

When recorded return to:

Southwood Pines H.O.A.  
P.O. Box 3810  
Incline Village, NV 89450

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SOUTHWOOD PINES ASSOCIATION  
AMENDED DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS

The Board of Directors of Southwood Pines Association, as the successor to the original Declarants, upon vote of seventy five percent (75%) of the membership does hereby adopt this Amended Declaration of Covenants, Conditions and Restrictions as follows:

ARTICLE I  
Property Description

All that certain real property being a portion of the S.E. 1/4 of Section 16, T16N, R18E, M.D.B. & M., Washoe County, Nevada described as follows:

Beginning at the Northeasterly corner of Lot 6, Block K, Lakeview Subdivision, as said Lot and Block are shown on the map of said Lakeview Subdivision, Washoe County, Nevada, filed in the office of the County Recorder of Washoe County, State of Nevada on February 27, 1961; thence running along the Northerly line of said Block K - S 69 degrees - 24' - 25" E 10.28 feet to the true point of beginning; thence leaving said Northerly line of Block K N 12 degrees - 51' - 32" E 290.11 feet; thence S 77 degrees - 07' - 39" E 161.11 feet; thence S 12 degrees - 52' - 21" W 311.95 feet to a point on the Northerly line of Block "K", thence along the Northerly line of said Block "K" N 69 degrees - 24' - 25" W 162.58 feet to the point of beginning.

Containing 1.11 acres more or less.

Reserving a strip of land 20 feet in width along the Southerly boundary of herein described parcel for public utility and walkway purposes.

ARTICLE II  
Definitions

Unless the context clearly indicates a different meaning therefor, the following words, phrases or terms as hereinafter used in this Declaration (regardless of the tense or person in which the same may be used) shall be deemed to mean and shall be defined as hereinafter in this Article II set forth:

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ARTICLES OF INCORPORATION AND BY-LAWS: Articles of Incorporation or By-Laws, as the case may be, of the Association as the same may be amended from time to time.

ASSOCIATION: The Southwood Pines Association, a Nevada non-profit corporation, the members of which shall be all of the several owners of the subject property hereinafter described.

COMMUNITY FACILITIES: All facilities placed or erected on the community site, and all facilities serving more than one residence site or one owner and including drives, walk, parking areas, sewers, electrical, water, gas, television and telephone services and fixtures, storage and equipment areas or enclosures, parks, open spaces, planted and landscaped areas, sprinkling systems, and recreation areas.

COMMUNITY SITES: Those portions of the subject property upon which community facilities have been or will be erected, and excluding residence sites.

DECLARATION: This Declaration as the same may be amended, changed or modified from time to time.

INDIVIDUAL RESIDENCE: Living facilities for a single family containing living quarters, kitchen and bath facilities, and patios, being part of a residence building, and being bounded on one or more sides by a party wall, and conveyed to an owner in fee together with an undivided interest in the whole of subject property.

NOTICE: Notice, declaration, certification, approval, consent, authorization, shall mean and be effective as such only when in writing.

OWNER: Any person or persons who or which has a fee interest in any part or portion of or interest in subject property, and the successive successors, assigns, heirs, devisees, or personal representatives of such person or person.

PARTY WALL: A wall erected upon the boundary line of a residence site, the center lines of which being such boundary line, and being the wall separating two individual residences one from the other; or a wall erected upon the boundary line of a residence site, being the end wall of a residence building.

RECORD, ETC.: Record, to record, recorded, recording or of record shall mean that an instrument has been, is or is to be

duly acknowledged and filed for recording, and in applicable instances has been recorded in a public record in the office of the County Recorder of Washoe County, Nevada.

**RESIDENCE BUILDING:** A building structure on subject property containing two or more individual residences.

**RESIDENCE SITE:** An entire numbered parcel as shown on the Record of Survey Map of subject property upon which one individual residence has been or will be erected.

**STRUCTURE:** Any and every improvement in, on, under or upon subject property or in the public parkways adjacent thereto.

**SUBJECT PROPERTY:** That certain parcel of land, excluding present or future improvements thereupon, situated in Washoe County, Nevada and more particularly described in Article I.

**TRANSFER:** A transfer of any and every kind or nature whatsoever of any right, title or interest in subject property or in a residence site or any part or portion thereof or interest therein or improvement thereon or appurtenant thereto, including a transfer by deed of trust or mortgage, and also including, but not limited to, a sale, assignment, gift, lease or sublease.

**UTILITY:** Electricity, gas, water, telephone, television, trash pickup and like services whether or not provided or supplied by a public utility company.

### ARTICLE III Descriptions

1. The boundaries of each unit are the interior surfaces of its perimeter walls, bearing walls, floors, ceilings, windows, window frames and screens, doors and door frames and trim, and each unit includes the portions of the building within said boundaries and the space which is enclosed by said boundaries.

2. The common area includes, but not by way of limitation the sidewalks, shrubbery and other plantings, parking areas and other land included in the description of the project; the water supply system and the sewage disposal system located in the project, including pipes, sewage lines and other facilities; the perimeter wall around each unit to the interior surfaces thereof and other walls which are not within a unit ( i.e., attached storage units); the roofs, all installations of power, lights, gas, water and heating

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existing for common use; and all other parts of the project, including personal property, necessary or convenient to its existence, maintenance and safety, or normally for common use.

