covenants, conditions and restrictions, shall automatically extended for successive periods of ten (10) years each, unless amended or extinguished by written instrument executed by at least a majority of the Owners in the Stodick Estates South Project. And recorded in the Douglas County real property records.

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9.02 Amendments.

(A) Special Provisions. No amendment of Article VIII shall be effective as to any Beneficiary who does not join in the execution thereof provided that its Mortgage or Deed of Trust is recorded in the real property records of the county prior to the recordation of such amendment. Subject to the preceding sentence, and except as set forth below, no amendment of this Section 9.02 shall be effective unless adopted by a vote of owners to which eighty (80%) percent or more of the total number of votes in the Association are allocated at the time of the proposed amendment. No amendment of this Declaration shall be effective until executed and recorded in the real property records of Douglas County in the manner herein provided.

(B) In General. Except as otherwise provided by NRS Chapter 116, this Declaration, including any plats and plans, may be amended only by vote or agreement of Lots' Owners of Lots to which at least a majority of the votes in the Association are allocated, or any larger majority the Declaration specifies.

Every Amendment to the Declaration must be recorded in every county in which any portion of the Project is located and is effective only upon recordation.

Except as otherwise provided by NRS Chapter 116, no amendment may change the boundaries of any Lot, the allocated interests of any Lot or the uses to which any Lot is restricted, in the absence of unanimous consent of the Lots' Owners affected and the consent of a majority of the owners of the remaining Lots.

9.03 Notices. Any notice permitted or required to be given by the Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or a legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Committee for the purpose of service of notices, or to the residence of such Person if no address has been given to the Committee. Such address may be changed from time to time by notice in writing given by such Person to the Committee.

9.04 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development and operation of Stodick Estates South and of promoting and effectuating the fundamental concepts

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of Stodick Estates South as set forth in the Recitals of this Declaration. This Declaration shall be construed and governed under the laws of the State of Nevada.

(a) Right of Enforcement. Except as otherwise provided herein, any Owner, at their own expense, Declarant and the Association, if created, shall have the right to enforce all of the provisions of the Stodick Estates South Community Restrictions against any property within and the Owners thereof. Such right of enforcement shall include both damages for and injunctive relief against the breach of any such provision. The right of any Owner to so enforce such provisions shall be equally applicable without regard to whether the land (or other interest) whereon or with respect to which a violation of such provision is alleged or is initially set forth on Exhibit A or is hereafter subjected to the Declaration pursuant to Section 3.03, above.

(b) Violation a Nuisance. Every act or omission whereby any provision of the Stodick Estates South Community Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated by any Owner, at their own expense, by Declarant, or by the Association, if created, whether or not the relief sought, is for negative or affirmative action. However, only Declarant, the Association, if created, and the duly authorized agents of either of them may enforce by self-help any of the provisions of the Stodick Estates South Community Restrictions, and then only if such self-help is preceded by reasonable notice to the Owner in question.

(c) Violation of Law. Any violation of any federal, state or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any property within the Stodick Estates South is hereby declared to be a violation of the Stodick Estates South Community Restrictions and subject to all of the enforcement procedures set forth in said Restrictions.

(d) Remedies Cumulative. Each remedy provided by the Stodick Estates South Community Restrictions is cumulative and not exclusive.

(e) Nonwaiver. The failure to enforce any provision of the Stodick Estates South Community Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Restrictions.

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9.05 Construction.

A. Restrictions Severable. Each of the provisions of the Stodick Estates South Community Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforce ability of any other provision.

B. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall included the plural and the plural the singular , and the masculine feminine or neuter shall each include the masculine, feminine and neuter.

C. Captions. All Captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any of the paragraphs, Sections or Articles hereof.

D. Liberal Construction. It is the intention of Declarant that this Declaration be liberally construed to promote the purpose of a well planned community, reserving to the Declarant the rights necessary to complete the project and to insure the integrity of the interrelated land uses.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the day and year first above written.

H&S CONSTRUCTION, INC.,
a Nevada Corporation

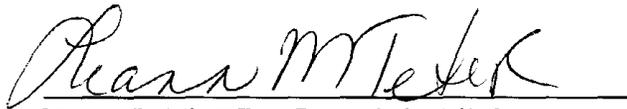
By: Randall S Harris
RANDALL S. HARRIS, President

STATE OF NEVADA)
 : ss.
COUNTY OF DOUGLAS)

On Jan 19, 2007⁵, personally appeared before me, a notary public,
RANDALL S. HARRIS, personally known (proved) to me to be the person whose name is

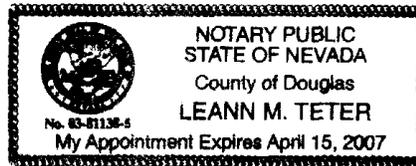
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subscribed to the foregoing instrument and who acknowledged to me that he is the President of H&S CONSTRUCTION, INC. a Nevada Corporation, and who acknowledged to me that he executed the foregoing DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STODICK ESTATES SOUTH COMMUNITY ASSOCIATION on behalf of said corporation.



Notary Public When Recorded Mail To:

H & S CONSTRUCTION, INC.
1650 HWY. 395, Ste. 203
Minden, NV 89423



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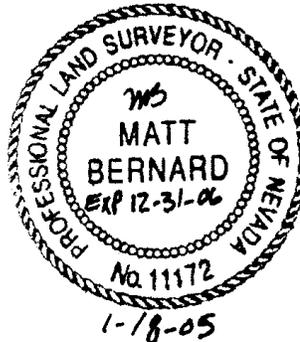
DESCRIPTION
LOTS 1 - 43, DETENTION POND, and ROADWAYS
STODICK ESTATES SOUTH PHASE 1

All that real property situate within a portion of the Northwest one-quarter (NW1/4) of Section 3, Township 12 North, Range 20 East, Mount Diablo Meridian, Douglas County, Nevada, described as follows:

Lots 1, 2, 3, Detention Pond, Block 'A',
Lots 4, 5, 6, 7, 8, 22, 23, 24, 25, 26, Block 'B',
Lots 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 38, 39, 40, 41, 42, 43, the 5-foot pedestrian right-of-way, Block 'C',
Lots 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, Block 'D', and
roadways known as Stodick Lane, Bryan Circle, Apollo Avenue, and a portion of Elges Avenue of the Final Subdivision Map and Planned Unit Development (PD 03-010) for Stodick Estates South Phase 1 recorded December 13, 2004 in the office of Recorder, Douglas County, Nevada as Document No. 631678.

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

Prepared By: R.O. ANDERSON ENGINEERING, INC.
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