

DECLARATION

OF

COVENANTS, CONDITIONS & RESTRICTIONS

CLARIDGE POINTE

HOMEOWNERS ASSOCIATION

(REVISED FOR FHA & VA APPROVAL)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

(CLARIDGE POINTE PHASE I)

This Declaration of covenants, conditions and restrictions effective this ____ day of _____, 199____, made by D.H.S. Construction, Inc., a Nevada Corporation, and/or their assignees as developer, hereinafter referred to as Declarant of PHASE I of the fifty-nine (59) Lot manufactured housing subdivision, known as Claridge Pointe On The Greens, hereinafter referred to as SUBDIVISION.

RECITALS

WHEREAS, Declarant is the developer of a staging development, Phase I of said development shall consist of 59 Lots, all of the Lots contained in Blocks A & C respectively, and lots B-9 to B-21 inclusive, hereinafter "Lots" of real property situated in the City of Reno, County of Washoe, State of Nevada, as delineated on that certain final plat titled Claridge Pointe On The Green, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on the ____ day of _____, 199____, under Auditors File No. _____.

WHEREAS, Declarant proposes to sell all or a portion of said Lots and parcels and desires to impose upon said Lots mutual and beneficial restrictions, covenants, equitable servitude, and charges under a general plan or scheme of improvements for the benefit of said Lots and parcels thereon and the owners and future owners thereof, and

WHEREAS, Declarant further desires to impose the respective covenants, conditions and restrictions hereinafter set forth in order to provide a high quality residential environment to preserve property values, and insure each Lot Owner the undisturbed residential use of the property, and

NOW, THEREFORE, Declarant declares that the Lots and parcels in SUBDIVISION, as delineated in the above referenced plat, known as Claridge Pointe On The Green, and the whole of the development and any subsequent units developed, as defined herein, are held and shall be held, conveyed, reserved, sold, hypothecated or encumbered, subject to and burdened by the provisions of this Declaration of Covenants, Conditions and Restrictions, all of which are declared and agreed to be in furtherance of a plan for the development, improvement and sale of said Lots and parcels and are established and agreed upon for the purpose of enhancing and protecting the value, desirability, and attractiveness thereof. The provisions of this Declaration are intended to create mutual and equitable servitude upon each of said Lots and parcels in favor of each and all other Lots and parcels to create a privity of contract and estate between the GRANTEES of such Lots and parcels, their heirs, successors, and assigns; and shall, as to the owner of each such Lot or parcel, their heirs, successors, or assigns operate as covenants running with the land for the benefit of each and all other such Lots and parcels in the development as hereinafter defined and the respective owners, present and future.

ARTICLE I

USE RESTRICTIONS

1.0 Common Area Description

The Common Area for Phase I of the Subdivision shall consist solely of the private streets namely, North Claridge Pointe Parkway, Diamond Pointe Way and Platinum Pointe Way. (The Declarant may in future times upon the completion of scheduled improvements transfer additional private property to the Association, which property shall then be classified as common area for all members of the Association).

1.1 Dwellings Allowed

Only single-family multiple-section manufactured housing units used for residential purposes excepting as specified in Article I herein, including private garages used in connection with said residences, and other outbuildings, as expressly provided hereinafter, shall be permitted.

1.2 Commercial Use of Property

Each residence shall be deemed a place of residence and not be operated as a place of commercial enterprise. No business or commercial enterprise shall be allowed, permitted, performed, or conducted upon any Lot or parcel, or within any dwelling unit or outbuilding within the SUBDIVISION, excepting Declarant's sales, construction, and management operations and enterprises..

1.3 Activity Restrictions

No illegal, noxious, offensive, or disturbing activity of any kind shall be permitted within any structure or upon any Lot or parcel or Common Area within SUBDIVISION.

1.4 Re-subdivision of Lots

Re-subdivision of the SUBDIVISION shall be prohibited. Further, only one single-family dwelling unit shall be allowed within SUBDIVISION for each legal Lot, as recorded on said Plat. This restriction shall constitute a covenant running with the land.

1.5 Temporary Structures

No outbuilding, additional garage or other structure other than the completed main dwelling unit shall be used for temporary or permanent living quarters. A storage shed may be allowed, as permitted by the City of Reno, provided the proper permits are obtained and the structure has the same characteristic as the dwelling unit.

1.6 Recreational Vehicles and Trailers

All recreation vehicles and trailers including boats, motor homes, off-road vehicles, race cars, antique vehicles, travel trailers, tent trailers, house or utility trailers, detached campers or camper shells shall not be stored more than forty-eight (48) hours on the front driveway, unless the driveway exceeds twenty-five feet in length. But in no case shall these vehicles, items or trailers be stored on the landscaped front yard area or parked on the common area or guest parking stalls. Furthermore, no vehicle shall be assembled, disassembled, fixed, maintained, or repaired in the front yard, Common Area or on the driveway, but only in the garage, provided no adverse impact is sustained by the adjoining property owners or the community at large.

1.7 Construction Completion Date

Upon placement of any dwelling unit within SUBDIVISION all reasonable speed and diligence shall be employed by Declarant to complete said placement and said construction. Should a Label of Compliance or the Label of Installation be removed from the manufactured house, occupancy shall thenceforth not be permitted, until the structure has been re-inspected and re-approved. No house shall be removed from a lot in the subdivision that is encumbered by a mortgage or deed of trust, where a third party has a security interest in the house. However, should a house (free of encumbrance) be removed from a lot, after previously receiving approval for occupancy, the Lot shall be re-graded per the guidelines established by the Architectural Committee and lawn or decorative rock installed over the balance of the Lot by the Lot Owner if another house is not immediately located upon the Lot. If a second house is installed on the Lot, the house/garage installation and construction shall be materially completed within ninety (90) days, from the date of move-on.