**ARTICLE IV**  
**Incorporation of Existing Restrictions**

To the extent that all or any portion of the subject property shall heretofore have been made subject to any conditions or restrictions of use by a recorded instrument or instruments the Association and each member shall abide by any such conditions or restrictions. Nothing herein contained is intended to abrogate any existing valid restrictions or covenants concerning subject property.

**ARTICLE V**  
**Occupancy (Limitations)**

Southwood Pines is zoned for single family residential use and is primarily intended for residential use. Each unit shall be occupied and used for private residential purposes by the owner or owners and his, her or their family or lessees or guests of the owner, except as provided below. No unit shall be divided into two or more separate apartments or living quarters. This restriction shall not be construed to prohibit owners from leasing their unit so long as the lessees thereof occupy and use the leased premises in accordance with the provisions hereof, and lessees shall have the same privileges of use as owners, except lessees shall not be allowed to have a dog or cat. Each owner shall, at all times, be responsible for any and all activities of his or her lessees in the use of the premises. Further, the owner or owners must contact the Association before the security deposit is released to the lessee, to determine if the lessee has damaged or caused a lien to be placed on the common area. The owner or owners of the unit will be responsible to insure that the damage is repaired or the lien is released. The owners will be assessed for the cost of repairs and the release of the lien.

**Occupancy (Extent of Ownership)**

Subject to the provisions of the Declaration, each Unit Owner shall be entitled to exclusive ownership and possession of his Unit. No Unit Owner shall be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls or ceilings. A Unit Owner, however, shall be deemed to own

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and shall have the exclusive right, at his own expense, to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the inner surfaces of the walls, floors, ceilings, and doors bounding his unit.

Each Unit Owner shall own an undivided interest in the Common Area. No such percentage shall be altered without the consent of all Unit Owners, and no such interest shall be separated from the Unit to which it appertains, it being deemed to be conveyed or encumbered with the Unit even though it is not expressly mentioned or described in the instrument of conveyance or encumbrance. Subject to the provisions of this Declaration, each Unit Owner may use the Common Area in accordance with the purposes for which it is intended, so long as he does not hinder or encroach upon the Lawful rights of the other Unit Owners.

#### Occupancy (Conduct)

An owner shall not interfere with the rights of other owners or the Association nor intentionally or unintentionally annoy any of such or any of the occupants of subject property by unreasonable noises, offensive odors, improper neighborly conduct or otherwise. An owner shall observe all regulations and all ground rules now or hereafter promulgated as provided for in this Declaration. No owner shall do or allow to be done any act which causes, or threatens to cause any damage, encroachment, or disrepair to the subject property, community facilities, any party wall, any residence building, or the residence site of any other owner.

#### Occupancy (Care of Interiors)

Each owner shall keep the interior of the individual residence upon his residence site and all fixtures, fences, appliances and appurtenances therein or thereto in good order and repair and shall not do or permit or suffer anything to be done in such individual residence or on subject property which will or may have a tendency to vitiate or to increase the rate of fire or any other insurance on any residence building or any other structure on subject property or the contents thereof.

#### Occupancy (Obligation to Repair)

Each unit Owner shall, at his own expense, keep his Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good condition and appearance to his unit. In addition to redecorating and

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keeping the interior of the unit in good repair, each Unit Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, heating equipment or lighting fixtures which are not Common Areas, and of any refrigerators, dishwashers, disposals or ranges that may be in his Unit. Each Unit Owner shall also, at his own expense, keep the Common Area appurtenant to his Unit in a clean and sanitary condition.

#### Occupancy (Entry for Repairs)

The Association shall have the irrevocable right, to be reasonably exercised by the Board or its Agent, to enter any Unit when necessary in connection with any repair, maintenance or construction for which the Board is responsible or for the enforcement of the Condominium Rules and Regulations and shall have the irrevocable right, to be reasonably exercised by the Board or its Agent, or by any two or more Unit Owners acting as a group, to enter any Unit for the purpose of making emergency repairs necessary to prevent damage to other parts of the Project. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby or expense in connection therewith shall be repaired or satisfied by the Board out of the Common Expense Fund. Keys to each unit shall be provided to the Association. Should a key not be provided, and cost be incurred by the Association for access, those cost may be assessed against the unit and may become a lien against the unit as provided for in Article IX.

#### ARTICLE VI

##### Leasing or Transfer (Rights of Association)

In the event of a sale or a lease or a sublease of any residence site or any portion thereof, the Association has and shall have the option to purchase, rent, or lease the same on the same terms and conditions as are offered to the owner. Any attempted sale or lease or sublease of any residence site, without prior offer to the Association, shall be wholly null and void and shall confer no title or interest whatsoever to the intended purchaser, tenant or sublessee.

