

HIGHLAND RANCHES PROPERTY OWNERS ASSOCIATION

P.O. Box 1039, Virginia City, Nevada 89440

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS DECLARATION, made this 31st day of December, 2003, by HIGHLAND RANCHES PROPERTY OWNERS' ASSOCIATION, a Nevada Corporation, herein referred to as "Association", SHALL SUPERCEDE the first Declaration of Covenants dated June 1st, 1978, recorded by the original declarant, Lake Tahoe Recreational Land Company, in the Office of the County Recorder of Storey County, Nevada, as Document No. 42453 on August 1st, 1978, in Book 11, Pages 520-531.

WITNESSETH:

WHEREAS, Lake Tahoe Recreational Land Company, Inc., a Nevada Corporation (herein referred to as "Original Declarant") was the owner of the real property set forth and described on that certain map (herein referred to as "Map"), entitled Highland Ranches, consisting of 20 sheets, which Map was recorded in the Office of the Recorder of Storey County, Nevada, as Document No. 42452, on August 1, 1978; and

WHEREAS, ALL THE REAL PROPERTY DESCRIBED IN THE Map comprised in the aggregate a single project unit (herein referred to as "Unit"); and

WHEREAS, there are 506 lots, the numbers of which lots and the legal descriptions of which are set forth on said Map; and

WHEREAS, IT WAS THE DESIRE AND INTENTION of Original Declarant to sell and convey said lots, subjecting the lots with restrictions under a general plan of improvement for the benefit of all the lots in the Unit, and the future owners of said lots; and

WHEREAS, Original Declarant sold or conveyed all said lots to subsequent owners of said lots subjecting them to and imposing upon them mutual and beneficial covenants, conditions, and restrictions, (hereinafter collectively referred to as "Restrictions") under a general plan or scheme of improvement for the benefit of all of the lots in the Unit, and the future owners of said lots; and

WHEREAS, Original Declarant created the Association for the purposes of furthering and promoting the community welfare of property owners in the Unit and enforcing the Restrictions;

WHEREAS, Original Declarant has wound up its affairs and has ceased to exist as a Nevada Corporation; and

WHEREAS; the Association is successor to Original Declarant with respect to maintaining and enforcing the Restrictions;

NOW, THEREFORE, The Association hereby declares that all of said lots are held and shall be held, conveyed, hypothecated, or encumbered, leased, rented, used, occupied, and improved subject to the following Restrictions, all of which are declared and agreed to be in furtherance of a plan for the purpose of enhancing and protecting the value, desirability, and attractiveness of the property described in the Map, and all of them shall run with the land and shall be binding on all parties having or acquiring any right, title, or interest in the real property or any part thereof subject to such Restrictions.

1. APPLICABILITY and TERM

These Restrictions shall apply to all of the lots described in said Map. These Restrictions shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them until December 31, 2013, after with time the same shall be extended for successive periods of ten (10) years each. These Restrictions shall replace and supercede all previous guidelines and restrictions. At any time, an instrument agreeing to change these Restrictions in whole or in part (herein referred to as "Modified Restrictions" that has been signed, in counterparts, by a majority of the then owners of the lots subject thereto who are eligible to vote may be recorded with the Office of the County Recorder of Storey County, Nevada. Following such recording any such Modified Restrictions shall replace and supercede any and all previously recorded Restrictions.

2. MUTUALITY of BENEFIT and OBLIGATION

The Restrictions and agreements set forth herein are made for the mutual and reciprocal benefit of each and every lot in the Unit, and are intended to create reciprocal rights between the respective owners of all said lots, to create a privity of contract and estate between the grantees of said lots, their heirs, successors, and assigns, operate as covenants running with the land for the benefit of each and all other lots in the Unit and their respective owners.

3. ARCHITECTURAL CONTROL and PLANNING COMMITTEE

All plans and specifications for any structure larger than 200 square feet to be erected on or moved upon or to any lot, or additions to any building or other structure on any lot shall be subject to and shall require the approval in writing, before any such work is commenced, of the Architectural Control and Planning Committee (herein called "Committee"), as the same is from time to time composed. The approval will be valid for one year. A building permit must be obtained within twelve months or the plans must be renewed. If there are no changes in the plans, there will be no additional fees.