1.8 Partially Constructed Structures

Other than new structural components approved by the Architectural Committee hereinafter described, no existing, used, or partially constructed structure of any type shall be moved from another place into SUBDIVISION for any purpose whatsoever without prior written authorization of the Declarant and/or Architectural Committee. The foregoing notwithstanding, temporary structures and/or trailers will be allowed for storage during period of construction only.

1.9 Square Footage of Dwelling Units

Dwelling units placed within SUBDIVISION shall provide a minimum living area, exclusive of garages, porches, patios, and terraces of no less than Nine Hundred Sixty (960) square feet. All dwelling units shall be approved by the United States Department of Housing and Urban Development, as evidenced by a Label of Compliance or in accordance with the Uniform Building Code.

1.10 Outbuilding Construction

No garage or other outbuilding shall be constructed without the prior approval of the Architectural Committee hereinafter described.

1.11 Pets and Livestock

No livestock is allowed within the subdivision. Pet Requirements must satisfy all conditions of the Reno City Ordinance.

1.12 Adverse Effect on Adjoining Property

No use of any Lot or structure within SUBDIVISION shall adversely affect the use, value, occupation, and enjoyment of any adjoining property or the general neighborhood. Final determination within these bounds shall be left to the decision of the Architectural Committee, hereinafter described.

1.13 Excavations

No excavation or drilling for mineral, stone, gravel, petroleum or earth shall be made upon any Lot or parcel other than excavations necessary for construction purposes relating to main dwelling unit, garage, outbuildings, utilities, drainage,

concrete work and/or pool, and for the purpose of contouring, shaping, fencing, landscaping and generally improving any Lot or parcel as may be determined by the Architectural Committee.

1.14 Certificate of Installation

A Certificate of Installation must be issued by the State of Nevada or City of Reno Building Department prior to occupancy of any dwelling unit.

1.15 Fences

No rear or side fence, retaining wall or hedge within SUBDIVISION shall be more than eight (8) feet in height, and no front yard, retaining wall, or hedge shall exceed three (3) feet in height, nor shall any fencing extend into the designated front yard area of the Lot, without the express written approval of the Architectural Committee. Chain-link fences shall not be permitted. Front yard fences, and side yard fences shall not extend beyond the end of the house. All fencing styles shall be approved by Architectural Committee. Each resident shall be responsible to maintain their fence and/or common portion of fence or any fence on their Lot or adjacent thereto. Painting and staining colors for fences must have prior approval by Declarant and/or Architectural Committee. All back fences shall comply with the harmony guidelines and height restrictions as will be provided by Declarant and/or Architectural Committee. All fences shall be in harmony with the architectural quality and aesthetics of SUBDIVISION as determined by the Architectural Committee.

1.16 Garbage

All owners and/or tenants of all Lots or parcels shall have garbage picked up each week; all costs for such service shall be the sole expense of the Lot Owner. Under no circumstance shall refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, and similar matter be permitted on any Lot or parcel, excepting items found in Declarant's temporary construction yard. Each Lot shall be maintained in a neat, attractive, orderly and well-groomed manner. All woodpiles, garbage cans, garbage canisters shall be kept and housed in the privacy area or garage and/or screened (out of sight) from all streets and common areas. No trash, construction debris or waste, plant or grass clippings or other debris of any kind, or hazardous waste shall be dumped, deposited or placed on any Common Areas.

1.17 Clotheslines

No clotheslines shall be constructed or erected which would be visible from any front or side street or that may be visible from any common landscape area.

1.18 Utilities

All utility connections and service lines to each individual Lot, dwelling unit, garage or outbuilding will be installed underground, including electric service, irrigation piping, water service, gas service, sewer, cable TV, and telephone cable, in accordance with accepted construction and utility standards. The cost of installation and usage of all utilities shall be borne by the Lot Owner.

1.19 Signs

No signs shall be erected on any Lot, parcel or portion thereof, except signs advertising the project, residences and/or sale of Lots, political candidates; NO sign shall be located closer than six (6) feet from the back of curb.

1.20 Separation of Surface and Subsurface Rights

There shall be no deed, conveyance, agreement or other document executed which should affect or cause a separation into different ownership of the surface or subsurface rights of any Lot, parcel or portion thereof.

1.21 Building Height Restriction

No building, residence, garage, or outbuilding structure of any kind will have more than a single level, except fireplace chimneys and flues which may extend up to five (5) feet above the ridge line of the roof. No coolers shall be installed on or through the roof or the front side of the home or any side of the home that may be visible from the street. In the event that the height restriction, as set forth herein, results in undue hardship in home design or construction, the Architectural Committee, at its sole discretion, may allow minor variations in said restrictions.

1.22 Communication Equipment Restrictions

Radio transmitting and receiving antennas for CB and short-wave operations and satellite television dishes shall not exceed above the highest point of the roof nor shall they be visible from the street, without the approval of the Architectural Committee. In the event that the height restriction, as set forth herein, results in undue hardship in home design or construction, the Architectural Committee, at its sole discretion, may allow minor variations in said restrictions.

1.23 Construction Standards

No exposed metal roofing or siding shall be allowed on any living unit within the SUBDIVISION. An exception for patio covers and window coverings may be made at the sole discretion of the Architectural Committee.