##### Leasing or Transfer (Notice and Conditions)

Should an owner wish to sell, lease or rent his interest in any residence site, or any part thereof, he shall, before accepting any offer to sell, purchase, lease or rent any such interest, deliver to the Association written notice of his intent to sell, lease or rent, which notice shall contain a true copy of any instrument containing the terms of any such offer. The Association shall, within seven (7) days after

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receiving such notice, either consent to the transaction specified in said notice or, by written notice delivered to the owner's residence site; indicate the Association's intention to purchase, lease, or rent the owner's interest upon the same terms and conditions specified in owner's notice to Association. Association shall have fourteen (14) days after the giving of its notice to owner to perform the duties and obligations and to make the payments provided to be performed and to be made by the prospective buyer, tenant or sublessee in owner's notice to Association. Within the same fourteen (14) day period, owner may, without prejudice, withdraw his offer to sell, lease or sublet all or any portion of his residence site. Failure of the Association to indicate by notice to owner its intention to buy or lease, as may be, owner's interest in his residence site as set forth in owner's notice within the seven (7) day period following owner's notice to Association, or failure of the Association to perform as provided in said notice within fourteen (14) days after receipt by owner of Association's notice, shall be deemed a consent by the Association to the transaction specified in owner's notice. An owner shall have no right to sell, lease or rent any interest in any residence site or any part thereof except as expressly provided in this Article. The sub-limitations as are applicable to the leasing or renting thereof. The liability of an owner under these covenants shall continue, notwithstanding that he may have leased or rented said interest as provided herein.

#### Leasing or Transfer (Fees to be Paid)

All fees, charges, assessments, interest, penalties, and special assessments levied against the residence site proposed by any owner to be transferred or leased as provided in this Article shall be fully paid to the Association to the extent that the same has not been waived by the Association before any transfer, lease or sublease shall be effective.

#### Leasing or Transfer (Exceptions)

The provisions of this Article shall not apply to (a) the leasing or transfer or ownership by the owner of any residence site to a member of his immediate family; or (b) if ownership be held jointly or in common with others, the leasing or transfer of ownership of a residence site by one of such joint or common owners to another joint or common owner; or (c) the leasing or transfer of ownership by the owner of one or more residence sites to the owner of another residence site in the subject property; or (d) the granting by an owner to a friend or relative of the limited license, upon the receipt of no consideration by way of rent or otherwise, to use and to occupy a residence site for a term

of not longer than four (4) weeks; provided, however, that an owner shall give the Association two (2) weeks notice in writing of the intended license and of the name and address of the licensee.

#### Leasing or Transfer (Non-Waiver)

Regardless of any prior consent theretofore given, no owner of a residence site nor his executor, administrator or personal representative, nor any trustee or receiver of the property of such owner, nor anyone to whom the interest of such owner shall pass by law shall be entitled to lease or transfer the ownership or any interest therein or any residence site except upon full compliance with the provisions of this Article.

#### Leasing or Transfer (Mortgage Protection)

Should the interest in any residence site become subject to a mortgage or deed of trust given as security, in good faith and for value, the holder thereof, upon becoming the owner of such interest through whatever means, or the seller at any sale under a power of sale therein contained, shall have the unqualified right to sell, lease or otherwise dispose of said interest and the fee ownership of said residence site, without offer to the Association, notwithstanding the provisions of this Article.

### ARTICLE VII

#### Association Powers and Duties

The Southwood Pines Association, a non-profit corporation organized under the laws of the State of Nevada, shall have the rights and powers as set forth in its Articles of Incorporation and By-Laws, together with its general powers as a non-profit corporation, and it shall perform each and every duty required of it by this Declaration including but not limited to:

##### Association Maintenance

Maintain the community facilities, the landscape setbacks, the exteriors (including roofs), and the foundations of the residence buildings, and shall engage and pay for all labor and materials as may be reasonable necessary for such maintenance.

##### Association Enforcement

The Association shall have the duty to enforce each and every provision of this Declaration, the Articles, Bylaws and

Association Rules and Regulations, and each unit owner shall comply strictly with the same as they may be lawfully amended from time to time. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board or Manager in behalf of the Unit Owners, or in a proper case, by an aggrieved Unit Owner. All cost will be reimbursed to the Association by the owner or owners who enforcement action was taken against.

#### Association Utilities

The Association shall have the authority and duty to pay the water charges, refuse collection charges, and other charges for utilities required for the common benefit of all owners.

#### ARTICLE VIII Powers and Duties of the Board

The Board shall have the powers and duties specifically conferred upon it by the Condominium Act, this Declaration and the Articles and Bylaws adopted pursuant thereto, and all other powers and duties necessary for the administration of the affairs of the Association and the Project, including, without limiting the generality of the foregoing:

A. The power and duty to pay for the following items out of Common Expenses:

1. Trash collection, snow removal, water, electrical, telephone and gas, and any other necessary utility service for the Common Area, the Association property and, to the extent no separately metered or charged, for the units.
2. A policy or policies of fire insurance, with extended coverage endorsements, as required by this Declaration.
3. A public liability insurance policy or policies as required by this Declaration.
4. Such other insurance, including Industrial insurance, as required by Law or as the Board of Directors may determine.
5. The services of a Manager, to the extent deemed advisable by the Board, to whom the board, in its discretion, may delegate certain of its powers and

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duties, as well as the services of any other personnel as the board may determine to be necessary, whether such personnel are employed directly by the Board or are furnished by the Manager.