The Committee is composed initially of at least two (2) members to be appointed by the Association. These Committee members do not have to be Board members to serve on the Committee. Any Committee member may be removed by a majority vote of the Board. Any vacancy, whether arising from resignation, removal, or death of a member, shall be filled by the Board of Directors of the Association. The Committee may appoint advisory committees from time to time to advise it.

There shall be submitted to the Committee three (3) complete sets of plans for any structures greater than 200 square feet or any additions.

- Such plans shall include plot plans showing the location on the lot of the building or other structure proposed to be constructed, altered, or placed.
- Payment in the amount of \$100 made payable to the Highland Ranches Property Owners Association (HRPOA) is due at the time the house plans are submitted.
- The plot plans must show setbacks from property lines, well location, septic location and driveways.
- All side elevations must be shown
- Representation (samples or photographs) of construction materials for roofing and siding must be included and will be retained for record keeping purposes, in addition to any paint colors for siding and trim. Changes in materials must be resubmitted.
- Plans shall be submitted at the monthly Association meeting, unless prior arrangement is made with a Committee member. Plans will be reviewed outside the meeting, and will be available for pickup at the following meeting, unless other arrangements are made.
- One set of plans will be retained by the Committee; the other two will be returned to the owner.
- Plans for fences, outbuildings or house improvements can be submitted without additional fees.

Specific requirements include the following:

1. The building and roofing colors must be approved by the Committee and should blend into the surrounding area.
2. The fire resistant ability of materials used for siding and roofing should be evaluated.
3. SIDING - Composite exterior materials that are textured to represent wood siding are allowed, such as Hardi board and metal and vinyl sidings. Native rock, brick, split face cinder blocks and stucco are allowed . Siding may also be of natural wood, wood shingles or logs, however these materials should be used with caution, due to the high fire danger. Foundations exposed more than two feet above grade shall be finished in natural wood or rock.
4. ROOFING - Metal roofing must be non-glare. Tiles roofs are allowed. Class A asphalt shingles must be thick butt, but are not recommended due to their short burn protection time. Roof pitch must be 6/12 for a minimum of 75% of the roof area. Barn roof pitches are allowed to be 3/12.
5. EXTERIOR LIGHTING - must not interfere with vehicles or be a nuisance to neighbors. The maximum watts per fixture allowed is 60 watts. Exterior lights may not be left on all night. The use of motion detector lights is encouraged.
6. FENCING - Approved fencing materials include rock, wood, wire, coated chain link and vinyl rail. Non-coated chain link fences are limited in size to no more than one acre. Barbed wire, razor wire, or similar fencing is not allowed. Fence height is limited to six feet unless a County permit allows for a higher fence.
7. WATER CONSERVATION - Water efficient plumbing fixtures must be used. Lawn or turf areas are limited in size to 1,000 square feet. The use of low-water usage landscaping materials are required.

The Committee shall have the right to disapprove any plans submitted to it as aforesaid in the event such plans are not in accordance with all of the provisions of these Restrictions, if the design or

color scheme of the proposed improvement or other structure is not in harmony with the general surroundings of such lot or with the adjacent buildings or structures, if the plans submitted are incomplete, or in the event the Committee deems the plans or any part thereof to be contrary to the interests, welfare, or rights of all or any part of the real property subject hereto, or the owners thereof, all in the sole discretion of the Committee. The decisions of the Committee shall be final.

Neither the Committee nor any architect or agent thereof or of the Association shall be responsible in any way for any defects in any plans or specifications submitted, revised, or approved in accordance with the foregoing, nor for any structural or other defects in any work done according to such plans and specifications.

If any structure is constructed or remodeled that is not in compliance with the plans which were submitted, a fine may be levied against the property owner. A schedule of fines will be maintained by the Board of Directors. If the fines are not paid, the Association may issue a lien against the property.

For additional information, you should contact the Storey County Building Department and obtain the current local and state regulations regarding well and septic system permits as well as the current Storey County Building Department regulations and necessary permits and fee schedules.

Plan to do construction exclusive of the months of November through March. Any damage to Association roads caused by movement of heavy equipment or semi trailers used in the construction of buildings or improvements will result in the property owner being liable for the repair costs incurred to repair the road surface.