1.24 Landscaping

Declarant shall cut and trim the front lawn of each Lot or parcel upon completion of the setup of the manufactured house and construction of garage and concrete flat-work. The Lot Owner shall be responsible for installation and maintenance of the entire yard, and irrigation system including the requirements for fertilizers, re-planting, weed control and all other aspects of care and maintenance, excepting for cutting and trimming during the months commencing on the first day of April and terminating the last day of October of each year, which period shall be deemed to be the cutting season. Furthermore, Lot Owner grants a landscaping easement to Declarant and Homeowners Association as specified in Article VII herein.

Once the lawn is installed, during the cutting season, Declarant shall cut and trim the grass on a regular basis. The water used for irrigating shall be paid for by said Lot Owner. Should Lot Owner allow waste, rubbish, trash, material, animal waste, to accumulate on lawn, Lot Owner shall be subject to an additional fee for service and clean-up; which if unpaid, said Lot shall be subject to appropriate lien laws.

Each homeowner must landscape their Lot within six (6) months after occupancy. Landscaping will include grass and a tree as detailed on the approved landscape plan.

The Homeowners Association shall have and retain the right to demand that each Lot Owner maintain their landscaping as well as non-lawn portions of the Lot. If any portion of the yard is not maintained properly, or if the Lot Owner fails to properly install or maintain landscaping, including the irrigation system, the Homeowners Association shall have the right to provide thirty (30) day written notice to Lot Owner of intent to install or maintain landscaping. If the Lot Owner does not respond to the notice, the Homeowners Association shall have the right to contract and complete the required work. Costs for said work and supervision shall be the sole expense and obligation of the Lot Owner. Should the Lot Owner refuse to pay or reimburse the required costs and expenses within thirty (30) days from date of invoice, the Homeowners Association shall have the right to lien the Lot Owner's property.

1.25 Obligation of Maintenance

The Lot Owner of each Lot shall maintain such property and the improvements thereon in a good, clean and orderly condition and in a good state of repair including adequate paint, trim work and/or other finishings, all at Lot Owner's sole cost and expense and all in accordance with the Architectural Committee rules. No Lot Owner shall permit any building, structure, or other improvement on Lot to fall into disrepair. Each Lot Owner shall keep all shrubs, trees, grass and plantings on his Lot or parcel neatly trimmed, properly cultivated and free from trash, weeds or other unsightly material, except as provided for under Article I. Each Lot Owner shall be responsible for the removal of any debris, sand, rock, dirt, or snow from their respective parcels, including any areas of easements granted including sidewalks, driveways or areas abutting their property.

1.26 Pre-existing Restrictions

If the properties and Lots covered by this Declaration are already affected by previous covenants, conditions, easements and encumbrances, the property shall continue to be subject to such restrictions to the extent these restrictions are valid and legally enforceable.

ARTICLE II

VIOLATION OF COVENANTS

2.1 Violation of Covenants

If any party hereto or their heirs, successors or assigns shall violate or attempt to violate any of the covenants herein, Declarant or Homeowners Association shall give written notice to such violating party, which notice shall set forth in specific detail, the violation or attempted violation and the work necessary to correct the same. Said violating party shall correct the violation within the time period specified within this Declaration. Should no specified time period be determined, the violating party shall correct violation within One Hundred Twenty (120) days from receipt of said notice, unless said violation cannot be reasonably corrected within said One Hundred Twenty (120)-day period, in which event, said party must commence the work necessary to

correct the violation within the One Hundred Twenty (120) day period and pursue completion in good faith and workmanlike manner.

Parking, garbage, utility, sign, pet and/or any violation of Articles I or II herein shall have a period of seventy-two (72) hours to cure unless specifically provided elsewhere in this Declaration, at which time the violation must be corrected or additional time granted Lot Owner by Declarant or Homeowners Association; excepting Landscaping and maintenance violations must be satisfactorily cured within thirty (30) days from time of Notice or Homeowners Association shall take action, unless additional time is granted by Declarant.

If said violating party does not comply with the Notice of Violation as provided above, Declarant and/or Homeowners Association may enter the property of said violating party to perform or cause to be performed the work necessary to correct the violation and charge said violating party for the work. The charge, if not paid within a reasonable period of time thirty (30) days from Lot Owner's receipt of invoice), shall become a lien upon the property of said violating party, enforceable under the laws of the State of Nevada. Neither Declarant nor the Homeowners Association shall be required to undertake such remedial work and neither Declarant nor the Homeowners Association nor any of their agents or employees shall be liable for the failure to exercise such right to maintain the Lot.

2.2 Beneficiary

Declarant or the Homeowners Association, with respect to those provisions herein to which it is made a beneficiary, or any other Lot Owner in SUBDIVISION may prosecute any proceedings at law or in equity against any person violating or attempting to violate any of the covenants and/or to recover damages for such violations, excepting Declarant, their affiliates and the Architectural Committee. If proceedings are commenced to enforce these covenants, the prevailing party shall be entitled to their reasonable attorneys fees and costs.

2.3 Recreation Areas

Homeowners Association hereby assumes the responsibility for the maintenance of the Common Areas, including any recreational facilities to be constructed on SUBDIVISION.

2.4 City of Reno- Rights of Enforcement

Declarant and/or Homeowners Association agrees not to materially alter, modify or dissolve any Article, provision, covenant, condition and/or restriction set forth herein without the express written permission of the City of Reno and/or Reno City Council. Furthermore, the Claridge Pointe Homeowners Association shall not be dissolved without written approval of the City of Reno Attorney.