6. Any legal and accounting services necessary or proper for the execution of its functions.
7. A fidelity bond naming the treasurer and any other representative of the Association, including members of the Board and other officers who handle or are responsible for funds of the association, and such other persons as may be designated by the Board as principals, and the Unit Owners as obligees in an amount equal to at least fifty percent (50%) of the total sum collected as Common Expenses during the preceding year.
8. Such painting, maintenance, repair and all gardening and landscaping of the Common Area and Association property as the board shall determine are necessary and proper.
9. Such furnishings, tools, equipment, appliances, and other personal property for the Common Area and for Association property as the Board shall determine are necessary or proper, and the Board shall have the exclusive right and duty to acquire the same.
10. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments, which the board is authorized to secure or pay for pursuant to the terms of this Declaration, or Bylaw, including, without limitation, any emergency repairs to any Unit which in the discretion of the Board are necessary to prevent damage to other parts of the Project, or which in its option shall be necessary or proper for the operation of the Common Area, the Association Property, or for the enforcement of this Declaration, provided that if any such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for particular Units, the cost thereof shall be specially assessed to the Owners of such Units.
11. The Board's power shall be limited in that it shall have no authority to acquire and pay for out of

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Common Expenses, capital additions and improvements or structural alterations, other than for the purposes of replacing portions of the Common Area or Association Property, subject to the provisions of this Declaration, having an individual cost in excess of Ten Thousand Dollars (\$10,000) unless such additions, improvements or alterations have been approved by a majority of the members of the Association.

12. Maintenance and repair of any Unit, if such maintenance or repair is reasonable necessary in the discretion of the Board to protect the Common Area, and the Owner of said Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board or its Agent to said Unit Owner, provided that the Board shall levy a special assessment against said Unit Owner for the cost of said maintenance or repair which shall be paid in full when billed, unless the Board shall provide otherwise.

B. The power and duty to designate a banking institution or institutions as depository for the Association's funds; and the officer or officers from time to time authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.

C. To borrow money in behalf of the Association, for Association purposes. A resolution by the Board that the interest of the Association require the borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper purpose. Any borrowing in excess of Ten Thousand Dollars (\$10,000) shall require the affirmative vote of a majority of the members.

D. The power and duty to adopt and amend from time to time, and to enforce, Association Rules and Regulations. The Board may enforce Rules and Regulations by issuing fines or seeking damages for violations thereof, by seeking injunctive relief, or by other appropriate means in the Board's discretion. The Board may collect unpaid fines in the same manner as provided in Article IX, and unpaid fines shall be deemed an unpaid assessment for purposes of NRS Chapter 117. Reasonable attorney's fees and legal costs incurred by the Board in such enforcement shall also be assessed to the violator unit.

E. The power to assign and reassign an exclusive license to a Unit Owner for use of a particular parking space or spaces in the Project.

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F. The power and duty to enforce the provisions of this Declaration; provided, however, that in the event the Board shall, its sole judgment based upon advice of legal counsel, determine that the probability of prevailing in any lawsuit to enforce this Declaration does not justify the expense of such a lawsuit, then the Board shall be relieved of any obligation to bring such lawsuit.

G. The exclusive right to contract for all such goods, services and insurance referred to herein, which right may be delegated by it. No service contract shall be for a longer period than one (1) year and it may be renewable by agreement of the parties for successive one-year periods. Any management agreement for the Project shall provide that it may be terminated by the Association for good cause upon thirty (30) days' written notice. The Board shall engage the services of a professional Manager to manage the Project, as well as the services of any personnel as the Board may determine to be necessary, whether such personnel are employed directly by the Board or are furnished by the Manager. The Board may delegate certain of its powers and duties to such professional Manager in order for such Manager to carry out its duties.

H. The power and duty to pay for the goods, services, and any and all other items described in this Article from the Common Assessments.

#### ARTICLE IX Assessments and Liens (General Assessment)

Each Owner shall pay to the Association monthly in advance, on the first day of every calendar month, one twelfth of the annual assessment which shall be established by the Board for the operation of the Association and the operation, maintenance, care and improvement of subject property. Each individual residence and residence site within subject property shall be subject to a lien to secure the payment of the assessment established against it.

#### Assessments and Liens (Special Assessments)

The 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 residence site for the operation of the Association and the operation, maintenance, care and improvement of such property. In addition, the Association shall have the authority to establish and fix a special assessment on any

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residence site to secure the liability of the owner of such residence site to the Association for any breach by such owner of any of the provisions of this Declaration, which breach shall require an expenditure by the Association for repair or remedy. Any special assessment shall become a lien against each individual residence and residence site in the same manner otherwise provided in this Article. Any special assessment shall be payable in full on the first day of the second calendar month next following the date that the same shall be established by the Association, or paid in such manner as determined by the Board.