4. SIZE and PLACEMENT of STRUCTURAL IMPROVEMENTS

Every residence, dwelling and/or summer cabin constructed on the lot shall contain a minimum of 1,200 square feet of full enclosed floor area devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages, carports, and other outbuildings).

No one shall be permitted to construct a building for human habitation until such person has provided a source of water fit for human consumption, either by drilling a well on the property or by water piped in through a public or private utility, and no such construction will be permitted until such person has first installed a suitable sewage disposal system meeting all applicable government standards as stated in the State and local ordinances in effect in Storey County, Nevada at the time of such construction.

Each lot shall have the following setbacks, which limit the extent of the portion of such lot upon which any improvement can be constructed without the express approval of the Committee. The following dimensions shall govern for front, side, and rear setbacks on all lots:

- a) Thirty (30) feet from the front line of each lot fronting on a publicly dedicated road, or thirty (30) feet from the easement line for lots fronting on private roads on which road easements are imposed;
- b) Fifteen (15) feet from each lot side line;
- c) Forty (40) feet from the rear line of each lot.

5. GENERAL RESTRICTIONS and REQUIREMENTS

If any of the restrictions and requirements are not complied with, the Committee has the power and ability to fine the property owner for violations. A schedule of fines will be maintained by the Board of Directors. If these fines are unpaid, the Committee has the right to levy a lien against the property. The following general restrictions and requirements shall prevail as to the construction or activities conducted on any lot in the Unit:

- a) No stripped down, partially wrecked, or junk motor vehicle, or sizeable part thereof, shall be permitted to be parked on any road in the Unit, or on any lot in such a manner as to be visible to the occupants of other lots within the Unit or to the users of any road therein.
- b) Every outdoor receptacle for ashes, trash, rubbish, or garbage shall be screened, or so placed and kept as not to be visible from any road within the Unit at any time except during refuse collections.
- c) No owner of any lot shall build or permit the building thereon of any dwelling house that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the Committee.
- d) All lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of the accumulation of rubbish or debris thereon. In the event any such lot or improvement in the Unit should not be maintained as required herein, the Association may perform the necessary work, the cost of which shall be paid by the property owner.
- e) No clear cutting of trees will be allowed. This does not apply to the removal of dead or diseased trees, or for fuel reduction within thirty (30) feet of structures.
- f) "No Trespassing" signs may be posted by property owners at their discretion. Signs displaying the property's name are allowed. Signs of customary and reasonable dimensions shall be permitted to be displayed on any lot advertising the same for sale. Temporary signs may be displayed for the maximum of one week and are allowed for garage sales and other uses. Political signs may be displayed according to Nevada statute. All other signs, billboards, or advertising structures of any kind are prohibited except upon application to, and written permission from, the Committee.
- g) No trash shall be dumped or stored on any lot, road, or other area in the Unit.
- h) No improvement which has been partially or wholly destroyed by fire, earthquake, or otherwise, shall be allowed to remain in such state for more than six (6) months from the time of such destruction, weather permitting.
- i) No mobile home, motor home, trailer, or recreational vehicle shall be placed on any lot for residential purposes or use, except temporarily in conjunction with construction of a residence on such lot. The storage of these vehicles must be within the property setbacks.

6. VARIANCES

The Committee may allow reasonable variances and adjustments of these conditions and restrictions in order to overcome practical difficulties and prevent unnecessary hardships in the application of the regulations contained herein, provided, however, that such is done in conformity to the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood. In no case will a variance be granted for solely economic convenience.

All variances must follow these guidelines. A fee of \$500 is required at the initiation of the variance process. All property owners adjacent to the property will be notified of the variance request via certified letter sent by the Committee. A copy of the variance request will be posted at the public mail enclosures on Cartwright Road and posted on the web site. The public posting period is for 30 days. If the majority of responses received via formal written letter to the association do not object, the variance may be approved.

It is within the discretion of the committee to decide whether to accept a variance request or not. Storey County approval must also be obtained if applicable. Variances and adjustments of size and setback requirements may be granted hereunder, if in conformance with all applicable regulatory agency requirements.