ARTICLE III

ARCHITECTURAL COMMITTEE

3.1 Architectural Committee

In order to provide for the orderly development of the SUBDIVISION and to aid in establishing a uniform architectural format, there is hereby created, an Architectural

Committee whose membership shall consist of three (3) persons, who are not required to be fee owners of a Lot or parcel in SUBDIVISION. The initial members of said Committee shall be appointed by Declarant herein within ninety (90) days from the date of recordation of these covenants, conditions and restrictions. In the event of the resignation, incapacity, failure, or death of any member or members of the Architectural Committee, the remaining member or members shall fill any vacancy or vacancies by an appointment of a new member of their choosing. The Homeowners Association, at their expense, shall protect, indemnify and hold harmless each of the members of the Architectural Committee, who shall attempt to perform their duties during their tenure as members of said committee and upon resignation of committee shall be forever held harmless from those belonging to and from the Homeowners Association. The members of this Committee shall not be liable for any omission or improper exercise of any such duty, power or function so delegated by this written instrument executed by a majority of residents. Further, the Architectural Committee shall have the power to establish its own internal rules, regulations and procedural guidelines.

3.2 Colors and Standards

The Architectural Committee shall examine and approve and stipulate any reasonable changes or alterations and plans for any dwelling unit, garage or outbuilding to be constructed on any Lot or parcel. Original colors and any change of color from the original paint **MUST BE APPROVED** by the Architectural Committee. No bright colors shall be allowed and colors in general shall be limited to earth tones, soft blues, soft greens, soft yellows, whites, grays, and natural wood colors. Said changes or alterations in colors duly submitted to the Committee are required to continue the interest of maintaining a superior tone and quality of architecture and aesthetics throughout SUBDIVISION. **ALL HOMES MUST HAVE EAVES WITHOUT EXCEPTION.**

3.3 Plans and Specifications

No dwelling unit, garage or outbuilding shall be erected or placed upon any Lot or parcel until a complete set of plans, exterior color schemes and plot map indicating and establishing the exact location of said structures have been submitted in writing to the Declarant and/or Architectural Committee for approval. Said approval must be obtained in writing from the Declarant and/or Architectural Committee prior to construction and/or installation.

3.4 Approval Time

Approval by the Architectural Committee of any given plans, alterations, or color changes may be withheld due to noncompliance with any of the specific requirements of this Declaration of Restrictions or due to reasonable disapproval of the Architectural Committee for any of the following: location of the building site upon any Lot, appearance, violation of any provision of this Declaration, construction materials to be used, Lot grading, and/or if the Architectural Committee deems that the proposal is not in harmony with the surrounding area or homes. At no time shall the Architectural Committee take more than thirty (30) days from the date of said submission to render a decision. In the event that the Architectural Committee has not approved said request at the end of said thirty (30) days, then such submissions shall automatically be deemed to be **APPROVED**.

3.5 Alterations

If any redecorating or alteration to the exterior of any existing structure be proposed without remodeling or adding to or effecting structural changes in any

existing structure, it shall be necessary only to file an exterior color scheme of such changes and to receive written approval of the Architectural Committee prior to commencing said work. When the exterior redecoration, alteration, addition or remodeling affects structural changes, the Lot Owner shall comply with the provisions of paragraph 3.2 and 3.3.

3.6 Permits

Should the Architectural Committee approve a submittal either expressly or implicitly such shall not in any way negate the Lot Owners requirement to obtain the proper permits from the City of Reno.

ARTICLE IV

HOMEOWNER'S ASSOCIATION

4.1 Homeowner's Association

CLARIDGE POINTE HOMEOWNERS ASSOCIATION herein "Homeowners Association" or "Association" shall be organized under the laws of the State of Nevada. Homeowners Association shall have the rights and powers set forth herein and it shall perform each and every duty required of it by this Declaration. The general purpose of the Homeowners Association is to further promote the common interests and welfare of the SUBDIVISION'S Lot Owners. The Homeowners Association shall also be the means for the promulgation and enforcement of all regulations necessary to govern the SUBDIVISION.

4.2 MEMBERS

Every person, including Declarant and their affiliates, who acquires title, legal or equitable, to any Lot, and dwelling unit, in SUBDIVISION, shall thereby become a member of the Homeowners Association provided, however, that such membership is not intended to apply to those persons who hold an interest in a given Lot, and/or dwelling unit, merely as security of an obligation to pay money, e.g., mortgages, deeds of trust or real estate contract purchases. Each Lot Owner, by virtue of being a Lot Owner and so long as he/she is a Lot Owner, shall be a member of the Homeowners Association. One membership in the Homeowners Association is appurtenant to each Lot, and dwelling unit. No such membership may be severed or separated from the Lot, and dwelling unit to which it is appurtenant and any sale, transfer or conveyance of the Lot, shall operate to sell and/or transfer the appurtenant membership without the requirement of express references thereto. Upon conveyance of a Lot to a new owner, such new owner shall become liable for all dues and assessments levied upon the membership and the association appurtenant to such Lot after the date of such conveyance.