#### Assessments and Liens (Collection and Expenditure)

The Association shall have the sole authority to collect and enforce the collection of all general and special assessments provided for in this Declaration, and may in addition to such assessments, charge and assess costs (including reasonable attorney's fees) and penalties and interest for the late payment or nonpayment thereof. The Association shall have the authority to expend all moneys 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 and provided for in this Declaration and in the Articles of Incorporation and ByLaws of the Association.

#### Assessments and Liens (Delinquency)

Thirty (30) days after any general or special charge and assessment shall be due and payable, and unpaid or not otherwise satisfied, the same shall be and become delinquent, and shall so continue until the amount of said charge and assessment together with all costs, penalties and interest as herein provided have been fully paid or otherwise satisfied.

#### Assessments and Liens (Notice of Delinquency)

At any time after any general or special charge and assessment against any residence site has become a lien and delinquent, the Association may record a Notice of Delinquency as to such residence site, which Notice shall state therein the amount of such delinquency and that it is a lien, and the interest, costs (including reasonable attorney's fees) and penalties which have accrued thereon, a description of the apartment site against which the same 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 Association. Upon the payment or other satisfaction

of said assessments, interest, penalties and costs in connection with which notice has been recorded, the Association shall record a further notice stating the satisfaction and the release of the lien thereof.

#### Assessments and Liens (Mortgage Protection)

Each and every assessment and lien, together with any costs, penalties or interest, established, reserved or imposed under this Declaration shall be subordinate to any valid bona fide first mortgage or first trust deed (and the lien and or title thereof) which has been or may hereafter be given in good faith and subsequent owner of any residence site purchases 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.

Notwithstanding all other provisions hereof:

- (a) By subordination agreement approved by a majority of the Board and executed by the President or Secretary thereof, the benefits of a first deed of trust may be extended to deeds of trust not otherwise entitled thereto.

#### ARTICLE X Party Walls (Maintenance)

A party wall is erected for the benefit of the owner of the residence sites on either side of the center line of such wall, and each such owner shall maintain that portion of such party wall or party walls within the boundaries of his residence site at all times in good order and repair, and no party wall, its footings or any portion thereof, shall be removed, damaged, injured, or destroyed, nor shall the same be altered, added to, enlarged or extended except only for the purpose of maintaining or repairing the same, unless upon the prior consent of the Association. In the event of the failure of any owner or owners properly to maintain a party wall, the Association may and shall maintain the party wall and perform all works of restoration and repair as may be necessary in its sole discretion.

#### Party Walls (Cost of Repairs)

The cost of repair or re-erection of a party wall shall be borne by the owners of the residence sites on either side

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thereof proportionately, based upon the extent and nature of such repair or re-erection, and in the event of a dispute between the responsible parties as to the apportionment of such costs, the Association shall fix and apportion them between the responsible parties and the determination of the Association shall be conclusive and binding.

#### Party Walls (Assessment for Repairs)

In the event that any responsible party should fail to pay for such repair or re-erection of his proportionate share thereof as provided above (whether such repair or re-erection was done or caused to be done by the responsible party or parties or by the Association), the residence site of the responsible party or parties shall be subject to and the Association shall fix and establish a special charge and assessment for the payment of such costs as provided in Article IX of this Declaration.

#### Party Walls (Foundations)

Should the foundation or footings, supporting any party wall be damaged or destroyed the repair and restoration thereof shall be the exclusive responsibility of the Association.

### ARTICLE XI

#### Structural Changes and Placement of Signs

No Unit Owner shall, without first obtaining written consent of the Board, make or permit to be made any structural alteration or structural improvement in or to his Unit or in or to any other part of the Project. No Unit Owner shall take any action or permit any action to be taken that will impair the structural soundness or integrity or safety of any building or other structure in the Project, or part of the project, without the written consent of all Unit Owners. No Unit Owner shall paint or decorate any portion of the exterior of any building or other structure in the Project or any Common Area or Restricted Common Area therein, without first obtaining the written consent of the Board. No Unit Owner may, either by himself or through any agent, place any sign or notice offering the property for sale, rent, or lease, on or in his unit, nor shall he place any such sign or notice in or on any other part of the Project.

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**ARTICLE XII**  
**Insurance**

The Association shall have the duty to purchase, carry and at all times to maintain in force insurance covering all of the subject real property, the improvements thereon and appurtenant thereto, for the interest of the Association and of all owners and their mortgages, as their interests may appear, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location, and use to subject property. Such insurance shall include, but need not be limited to:

(a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundations and excavation costs as determined annually by the insurance carrier.

(b) Public liability and property damage insurance on a broad form basis.

(c) 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 accordance with its Bylaws.