7. HIGHLAND RANCHES PROPERTY OWNERS ASSOCIATION

The general purpose of the Association is to further and promote the community welfare of property owners in the Highland Ranches. Every person who acquires title, legal or equitable, to any lot in the Unit shall become a member of the Association, provided, however, that such membership is not intended to apply to those persons who hold an interest in any such lot merely as security for the performance of any obligation to pay money, e.g. mortgages, deeds of trust, or seller's interest under any real estate contract purchases.

Each member shall be entitled to one vote for each lot owned by said member. Each member shall be entitled to cast his votes in person or by proxy. In the event any member fails to pay any charges when due and is delinquent for thirty (30) days, such member shall not be eligible to vote until such time as payment has been made.

Subject to the authority, rights, and duties of any community service, assessment, or maintenance district, and the County of Storey, the Association shall be responsible for the maintenance, repair, and upkeep of the private roads and parks within the Unit, and the appurtenant drainage and slope easements, if any. The roads will be maintained as four-wheel drive roads. Additionally, improvements are not required to be made on roads that do not have any residents or where a building permit has not yet been obtained. The Association shall also be the means for promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such roads and parks and such other properties within the Unit as it may from time to time own.

The Association shall have all the powers that are set forth in its Articles of Incorporation and By-Laws or that belong to it by operation of law, including the power to levy annual charges and

special assessments against every lot in the Unit and to assess fees, fines and special charges against specific lots in the Unit. Fees may be assessed against specific lot owners for Committee services, for the transfer of title of lots between owners, and for the filing of liens and lien releases. Fines may be assessed for noncompliance with the Restrictions. Special charges may be assessed when the Association is required to perform necessary work on lots to force compliance with the Restrictions. However no charges shall be levied against the Association itself, or any entity that may be created to acquire title to and operate any utilities serving the Unit.

The annual dues amount will be determined by the Board of Directors, as set forth in the Association's ByLaws. A title transfer fee of \$100 must be paid by any property buyers. Special assessments may be levied if the reserve fund is depleted for major expenditures. The Board of Directors will determine the need to rebuild the reserve fund to be in compliance with Nevada statutes.

Every such charge shall be paid by the member of the Association on or before the date established by its Board of Directors pursuant to the resolution adopted by such Board fixing the amount of the annual charge. Written notice of any changes in the charge so fixed or the date of payment shall be sent to each member. No notice need be sent in the absence of a change from the prior year. Said charges shall remain a lien upon the property of the respective member until paid.

In the event any member fails to pay any such charge when due and the same has been delinquent for thirty (30) days, The Association shall forthwith cause a notice thereof and of the lien created thereby to be signed and acknowledged by it and recorded in the office of the County Recorder of Storey County, Nevada. Such recorded notice shall embody said resolution and state the rate of the charge, the time payable, and when it becomes a lien. When paid, The Association shall from time to time execute, acknowledge, and record in the office of the County Recorder of Storey County, Nevada, a release or releases of lien with respect to the property for which payment has been made. Full receipts shall be issued to lot owners upon payment.

Each owner of a lot in the Unit shall, by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, bind himself, his heirs, personal representatives, and assigns to pay all charges determined and levied upon such lot, including interest thereon and collection costs thereof, if any, including attorney's fees; and the obligation to pay such charges, interest, and costs thereby constitutes an obligation running with the land. Sale or transfer of any lot shall not affect any lien for charges provided herein.

All liens herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages and/or trust deeds; provided, however, that no proceeding for foreclosure shall be commenced except upon the expiration of four (4) months from and after the date the charge giving rise to such lien becomes due and payable.

Any lien created or granted under the provisions of this Declaration is expressly made subject and subordinate to the rights of the beneficiary of any first deed of trust upon any lot in the Unit, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or the priority of such trust deed unless the beneficiary thereof shall expressly subordinate his interest, in writing, to such lien.

The funds arising from such charges, so far as may be sufficient, shall be applied toward the payment of expenses incurred by the Association in the maintenance of its properties and in furthering and promoting the community welfare of property owners in the Unit, as set forth and provided in its Articles of Incorporation and its By-Laws.

8. OWNERSHIP of ROADS

Each of the roads in the Unit designated on the Map, except as otherwise spelled on Sheet 1, will be a private road. The Association may dedicate any private road and/or appurtenant easements, if any, to any appropriate governmental subdivision, and upon acceptance by such governmental subdivision, the Association shall no longer have any ownership or control of the property so dedicated; provided, however, that and such dedication must be approved by the vote or written consent of two-thirds (2/3) of its members entitled to vote.