4.3 Committees and Employees of Association

The Homeowners Association may establish committees, engage a manager or managers, secretaries, engineers, auditors, accountants, book-keepers, legal advisors or counsel and any other employees or consultants as may be reasonably necessary for the discharge of its duties hereunder. The expenses of a committee, the salaries of managers and other employees and the fees of consultants shall be established and paid for by the Homeowners Association. The Homeowners Association shall pay all other expenses necessary or incidental to the conduct or carrying on of its business. The Homeowners Association may delegate any of its duties, powers or functions to any person or firm to act as manager provided that any such delegation shall be

revocable upon notice by the Homeowners Association. The members of the Homeowners Association shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by the majority of the Board. In the absence of any appointment, the Chairman of the Homeowners Association shall act as manager. The Homeowners Association, further, may obtain such fidelity bonds in such amounts as it deems advisable naming the manager and such other persons as may be designated by the Homeowners Association as principals and the Lot Owners as obligees.

4.4 Audit of Books

Any Lot Owner may at any time at his/her expense, cause an audit or inspection to be made of the books and records of the Homeowners Association. The Homeowners Association shall obtain an audit of all books and records pertaining to the project at no greater than annual intervals and furnish copies thereof to the owners.

4.5 Voting

As issues shall arise from time to time which will require the consent of the members of CLARIDGE POINTE HOMEOWNERS ASSOCIATION, unless specified otherwise herein, each of the possible FIFTY-NINE (59) LOTS shall be entitled to only a single vote, notwithstanding there may be multiple owners of any given Lot. The Homeowners Association shall proceed to act as determined by a majority of the Lot Owners. A tie vote shall cause that the initiative be declined and the action shall remain as Status Quo.

ARTICLE V

POWERS AND DUTIES OF THE ASSOCIATION

5.1 Powers

The Homeowners Association shall have all the powers to do any lawful thing that may be authorized or permitted to be done by the Homeowners Association under this Declaration (the Lot Owners shall not be responsible for any improper or illegal act or omissions of the Homeowners Association), and to do and perform any act that may be necessary or proper for the exercise of any of the express powers of the Homeowners Association including, without limitation, the borrowing of monies from Declarant to cover any possible Homeowners Association expense as well as the following:

5.1.1 Assessments

The Homeowners Association shall have the power to establish, fix and levy assessments against each Lot Owner of a Lot and to enforce payment of such assessments in accordance with the provisions of this Declaration.

Each Lot Owner shall pay to the Association, monthly, in advance, his pro rata share of the annual general assessment which shall be established to pay for the following: Operation of the Association, utilities, insurance, accounting and any other items required to properly fulfill the duties of the Association, construction, maintenance and repair Common Areas, and lawn-scaped front-yard area on the individual Lots in SUBDIVISION, Payment of any taxes or assessments on Association's property, and Professional management services and expenses.

NOTWITHSTANDING the provisions contained in Article V, any Lot owned by Declarant shall be assessed an assessment by the Homeowners Association. However, upon subsequent transfer of title to a non-affiliate of the Declarant and upon occupancy of the new resident thereof, assessments shall immediately become due and payable to Homeowners Association from new resident. New Lot Owner shall thenceforth be responsible for and shall pay in a timely manner his/her share of any assessments on a pro rata basis for the calendar year.

The initial assessment for each Lot, including Lots owned by Declarant and/or Declarant's affiliates, shall be the sum of Eight (\$8.00) Dollars per month. Effective July 1, 1997, the assessment shall increase to FIFTY DOLLARS (\$50.00) per month. Declarant shall transfer operation and administration of the Homeowners Association at such time as Declarant closes seventy-five (75%) percent of the Lots to Lot Owner members.

5.1.2 Special Assessments

The Homeowners Association may, from time to time, at a regular meeting or a special meeting called upon notice, establish a special assessment to be levied equally against each Lot for the operation of the Homeowners Association, for the operation, maintenance care and improvement of the Homeowners Association's property. In addition, the Homeowners Association shall have the authority to establish and affix a special assessment on any Lot to secure the liability of the owner of such Lot to the Homeowners Association for any breach by said owner of any of the provisions of this Declaration which breach shall require an expenditure by the Homeowners Association to repair or remedy. The Homeowners Association may incur expenses for the maintenance and repair of the improvements of any Lot which causes the Lot to become unsightly, unsanitary or hazardous, including but without limitation to the maintenance of any and all fuel break areas on such owner's Lot in accordance with applicable fire and safety codes, provided such maintenance and repair is necessary in the sole discretion and opinion of the Homeowners Association to protect the project, and provided the owner of such Lot has failed or refused to perform such maintenance or repair within the time constraints as specified in Articles I, and II, excepting if the Lot Owner has diligently pursued the cure within a reasonable time period.

Any special assessments shall become a lien against each Lot in the same manner otherwise provided for in the Declaration. Any special assessment shall be due and payable in full on the first day of the second calendar month next following the date that the assessment was established by the Homeowners Association.

5.1.3 Collection Rights

The Homeowners Association shall have the sole authority to collect and enforce the collection of all general and special assessments provided for in this Declaration. In addition to such assessments, the Homeowners Association may charge and assess fees (including reasonable attorneys fees) and penalties and interest for the payment (late) or non-payment thereof. The Homeowners Association shall have the authority to expend all monies collected from such assessments, costs, penalties and interest for the payment of expenses and costs in carrying out the duties, rights and powers of the Association as provided for in this Declaration. Upon notice of

any charge or assessment whether general or special, each Lot Owner shall have thirty (30) days to make said payment to Association. Thereafter said assessment shall be deemed delinquent (late); the obligation shall continue to accrue late fees until the amount of said charge and assessment together with all costs, penalties and interest as herein provided have been fully paid or otherwise fully satisfied.