**General Insurance Provisions**

a. The Board (or its agent) shall deal with the insurer or insurance agent in connection with the adjusting of all claims covered by insurance policies provided for under paragraph "A" above and shall review with the insurer or insurance agent, at least annually, the coverage under said policies. Said review to include an appraisal of improvements within the project and shall make any necessary changes in the policy provided for under paragraph "A" above (prior to the expiration date set forth in any agreed amount endorsement contained in said policy) in order to meet the coverage requirements of such paragraph.

b. Insurance proceeds for any loss to any residence shall be paid to the Association, and it shall be the joint duty of the Association and the Owner to rebuild or repair the residence unit promptly using the funds held by the Association. In the event of a dispute between the Unit Owner and the Association, the Association shall have the power to fix and apportion the costs of restoration and

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repair and the decision of the Association will be binding on the parties involved. Any balance from proceeds of insurance paid to the Association, as required in this Article, remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of subject property.

c. Each unit owner shall hold harmless other owners and the Association against liens, mechanic or otherwise, brought to enforce payment for work performed or material used on individual units. In the event of lien contest by a Unit Owner, such owner shall bear all expense connected with that contest, and shall satisfy any judgement rendered.

d. The Board shall be required to make every effort to see that all policies of physical damage insurance provided of under Article XII paragraph (a) above: 1. shall contain waivers of subrogation by the insurer as to claims against SOUTHWOOD PINES ASSOCIATION, its employees, members of the Board, Unit Owners and members of the family of any Unit Owner who reside with said Unit Owner, except in cases of arson and fraud; 2. shall contain an agreed amount endorsement suspending co-insurance provisions and shall contain a waiver of defense of invalidity on account of the conduct or any of the Unit Owners over which SOUTHWOOD PINES ASSOCIATION has "no control," 3. shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days written notice to all of the insured thereunder and all mortgagees of condominiums in the Project; 4. shall provide that in no event shall the insurance under 2 policies be brought into contribution with insurance purchased individually by Unit Owners or their mortgagees; and 5. shall exclude policies obtained by individual Unit Owners from consideration under any "no other insurance" clause.

E. Each Unit Owner may obtain additional insurance for his own benefit and at his own expense. No such policy shall be written so as to decrease the coverage under any of the policies obtained by the Board pursuant to Article XII above, and each Unit Owner hereby assigns to the Board the proceeds of any such policy to the extent that any such policy does in fact result in a decrease in such coverage, said proceeds to be applied pursuant to the terms hereof as if produced by such coverage. Copies of all such policies (except policies covering only personal property owned or supplied by individual Unit Owners) shall be filed with the Association.

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f. Each Unit Owner within twenty (20) days after the commencement of construction of such improvements which exceed a total value of two thousand five hundred dollars (\$2500), shall notify the Board of such improvements to his Unit (except personal property other than fixtures), and upon receipt of such notice, the Board shall notify the insurer, under any policy obtained pursuant to Article XII hereof, of any such improvements.

g. The Association shall have the final authority to accept or reject restoration or repair work performed on Individual Condominium Units or Common Areas of the Project.

h. The Association or its members, cannot be held liable for defects in structures, nor for acts of omission in the conduct of maintenance, operation, restoration or repair of the subject property.

#### Procedure in the Event of Damage Or Destruction

a. The Board shall arrange for the prompt repair and restoration of the damage or destroyed property (Association Property, Unit, Common Area and Restricted Common Area) and the Board shall disburse any insurance proceeds to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of said insurance proceeds shall constitute a common expense and the Board may pay such common expense out of current operating funds, or with the affirmative vote or written consent of a majority of the voting power assess the Unit Owners for such excess expense in accordance with their interest in the Common Area. If the cost of such repair and restoration is less than the amount of said insurance proceeds, then the excess of said insurance proceeds over said cost shall be retained by the Association or distributed by the Board to the Unit Owners and their mortgagees, as their interests may appear in accordance with their interests in the Common Area. In the event that the Project is damaged or destroyed to the extent of less than 75% of its value, or unless the Unit Owners by a vote of 85% of their total voting power determine otherwise in accordance with Paragraph (c) hereof, the mere arrangement by the Board for the repair and restoration of the damaged or destroyed property shall be deemed a determination by the Association to repair, reconstruct and rebuild.

b. If the project is destroyed to the extent of 75% or more of its value the Board shall call for a vote of the Unit Owners of the Project before effecting any repairs. The determination of the extent of such destruction when made in

good faith by the Board shall be conclusive. If a majority of the Unit Owners vote in favor of such repair, the Board shall proceed in accordance with Paragraph (a). In the absence of such majority vote the Board shall record at the Washoe County Recorder's Office a notice of termination, and upon the filing of said notice said property shall be deemed to be owned in common by the individual Unit Owners, each owning an undivided interest equal to his percentage interest in the Common Areas and any liens on any Condominiums being deemed to be transferred to the undivided interest of the Unit Owner of said encumbered Townhouse in accordance with the then existing priorities, and upon the recording of said notice the property shall be subject to a petition any an Unit Owner to the Board for its sale and for partition of the net proceeds of such sale. In the event of such a petition, the property shall be sold, as a whole or in parts and at one or more sales, upon such terms and conditions as the Board, in its sole discretion, deems in the best interest of the Unit Owners and the net proceeds of such sale or sales, together with the net proceeds of insurance on said property, if any, shall be considered as one fund and shall be divided by the Board among all the Unit Owners in proportion to their respective undivided interest in said property, after first paying out of the share of each Unit Owner, to the extent sufficient for that purpose, the amount of any unpaid liens on his undivided interest in the order of the priority of such liens. All membership in the Association formerly apurtenant to the Condominiums shall be null and void.