9. EASEMENTS

The Original Declarant dedicated to Storey County rights of way and easement areas for the installation and maintenance of public utilities within the private and public road rights of way as contained in the offer of dedication set forth in Sheet 1 of the Map as shown in the subsequent Sheets. On each lot the right of way and easement areas reserved by Original Declarant or dedicated to public utilities purposes, or dedicated for governmental purposes to the County of Storey, and including all natural drainage courses whether within easement areas or in other areas of lots, shall be maintained continuously by the lot owner; but no structures, fences, plantings, or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with the installation or maintenance of utilities, which may change the direction of flow of drainage channels, which may obstruct or retard the flow of water through drainage channels, or which damage or interfere with established slope ratios or create erosion or sliding problems. Improvements within such areas shall also be maintained by the respective lot owner except for those for which a public authority or utility company is responsible.

10. GRANTEE'S TITLE

Fee title to lots within the Unit shall be conveyed subject to:

- (a) These Restrictions;
- (b) Easements and rights of way of record; and
- (c) The reservation to other parties of all oil, gas, gasoline, and other hydrocarbon substances and all other minerals underlying and within the boundaries of such lot below a depth of 100 feet, without right to surface entry.

11. REMEDIES

The Association or any party to whose benefit these Restrictions inure may proceed at law or in equity to prevent the occurrence, continuation, or violation of any of the Restrictions and the Court in any such action may award the successful party reasonable expenses in prosecuting such action, including attorney's fees.

The remedies hereby specified are cumulative, and this specification of them shall not be taken to preclude an aggrieved party's resort to any other remedy at law, in equity, or under any statute. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect to a

violation of any of these Restrictions shall be held to be a waiver by the party of, or an estoppel of that party to assert, any right available to him upon the recurrence or continuance of said violation or the occurrence of a different violation.

12. RIGHTS of LIEN HOLDERS

A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any or said lots or improvements thereon; provided, however, that any subsequent owner of said property shall be bound by the said provisions, conditions, restrictions, covenants, easements, and reservations whether such owner's title was acquired by foreclosure or at a trustee's sale or otherwise.

13. GRANTEE'S ACCEPTANCE

The grantee of any lot subject to the coverage of this Declaration, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, shall accept such deed or contract upon and subject to each and all of these Restrictions and the agreements herein contained, and also the jurisdiction, rights, and powers of the Association, and by such acceptance shall for himself, his heirs, personal representatives, successors, and assigns, covenant, consent, and agree to and with the Association, and to and with the grantees and subsequent owners of each of the lots within the Unit, to keep, observe, and comply with and perform said Restrictions and agreements. Each such grantee also agrees, by such acceptance, to assume, as against the Association, its successors or assigns, all the risks and hazards of ownership or occupancy attendant to such lot.

14. PARTIAL INVALIDITY

In the event that any one or more of the Restrictions herein set forth shall be held by any Court of competent jurisdiction to be null and void, all remaining Restrictions shall continue unimpaired and in full force and effect.

15. CAPTIONS

The captions of the various paragraphs of this Declaration are for convenience only and are not a part of this Declaration and do not in any way limit or amplify the terms or provisions thereof.

IN WITNESS WHEREOF, the undersigned, being the Board of Directors of the Highland Ranches Property Owner's Association, have executed these Guidelines this 29th day of December, 2003.

Gary Brownwell

Kelly Brownwell

Louis B. Tassone

Jay Campbell

Kay Dean

THE ORIGINAL OF THE ABOVE DOCUMENT WAS DULY SIGNED BY THE ABOVE AND PROPERLY NOTARIZED AND FILED WITH AND DULY RECORDED WITH THE STOREY COUNTY RECORDER ON 12/30/03 IN BOOK 175, PAGES 030 THRU 040, FILE NUMBER 096258.

A COPY MAY BE OBTAINED FROM THE STOREY COUNTY BUILDING DEPARTMENT, FROM THE BOARD OF DIRECTORS, OR FROM THE WEBSITE (www.hrpoa.org).