5.1.4 Late Fees

Should any Lot Owner fail to tender payment on the date specified, for an assessment or charge which has been made pursuant to this Declaration, a late fee may be assessed by the Homeowners Association. Late fees shall accrue at a rate of one dollar (\$1.00) per day on each delinquent assessment, until all charges, penalties and assessments are no longer delinquent.

5.1.5 Lien Rights

Each Lot within subdivision shall be subject to a lien to secure the payment of the assessments established against it.

At any time after any general or special assessment has been levied and the Lot Owner does not completely satisfy their outstanding obligation, the Declarant or Homeowners Association shall have the right to file a lien against the Lot Owner's property. The Homeowners Association may record a Notice of Delinquency or lien as to such Lot which notice shall state therein the amount of such delinquency and that it is a lien and the interest, costs (including attorneys fees) and penalties which have accrued thereon, a description of the Lot against which the lien has been assessed, and the name of the record or reputed record Owner thereof and such notice shall be signed by an officer of the Homeowners Association. Upon the payment or other satisfaction of said assessments, interest, penalties, and costs in connection with such notice, the Homeowners Association shall record a further notice stating the satisfaction and the release of the lien thereof.

Each lien established pursuant to the provisions of this Declaration by the recording of a Notice of Claim of Lien, may be enforced by sale of property by the Association, its attorneys and/or other officers authorized to make the sale after failure of the Lot Owner to pay such an assessment, in accordance with its terms. Such sale shall be conducted in accordance with the provisions of the covenants numbers 6.7 and 8 of NRS 107.030 and in accordance with the provisions of NRS 107.080 and NRS 107.090 applicable to the exercise of powers of sale and deeds and trusts, or in any other manner permitted by law. In any such action, the Homeowners Association shall be entitled to costs including attorneys' fees, filing fees and court costs.

Declarant, as to the property covered by the Declaration and each Lot and dwelling unit embraced therein, has established and does hereby establish, reserve and impose a lien thereon securing each assessment provided for by this Declaration together with said costs, penalties and interest and Declarant does hereby assign to the Homeowners Association the right to collect and enforce the collection of the same in accordance with and subject to the limitations contained in each of the provisions of this Declaration.

Each and every assessment and lien, together with all costs, penalties, or interest reserved under this Declaration shall be subordinate to any valid bona fide mortgage or trust deed (and the lien and /or title thereof) which has been or may hereafter be given in good faith and for value on any interest or any Lot Owner covered by this Declaration. Any subsequent Lot Owner of any Lot, and dwelling unit purchased at foreclosure shall be bound by the restrictions, conditions, covenants, reservations, assessments and liens set out in this Declaration not including, however, any assessment or lien arising prior to the foreclosure sale.

5.1.6 Right of Enforcement

The Association in its own name and in its own behalf or in behalf of any owner of a Lot who consents, Declarant and any successor to Declarant, can commence and maintain actions for damages or to restrain and enjoin any actual and threatened breach of any provision of this Declaration, rules and regulations, or any resolutions of the Association or to enforce by mandatory injunction or otherwise all of these provisions. The Court in any such action may award the successful party reasonable expenses in prosecuting such action including reasonable attorneys fees.

The Lot Owner hereby grants to the Declarant and Homeowner Association an express easement for the purpose of going upon any Lot to remove a vehicle or other similar object which is parked or stored in violation of the terms of this Declaration.

In the event the Association fails to enforce any of the provisions set forth in this Declaration, relating to public improvements, perimeter fencing and landscaping then the CITY OF RENO shall be entitled to commence an action as set forth in this Article to enforce such provisions by the levy of a special assessment equally against all of the Lot Owners of the Lots which are in violation, which special assessment shall be secured by a lien against all those Lots in the manner provided in Article V hereof.

Notwithstanding the foregoing, CITY OF RENO shall be entitled to commence such action only after:

1. CITY OF RENO has given reasonable notice (which shall be no less than thirty (30) days) to the Homeowners Association in the manner provided by paragraph 7.7 below, describing the nature of the violation. If no Homeowners Association is in existence reasonable notice can be given by publication of notice in the newspaper of general circulation in Washoe County; and

2. The Homeowners Association or the owners of the Lots or parcels shall have failed to cure such violation within a reasonable time thereafter to the reasonable satisfaction of the Association and/or the CITY OF RENO.

5.1.7 Operation of Association

The Association shall be responsible for all costs to establish, set-up, incorporate, account, and to operate said Association. Association shall have the right to purchase, rent, lease, and/or acquire equipment to manage, control and complete its required duties. Furthermore, the Association shall be responsible for all utilities, taxes, legal fees, and general management expense incurred in connection with the common areas.

5.1.8 Development Period -

Management of Rights of Declarant During Development

The Development period shall mean a period of time from the date of recording the Declaration until (1) the date four (4) years from the date of recording this Declaration, or (2) the day the Declarant has transferred title, sold seventy-five (75%) percent of the Lots to third party purchasers. Until termination of the Development period the subdivision shall be managed by the Declarant.

5.2 Duties of the Association

5.2.1 The Common Areas

Declarant shall not be responsible for obtaining the Association's approval with regard to operation and management of the Common Areas during development period unless Declarant has officially turned over operation and administration to the Homeowners Association. The Association shall be required to pay all costs and utility charges attributable to Common Areas and common maintenance areas, with the collection of any monies from assessments.