c. Notwithstanding the provisions of paragraph (a) and (b) hereinabove, the Unit Owners by a majority vote may elect to sell said property, in which event said property shall be sold and the net proceeds thereof, together with the net proceeds of insurance on said property, if any, shall be divided in accordance with the provision of said paragraph (b). In the event of any sale or sales, either under said paragraph (b) or this paragraph, the members of the Board are hereby authorized to execute and deliver, in behalf of the Association and all of the Unit Owners, any instruments necessary or required to effect such sale or sales and each Unit Owner shall be obligated to execute and deliver such instruments and to perform such acts as may be necessary or required to effect such sale or sales.

For purposes of Paragraphs (a) through (c) voting rights shall be in accordance with each Unit Owner's interest in the Common Area of the Project and not his voting rights as a member of the Association.

### Repair and Restoration / Acceptable Completion

No work on subject property which requires the approval of the Association pursuant to this Declaration shall be deemed completed until the Association shall have issued a Certificate of Acceptable Completion. The Association shall issue such Certificate upon written request therefor or shall set forth in writing its specific objections to work as no completed or complying. If the Association fails to issue a Certificate of Acceptable Completion (or its written specific objections) within sixty (60) days after a request in writing for the same has been made to it, acceptable completion the work shall be presumed.

### Repair and Restoration / Waiver of Approval

The approval by the Association of any plans and specifications, plot plans, grading, or any other plan or matter requiring approval under this Declaration shall not be deemed to be a waiver of any right to withhold approval as to a similar or any other feature or element embodied therein when subsequently or additionally submitted for approval by the same or any other owner or by the Association.

### Repair and Restoration / Non-Liability of Association

Neither the Association, nor any member thereof, shall be responsible or liable for any loss or damage whatsoever to any owner or any person or persons whatsoever for any error or defect in any structure which may or may not be shown on any plans and specifications, or on any plot or grading plan or in any structure or part or portion thereof, nor for any work done in accordance with any such plans and specifications or plan, nor for any error or defect, nor for any act or omission, nor for creating or maintaining drainage channels, diversions or facilities, nor in any instance whatsoever for developing or maintaining subject or adjoining property, nor in connection with any other matter whether or not the same was or was not submitted to or approved by the Association or any member thereof.

### ARTICLE XIII Easements (Reservation)

There are hereby specifically reserved for the benefit of the Association, for the owners, in common and for each owner severally, as their respective interest shall obtain, the easements, reciprocal negative easements, secondary easements and rights of way as particularly identified in this Article.

### **Easements (Utilities)**

There is reserved for the benefit of each residence site and individual residence, as dominate tenement, an easement for utility services over, under and through the subject property and each other residence site, jointly as the servient tenement.

### **Easements (Encroachments)**

There is reserved for the benefit of each residence site and individual residence, as dominate tenement, an easement for encroachment, occupancy and use of such portion of the subject property and each other residence site, jointly as the servient tenement, as shall be encroached upon, used and occupied by the owner of the dominant tenement as a result of any alluvian, accretion, erosion, addition, subsidence, landslide or collapse, deterioration, decay, construction errors, movement or subsidence of a residence building or structure or any portion thereof. The easement of encroachment here reserved shall continue notwithstanding that the encroachment may be cured by repair and restoration or a structure as provided in Article XII of this Declaration.

### **Easements (Rights of Association)**

There is reserved to the Association as an easement in gross of which the subject property and all residence sites and individual residences shall be jointly the servient tenement, an easement of entry and of access for the installation and maintenance of utility lines, utility meter boxes, landscaping and community facilities as defined in this Declaration, and for the performance generally of its rights and duties as provided in this Declaration.

### **ARTICLE XIV**

#### **Miscellaneous (Acceptance of Provisions by Grantees)**

The Association and each grantee hereafter of any part or portion of the property covered by this Declaration and any purchaser under any grant contract of sale or any lessee under any lease covering any part or portion of such property, accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges and the jurisdiction, rights and powers of the Association and Declarants provided for in this Declaration.

### Miscellaneous (Conclusiveness of Records)

A certificate of the Secretary of the Association, or, in his absence, of any two members of the Association shall be conclusive proof of all matters contained in the certificate when the certificate shall relate to acts or nonacts of the Association, its Board of Directors or any committee or agent of the Association and when the certificate shall be prepared for or delivered to any title insurer or land abstractor for use in a search, in preparing an abstract or in insuring title in any residence site or interest therein, or lien thereupon. For the same purposes a certificate or any office of Declarants shall be conclusive proof of its contents.