5.2.2 Insurance

The Association may purchase insurance for the interest of the Association, with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location and use to the subject property. Every Lot Owner shall be responsible for their own hazard Insurance. Such insurance may include, but shall not be limited to the following:

- a. Public liability, property and casualty damage insurance on a broad form basis;*
- b. Fidelity bond for all officers and employees of the Association having control over the receipt or disbursement of funds in such penal sums as shall be determined by the Association in the course of its regulations;*
- c. Workman's compensation on employees;*
- d. Fire and vandalism insurance on any structure and/or landscaping.*

Proceeds of insurance shall be disbursed by the insurance carrier as follows:

- a. For any loss damage or destruction, the proceeds shall be paid to the Association with an affirmative duty on the Association to rebuild or repair the damage to which said insurance proceeds relate.*

The Association shall use the net insurance proceeds to repair and replace any damage or destruction of the property covered by such insurance. Any balance from the proceeds of insurance paid to the Association remaining after satisfactory completion of repairs and replacement shall be retained by the Association as part of a general reserve fund for repair and replacement of such property. If the insurance proceeds are insufficient to repair or replace any loss or damage, for the repair of which the Association is bound hereunder, the Association shall levy a special assessment to cover the deficiency.

Nothing shall be done or kept in any Common Areas which will increase the rate of insurance on the Common Areas or other Lots improvements without the express written consent of the Declarant and/or Association.

5.2.3 Operation and Maintenance of Association Property

A. The Association shall operate, maintain and otherwise manage or provide for the operation, maintenance and management of any and all Association's property including, but not limited to any common areas in which the Association has a vested interest, all its facilities, improvements and landscaping including, but not limited to, any and all private streets, parking areas, sidewalks, perimeter project fencing, mailboxes, signs, irrigation systems, and all property acquired by the Association including personal property. Snow removal shall only apply to the streets within the subdivision; in no case shall the Association be responsible for snow removal from sidewalks or driveways, which responsibility shall remain with each Lot Owner. Such operations and management shall be conducted in a professional or first-class manner and the Association's property shall be maintained in a good state of repair. In connection with maintaining the property, the Association may enter into contracts for services or materials for the benefit of the Association's property including contracts with Declarant or any other licensed party. The term of any such service contract shall not exceed one (1) year during the development period and shall be terminable by either party with or without cause and without payment of a termination fee upon thirty (30) days written notice.

B. Without limiting the rights and duties of the Association set forth in subparagraph A above, the Association shall maintain all utility services in the common areas which are required to be maintained by the City or other governmental authority. In the event any improvements are made to the common areas (whether or not such improvements are made by the Association) then the Association shall have the obligation to maintain the improvements in the common areas in compliance with such applicable health, fire, and safety codes as may from time to time be in effect.

5.2.4 Taxes and Assessments on Association Property

The Association shall pay all taxes and assessments on Association's property to the require municipalities.

ARTICLE VI

ANNEXATION

6.1 Annexation

The Subdivision, the subject of this Declaration of Covenants, Conditions and Restrictions, presently consists of Block A & C and lots B-9 to B-21 inclusive for an aggregate of fifty-nine (59) Lots in the SUBDIVISION. The Declarant is hereby permitted to annex and transfer additional property without encumbrance to the Association as development progresses, provided that Housing and Urban Development (HUD) gives approval, which approval shall not be unreasonable withheld.

6.2 Amendment

In addition to the requirements for amending this Declaration as set forth in paragraph 7.2 below, the provisions of this Declaration shall not be amended without the written consent of Declarant, and any successor of Declarant and the City of Reno Attorney and HUD (Housing and Urban Development).

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Duration

The provisions of this Declaration shall continue and be effective for a period of forty (40) years from the date of recordation hereof and shall be automatically extended for successive periods of ten (10) years each until the Lot Owners of seventy-five percent (75%) of the Lots within SUB-DIVISION shall determine that the Declaration shall terminate and notice thereof is recorded in the office of the Recorder of Washoe County. The Declaration shall not terminate without the written consent of the CITY OF RENO which written consent shall be evidenced by a written instrument duly recorded in the office of the County Recorder of Washoe County, Nevada.

7.2 Enforcement and Waiver

As provided in Section 5.1.4 and except as otherwise provided herein, Declarant, any successor to Declarant, and the Association, and HUD (Housing and Urban Development) shall have the right but not the duty to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by this Declaration upon the Owners of Lots.

7.3 Amendments/Modifications

No modifications, repeal or amendment to this Declaration shall be effective or binding upon any party or upon any real property subject hereto or benefited hereby unless an instrument in writing shall be duly recorded and unless it is executed by not less than seventy-five percent (75%) of the Lot Owners. Also, if the consent or approval of City of Reno or any other government authority, mortgagee or other person, firm, agency or entity as required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, then no such amendment or revocation shall be effective unless such consent or approval is obtained. The provisions of this Declaration shall not be amended in any material respect without the written consent of City of Reno and HUD (Housing and Urban Development) being first obtained.

7.4 Lots Subject to Declaration

The Lots and all improvements located and to be located thereon shall be held, conveyed, encumbered, leased, used, occupied and improved subject to the above Declaration, all of which are for the development and improvement of the Lots and are intended to enhance and protect the value, desirability and attractiveness of the Lots as a whole, to mutually benefit said Lots in favor of each and all other Lots and to create reciprocal rights and privity of contract and estate between all persons acquiring or owning an interest in and to said Lots including Declarant and its GRANTEES, heirs, devisees, successors, and assigns and shall be deemed to run with the land or any portion thereof or interest therein and be a burden and benefit to all such persons including Declarant, its GRANTEES, heirs, devisees, successors and assigns.