### Miscellaneous (Interpretation of Restrictions)

In interpreting and applying the provisions of this Declaration they shall be held to be minimum requirements adopted for the promotion of the health, safety, comfort, convenience and general welfare of the owners and occupants of said property. It is not the intent of this Declaration to interfere with any provisions of any law or ordinance or any rules, regulations or permits previously adopted or issued or which may be adopted or issued pursuant to law relating to the use of buildings or premises, nor is it the intent of this Declaration to interfere with or abrogate or annul easements, covenants or other agreements between parties; however, that where this Declaration imposes a greater restriction upon the use or occupancy of an apartment site or upon the construction of buildings or structures, or in connection with any other matters that are imposed or required by such provisions of law or ordinances or by such rules, regulations or permits or by such easements, covenants and agreements, then in that case the provisions of this Declaration shall control.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project.

### Miscellaneous (Construction and Validity of Restrictions)

All of these restrictions, conditions, covenants, reservations, liens and charges contained in this Declaration shall be construed together, but if it shall at any time be held that any one or more of such restrictions, conditions, covenants, reservations, liens or charges, or any part

thereof, is invalid or for any reason becomes unenforceable, no other restriction, condition, covenant, reservation, lien or charge, or any part thereof, shall be thereby affected or impaired.

#### Miscellaneous (Waiver and Exemptions)

The failure of the Board or Manager to insist in any instance, upon the strict performance of any of the terms, covenants, conditions or restrictions, bylaw, rule or regulation, lien, or to exercise any right herein or therein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of any such term, covenant, condition, or restriction, bylaw, rule or regulation, or lien, but such term, covenant, condition, or restriction, bylaw, rule or regulation, or lien shall remain in full force and effect. The receipt by the Board or Manager of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Board or Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board or Manager.

#### Miscellaneous (Titles)

All titles used in this Declaration, including those of articles, sections and subsections, are intended solely for convenience of reference, and the same shall not, nor shall any of them, affect that which is set forth in such article, section or subsection nor any of the terms or provisions of this Declaration nor the meaning thereof.

#### Miscellaneous (Singular and Plural, Masculine and Feminine)

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

#### Miscellaneous (Successors in Interest)

Reference herein to either the Association or Declarants shall include each successor to the affairs of such, and each such successor shall succeed to the rights, powers and authority hereunder of such to whose affairs it succeeds.

#### Miscellaneous (Amendments)

Except as otherwise provided herein and in the Condominium Act, no modification, repealer, or amendments of

this Declaration shall be effective or binding upon any party or upon any real property subject hereto or benefitted hereby unless an instrument in writing shall be duly recorded and unless it be executed by the officers of the Association (President and Secretary) certifying that said modification, repealer, or amendment was approved by not less than sixty five percent (65%) of the members.

#### Miscellaneous (Liability of the Board)

The members of the Board shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith and except as provided hereinbelow. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board in behalf of Southwood Pines Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Declaration, the Articles or Bylaws. The liability of any Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Area bears to the interest of all the Owners in the Common Area. The provisions of this section do not apply to and shall not preclude claims for property damage and bodily injury by Owners against the Board or any other insured under any liability insurance obtained under the provisions of this Declaration.

#### Miscellaneous (Evidence of Vote of Unit Owners)

Any action taken by a vote of the members of the Association may be evidence by a certificate of the Secretary of the Association duly executed stating the action taken, the manner in which it was taken (i.e., by vote at a meeting, by written consent, by written ballot, etc.) the total voting power of all members of the Association and the number of votes cast in favor of such action. Such certificates shall be conclusive evidence of action by the members of the Association as to third persons relying thereon, and such a certificate showing action of the Unit Owners in amending this Declaration, the Covenants or the Articles may be recorded as evidenced by such action.

#### Miscellaneous (Uniform Common Interest Ownership Act)

In the event the State of Nevada adopts the Uniform Common Interest Ownership Act, the Association may by a duly adopted Bylaw, selectively choose to come under the purview thereof as allowed by law.

IN WITNESS WHEREOF, the Board of Directors of SOUTHWOOD PINES ASSOCIATION, a Nevada Corporation, has caused this Declaration to be amended this 13<sup>th</sup> day of July 1991.

Dorene Kessinger President  
Dorene Kessinger Title

RESIGNED | POSITION VACANT AT THIS TIME  
Jim Wigger Title

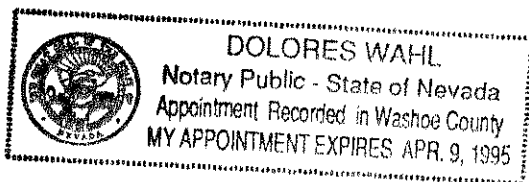
Joan Thompson Secretary/Treasurer  
Joan Thompson Title

State of Nevada  
County of Washoe

On this 13<sup>th</sup> day of July, 1991 \_\_\_\_\_  
\_\_\_\_\_ personally appeared before me, the undersigned, a Notary Public in and for the above County and State, DORENE KESSINGER known to me to be the President of Southwood Pines Association, Inc., a Nevada Corporation, who executed the foregoing instrument for and on behalf of said corporation and upon oath did depose that she is the officer of said corporation; that the signature to said instrument was made by the officer of said corporation as indicated after said signature, and that said corporation executed said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal, the \_\_\_\_\_ day and year in this certificate first above written.

Dolores Wahl



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