7.5 Easements

There is reserved for the benefit of the Subdivision at large and for each Lot or parcel, easements for utility services, television systems, water works, drainage, sewer, mailboxes, landscaping and appurtenances as indicated on the Subdivision plat, and/or as described herein. In addition to these specific easements, all Lots or parcels shall be subject to and be servient tenement for an easement of entry and of access for the installation and maintenance of utility lines, television systems, utility meter boxes, water works, common garage walls, common retaining walls, common fences, and for the performance generally of Declarants or Homeowners Association rights and duties as provided in this Declaration. The Lot Owner of each Lot grants a landscaping easement to the Association and Declarant extending from the front of the house and garage to the street for the purpose of landscaping maintenance.

Each Lot Owner agrees to grant to Declarant and Association an easement to install and maintain signs as may be required for the Subdivision, which shall include but are not limited to the following street name signs, stop signs, speed limit signs, no parking signs, handicap parking signs, project signs, and any other signs that may be necessary, advisable or required.

Each Lot Owner agrees to grant additional easements across, under, through their property or the Common Area on its parcel as are reasonably required by any public or private utility for the purpose of providing installation, maintenance, repair, replacement utilities, and facilities, provided such easements are not otherwise inconsistent with the provisions of this Declaration.

Each Lot Owner, as grantor, hereby grants an easement for both sanitary sewer and storm drainage, to the Declarant and any of their affiliates and/or assigns. The easements granted in Article VII shall survive this Declaration, so long as a Lot Owner resides in the Subdivision.

7.5.1 Permanent Drainage and Landscape Easement

Each Lot Owner grants to Declarant, Homeowners Association, and its members, a perpetual non-exclusive easement for drainage and landscaping; this easement shall not encroach on the proposed location of any structure, garage, or manufactured house.

7.6 Encroachment

Garage overhangs, eaves, roofing and siding, may encroach on the adjacent parcel owner's property.

7.7 Deed and Dedication of Common Areas and Easements

Declarant shall transfer, convey and grant title to all of the Common Areas, private streets, signs and improvements of the properties to the Homeowners Association for the common use and enjoyment of the Association and Lot Owners in accordance with the terms and provisions of this Declaration, reserving however, to the Declarant for the benefit of Declarant, its successors and assigns, those certain rights to use, ingress, egress, occupation and control indicated elsewhere in this Declaration, unless the Declarant specifically terminates this provision.

7.8 Severability

Invalidation of any one of these covenants by judgment of court order shall in no way affect any of the other provisions which shall remain in full force and effect. The breach of the foregoing covenants, conditions and restrictions, or any entry by reason of such breach shall not defeat or render invalid the lien of any deed of trust or mortgage on said premises made in good faith and for value, but in case of foreclosure and sale thereunder whether judicial or non-judicial foreclosure, the buyers shall take title subject to all of said covenants, conditions and restrictions. Nothing contained herein shall be in addition to other remedies provided by law or in equity.

7.9 Notices

All notices hereunder to the Association shall be sent by mail to Robert L. Millard, of D H S Construction, Inc., representing the developer, or such other place as Declarant or Association may designate from time to time by notice in writing to all members. All notices from any Owner of a Lot shall be sent by mail to 245 Lancaster Drive, Reno, Nevada 89506 or to such other address as may be designated by him from time to time in writing to the Association. All notices to a member who is not an occupant of a Lot shall be mailed to such address as such member shall designate in writing to the Association. All notices shall be deemed to have been given when mailed except notices of change of address which shall be deemed to have been given when received and except as otherwise provided herein.

7.10 Approvals

Any consent or approval by the Association or Architectural Committee shall be in writing.

7.11 Construction and Severability; Singular and Plural; Titles

7.11.1. Restrictions Construed Together

All of the Covenants, conditions, and restrictions of this Declaration shall be liberally interpreted together to promote and effectuate the fundamental concepts of the project as set forth in the Declaration.

7.11.2. Restrictions Severable

The Covenants, conditions and restrictions of this Declaration shall be deemed independent and severable; and invalidity or partial invalidity of any provision or portion shall not effect the validity or enforceability of any other provision.

7.11.3. Singular Includes Plural

The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter as the context requires.

7.11.4. Captions

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

IN WITNESS WHEREOF, Declarant and Lot Owner or parcel owner has executed
this Declaration the _____ day of _____, 199____.

Declarant:

By _____

Robert L. Millard, Manager

Acceptance:

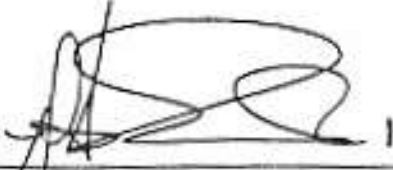
By _____

Name

Date

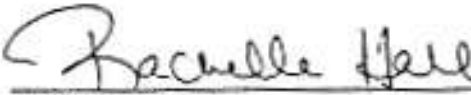
Name

Date

By 
Equity Financial Resources LLC. Managing Member
ROBERT L. MILLARD

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 10th day of February, 1997, personally appeared before me, a
Notary Public, known to me to be the person who executed the within document.


NOTARY PUBLIC



please mail to:
CLARIDGE POINTE Homeowners Association
ATTN: ROBERT L. MILLARD
100 PLATINUM POINTE WAY
RENO, NV 89506

2071501

OFFICIAL RECORDS
WASHOE CO., NEVADA
RECORD REQUESTED BY
Claridge Pointe Home Sales
97 FEB 11 AM 9:13

JOE MELCHER
COUNTY RECORDER
FEE 280 DEP 5